

**DATE:** June 29, 2020  
**REPORT NO:** RFD-T-13-20  
**SUBJECT:** **New Administration Fee for Temporary Bulk Water Accounts**  
**CONTACT:** Donna DeFilippis, Treasurer/Director of Finance

**OVERVIEW:**

- **Staff are proposing a new administration fee upon activation of temporary bulk water accounts, which will help offset staff time and resource costs incurred by the Township**
- **This change, along with others described in this report, is brought forth for approval to amend By-law 2004-42.**

**RECOMMENDATION:**

1. That, Report RFD-T-13-20, dated June 29, 2020 regarding “New Administration Fee for Temporary Bulk Water Accounts”, be received; and,
2. That, the following changes to By-law 2004-42, being a By-law to Regulate the Supply of Water and to Provide for the Imposition and Collection of Water Rates, be approved and effective July 1, 2020:
  - a. Update Section 1, by adding in the definition of “Bulk Water Customer”; and,
  - b. Amend Schedule “C” Water Filling Station Rates, to include an “Account Fee for Infrequent Users” section to state a non-refundable, taxable \$40.00 administrative fee is to be charged upon each account activation, and by removing the refundable \$50.00 daily deposit requirement.
3. That, Council provide approval for staff to investigate further long-term alternatives to the bulk water financial processes currently in place.

**ALIGNMENT TO STRATEGIC PLAN:**

Undergoing the recommendations in this report will allow the Township to work towards its goals of operating in an efficient and fiscally responsible manner.

**BACKGROUND:**

The Township provides for the dispensing of water at the Water Filling Station on London Road in Smithville. This service was intended to provide commercial customers with bulk, potable water for their business and agricultural operations. The Township also allows for usage by infrequent, private customers. Currently, these infrequent customers pay a \$50 deposit for each incidence that an account is activated. This deposit is returned, net of usage costs. This current practice is not recovering the costs related to providing this service.

**CURRENT SITUATION:**

Commercial customers must provide a \$250.00 deposit upon account activation. This deposit is returned upon the account being deactivated, less any amount owing to the Township. This type of customer is invoiced monthly for their bulk water consumption. In order to open such an account, customers must provide their HST number or Business Registration Number, which is verified by staff.

Infrequent, private bulk water customers must pay a \$50.00 daily deposit upfront. Staff will then create a temporary account within the Township's bulk water consumption tracking software, and a temporary access code is provided, which allows access to the fill station. The consumption charges are calculated and are deducted against the deposit amount, with the residual returned to the customer. This process occurs each time, regardless of whether the customer is new or returning. As noted above, servicing this customer type involves more time and resources compared to commercial accounts.

Staff are proposing that the practice of accepting a refundable \$50.00 daily deposit for infrequent, private buyers be stopped. In its place, staff recommend a \$40.00 non-refundable, taxable administration fee be charged for each temporary account created. It should be noted that this fee will be in addition to the normal consumption charges, which will still be tracked and charged to the customer accordingly.

The purpose of this new administration fee will be to offset the costs incurred by the Township associated with the administration of these temporary accounts. Implementation of this fee will ensure equity among the Township ratepayers, in that water costs are recovered through user fees, not tax dollars. At the present time, there is no administration fee charged by the Township for the set-up of temporary accounts. Staff reviewed the process and has determined that a \$40 taxable fee is reasonable given the resources expended in the process

Furthermore, the current by-law does not define a 'Bulk Water Customer'. Updating bulk water customer definitions and provisions would ensure that the bulk water filling station is used mainly for commercial and agricultural customers, as intended.

Staff would like to highlight that these measures proposed will address concerns in the short-term. Staff intend to investigate further alternatives for processing of the bulk water accounts, to ensure long-term benefits.

**FINANCIAL IMPLICATIONS:**

The implementation of an administration fee is recommended to offset the costs associated with the administration of temporary bulk water accounts. This fee will generate nominal additional revenue.

**CONCLUSION:**

Staff recommend that Council approve the following changes to By-law 2004-42: Update Section 1 by defining a "Bulk Water Customer" and amend Schedule "C" by

removing the \$50.00 daily, refundable deposit requirement and adding a \$40.00 non-refundable, taxable account administration fee for private, infrequent buyers. These changes are reflected in the amending by-law.

Staff also request that Council provide approval to investigate further long-term alternatives to the bulk water financial processes currently in place.

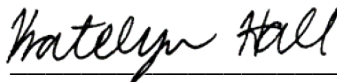
**Prepared by:**



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Water Clerk**

**Reviewed by:**



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Deputy Treasurer**

**Submitted by:**



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**Donna DeFilippis  
Treasurer/Director of Finance**

**Approved by:**



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**Bev Hendry  
CAO**