

**STAFF REPORT: Financial Services**



**REPORT TO:** Finance and Administration Committee  
**MEETING DATE:** October 23, 2007  
**REPORT NO.:** FS.07.37  
**SUBJECT:** 2007 Utility Billing - Update  
**PREPARED BY:** Teresa Oakley, Manager of Revenue

**A. Recommendations**

THAT Council does receive Staff Report FS.07.37, "2007 Utility Billing – Update" for information purposes.

**B. Background**

Water and sewer rates were set by Council for the period July through December, 2007 on July 9<sup>th</sup>, 2007. The fixed charge / consumption charge split was changed from 50/50 to 30/70. The 2007 budget was reduced by 5%, being the elimination of the contribution to the rate stabilization reserve. The method of billing condominium units was changed so that each condominium is billed a fixed charge reflective of a single family residential unit, and the charges based on water consumption are averaged amongst the units within the complex.

Utility bills were issued for the months of July and August with payment due by October 10<sup>th</sup>.

A particularly hot and dry summer resulted in some people watering lawns and gardens, perhaps more frequently than in previous years (mindful, of course, of the watering restrictions). As user fees are higher than in previous years, other people may have been conserving water to reduce their utility bill. Total water production for July and August is up 3% over the same period in 2006. Total water production for the year to the end of August is up 4% over 2006.

There were approximately 6% more equivalent units on the water system at January 1, 2007 than at January 1, 2006.

## **2007 Revenue Projections**

Projected revenues to the end of the year show a surplus for the water department of around \$188,000 (7 ½ %) and a surplus for the sewer department of around \$161,000 (7%). These estimated surpluses assume that monthly water consumption will follow the same pattern as in 2006 (this has been the case to the end of September, 2007).

	<b><u>Budget</u></b>	<b><u>Est to Dec 31/07</u></b>	<b><u>Difference</u></b>
Water Operations	\$2,474,000	\$2,662,000	\$ 188,000
Sewer Operations	\$2,267,000	\$2,428,000	\$ 161,000

## **July / August Billing Customer Feedback**

About 250 calls and letters have been received from utility customers concerned about their utility bill for the July/August period.

One of the main concerns resulted from the impact of summer living on the volume of water used, and the resulting water and sewer charges. Lawn watering (typically 75 – 100 cubic metres per billing period if watering at all allowed times), automatic sprinkler systems, swimming pools (typically 80 – 90 m<sup>3</sup> to fill), and water cooled air conditioners all contributed to higher than usual consumption for some customers.

Another main concern that was voiced is that the water used to irrigate lawns and gardens does not flow into the wastewater treatment system, therefore the customer is being charged for a service they do not receive. It is explained that the sewage charge based on water flow is a method of estimating the sewage flow for each customer compared to other customers, as sewage meters are not installed in each unit that would accurately record the wastewater. While this isn't a perfect method, it is an improvement over the former flat rate system where there was no differentiation in charges at all, even though there were dramatic differences in water used and sewer service received. Staff is currently looking at various options to the way we bill for sewer service, and will report back to Council at a later date.

Other comments received:

- Water and sewer rates are too high compared to larger municipalities, and even compared to Collingwood
- The utility bill for the year will be higher than their natural gas bill, hydro bill, and even their property tax bill
- The increased rates should have been phased in over a number of years

Copies of written correspondence received from customers are attached to this report.

## **Utilities Arrears**

\$3,500,000 has been billed to date in 2007, with the most recent due date being October 10<sup>th</sup>. About \$425,000 remains outstanding, \$320,000 in the current period and \$105,000 from prior billing periods. Collection procedures are being followed to collect the outstanding accounts.

## **Unbilled Water**

The difference between the volume of water billed to all utility customers (including Town-run facilities) and the volume of water produced is about 27% of the volume of water produced. When we account for water used for sample stations, hydrant flushing, fire flow testing, measurable known water leaks, dead end flushing and so on, the difference is reduced to about 26% for the July/August period.

When we established the utility rates we assumed an unbilled rate of 30% of the treated water. Throughout the course of the year staff has worked to correct many situations, such as identifying and fixing substantial leaks, ensuring that remote readouts that were not functioning properly were fixed, locating remote readouts that were previously hidden (by bushes or construction materials, etc), and ensuring that meters are installed and inspected in all units, triggering the proper recording of volume of water used.

## **Water Consumption Appeals Process**

Council approved an appeals process to adjust consumption volumes on a one-time basis for leaky plumbing that resulted in a higher than usual water and sewer charges based on consumption.

Staff has processed 14 requests received over the past few months to adjust consumption volumes.

- Nine accounts were reduced as the property owner indicated that the problem had been corrected, and subsequent flows substantiated their statement. Total rebates amounted to about \$3,300.
- Two accounts were reduced due to suspect meter readings – unusually high meter readings were evident for a short period of time, for no apparent reason. Total rebates amounted to about \$1,700.
- Two accounts are being reviewed with the property owner to obtain further information.
- One request was denied, as the property owner pleaded ignorance of the increased rates and watered new sod in July and August.

Staff will review correspondence previously received from utility customers at the first of the year to identify similar matters that may benefit from the appeal process, and will contact those customers.

Notification of the appeals process will be included with the next utility billing to ensure that all customers are aware of the one-time adjustment available to them under certain conditions.

**C. The Blue Mountains' Strategic Plan** (Statement(s) identifying how actions further the goals of the Strategic Plan)

Ensuring long-term financial sustainability.

**D. Budget Impact** (cc: Treasury if required)

Potential 2007 year end surplus from water and sewer operations.

Water	\$188,000
Sewer	\$161,000

**E. Attached** (Relevant documentation not personal information about an identifiable person)

Water Production Chart – 2005, 2006, 2007  
Customer Concerns Correspondence  
Sample Town Letter - Response to Customer Concern

Respectfully submitted,

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Teresa Oakley, Manager of Revenue

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Robert Cummings, Director of Finance