

# Utility Billing Transition Update

## Council Presentation

Committee of the Whole: October 1<sup>st</sup> 2024

# Agenda

- Purpose of presentation and report
- Strategic Plan alignment
- Key findings
- Timeline and progress
- Options analysis
- Financial implications
- Next steps

# Why are we here

- To update council on the work and progress to date re water, wastewater and stormwater billing – collectively Utility Billing.
- Share a timeline summary and highlight next steps.
- Given the significance of the service transition, we feel it's important to ensure Council's full understanding of this change.

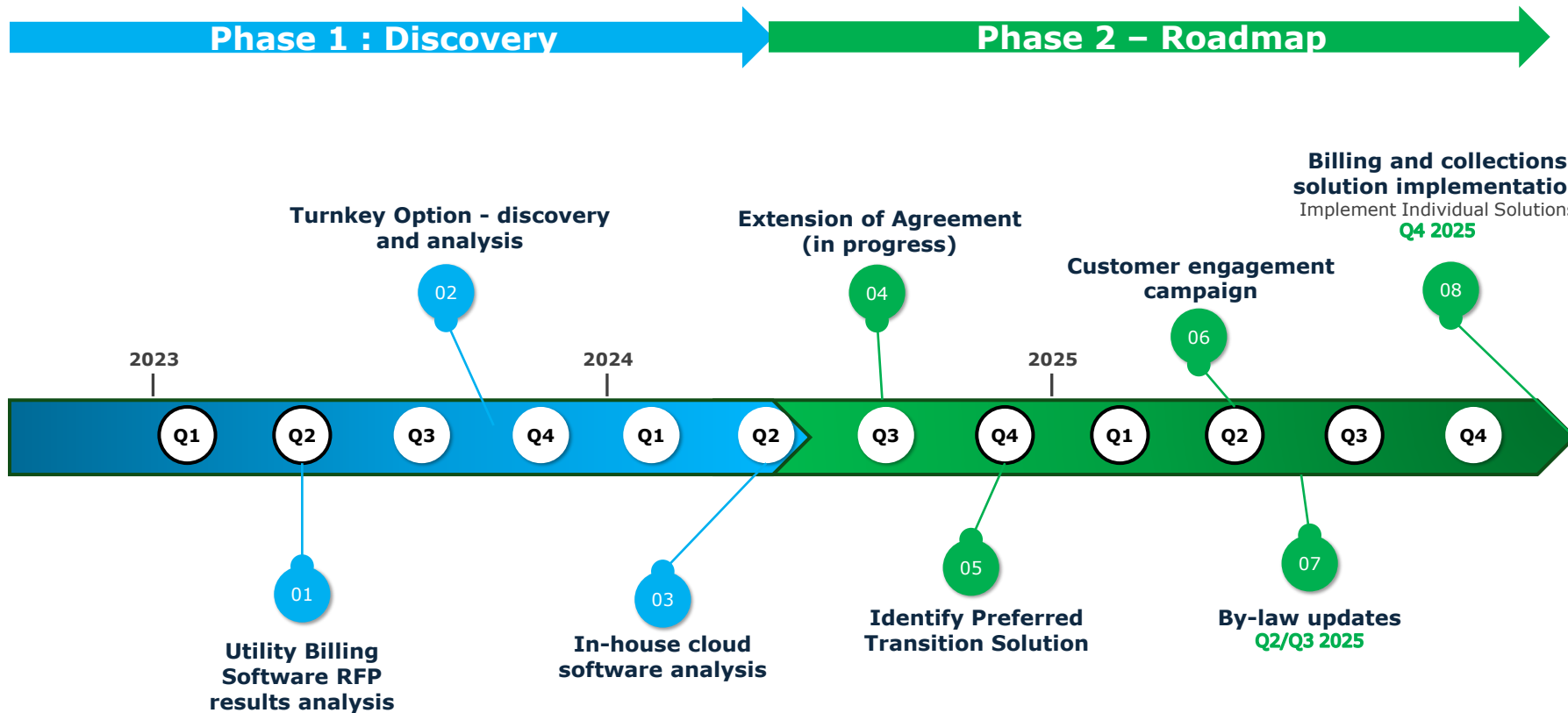
# Strategic Plan alignment

- **Maintain the City's healthy financial position**
- Theme: Foundations
- Objectives:
  - Accelerate digital delivery of services which will support improving front-line customer service and communications
  - Strengthen financial policies and practices to support a sustainable, long-term financial position.

# Key findings

- Revenues are forecasted to equal approximately \$83.8 million (\$71.4 million for water and wastewater and \$12.4 million for stormwater)
- Cross functional project team has worked with key stakeholders including Alectra, Hamilton, Markham and Vaughan to explore multiple paths and options
- Narrowed down to three options that were explored in depth, ensured due diligence and confidence in identifying a solution that is best for the city and its customers
- Work continues with Alectra to extend the current service agreement.

# Timeline and Progress



# Options Analysis

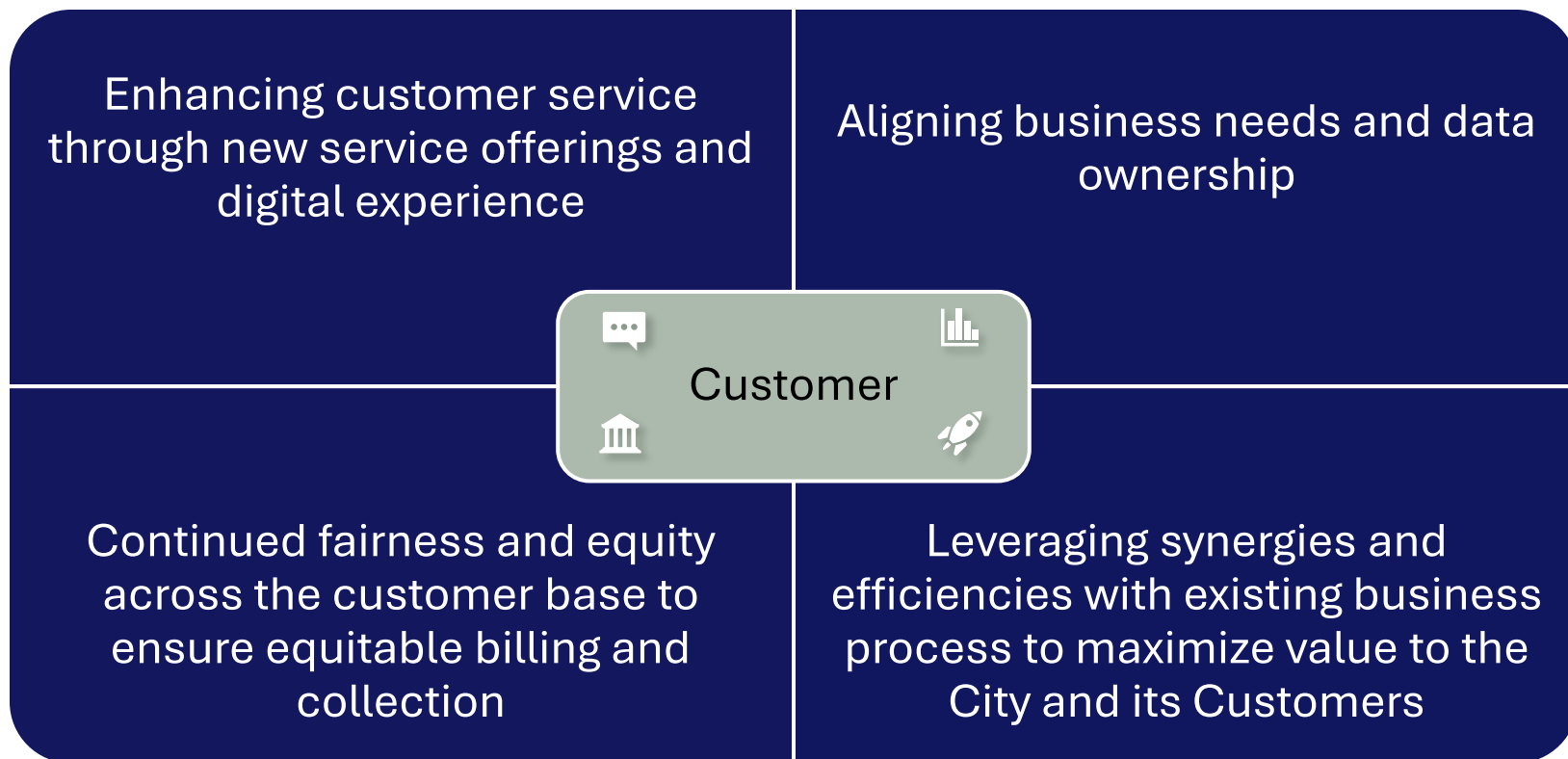
Option	Solution	Annual Cost in 2026 \$ over 10 years
<b>Current State</b>	Current Solution with Alectra	\$2.4M
<b>Option 1</b>	Bring utility billing in-house and migrate Alectra’s current state billing system, hardware and software to the City	Not Viable
<b>Option 2</b>	Turn-key Solution with Alectra Nonregulated Affiliate	\$4.5M
<b>Option 3</b>	Bring Utility billing in house	\$3.1M

\*Pricing includes all in costs to provide utility billing service

# Financial Implications

- Start-up transition cost of \$3.5 million for bringing utility billing in house are included in the adopted operating and capital budget. Only actual costs will be transferred from reserves.
- Increased operational cost estimated at \$700 thousand annually (\$3.1 million compared with \$2.4 million) starting in 2026.
- Cost escalation is due to the lack of postage sharing, and actual full costs such as meter reading, bill presentment vs what was in place with Alectra.
- Staff will be working on a model to mitigate some of these additional costs through eBilling, implementation of user fees, streamlining existing data and platforms, and ensuring efficiencies for collections.

# Transition Benefits



# Next Steps

- Staff continues to work with Alectra and in conjunction with the other municipalities to explore synergies and information sharing as we progress through this transition collectively.
- An updated and revised by-law is required to align with administrative changes, user fees and efficiency measures related to utility billing in-house, this will be provided to Council in a comprehensive report in Q2/Q3 of 2025.
- Development and roll out of customer service engagement and information campaign with customer experience focus to come in 2025

# Questions