

Staff Report

Report To: Operations Committee
Report From: Lara Widdifield, Director of Public Works and Engineering
Meeting Date: December 18, 2025
Report Code: OP-25-043
Subject: Flat Rate Water Charge and Water-Related Fee By-law Amendments

Recommendations:

THAT in consideration of Staff Report OP-25-027 respecting a Flat Rate Water Charge and Water-Related Fee By-law Amendments, the Operations Committee recommends that City Council:

1. Direct staff to bring forward amendments to the Fees and Charges By-law to implement:
 - a. A billing rate for outstanding manual-meter accounts based on the prior year's average monthly consumption;
 - b. An administration fee of \$150 per billing cycle (\$50 per month) for accounts that have refused meter installation;
 - c. A revised billing methodology for all water accounts that have not yet been converted to the new automated water meters, based on historic actual water consumption; and
 - d. A policy effective July 1, 2026, requiring property owners who previously refused installation and later elected to convert to cover the full cost of installation.
2. Direct staff to provide notice of amendments to the Fees and Charges By-law as required by the Notice By-law;
3. Direct staff to issue registered letters to confirm refusal status for accounts currently identified as refusals;

4. Approve the application of the administration fee beginning with cycles with billing dates after March 1, 2026, for confirmed refusal accounts;
5. Direct staff to bring forward a by-law to amend the Water Management By-law No. 2025-090 to prohibit the creation of new water accounts without the installation of a new meter or the existing meter being inspected and approved by staff.

Highlights:

- Approximately 366 water accounts remain outstanding in the Water Meter Replacement Program.
- Of these, an estimated 155 accounts are considered “soft refusals,” while the balance remain outstanding for reasons largely outside the direct control of property owners.
- The City no longer contracts Neptune to read manual meters, and manual meter reads will not be available for ongoing billing purposes.
- A new billing methodology based on prior-year actual consumption provides a fair, defensible, and administratively efficient approach for all outstanding accounts.
- A targeted administration fee will apply only to confirmed refusal accounts, reflecting the additional costs and inefficiencies imposed by non-compliance.

Strategic Plan Alignment:

[Strategic Plan](#) Priority: Green City.

One of the most important services a municipality can provide is a potable water system. To run that system efficiently and responsibly, non-revenue water must be minimized. New, accurate water meters ensure each account holder pays for the share of the service they use and that operational costs are fully recovered. In the absence of new meters, the City must be able to recover the additional labour costs arising from collecting and processing manually read meters.

Climate and Environmental Implications:

This supports the objectives of the City’s Corporate Climate Change Adaptation Plan by creating conditions to minimize health and safety risks.

Previous Report/Authority:

N/A

Background:

The Water Meter Replacement Project requires access to private properties to inspect, retrofit, or replace existing water meters. While the majority of properties have now been converted, a residual group of accounts remains outstanding.

Earlier efforts focused primarily on enforcement tools such as service interruptions and fines. Legal advice confirmed that service interruption for the purpose of meter replacement is not authorized under the Municipal Act, and fines are difficult to administer due to service requirements.

As a result, staff have continued to evaluate alternative mechanisms that ensure fair billing, recover system costs, and encourage completion of the program without relying on measures that are legally or operationally impractical.

Analysis:

Missed Appointment Fee

The missed appointment fee has been set in line with the existing missed appointment fee for property-owner-requested water meter inspections (\$75). This maintains consistency regardless of which party requests the inspection.

Outstanding Meter Population

As of late 2025, approximately 366 accounts remain without new automated meters installed. These accounts fall into three broad categories:

- Confirmed or potential refusals (approximately 155 accounts), where property owners have declined or failed to respond to installation requests;
- Accounts with appointments scheduled (approximately 33 accounts), where installation may or may not occur prior to the next billing cycle; and

- Accounts outstanding for other reasons, including access challenges, property-specific constraints, or circumstances outside the owner’s direct control.

While refusals have been a visible subset of this population, a consistent billing methodology is required for all outstanding accounts, regardless of cause.

End of Manual Meter Reading

Staff’s first course of action is to seek an extension of the existing meter reading arrangement with Neptune on a per-read basis for the remaining outstanding manual meters through the end of 2026. Given that the number of meters requiring reads per billing cycle would represent less than 10% of historic volumes, staff anticipate that this could be completed efficiently without reinstating a full-scale manual reading program.

At the time of writing this report, confirmation from the contract provider has not yet been received.

If Neptune is able to extend manual reads on a per-read basis, this approach will be used as an interim measure while the Water Meter Replacement Program is completed.

If Neptune is unable to extend this service, the City will implement the historic-usage billing methodology described below to ensure continuity of billing and avoid operational disruption.

Attempting to independently re-establish regular manual meter reading for a small, geographically dispersed subset of accounts would be inefficient, disruptive, and inconsistent with the City’s transition to automated systems.

Interim Billing Methodology Based on Historic Actuals

To ensure continuity of billing and equity among users, staff propose implementing an interim billing methodology based on 2025 actual water consumption. 2025 will be used as the prior-year reference as this approach is implemented in 2026.

Under this approach:

- Each quarterly billing cycle (three months of usage) will reflect three times the account’s 2025 average monthly usage, consistent with quarterly billing;

- Water and wastewater charges will continue to be calculated using the existing rate structure;
- This methodology applies to all outstanding accounts, regardless of whether the delay is due to refusal or other factors.

For accounts where reliable historical consumption data is not available (e.g., failed meters or insufficient usage history), billing will be based on the city-wide average usage for the applicable meter size. Staff have access to meter size information for all accounts.

For properties that are entirely vacant, slated for demolition, destroyed, or affected by fire, and therefore demonstrate no water usage, only the fixed portion of the existing water rate will be applied, with no volumetric (usage-based) charge.

This approach relies on actual historical data wherever possible, provides a reasonable proxy where data is unavailable, and avoids assumptions of punitive or artificially high consumption.

Administration Fee for Refusal Accounts

Accounts confirmed as having refused installation impose additional administrative burdens, including manual billing adjustments, tracking, correspondence, and exception handling.

To recover these incremental costs, staff propose an administration fee of \$50 per month (\$150 per billing cycle) applied only to confirmed refusal accounts.

- The administration fee will apply to any billing cycle with a billing date of March 1, 2026 or later, following completion of the registered letter process;
- Outstanding accounts that are not refusals will continue to generate administrative effort but will not be charged the administration fee, recognizing that these circumstances are often outside the owner's control.

Confirmation of Refusal Status

To ensure procedural fairness, staff will issue registered letters to all accounts currently identified as refusals. These letters will:

- Request confirmation of the property owner's position (i.e. refuse or permit access);

- Advise that failure to respond, or confirmation of refusal, will result in classification as a refusal account;
- Clearly outline the billing implications, including the administration fee.

Account holders who do not respond or who confirm refusal will be subject to the administration fee for applicable billing cycles beginning March 1, 2026.

Temporary Extension of Manual Reads

Prior to implementing the historic-average billing methodology, staff will approach Neptune to determine whether limited manual meter reading services can be temporarily extended for outstanding accounts.

Given that the number of meters per billing cycle would be fewer than 10% of historical volumes, it is anticipated that this could be accomplished with minimal disruption.

- If Neptune is able to continue limited reads, Staff will revisit the need for the historic-average methodology at the end of 2026;
- If Neptune is unable to extend the service, the City will immediately implement the historic-average billing methodology to ensure uninterrupted billing cycles.

The administration fee for refusal accounts will proceed regardless of whether limited manual reads remain available.

Cost of Late Conversion for Refusal Accounts

Effective July 1, 2026, any account that previously refused installation and later elects to convert will be required to pay the full cost of installation.

Future installations will be completed by City staff and prioritized based on professional judgment, considering property circumstances, operational efficiency, and available resources.

This approach reflects the additional costs incurred through delayed compliance while maintaining flexibility to manage installations responsibly.

New Water Accounts

Staff also recommend updating Water Management By-law No. 2025-090 to clarify that:

- No new water accounts will be created without the installation of a new automated meter; and

- Exceptions will only be granted where Staff determine that a new meter is not required as the existing meter is acceptable.

This ensures the City does not perpetuate manual meter exceptions going forward.

Financial Implications:

The proposed billing methodology ensures continued revenue stability for the water and wastewater systems while avoiding inefficient manual processes.

Use of 2025 actual consumption data, city-wide averages by meter size where required, and fixed-only charges for non-using properties provides a balanced and defensible framework that aligns billing with service availability and use.

The administration fee for refusal accounts is intended to recover real costs associated with non-compliance and exception handling, not to penalize compliant or constrained property owners.

Billing disputes related to these policies will be triaged by the Water Billing Coordinator in accordance with standard review processes and escalated to the Director of Public Works and Engineering as required.

Collectively, these measures support fair cost recovery, operational efficiency, and completion of the Water Meter Replacement Program.

Communication Strategy:

Affected account holders will receive direct written notice, including registered letters, where refusal status must be confirmed. All by-law amendments will be subject to the required public notice and comment period.

Consultation:

- Director of Corporate Services
- Deputy Treasurer
- City Clerk
- Manager of Legislative Services
- By-law Enforcement Officers
- Manager of Water and Wastewater & team

Attachments:

None.

Recommended by:

Lara Widdifield, Director of Public Works and Engineering

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Lara Widdifield, Director of Public Works and Engineering, at lwiddifield@owensound.ca or 519-376-4440 ext. 1201.