



The Corporation of the Town of Tecumseh

Financial Services

To: Mayor and Members of Council

From: Tom Kitsos, Director Financial Services & Chief Financial Officer

Date to Council: August 13, 2019

Report Number: FS-2019-09

Subject: Water and Sanitary billing and collection

Recommendations

It is recommended:

That performance of the Water and Sanitary billing and collection function for the Town continue to **be provided** by Essex Powerlines Corporation (EPC) for the 2019 and 2020 budget years;

And that the Water and Sanitary billing and collection function **be reviewed** by Administration for the 2021 budget year.

Background

Essex Powerlines Corporation (EPC) currently provides the Water and Sanitary billing and collection function for the Town for a fee and has done so since June 2000.

Administration had proposed during the 2018 budget process that the Water and Sanitary billing and collection function be brought in-house. Administration's proposal to bring this function in-house was driven by two factors: the Town's ability to service user needs and the cost to provide the service, whereby Administration proposed that user needs could be better serviced in-house and at a reduced cost.

Recognizing EPC as a valued partner, Council deferred the decision to bring this service in-house, allowing Administration and EPC an opportunity to work on service and cost improvements with the current business model.

Following this review period, Council considered the proposal once again along with proposed service and cost improvements under Financial Services Report No. FS-2018-10 and ultimately passed Motion RCM 229/18 at the Regular Council Meeting of July 24, 2018:

“THAT Administration extend the status quo with Water and Sanitary Sewer Billing for one year to allow Administration to evaluate the Town of LaSalle and Town of Amherstburg’s experience with transitioning to in-house billing.”

Comments

In the year following Council’s decision of July 24, 2018, Administration and EPC have continued to work towards service improvements with some levels of success.

EPC has provided Administration access to a reporting portal that allows Administration direct access to customer billing data, and has developed several reports that can be used to analyze customer count and usage data. This is a work in progress as analyses performed have identified the need to modify and/or refine some of the reports. EPC has committed to continue to refine the reports as necessary. Once refined, these reports will allow the Town to perform analytical reviews previously not available to the Town.

EPC has also committed to invest in a work order system that will integrate with the Town’s Cityworks system. This initiative should improve customer service response time and accuracy. This initiative has not yet commenced as the Town recently migrated to a new work order system in Q1 2019. Once the Town is satisfied that the implementation is complete and fully operational, EPC will be in a position to integrate systems with the Town.

Effective January 2019, the Town requested that monthly meter read files contain **all** Town accounts as opposed to reading several files monthly and bi-monthly based on customer code numbers. This request was made by the Town to enable more efficient and effective data analysis. EPC implemented this change and the Town is now collecting every read for every meter on a monthly basis. The report has inconsistencies and we continue to work with EPC to refine this function.

The frequency of customer billing has remained unchanged, i.e. monthly bills for residents in the EPC electricity service area and bi-monthly bills for residents in the Hydro One electricity service area. Council was not receptive to less frequent billing proposed as a cost-saving initiative with in-house billing.

Administration and EPC have also made improvements to the collections process to help reduce the write-off of bad debts. EPC now provides records of uncollected amounts to the Town on a monthly basis, which allows Administration to impose collection tools available to the Town, however not available to EPC. This improvement has been in place for 11 months and has helped to reduce the write-offs in that period from \$10,966 to \$3,609.

Overall, Administration and EPC have been able to effect noticeable improvements to customer service in the existing billing model. Continued efforts by both parties are necessary to ensure improvement initiatives in progress achieve desired outcomes.

With respect to the municipalities of LaSalle and Amherstburg and their respective transitions to in-house billing, LaSalle has now been performing in-house billing for over two and a half years and has achieved significant cost savings and customer service improvements and Amherstburg has received Council approval to transition to in-house billing, however has yet to initiate that change.

Consultations

Public Works & Environmental Services
Essex Power Corporation
Town of LaSalle
Town of Amherstburg

Financial Implications

At the July 24, 2018 RCM, EPC reduced the annual fee of the billing and collection service to \$165,000 effective July 1, 2018 to June 30, 2019 and committed to a further reduction to \$155,000 effective July 1, 2019 to June 30, 2020.

These reductions have effectively reduced this annual service fee by roughly 33% from the 2017 fee.

Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
<input type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input type="checkbox"/>	Ensure that Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.
<input type="checkbox"/>	Integrate the principles of health and wellness into all of Tecumseh's plans and priorities.
<input checked="" type="checkbox"/>	Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.
<input type="checkbox"/>	Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

Communications

Not applicable

Website

Social Media

News Release

Local Newspaper

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Tom Kitsos, CPA, CMA, BComm
Director Financial Services & Chief Financial Officer

Reviewed by:

Phil Bartnik, P.Eng.
Director Public Works & Environmental Services

Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
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None	
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