



# Regional Board Report

**TO:** Regional Board

**FROM:** Marilyn Rilkoﬀ  
Director of Financial Services

**DATE:** April, 20, 2020

**SUBJECT:** Utility Billing Late Payment Penalties During Pandemic

**Voting Entitlement:** All Directors – Unweighted Corporate Vote – Simple Majority – LGA 208.1

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**Purpose:** By amending the related bylaws for Water, Solid Waste Management and Sewer, the RDCO’s Electoral Area residents experiencing financial hardship will not be assessed a late payment penalty on overdue utility bills in the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Quarters of 2020.

## Executive Summary:

The applicable bylaws listed in this report would need to be amended to include the following exception to the application of the Late Payment Penalty:

*“In consideration of the COVID-19 Pandemic in 2020, outstanding balances not paid by the due date shall not be assessed the late payment penalty for the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Quarters. The penalty charges will resume in 2021.”*

For those who can afford to pay their utility bills on time, we urge them to do so for cash flow reasons and to assist in mitigating potential interim borrowing costs for operations.

## RECOMMENDATION:

**THAT** the Regional Board receive for information, the April 20, 2020 Utility Billing Late Payment Penalties During Pandemic report from the Director of Financial Services.

Respectfully Submitted:

A handwritten signature in black ink, appearing to read "M. Rilkoﬀ".

Marilyn Rilkoﬀ  
Director of Financial Services

Approved for Board’s Consideration

A handwritten signature in black ink, appearing to read "Brian Reardon".

Brian Reardon, CAO

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**Implications of Recommendation:**

<b>Strategic Plan:</b>	Supporting Sustainable Communities.
<b>General:</b>	Assist in lessening the financial hardship for electoral area taxpayers during the COVID-19 Pandemic.
<b>Organizational:</b>	N/A
<b>Financial:</b>	Lost penalty revenue estimated at \$30,000
<b>Policy:</b>	N/A
<b>Legal/Statutory Authority:</b>	Various bylaws as listed in the report, for Solid Waste Management, Water, and Central Okanagan East Sewer.

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**Background:**

The pandemic COVID-19 has resulted in unprecedented measures being taken around the world. All levels of government are looking at ways to lessen the burden on those facing financial hardship at this difficult time.

**Proposed Waiving of Utility Billing Late Penalties:**

The RDCO is proposing to forego late payment penalty calculations on outstanding utility billing balances for the Electoral Areas during the 2<sup>nd</sup> – 4<sup>th</sup> quarters of 2020:

- Any late payment penalties already calculated, relating to the 1st quarterly bill issued in January, prior to the pandemic, still apply.
- Late payment penalties calculations relating to the Utility Bills mailed in the 2<sup>nd</sup> Quarter - April, 3<sup>rd</sup> Quarter - July, and 4<sup>th</sup> Quarter - October will be waived.
- The charges would resume in 2021.

**Types of Billing:**

Utility Billing invoices are issued for the following:

- Solid Waste Management Garbage Collection Fees (curbside and Transfer Station service - unless exemption is granted by Waste Reduction Office). Typically combined on Water or Sewer Utility Bills below, at the appropriate time.
  - Semi-Annually in January and July - Entire Electoral Area
- Ellison Sewer
  - Quarterly – January, April, July, October – Local Service Area
- Six Water Systems:
  - Quarterly - January, April, July, October – Local Service Areas
    - Killiney Beach
    - Falcon Ridge
    - Sunset Ranch
    - Trepanier/Dietrich
    - Westshore Estates
    - Upper Fintry, Shalal Road, and Valley of the Sun

Timing of Billing Charges:

Solid Waste Management Fees, which are included on the invoices semi-annually in advance:

- January, Due Feb 10<sup>th</sup> – Billing for January to June
- July, Due Aug 10<sup>th</sup> - Billing for July to December.

The Water and Sewer Bills are billed retroactively, as they are based on usage rates:

- January, Due Feb 10<sup>th</sup> – Billing for Oct– Dec
- April, Due May 10<sup>th</sup> – Billing for Jan – Mar
- July, Due Aug 10<sup>th</sup> – Billing for Apr – Jun
- October, Due Nov 10<sup>th</sup> – Billing for Jul – Sep

December 15<sup>th</sup> – Outstanding Balances Transferred to Taxes:

Under the bylaws and legislation, any amounts owed and not received by December 15<sup>th</sup> are transferred to the tax roll in the next succeeding year as arrears of taxes, against the parcel from which they arose.

How is the Late Penalty Calculated?

As per the bylaws, a late payment penalty of 4 percent (4%) is assessed each quarter, compounded quarterly (16.99% per annum) on all outstanding balances not paid by the due dates.

Bylaws Amendments Required:

The following bylaws would require amendments to the Late Payment Penalty Sections:

- Solid Waste Management Regulation Bylaw No.1253, as amended by Bylaw No. 1377
  - Schedule C, Section 3.2
- Central Okanagan East Sewer Bylaw No. 1316, as amended by Bylaws 1378 & 1441
  - Schedule A, Section 1.(3)
- Water Bylaws:
  - Section 5
    - Killiney Bylaw No. 1371, as amended by Bylaw 1435
    - Falcon Ridge Bylaw No. 1372, as amended by Bylaw 1436
    - Sunset Ranch Bylaw No. 1373, as amended by Bylaw 1437
    - Dietrich/Trepanier Bylaw No. 1374, as amended by Bylaw 1438
    - Westshore Estates Bylaw No. 1375, as amended by Bylaw 1439
    - Upper Fintry/Shalal Road/Valley of the Sun Bylaw No. 1376, as amended by Bylaw 1440.

**Financial Considerations:**

In 2019, Total Penalty Revenues were \$32,725 (on combined revenues for all services of just over \$2m).

	<u>2019 UB Revenues</u>	<u>2019 Late Penalties</u>
095 -- EA Solid Waste Collection	497,715	10,641
499 -- Ellison Sewer	135,542	439
301 -- Killiney Beach Water	447,583	7,863
303 -- Falcon Ridge Water	72,454	1,811
305 -- Sunset Ranch Water	204,002	592
306 -- Trepanier Water	28,366	-
307 -- Westshores Water	513,416	8,150
310 -- Fintry/Shalal/Valley of the Sun Water	164,343	3,169
Totals	\$ 2,063,421	\$ 32,665

It is assumed that these fees would be approximately \$35,500 in total for 2020. The Penalty Calculations done thus far, prior to the pandemic were \$5,500. Therefore, it is estimated that the equivalent of \$30,000 in penalties would be waived during the remainder of the year.

For the Water and Sewer services, this revenue is not budgeted and is recognized each year as surplus revenues to either offset costs or carry forward to the next budget year.

**Organizational Issues:**

Minor manual intervention required to the Utility Billing process.

**External Implications:**Additional Possible External Financial Relief Option Available:

The Regional District does not collect taxes directly. A possible other financial relief option for taxpayers might be to see if they qualify under the Province's Property Tax Deferment Programs:

Regular Program

A taxpayer may qualify for the Regular Program if they are:

- 55 or older during the current year
- a surviving spouse of any age, or
- a person with disabilities

Families with Children Program

A taxpayer may qualify for the Families with Children Program if they are a parent, stepparent or financially supporting a child.

Further information is available at the link below:

<https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/defer-taxes>

**Alternate Recommendation:**

The Board may not wish to waive the late payment penalties for the remainder of the year, nor approve the bylaw amendments on the agenda, and may only choose to receive this report.