
For Information

REPORT TITLE: **Billing Services for the City of Brampton Stormwater Charge Program**

FROM: Andrew Farr, Acting Commissioner of Public Works

OBJECTIVE

To inform Regional Council that Regional staff are working with the City of Brampton staff to provide billing support for the implementation of stormwater charges in the City of Brampton.

REPORT HIGHLIGHTS

- In 2016, City of Mississauga partnered with the Region of Peel to implement and collect stormwater charges on their behalf. The Region collects approximately \$37.5 million annually from customers on behalf of the City.
- In June 2019, City of Brampton passed a resolution to introduce its own dedicated stormwater charge to provide sustainable funding for Brampton's stormwater infrastructure. The City of Brampton is also looking to partner with the Region by leveraging the existing stormwater billing services provided to the City of Mississauga.
- This arrangement further strengthens the partnership between local municipalities and the Region and minimizes the financial impact to taxpayers by sharing the administration of the stormwater charge.
- The total one-time implementation cost is \$800,000. The on-going operational costs to support the program is \$400,000 annually, which includes the addition of three full-time equivalents. The resource requirements are consistent with the support required to oversee the City of Mississauga's stormwater program. There is no impact to the Region's budget as these incremental costs will be fully recovered from the City of Brampton.
- The billing partnership is also expected to realize estimated operational cost savings of \$75,000 annually for the City of Mississauga, while maintaining existing service levels by sharing supervisory staff costs to oversee the stormwater programs from both the City of Brampton and City of Mississauga.

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DISCUSSION

1. Background

In 2016, the City of Mississauga introduced a stormwater charge program designed to provide sustainable funding for the City's stormwater infrastructure. This program is administered in partnership with the Region of Peel, whereby the City of Mississauga provides the Region with customer information and bill amounts, and the Region leverages its current water and wastewater billing process to collect stormwater charges on behalf of the City.

Annually, the Region of Peel collects approximately \$37.5 million of stormwater charges on behalf of the City of Mississauga. The current administrative cost for the Region to deliver this program is \$475,000 annually, which is funded by the City of Mississauga. The staff assigned to this work consist of three full-time analyst staff and one supervisory staff. Administering the stormwater charge includes billing activities, account management, data management, reporting and invoice collection. The City of Mississauga is responsible for handling customer inquiries related to the stormwater program. This relationship has been very successful to date, with both parties having worked diligently and collaboratively to ensure success of this program.

On June 19, 2019, City of Brampton Council approved a report recommending the introduction of a dedicated stormwater charge and directed City staff to engage the Region to leverage the existing stormwater billing services provided to the City of Mississauga. The stormwater charge for the City of Brampton will provide a dedicated source of funding for the operation, maintenance, renewal and rehabilitation of the stormwater infrastructure. The City of Brampton expects to collect \$22 million annually through this program. Fees collected will cover the Region's costs to administer the stormwater charge on behalf of the City.

Similar to the arrangement with the City of Mississauga, the Region of Peel and the City of Brampton will execute a formal Service Level Agreement outlining all the billing requirements, frequency, collection and remittance rules along with their data exchange and reporting requirements.

2. Proposed Direction

The target timeline to include the new stormwater charge in the Region's quarterly utility bills is August 2020. The Region bills for the previous 90 days of activity. The effective date of the stormwater charge is June 1, 2020, so the timing of this activity is generally in line with the other items on the utility invoice. The Region will adopt the same approach to implement the stormwater charge for the City of Brampton as used with the City of Mississauga. To simplify the customer experience while taking advantage of efficiency opportunities, the City of Brampton will follow the Region's current billing schedules and billing practice by including the stormwater charge as a separate item on the existing utility invoice. This resulted in a seamless roll-out without incurring additional processing costs.

Public information and education for residents both prior, and during the implementation will be managed by the City of Brampton with Region of Peel supporting as requested.

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3. Administering the Stormwater Charge

With respect to the stormwater charge set-up, the City of Brampton will provide the Region of Peel with a file including a property identifier and the necessary information to calculate the applicable stormwater charge. The Region will then add the stormwater charge to the customer's utility bill.

The Region will remit the amount billed each quarter to the City of Brampton regardless of the amount collected and would retain any penalties or late fees to offset the cost of cash flow timing. Consistent with current billing practice, if a bill with water, wastewater and stormwater charges is deemed as uncollectable, then appropriate write-offs or transfers to the municipal Tax Roll would occur with the City's share of the stormwater charge also being adjusted.

The Region is accountable to handle customer inquiries related to collections as well as general account management. City of Brampton staff will be responsible for all inquiries concerning how the stormwater rate was allocated to the property and any issues concerning the total amount.

RISK CONSIDERATIONS

In addition to Brampton's stormwater charge, the implementation of a utility billing portal, which provides customers online access to view their utility invoices, is a priority for Region staff. In order to ensure billing readiness for Brampton's stormwater charge, and to avoid any delay with the implementation of the billing portal, the Region has procured a third-party vendor to assist with both initiatives.

Once Brampton stormwater is implemented in August 2020, the work effort to implement the utility billing portal will commence with preliminary estimate for being live in mid-2021. The use of one vendor to assist with both initiatives allows for more opportunities to work on both initiatives concurrently, where possible.

FINANCIAL IMPLICATIONS

The Region will fully recover incremental capital and operating costs from the City of Brampton and there will be no incremental net cost to the Region. The current projection for the upfront capital costs is \$800,000 which includes Region staff and third-party charges, along with additional call centre staff to handle the influx of residents inquires.

To maintain the program on an ongoing basis, three new full-time analysts are required, and the supervisory staff supporting the City of Mississauga's stormwater can be shared to support the City of Brampton. The total cost to support Brampton stormwater is \$400,000 annually. The billing partnership is also expected to realize estimated operational cost savings of \$75,000 annually for the City of Mississauga, while maintaining existing service levels by sharing supervisory staff costs to oversee the stormwater programs from both the City of Brampton and City of Mississauga.

CONCLUSION

There is an opportunity for the Region to provide billing services to the City of Brampton for the collection of stormwater charges. By leveraging the existing processes being undertaken by the Region, a lower overall cost should be realized by the City of Brampton, which also offers

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efficiencies to the existing support to the City of Mississauga, while managing existing service levels.

Therefore, the Region of Peel is undertaking billing services for the City of Brampton's stormwater charge program based on the arrangement as outlined in this report while leveraging similar practices to the City of Mississauga where appropriate.

For further information regarding this report, please contact Steve Fantin, Director Operations Support, Ext. 4438, steve.fantin@peelregion.ca.

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Reviewed and/or approved in workflow by:

Department Commissioner, Division Director and Financial Support Unit.

Final approval is by the Chief Administrative Officer.



N. Polsinelli, Interim Chief Administrative Officer