



CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Hamilton Water Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	June 1, 2015
SUBJECT/REPORT NO:	Proposed Residential Municipal Disaster Relief Assistance Program for Frozen Water Services (PW15044) - (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Dan McKinnon Director of Hamilton Water (905) 546-2424, Extension 5941
SUBMITTED BY:	Gary Moore, P.Eng. Acting General Manager Public Works Department
SIGNATURE:	

RECOMMENDATION

- (a) That a Residential Municipal Disaster Relief Assistance Program for Frozen Water Services be established as a 50:50 Cost Sharing Program to provide residents with a compassionate grant in an amount not to exceed \$500 for eligible costs directly related to thawing frozen water services;
- (b) That payment of any funds under the program referred to in subsection (a) be based on compassionate grounds only and not to be construed as an admission of liability on the part of the City of Hamilton;
- (c) That the Eligibility Criteria for the Residential Municipal Disaster Relief Assistance Program for Frozen Water Services as set out in Appendix A to Report PW15044 be approved;
- (d) That the costs associated with the eligible claims under the Residential Municipal Disaster Relief Assistance Program for Frozen Water Services be funded from the Waterworks Reserve 108015;
- (e) That City Council declare that the frozen water service events, which occurred within the municipal road allowance only, between January 1, 2015 and April 15, 2015 for all affected properties within the boundaries of the City of Hamilton, as Disasters for the purpose of the Residential Municipal Disaster Relief Assistance Program for Frozen Water Services;
- (f) That, if deemed necessary by the General Manager of Corporate Services, staff be authorized to retain an independent adjuster for the administration of claims

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under the Residential Municipal Disaster Relief Assistance Program for Frozen Water Services and that these administrative costs be funded from the Waterworks Reserve;

- (g) That the item “Development of Frozen Water Service Grant Program” be identified as completed and removed from the Public Works Committee Outstanding Business List.

EXECUTIVE SUMMARY

With the recurrence of severe cold weather conditions during the winter of 2015, a significant number of properties across the City experienced a loss of water service as a result of water lines freezing. Many of these property owners incurred expenses attempting to thaw these services. As a result of the exceptional circumstances that occurred this winter, Council requested that staff present options to assist property owners with expenses incurred due to frozen water services throughout the winter of 2015. As a result staff have made the recommendations in this report.

It is understood that the occurrence of frozen water services this past winter resulted from extraordinarily low temperatures and the duration with which they persisted. The liability claims process through Risk Management Services is not a reasonable option for potential compensation as the City would not be considered legally liable, except in the most rare of cases. By providing assistance through a compassionate grant program residents can be assisted financially for part of their unexpected expenses to re-establish their water service. Further, a grant program would not jeopardize the City’s ability to defend claims should the City be pursued for amounts in excess of the grant allowance or for expenses not qualifying under the program.

Since the frozen water service events of 2015 are due to extreme weather conditions, are not due to negligence in part by the City, and the expenses incurred by residents are unknown and may pose a significant burden on reserves, staff recommend that a compassionate grant program be established as a cost sharing program whereby the City contribute 50% of the costs incurred to re-establish the water service, in an amount not to exceed \$500 per home.

Alternatives for Consideration - See Page 6

FINANCIAL - STAFFING - LEGAL IMPLICATIONS

Financial: In 2015 approximately 569 water services were confirmed frozen within the public road allowance. With a maximum reimbursement of \$500 per home, this represents a potential total expenditure of \$284,500. Funding is available from the Waterworks Reserve to support this expenditure.

Staffing: N/A

Legal: The City may provide grants to persons for any purpose that City Council considers to be in the interests of the municipality under section 107 of the *Municipal Act, 2001*. However, section 106 of the *Municipal Act, 2001*

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prohibits municipalities from providing grants to manufacturing businesses or other industrial or commercial enterprises.

HISTORICAL BACKGROUND

The winter of 2015 brought extremely cold temperatures to Ontario, the month of February 2015 was one of the coldest month ever recorded by Environment Canada dating back over 100 years. This past winter was similar to the winter of 2014 during which Ontario also experienced severe cold however, the way in which the low temperatures presented in 2015 created circumstances whereby an almost immediate and unprecedented wave of frozen water lines across the City of Hamilton were reported. On February 16th alone the City's call centre logged 188 calls from residents reporting loss of service. The subsequent weeks saw the City receive on average 41 calls per day for the next three weeks. To put these numbers into perspective the City's five year winter average from 2009-2013 was approximately 50.

In September 2014 the City of Hamilton launched a Warranty Program with Service Line Warranties of Canada (SLWC). The Water Line Warranty Program is one element of this Warranty Program available to residential homeowners and makes available optional and affordable protection against unexpected costs of repairing or replacing non-functioning water and services lines, which includes frozen water services. This Program reduces expenses and inconveniences to property owners and the City because it supports timely water line repairs which in turn reduces water loss and additional expenses to the City.

City of Hamilton Council has previously implemented a compassionate grant program to respond to the occurrence of extreme weather and specifically to assist property owners who have incurred expenses relating to property damage, clean-up costs or offsetting deductible payments for insurance coverage. While the provision of the proposed grant as described in the recommendations of this report is slightly different and would respond to costs incurred in attempting to re-establish water service, the intent and principles of the program are similar.

As a result of the severe cold weather this past winter, and in response to a request from Council for options to assist property owners, staff recommend that a compassionate grant program be approved as set out in Appendix A. Since the frozen water service events of 2015 are due to extreme weather conditions and not due to negligence in part by the City, staff recommend that a compassionate grant program be established as a cost sharing program whereby the City contribute 50% of the costs incurred to re-establish the water service, in an amount not to exceed \$500 per home, as set out in Appendix A.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The implementation of a Residential Municipal Disaster Relief Assistance Program for Frozen Water Services program is to assist property owners and/or tenants who incurred expenses attempting to thaw their frozen water services within the City's road

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allowance. It is recommended that payment of any funds under this program be based on compassionate grounds only and is not to be construed as an admission of liability on the part of the City of Hamilton

RELEVANT CONSULTATION

The following Sections have reviewed this Report and are supportive of the Report's recommendations:

City Manager's Office, Legal Services Division, Commercial/Policy/Development Section;

Finance & Corporate Services Department, Financial Services & Corporate Controller Division, Risk Management Section;

Finance & Corporate Services Department, Finance, Administration & Revenue Generation Division, Finance & Administration Section.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

As mentioned earlier in this report, Hamilton endured extremely low temperatures throughout the winter of 2015. These low temperatures and the duration with which they persisted created circumstances that allowed widespread loss of water service to individual properties throughout the City as a result of frozen water lines. In response to this Hamilton Water undertook a number of measures to return service at these properties including thawing from inside, thawing from outside and using house to house connections to provide temporary service until service was restored.

In a typical winter Hamilton Water responds to approximately 40-50 reports of loss of water service due to freezing. Of these reports the vast majority are typically determined to be caused by issues that arise on private property, and as such, there is no action required by the City. Due to the relatively small number of calls that historically result in action for the City, the protocol requires that property owners use their own service provider to attempt to thaw the water service. If it is determined that the service is frozen within the road allowance the City will then respond. Last winter (2014) Hamilton experienced an unprecedented number of reports of frozen water lines from property owners throughout the City with over 674 calls received by the Call Centre. Of these approximately 197 were confirmed frozen in the public road allowance.

While 2014 was unusual for cold weather and the number of frozen water lines experienced, this past winter was even more extraordinary by comparison with the call centre receiving approximately 1,213 reports of service interruption. Of these 1,213 reports, Hamilton Water confirmed that approximately 569 water lines were indeed frozen within the public road allowance. Hamilton Water's response to these events was robust and immediate however, as a result of limited capacity within the City and the contracting community, on average properties remained without water service for 9 days until their service could either be thawed or a temporary connection made. In some extreme cases residents were without water service for more than two weeks. As

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part of the Hamilton Water response 20 litre containers of potable water were delivered by staff to assist property owners until such time as their water service was restored. These deliveries of potable water occurred daily at the request of the property owners and included a minimum of two containers.

The City of Hamilton is responsible for infrastructure within the road allowance. Generally speaking, the vast majority of frozen water service issues occur on private property, and as such, are not the responsibility of the City. While it may feel onerous, it remains necessary for property owners to identify where the service is frozen in order to determine whether there is action required from the City. The winter of 2015 was unprecedented in this regard as the percentage of water services frozen within the road allowance exceeded 50% whereas a typical winter would see that average below 20%.

As a result of the exceptional circumstances that occurred this winter, Council requested that staff present options to assist property owners with expenses incurred due to frozen water services throughout the winter of 2015. As a result staff have made the recommendations in this report.

The proposed program is to assist those who have suffered losses from frozen water services due to the severe cold weather events of 2015. Implementing a Residential Disaster Relief Program for Frozen Water Services will permit the City to assist those who have been disadvantaged by unexpected expenses to re-establish their water supply. To date, the City has received 108 frozen water service claims for the 2015 events ranging in cost from \$55 to \$1,972, not including the highest claim of \$4,754 of the 108 claims:

50% are less than \$573
60% are less than \$644
70% are less than \$750
75% are less than \$848
80% are less than \$925
85% are less than \$1,026
90% are less than \$1,100

Due to the wide range of reported expenditures by homeowners, the risk associated with creating an unknown burden on the Waterworks Reserve and since the frozen water service events are due to extreme weather and not negligence in part by the City, staff recommend that the Residential Municipal Disaster Relief Assistance Program for Frozen Services be established as a cost share program whereby the City contribute 50% of the incurred costs to re-establish the water service, up to a maximum of \$500 per home. This would cover 50% of the costs for approximately 84% of the claims submitted to date.

All property owners or tenants submitting claims would be required to provide documentation regarding the details and availability of insurance to them, acknowledge

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that the grant payment for which they may qualify is based on compassionate grounds and is not an admission of liability on the part of the City of Hamilton. Grant recipients would further be required to agree that any amounts paid under this grant program would be deducted from any potential future claim settlement arising from the same event to avoid duplication of damage payments.

It should be noted that in April 2014, Council endorsed the awarding of a contract with Service Line Warranties of Canada (SLWC) to provide an optional water and sewer line warranty program for Hamilton residents. The initial marketing occurred in September 2014 and nearly 2,600 households have enrolled in the Water Line Warranty program through SLWC. A noteworthy aspect of the water line coverage available to Hamilton residents is the thawing of frozen water services. The Water Line Warranty program is made available at a cost of \$5 per month, or \$55 per annum and covers repair costs to restore flow to frozen, leaking or broken water lines located outside the home to the property line with up to \$5,000 coverage per repair incident, including public street and sidewalk cutting. In the event of a service line failure, residents covered under the Water Line Warranty program often have a contractor on site within 24 hours of the initial notification to SLWC.

ALTERNATIVES FOR CONSIDERATION

Option 1: Status quo

Historically, property owners who incur expenses related to a frozen water service would be directed to submit a claim for compensation to Risk Management Services who would conduct a liability investigation. Compensation would be based on the presence of negligence on the part of the City. In all but the rarest of circumstances the City would not be considered liable for a frozen water service.

This is not recommended as Council has indicated a desire to assist residents who incurred expenses due to frozen water services throughout the winter of 2015.

Option 2: Capped Grant

This option is to implement the compassionate grant program, as outlined in Appendix A. It does not require the property owner and/or tenant to contribute to the expenses incurred and the City will provide support in an amount not to exceed \$500.

This option is not recommended as it may result in the submission of requests that are unreasonable in the circumstance and it will also create a significant burden on reserves.

Option 3: Unlimited Grant

This option is to implement the compassionate grant program, as outlined in Appendix A. It does not require the property owner and/or tenant to contribute to the expenses incurred, nor is there a limit associated with the grant amount.

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This option is not recommended as it may result in the submission of requests that are unreasonable in the circumstance and it may also create a significant burden on reserves.

ALIGNMENT TO THE 2012 - 2015 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

2.3 Enhance customer service satisfaction.

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

3.5 To support our residents and establish trust and confidence in our programs and services.

APPENDICES AND SCHEDULES ATTACHED

Appendix A - Eligibility Criteria for Residential Municipal Disaster Relief Assistance Program for Frozen Water Services