



INFORMATION REPORT

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| TO: | Chair and Members General Issues Committee |
| COMMITTEE DATE: | November 24, 2022 |
| SUBJECT/REPORT NO: | Implementation of Utility Billing Services (FCS21082(b)) (City Wide) |
| WARD(S) AFFECTED: | City Wide |
| PREPARED BY: | John Savoia (905) 546-2424 Ext. 7298 |
| SUBMITTED BY: | Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department |
| SIGNATURE: | |

COUNCIL DIRECTION

Not applicable.

INFORMATION

Alectra Utilities Corporation ("Alectra") has been providing water and wastewater / storm account management and billing services to the City of Hamilton ("City") since December 2001 (for details refer to Report FCS19095(a)). The proposed budgeted cost of these services for 2023 is approximately \$6 M.

On August 6, 2021, the City was advised that Alectra's Board of Directors, at its May 21st meeting, approved an Alectra staff recommendation to discontinue water billing services. Alectra has committed to upholding the Water Billing Services Agreement that is currently in place with a focus on winding-down water billing services to the City by the time of the current contract expiry, being December 31, 2024 (for details refer to Report FCS21082).

It should be noted that Alectra also provides water billing services to the municipalities of Guelph, Markham and Vaughan. These municipalities also received notice from Alectra of plans to discontinue billing services.

Staff has collaborated with Guelph, Markham and Vaughan with the intent to potentially engage in joint procurements with the expectation that there will be enhanced value for

money by doing so. Collectively, the four municipalities have engaged Kaihen Inc, (Kaihen) as a consultant resource to conduct assessments of each municipality's current systems and processes during an initial Discovery Phase (Phase 1) of the Water Billing Transition Project (Project) (refer to Report FCS21082(a) for details).

Kaihen has completed an analysis of utility billing service delivery models both on a collective group and individual municipality basis with the following three options evaluated.

Option 1: Take utility billing solution in-house (note functions such as meter reading and bill print / mailing would continue to be outsourced as currently subcontracted by Alectra)

Option 2: Hybrid model of in-house and outsourced solutions

Option 3: One outsource provider for complete utility billing solution (essentially a vendor to replace Alectra as the City's water billing agent)

Incorporating feedback from the municipal working group, Kaihen's recommendation is to move forward with a Hybrid Billing Model which would entail each municipality acquiring a billing software solution referred to as a Customer Information System (CIS) and once the CIS is selected, proceed to procure external provided Customer Portal, Contact Centre, Meter Reading and Bill Print services and establish an in-house Back Office unit (back office functions include billing and collection). Joint procurement will be considered for all procured services such that each municipality may select their own vendor solutions.

Water Billing Services Project ID 5142201967 has been submitted for consideration within Report FCS22054 - 2023 Recommended Water, Wastewater and Stormwater Budget Supported Capital Budget. The project seeks approval for \$10 M (\$5 M in 2023 and \$5 M in 2024) to implement a utility billing system for the City. The Project would be funded equally from the Waterworks Capital reserve (108015) and the Sanitary Sewer Capital reserve (108005).

Kaihen will continue to provide consulting services for the Procurement and Evaluation Phase of the Project with the consulting costs being shared by the four municipalities (for details refer to Report FCS21082(a)).

The initial stage for the Procurement Phase will be a procurement for a CIS as it is one of the most important applications within a utility. Its ability to obtain enormous amounts of information and enable back-office and field activities from a single, unified place

means that a CIS not only makes the processes within the utility more efficient, it also acts as a dependable system that customer service representatives, billing clerks, collection staff / agencies, meter shop staff, financial analysts and management can also rely on to do their jobs. The municipalities will be leveraging a combined procurement process to acquire a CIS whereby each municipality can select its own vendor solution. The CIS procurement has commenced with the expectation of releasing the RFP in January 2023.

Staff from various areas of the City in conjunction with Kaihen will form a Utility Billing Procurement and Evaluation team. Staffing requirements to support future vendor management and for in-house back office operations will be determined through Phase 2 of the Project and brought forward in the appropriate budget year for consideration.

Staff will be reporting back regarding the approaches to procurement for Customer Portal, Contact Centre, Meter Reading and Bill Print services.

APPENDICES AND SCHEDULES ATTACHED

N/A

JS/dt