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2021 OPERATING BUDGET BRIEFING NOTE

MM26.6: Better Billing: Increasing uptake for monthly water billing and COVID relief for seniors and small businesses

Issue/Background:

- On November 25 and 26, 2020, City Council adopted [Item MM26.6: Better Billing: Increasing uptake for monthly water billing and COVID relief for seniors and small businesses](#) - by Councillor Brad Bradford, seconded by Councillor Paul Ainslie.
- The motion requested the Director, Revenue Services, in consultation with the General Manager, Toronto Water, to provide an update through the 2021 budget process on the uptake of monthly water billing, including:
 - a. a review of program uptake for monthly utility billing, including opportunities to increase uptake of online billing for Toronto Water customers;
 - b. estimated cost of providing the option for monthly residential water billing to avoid unexpected, large increases in billing amounts; and
 - c. the status of moving water billing to an entirely online system.
- The motion also requested the Chief Financial Officer and Treasurer, in consultation with the General Manager, Toronto Water and other relevant divisions, to explore opportunities in the 2021 Budget to provide additional billing relief to low income seniors and businesses impacted by the COVID-19 Pandemic in instances where they have experienced higher than usual water bills but do not meet the thresholds or criteria to qualify for relief, such as a three-fold increase in their typical bill.

Key Points:

Increasing Uptake for Monthly Utility Billings

- The City of Toronto maintains approximately 520,000 residential utility accounts for water/sewer and solid waste management charges.
- A monthly utility billing option for residential customers has been offered since July 2016, in response to an earlier Council request in 2015. To enrol, customers must elect to receive their utility bill electronically, via Canada Post's e-Post electronic billing service, and customers must enrol in the City's pre-authorized utility payment program (with automatic payments withdrawn monthly from the customers' bank account).

- At present, only 891 residential utility accounts (less than 0.2% of the total 520,000 residential accounts) have opted to enrol in this service.
- Low uptake observed to date may be a result of reluctance for customers to enrol in the pre-authorized utility payment program and to receive their bills electronically through e-Post. These conditions, however, were necessary to ensure that bills could be generated and issued on a monthly basis, and that payments could be received and the account updated within the same monthly cycle (i.e., prior to next month's bill being issued).
- Under Toronto's Water Meter Program, approximately 99.9% of all properties have had water meters replaced or upgraded, where water meter readings are now transmitted by radio frequency and collected electronically. This technology and the availability of daily consumption data makes possible the ability to provide a monthly option for utility billings.
- From a simple cost perspective, however, moving all residential utility customers to a monthly billing cycle would require an increase in annual operating costs of \$4.1 million, or a 400 per cent increase over current costs, primarily due to increased costs for printing and postage, as shown in Table 1 below.

Figure 1: Increased Costs of Printing and Postage for Monthly Utility Billings

Item	Cost (\$) Per Bill	Current Annual Costs (3 bills per year)	Estimated Annual Costs (Monthly Billing)	Increase in Annual Costs
Postage	\$0.78	\$1,216,800	\$4,867,200	\$3,650,400
Printing	\$0.09	\$140,400	\$561,600	\$421,200
Total (Print/Post)	\$0.87	\$1,357,200	\$5,428,800	+\$4,071,600

- It is further estimated that an additional \$900,000 in annual staffing and administrative costs would be incurred by moving all residential utility billings to a monthly cycle, to ensure that administrative functions (e.g., refunds and payment processing) and adequate customer service response levels are maintained.
- Given the roughly \$5 million increase in costs that would be experienced in moving to a monthly billing option using current traditional printing and mailing methods for utility billing, this approach is not recommended.

Update on E-Billing Options for Utility Bills

- Revenue Services is working with internal Technology Services, Toronto Water and Solid Waste Management Services, and AODA specialists and an external print and data management service provider to establish an E-Bill presentment solution to be integrated with our current on-line Utility Look-up. This solution is expected to be integrated and launched within the next 18 to 24 months.
- The E-Billing option, once introduced, will facilitate the issuance of utility billings via e-mailed billings directly to a customer's preferred email address, and their prompt payment via electronic means. E-Billing will also facilitate additional options for billing frequency, based on a customer's preference. The ability to offer monthly billings for utility charges offer a number of advantages to City of Toronto residents and property owners, including:

- Regular monthly billings provide smaller, more affordable payment amounts. Typically, an average household utility billing (for water/sewer and solid waste fees) may range between \$250 and \$350 for a 4 month period – a monthly billing might be expected to be between \$62 to \$87;
- Monthly billings may reduce large fluctuations in consecutive billings that arise due to seasonal changes in water consumption patterns;
- Monthly billings could alert homeowners sooner to high water consumption due to leaking fixtures or plumbing, or other changes in consumption
- Revenue Services will be working with Strategic Communications to develop communications and materials to explain the new billing option to customers, starting in late 2021.

COVID relief for seniors and small businesses

- Item MM26.6 also requested the Chief Financial Officer and Treasurer, in consultation with the General Manager, Toronto Water and other relevant divisions, to explore opportunities to provide additional billing relief to low income seniors and businesses impacted by the COVID-19 Pandemic in instances where they have experienced higher than usual water bills but do not meet the thresholds or criteria to qualify for relief, such as a three-fold increase in their typical bill.
- The City of Toronto currently offers reductions on both the Water and Solid Waste components of the utility bill to qualifying low-income seniors and low-income disabled persons. The eligibility requirements are available at: <https://www.toronto.ca/services-payments/property-taxes-utilities/utility-bill/utility-billing-cycle/>
- These long-established programs provide water and solid waste rebates to approximately 7,500 low-income residential households each year. To qualify for the water portion of the rebate, homeowners must consume less than 400 m³ of water per year. To be eligible for a rebate on solid waste fees, customers must use a small or medium bin size.
- During 2020, in response to COVID-19 pandemic, the City offered a 60-day grace period for all utility billings, beginning in mid-March, and extended due dates for all utility bills by an additional 60 days during the period between March 16 and May 15, 2020, to give utility customers an additional 60 days to make payment.
- No further deferred payment schedule or grace periods have been proposed for utility billings in 2021.
- Revenue Services and Toronto Water will continue to investigate and respond to homeowner concerns over higher than usual water bills arising as a result of COVID-19. The current City of Toronto Municipal Code contains provisions that allow for a billing adjustment in cases of uncontrollable or unexplained high water consumption events where the conditions have been met.

- **Questions & Answers:**

- **Q:** Can utility customers elect to receive their utility bills on a monthly basis if they choose to?

A: Yes, a monthly utility billing option for residential customers has been offered since July 2016. To enrol, customers must elect to receive their utility bill electronically, via Canada Post's *e-Post* electronic billing service, and customers must enrol in the City's pre-authorized utility payment program (with automatic payments withdrawn monthly from the customers' bank account).

- **Q:** Is the City working on electronic billing for utility bills that would allow customers additional options to receive and pay their utility bills?

A: Yes, Revenue Services is working with internal Technology Services, Toronto Water and Solid Waste Management Services, and AODA specialists and an external print and data management service provider to establish an E-Bill presentment solution to be integrated with our current on-line Utility Look-up. This solution is expected to be integrated and launched within the next 18 to 24 months.

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