



Report to Council

Department: Corporate Services
Division: Corporate Services
Date: March 20, 2023
Prepared by: Kate Giurissevich, CPA, CA, Director, Corporate Services/Treasurer
Report Number: Corporate Services-2023-01
Subject: Town Water/Wastewater Billing
Number of Pages: 7

Recommendation(s)

That the entitled Town Water/Wastewater Billing prepared by Kate Giurissevich, CPA, CA, Director, Corporate Services/ Treasurer dated March 20th, 2023 be received;

That Council direct administration to issue a letter of service discontinuance to the external billing provider, E.L.K. Energy Inc. effective October 1st, 2023 or the date of final migration;

That Council approve the additional Operating revenues and expenditures as detailed in Table A for 2023, with the deficit to be funded from the Town's Water Reserve;

That Council approve the additional Capital revenues and expenditures as detailed in Table B for 2023, to be funded from the Town's Water Reserve; and

That Council approve the additional Capital and Operating expenditures as detailed in Table C, to be funded from COVID grant monies held in the Town's Contingency Reserve.

Purpose

Council approval is required for expenditures outside of the approved budget.

Background and Discussion

In 1999, at amalgamation, all Town of Essex Water/Wastewater Billing Services began being performed by E.L.K. Energy Inc. "ELK", a local utility provider.

Through 2019-2021 COVID relief measures were implemented where collection efforts were effectively paused.

In 2021-2022 collection efforts were re-instated with new policy, whereby the Town added water/wastewater arrears amounts to taxes.

The lack of readily available information pertaining to arrears balances particularly, made this a difficult time for both staff and residents. The difficulty continues as the Town often receives complaints, however, is not the management authority to be able to address them.

Given recent events and based on Council direction, the Town investigated bringing the billing of Water and Wastewater Billing Services "in-house" rather than contracted to an external party. As one of the Town's main infrastructure and service areas, control over the operation is essential to ensure the level of service is being maintained, or even enhanced as demonstrated below.

The following are Pros that were identified:

- Better control over revenues/overdue accounts /collectibles
 - Courtesy Calls
- Revenues are collected immediately, rather than a full month turnaround.
 - Arrears of hydro takes priority which can delay collection of water/wastewater amounts

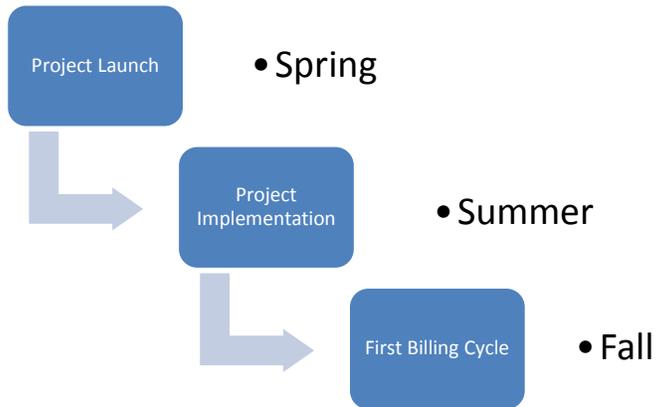
- Customer service is enhanced as more hands-on knowledge (not calling ELK then returning calls)
- Better departmental coordination and communication as both Water/Wastewater Operations and Billing under “one-roof”.
- Financial information more readily available- ability to access tax roll and water/wastewater detail
- Devote more time to collections, scanning AR list, etc.
- Control over Duties (Supervisor, Office Staff) and Customer Service Standards can align
- Transparency (proof of information would be available)
- Ability to analyze accounts for high usage
- Would be able to ensure Water IN = Water BILLED; meaning the Town billed all water flowing through the system within a reasonable allowance
- Billings can be customized, and Customer Portal can be created

The following were Cons identified:

- Initial Setup will require resources (time, staff, costs) to deploy a project of this nature.
- Office Space Required
- Customers too will face a transition.
 - They will see 2 separate bills now
 - Payments will need to be re-directed
 - Potentially new paperwork for online/paperless billing

Given the analysis above, it has been determined that this billing function should be realigned with Town Operations to ensure the highest level of service possible, while minimizing potential rate increases.

Proposed Timeline



Financial Impact

The proposed impact of this transition is not included in the 2023 Approved budget and is estimated below:

Table A: Operating Impact

Expense	Description	2023 Impact /(savings) Effective May 1, 2023	Annual Impact/(savings)
Contracted Services	Removal of Third-Party Contractor Payment (includes 3 full time customer service clerks and .5 management allocation)	(\$146,000)	(\$437,000)
Salaries	.5 Assistant Manager, Finance 1 Water Co-ordinator 2 Water Clerks	\$180,000	\$270,000
Table A Operating Impact (Continued)			

Expense	Description	2023 Impact /(savings) Effective May 1, 2023	Annual Impact/(savings)
Software Annual	Yearly Subscription	\$10,250	\$15,375
Miscellaneous	Office supplies, postage, etc	\$19,500	\$52,000
Media Campaign		\$10,000	
Annual Financial Impact/ (savings)		\$73,750	(\$99,625)

Table B

Capital Project	Description	Amount
Office Furniture/Equipment	Including postage machine, desks, copier, laptops, etc.	\$40,000
Software Acquisition		\$441,200
TOTAL		\$481,200

Table A and B would be funded from the Town's Water Reserve which has sufficient balance.

To ensure that user rates remain unaffected by the operational change, an internal analysis was performed comparing the Town's current reserve balance to the projected balance in the Town's Adopted Water Rate Financial Study. As the Reserves have a balance that is above projections, this is feasible. Ultimately, after roughly 5 years, the savings begin to be realized, therefore no impact to rates is deemed necessary, outside of the adopted study.

Annually, an internal allocation will be completed to ensure the Wastewater Reserve is repaying its relative proportion of costs to the Water Reserve for the upfront payment of the Costs in Tables A and B.

Watson’s and Associates was consulted as well and concurred with the above.

It should be noted that the transition to in-house performance of billings will ultimately lead to lower annual write-offs thus creating an annual savings that can not be estimated. 2020-2022 noted more than \$100,000 in water/wastewater billings written off.

Table C- Other Corporate Costs

As a result of more staff being required at the Town Hall location, certain retrofits will be required to accommodate the new staff. Administration is recommending a mobile trailer be placed at Town Hall to act as the new corporate meeting space. These impacts have been summarized below:

Capital Project	Description	Amount
Town Hall Retrofit	Office Conversions	\$75,000
Operating Impacts		
Mobile Unit Rental	New Meeting Space	\$25,000
TOTAL 2023 COST		\$100,000

The Town has funds held in Reserve from COVID grant monies received throughout 2020-2021 to which the costs in Table C would be eligible to fund. It is recommended that the costs described in Table C be funded from those grant monies.

Consultations

Heather MacDonald, Assistant Manager, Finance

Kevin Girard, Director, Infrastructure Services

Doug Sweet, CAO

Daryl Abbs, Watsons and Associates Economists Ltd.

Link to Strategic Priorities

- Manage, invest and plan for sustainable municipal infrastructure which meets current and future needs of the municipality and its citizens.
- Create a safe, friendly and inclusive community which encourages healthy, active living for people of all ages and abilities.
- Provide a fiscal stewardship and value for tax dollars to ensure long-term financial health to the municipality.
- Manage responsible and viable growth while preserving and enhancing the unique rural and small town character of the community.
- Improve the experiences of individuals, as both citizens and customers, in their interactions with the Town of Essex.
- Improve the Town's capacity to meet the ongoing and future service needs of its citizens while ensuring the corporation is resilient in the face of unanticipated changes or disruptions.

Report Approval Details

Document Title:	Town Water Billing - Corporate Services-2023-01.docx
Attachments:	
Final Approval Date:	Mar 14, 2023

This report and all of its attachments were approved and signed as outlined below:

A handwritten signature in black ink, appearing to read "Doug Sweet". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Doug Sweet, Chief Administrative Officer - Mar 14, 2023 - 12:03 PM