

Information Report



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| Service Area | Infrastructure, Development and Enterprise Services |
| Date | Friday, January 6, 2023 |
| Subject | Utility Billing Transition |

Executive Summary

Purpose of Report

This preliminary information report is to advise of an administrative change in Water, Wastewater, and Stormwater utility billing as a result of Alectra Utilities Inc. (Alectra) no longer supporting utility billing as part of their core business. The report outlines work done to date with more information to come to Council in the future around this transition.

Key Findings

Alectra currently provides water meter reading, billing, and collections services for the City's Water, Wastewater, and Stormwater utilities.

In August of 2021, Alectra informed the City that they would no longer support utility billing as part of their core business moving forward, but will honour the current agreement with the City until the end of 2024.

This decision applies to all Alectra utility billing customers, including the cities of Hamilton, Markham, and Vaughan. As such, the four municipalities have worked together to identify a new solution for a path forward and to work collaboratively through the procurement of an in-house billing model.

Utility billing and collection will be the responsibility of each individual municipality.

Strategic Plan Alignment

This administrative change supports:

- Working Together for our Future by improving services through greater use of technology and data, and by accelerating digital delivery of services which will support improving front-line customer service and communications while maintaining our delivery of core services.
- Building our Future by managing existing infrastructure and continually working to develop new assets that respond to Guelph's growing and changing social, economic, and environmental needs.

Financial Implications

Preliminary estimates of the one-time investment to bring the billing and collection activities in house range between \$3,000,000 and \$4,500,000. This includes \$2,125,000 in the 2023 capital budget for the replacement of legacy billing software currently used by Alectra that needs to be updated. After the transition it

is expected that ongoing annual operating costs will increase by approximately \$250,000 over what would otherwise be paid to Alectra for providing these services due to postage costs that will no longer be shared with Alectra. Actual financial impacts will be refined through the transition process and will be presented to council through the multi-year budget.

Throughout the first half of 2023, staff will be working to develop an operating model and detailed budget for this new model which will be presented to Council as part of the 2024 to 2027 multiyear budget. As further developments of this transition occur, every effort to find efficiencies for this service integration will be explored as part of the scope of this project, such as a campaign to promote electronic bill presentment options as desired by the customer.

Report

Details

Alectra currently provides water meter reading, billing, and collections services for the City's Water, Wastewater, and Stormwater Utilities. In total, revenues are forecasted to equal approximately \$75 million in 2022. Staff have taken a number of steps outlined below to begin the transition of these services and to protect the City's utility revenue source.

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With this decision, the four municipalities have worked collectively to leverage economies of scale and engaged the services of an industry consultant, Kaihen, to assist first in identifying a new solution for a path forward, and to provide support through the procurement and transition to a future utility billing solution for each municipality.

In seeking a collective path forward, staff undertook a Discovery Phase (Phase 1) to identify and evaluate the current status and review the needed steps and requirements to select a transition pathway.

Based on the work done through Phase 1, it was agreed that each municipality would pursue an in-house billing model. The chosen model means that each municipality will now directly provide the services that Alectra currently provides. Utility billing and collection will be the responsibility of each individual municipality, with specifics of the operating model to be developed and shared in the future. Procurement for this model will begin in early January 2023.

This model was chosen to meet the following business objectives:

- **To provide a sustainable Utility Billing System** that will meet the municipalities and customers' needs now and into the future.
- **To provide cost efficient Utility Billing services** to sustain affordability and the delivery of high-quality water, wastewater, and stormwater services through ongoing cost recoveries.

- **To improve the customer experience** by providing timely water, wastewater, and stormwater billing, while at a minimum, maintaining the level of customer service and satisfaction provided today through convenient contact, payment, and access to account information options.
- **To enhance access and visibility to data** that enables data ownership with stronger business intelligence abilities, robust reporting, and customer data analytics.
- **Keeping up with advanced features** provided by the latest utility customer service and billing solutions.
- **Countering the challenges in maintaining and supporting a complex enterprise solution** by leveraging evolving technologies such as cloud.

Next steps after procuring the billing software include developing the target operating model, public education and outreach, and establishing the internal and customer service procedures to begin billing in January 2025. Further updates regarding next steps and associated costs will be summarized to council in future reports.

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Consultations

Internal consultations with Environmental Services, Engineering Services, Finance, IT, Communications, Customer Service. External consultations with Hamilton, Vaughn, Markham, and Alectra.

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