



**REPORT TO FINANCE AND
CORPORATE SERVICES
COMMITTEE**

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TO: FINANCE AND CORPORATE SERVICES COMMITTEE

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GENERAL MANAGER APPROVAL: D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES
A. MILLER, GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

DATE: FEBRUARY 23, 2021

SUBJECT: WATER BILL PAYMENT DEFERRAL SCENARIOS

RECOMMENDED MOTION

1. That the Report to Finance and Corporate Services Committee dated February 23, 2021 concerning water bill payment deferral scenarios, be received for information purposes.

PURPOSE & BACKGROUND

2. The purpose of this Report is to identify the impacts of potential water bill payment deferral scenarios to assist households with the impacts of COVID-19 during 2021.
3. On January 25, 2021, City Council adopted motion 21-G-006 regarding 2021 Business Plan as follows:

That staff in the Finance Department in consultation with the Infrastructure Department identify the impacts of potential water bill payment deferral scenarios to assist households with the impacts of COVID-19 during 2021 and report back to the Finance and Corporate Services Committee at their February 2021 meeting.

4. In 2020, in an effort to provide relief to water and wastewater customers in the City of Barrie, Council implemented the following measures:
 - a) Waiving of late fees and NSF charges between April 2020 and June 2020 saving ratepayers \$13,000 a month;
 - b) Extended payment terms from 35 to 60 days for residential properties and 30 to 60 days for non-residential properties;
 - c) Fixed rate credit relief program whereby residential ratepayers negatively impacted by COVID-19 applied for a one-time credit of \$68 against the fixed charges. This resulted in total savings of \$185,000 for residential ratepayers who had suffered financial hardship.

ANALYSIS

Key Statistics

5. The City currently has 44,851 active water/wastewater (“water”) billing accounts. The following table shows the breakdown between owners and tenants:

Residential			Non-Residential			Total		
Owners	Tenants	Total	Owners	Tenants	Total	Owners	Tenants	Total
37,183	5,157	42,340	2,120	391	2,511	39,303	5,548	44,851

In 2020, Finance revenue staff processed 285,495 water wastewater bills.

6. As identified in Appendix “A” the total residential consumption in cubic metres for water and wastewater increased by 5.7 per cent compared to 2019. This increase was offset by a reduction in consumption for non-residential ratepayers by 6.6 per cent. This appears reasonable given the impacts to both sectors of COVID-19. The 2020 year-end report planned for late March will include the final year-end financial results.
7. As identified in Appendix “B”, on December 31, 2020, accounts receivable for water and wastewater increased by 3 per cent or \$189,550 compared to 2019. The tables in Appendix “B” show total accounts receivable were consistently higher each month in 2020, significantly higher in the summer months as ratepayers took advantage of the deferred due dates, but were brought back in line by the end of the year.

Extended payment terms and waiving of late fees

8. In 2020, Council extended the payment periods from 35 to 60 days for residential properties and from 30 days to 60 days for non-residential properties. This provided some short-term relief in terms of the timing of payment requirements as the City began this program on April 23, 2020 and ended with the bills issued on August 20, 2020. This covered 4 months in total, or 2 full billing periods/cycles for residential properties which are billed bi-monthly, and 4 billing periods/cycles for non-residential properties which are billed monthly.
9. While this program provided relief during those months, it did cause some confusion. Later in the year when the City returned to the normal billing dates, some ratepayers received two bills within a short period of time. The feedback received by the Finance revenue team was generally negative towards this program.
10. Deferring water and wastewater bill payments and waiving late fees can have a detrimental effect on property owners with tenants. Typically, the Finance Department sends out reminder notices when tenant accounts are past due and consider shutoffs as a last resort until payment is received. As the property owner is ultimately responsible for the water/wastewater bill on their property, deferring due dates poses a risk to the property owner when tenants do not pay their bills.
11. Water service disconnections on tenant properties were stopped in March of 2020 and did not resume until October 2020 for requests submitted by property owners for non-payment by their tenants. There were no shut offs in December 2020 as is the standard process. Disconnections have been on hold in 2021 due to the Provincial lockdown.

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12. As the Finance revenue team received some complaints from landlords about delinquent tenant accounts, staff began tracking tenant receivable information in April 2020. Appendix "C" outlines the status of tenant receivable accounts. The first tenant account chart shows that tenant receivables range from a low of 5.4% of total accounts receivable at the end of July to a high of 18.3% of total accounts receivable in November.
 13. The second tenant account chart shows that of tenant accounts receivable solely, a high of 21.2% of the number of all tenant accounts were overdue in May, with the dollar amount of tenant accounts overdue consistently in the high range of 43% to 46% in the months of April, May and October to December. This meant that property owners who are ultimately responsible for the accounts that remain unpaid, had a larger exposure to address in situations where tenants had not paid.
 14. In 2020, the City stopped charging late payment fees on overdue accounts between April 20, 2020 and June 30, 2020, resulting in total savings to some ratepayers of approximately \$13,000 per month. This allowed ratepayers the flexibility to pay as their circumstances allowed without financial repercussions.

Fixed Charge Relief Program:

15. Council approved a fixed charge relief program in 2020 whereby residential water wastewater account holders could, one time only, eliminate the fixed charge for water and wastewater on their bimonthly bill if suffering from financial hardship as a result of COVID-19, by completing a request form. Funding for this initiative was \$500,000, funded equally from the Water and Wastewater Rate Stabilization Reserves. The City has received 2,980 applications at a total savings to some residents of approximately \$185,000.

Summary

16. As part of the 2021 budget, Council has directed that wastewater rates be frozen at the 2020 levels.
17. The City's water reserve is not in a strong position. This reserve is used to fund the repairs and replacement of critical water infrastructure. Any relief provided for billing impacts the amount of funds available in the reserve. While the wastewater reserve has a higher balance, this fund, similar to the water reserve fund, will be insufficient to address upcoming needs related to capital works, requiring more wastewater funded debt. In the coming months, staff in IGM with support from Finance, will be bringing forward to Council, Water and Wastewater asset management plans as well as a water and wastewater financial plan.
18. In response to Motion 21-G-006, staff will be bringing forward a report in April concerning a support program for low-income households and small businesses in order to assist those in financial need with timing of bill payments and/or relief. Given the City's financial condition and the state of the water reserve in particular, it would be prudent to target a relief program to ratepayers who are the hardest hit and on a more comprehensive basis as identified in motion 21-G-006.

ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS

19. There are no environmental and climate change impact matters related to the recommendations.

ALTERNATIVES

20. There are alternatives available for consideration by Finance and Corporate Services Committee:

Alternative #1

Finance and Corporate Services Committee could recommend an extension of the payment periods for water and wastewater bills for residential and non-residential properties.

This is not recommended as it causes confusion with ratepayers regarding due dates and causes in some cases, two bills to arrive within a very short time period once the extension has ended. Feedback from ratepayers on this initiative in 2020 was mostly unfavourable for these reasons.

Alternative #2

Finance and Corporate Services could recommend all late fees for either the full year or for part of the year, be waived.

Late fees encourage ratepayers to keep up to date with balances. Staff have been directed to report back to General Committee in April with options for a permanent water/wastewater relief program. Of the scenarios identified, a reduction in or waiving of late fees causes the least amount of confusion for ratepayers, impacts property owners with tenants in arrears the least and has the smallest impact on the City's reserve levels.

Alternative #3

Finance and Corporate Services could reintroduce the one-time fixed charge credit program for ratepayers who have been adversely affected by COVID-19 for the full year 2021.

This alternative is not recommended as staff are not able to ensure the program is being applied fairly and equitably to those ratepayers who have been adversely affected by COVID-19. Staff do not have sufficient resources to assess the financial condition of an applicant, which would also require the submission of various forms of financial information.

FINANCIAL

19. There is no financial impact from the recommendation to receive this report for information purposes.

LINKAGE TO 2018–2022 STRATEGIC PLAN

20. The recommendation in this report is not related to the goals contained in 2018-2022 Strategic Plan.

Appendix "A"

Monthly Water and Wastewater Consumption (m3) Residential

	Residential			
	2020	2019	Variance	Variance %
JAN	1,133,571	1,264,894	(131,324)	-10.4%
FEB	1,334,354	1,345,832	(11,478)	-0.9%
MAR	1,011,805	1,012,371	(566)	-0.1%
APR	1,188,443	1,128,830	59,613	5.3%
MAY	1,200,587	1,011,609	188,978	18.7%
JUN	1,559,371	1,356,102	203,268	15.0%
JUL	1,391,146	1,256,838	134,308	10.7%
AUG	1,826,388	1,477,133	349,255	23.6%
SEP	1,410,979	1,384,378	26,601	1.9%
OCT	1,336,492	1,454,155	(117,663)	-8.1%
NOV	1,210,898	1,153,141	57,757	5.0%
DEC	1,324,891	1,227,845	97,046	7.9%
YTD TOTAL	15,928,923	15,073,126	855,797	5.7%

Monthly Water and Wastewater Consumption (m3) Non-Residential

	Non-Residential			
	2020	2019	Variance	Variance %
JAN	771,987	743,506	28,481	3.8%
FEB	613,774	599,799	13,974	2.3%
MAR	621,567	602,612	18,954	3.1%
APR	506,073	609,612	(103,540)	-17.0%
MAY	559,276	585,319	(26,043)	-4.4%
JUN	563,981	789,919	(225,938)	-28.6%
JUL	769,012	733,347	35,666	4.9%
AUG	886,794	824,857	61,937	7.5%
SEP	754,794	988,445	(233,652)	-23.6%
OCT	679,500	715,280	(35,780)	-5.0%
NOV	727,554	776,786	(49,233)	-6.3%
DEC	511,116	559,982	(48,866)	-8.7%
YTD TOTAL	7,965,426	8,529,464	(564,039)	-6.6%



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Appendix "B"

Water/Wastewater Total Accounts Receivable Aging Comparison

Category	31-Jan-20	28-Feb-20	31-Mar-20	29-Apr-20	29-May-20	30-Jun-20	31-Jul-20	31-Aug-20	30-Sep-20	31-Oct-20	30-Nov-20	31-Dec-20
Current	4,052,458	4,943,659	4,491,896	4,302,925	3,943,043	5,174,898	4,436,218	6,691,165	5,242,070	3,683,481	4,065,339	4,152,884
Over 35 days	384,656	426,738	471,708	415,888	988,148	1,389,369	1,736,498	747,476	1,926,724	342,340	474,874	761,449
Over 49 days	277,740	158,819	205,371	387,433	326,763	596,874	1,312,467	1,480,458	1,483,965	382,586	302,665	165,123
Over 63 days	280,487	310,573	326,785	304,367	349,797	381,108	423,414	557,491	290,917	504,378	288,608	316,848
over 84 days	771,094	785,748	791,408	944,404	1,179,048	1,200,077	1,238,742	1,257,448	1,351,577	1,100,617	1,149,942	1,103,147
Total	\$5,766,436	\$6,625,536	\$6,287,168	\$6,355,017	\$6,786,799	\$8,742,326	\$9,147,339	\$10,734,038	\$10,295,253	\$6,013,401	\$6,281,429	\$6,499,450
Overdue %	29.7%	25.4%	28.6%	32.3%	41.9%	40.8%	51.5%	37.7%	49.1%	38.7%	35.3%	36.1%
Category	31-Jan-19	28-Feb-19	29-Mar-19	30-Apr-19	31-May-19	28-Jun-19	30-Jul-19	30-Aug-19	30-Sep-19	31-Oct-19	29-Nov-19	Dec. 31/19
Current	4,134,746	5,056,102	4,019,775	3,899,806	2,861,671	4,340,333	4,736,281	4,136,759	4,659,326	4,390,166	4,082,537	4,275,313
Over 35 days	531,871	421,141	440,843	289,866	412,731	272,852	377,016	364,199	529,708	405,950	590,205	745,515
Over 49 days	95,094	40	183,124	277,489	225,541	267,682	99,971	241,240	295,790	178,683	311,187	188,962
Over 63 days	199,310	332,087	290,358	228,903	192,306	274,559	198,418	325,818	270,210	328,275	318,430	372,033
over 84 days	392,566	426,419	457,956	514,478	587,684	607,181	704,610	488,403	641,191	635,398	648,111	728,078
Total	\$5,353,587	\$6,235,788	\$5,392,056	\$5,210,543	\$4,279,934	\$5,762,606	\$6,116,296	\$ 5,556,418	\$ 6,396,224	\$5,938,472	\$5,950,471	\$6,309,900
Overdue %	22.8%	18.9%	25.5%	25.2%	33.1%	24.7%	22.6%	25.5%	27.2%	26.1%	31.4%	32.2%
YoY Variance												
Category	January	February	March	April	May	June	July	August	September	October	November	December
Current	(82,288)	(112,443)	472,121	403,119	1,081,371	834,565	(300,063)	2,554,406	582,744	(706,685)	(17,198)	(122,429)
Over 35 days	(147,215)	5,596	30,865	126,021	575,417	1,116,517	1,359,483	383,277	1,397,016	(63,611)	(115,331)	15,934
Over 49 days	182,646	158,779	22,248	109,944	101,222	329,192	1,212,496	1,239,218	1,188,175	203,903	(8,522)	(23,839)
Over 63 days	81,178	(21,514)	36,427	75,464	157,491	106,549	224,996	231,673	20,707	176,103	(29,822)	(55,185)
over 84 days	378,528	359,330	333,452	429,926	591,365	592,897	534,132	769,045	710,386	465,219	501,831	375,069
Total Inc/(Dec)	\$ 412,849	\$ 389,748	\$ 895,112	\$1,144,474	\$2,506,865	\$2,979,720	\$3,031,043	\$ 5,177,620	\$ 3,899,028	\$ 74,929	\$ 330,958	\$ 189,550
% Inc/(Dec)	7.71%	6.25%	16.60%	21.96%	58.57%	51.71%	49.56%	93.18%	60.96%	1.26%	5.56%	3.00%



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Appendix "C"

Tenant Accounts in Arrears as a % of all Accounts Receivable in Arrears 2020

Category	29-Apr-20	29-May-20	30-Jun-20	31-Jul-20	31-Aug-20	30-Sep-20	31-Oct-20	30-Nov-20	31-Dec-20
Tenant accounts in arrears	\$ 359,423	\$ 382,078	\$ 289,224	\$ 253,482	\$ 280,858	\$ 348,827	\$ 396,710	\$ 405,679	\$ 409,189
Total Overdue Receivables	\$ 2,052,092	\$ 2,843,756	\$ 3,567,428	\$ 4,711,122	\$ 4,042,873	\$ 5,053,183	\$ 2,329,920	\$ 2,216,090	\$ 2,346,566
% of Tenant Accounts in Arrears of Total Overdue	17.5%	13.4%	8.1%	5.4%	6.9%	6.9%	17.0%	18.3%	17.4%

Tenant Accounts in Arrears as a % of all Tenant Accounts Receivable 2020

Month ended	April		May		June		July		August		September		October		November		December	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Tenant accounts delinquent	1,258	359,423	1,173	382,078	844	289,224	752	253,482	778	280,858	953	348,827	1,049	396,710	1,009	405,679	980	409,189
Total tenant accounts	5,550	810,347	5,522	871,654	5,511	1,129,410	5,515	1,128,664	5,518	1,127,918	5,532	1,108,261	5,524	906,654	5,513	874,044	5,510	934,650
Percent in arrears	22.7%	44.4%	21.2%	43.8%	15.3%	25.6%	13.6%	22.5%	14.1%	24.9%	17.2%	31.5%	19.0%	43.8%	18.3%	46.4%	17.8%	43.8%