

**Date:** 3 October 2009

## **Council Report**

**To:** Mayor Compton and Members of Council  
**From:** Karen Brown  
**Re:** Kenora Hydro – Services Agreement

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### **Background**

Kenora Hydro and the City currently have an agreement (By-law #39-2003) to provide various services to each other, including but not limited to services such as street light maintenance, meter reading, customer service, billing and collecting.

In September of this year, the City's billing clerk position was vacated. This position is responsible for providing billing services for both Kenora Hydro and the City's water and sewer operations combined. This vacancy provided both Kenora Hydro and the City with the opportunity to review this function and re-evaluate how it could best be provided, while ensuring the ongoing regulatory requirements related to hydro billing were met. Shortly following this vacancy and related discussions between Kenora Hydro and City administration, the City received notice from the Kenora Hydro Board that they wish to proceed with an amendment to the service agreement which would allow Kenora Hydro to perform the billing clerk functions. A copy of this notice has been attached for your reference.

There is no question that hydro billing has become, and will continue to be, more complex. The implementation of the smart meter technology over the next year or two, including the related systems, will add a further complexity to the billing process. Based on this fact alone, it is in the best interest of both Kenora Hydro and the City that the billing function for hydro services be transferred to Kenora Hydro. Based on discussions with Kenora Hydro, the City would continue to print and mail the bills on behalf of Kenora Hydro.

Kenora Hydro has also indicated a willingness to provide water and sewer services billing on behalf of the City. Historically, the water and sewer bills have been billed on the same account as hydro services, resulting in less staff time for processing (for both billing, collections, payment processing and customer service) as well as reduced postage and materials related costs. Failure to transfer water and sewer billing along with the hydro billing will result in increased costs to the City, as well as costs related to the physical separation of the over 5,000 combined hydro / water / sewer

customer accounts. This separation would also result in dividing the hydro services from the water and sewer services into two separate billings, an option that has proven unpopular with City customers over the years.

The City has met with the CUPE Labour Management Committee to discuss the billing vacancy and the proposed transfer of billing services to Kenora Hydro. The Union has verbally advised that they understand the reasons behind the transfer of the hydro billing, however they cannot support the transfer of the water and sewer billing. They see this transfer as a further erosion of CUPE positions and the contracting out of bargaining unit work. While in theory this may be true, there will be no layoff as a result of the planned transfer of the billing function, and it therefore does not violate the provisions of the City's collective agreement. The option the Union has suggested is the separation of hydro from the water / sewer accounts, which would result in greater costs for the City and as such is not recommended.

A copy of the proposed changes to the current service agreement has been attached for your information, with proposed changes tracked for your reference. Other amendments made to this agreement reflect actual changes that have occurred over the years since the original agreement was signed in 2003.

### **Sources of Financing**

The recommended transfer of water and sewer billing represents the lowest cost option for the City. Any net impact will be built into the 2010 operating budget.

### **Communication Plan / Notice By-law Requirements**

Kenora Hydro and CUPE will be advised of Council's final decision in this matter.

### **Recommendation**

**That** Council hereby approves the amended Service Agreement between the Kenora Hydro Electric Corporation Ltd. and the Corporation of the City of Kenora, including the transfer of billing related functions for both hydro and water / sewer services to Kenora Hydro; and

**That** the appropriate by-law be passed for this purpose.

cc: Bill Preisntanz  
Dave Sinclair  
Sharen McDowall