

Date March 26, 2020
Author Holly Ronnquist, CFO
Subject Suspension of Utility Penalties During Covid-19 Pandemic

REQUEST

Approve suspension of water and sewer utility late payment penalties during the Covid-19 Pandemic until August 31, 2020.

OPTIONS

1. THAT Bylaw No. 2992 cited as “Regional District of East Kootenay – Water and Sewer System Regulation and Fee Amendment Bylaw No. 2992, 2020” be introduced.
2. THAT Bylaw No. 2992 cited as “Regional District of East Kootenay – Water and Sewer System Regulation and Fee Amendment Bylaw No. 2992, 2020” be introduced as amended _____.
3. THAT Bylaw No. 2992 cited as “Regional District of East Kootenay – Water and Sewer System Regulation and Fee Amendment Bylaw No. 2992, 2020” not proceed.

RECOMMENDATION

Option 1

BACKGROUND/ANALYSIS

The Covid-19 Pandemic is an unprecedented event creating financial stress for a large number of property owners in the RDEK.

Regional Districts and Municipalities in BC are beginning to offer some relief through the deferral of utility payments. Several Municipalities in the RDEK boundary have already approved deferral or have utility payment deadlines that result in payment not being due until the fall.

The RDEK operates eight water utility services and two sewer utility services that charge quarterly utility fees. A 10% penalty is charged if customers do not remit payment by the due date. This report proposes that the RDEK suspend penalties for late payments on utilities for the period of the Covid-19 Pandemic. Quarterly billings will continue to be sent, but customers will have the option of paying at the conclusion of the Pandemic without penalty charges.

SPECIFIC CONSIDERATIONS

Financial – Cash Flow/Loss of Revenue

If all customers choose to defer payment of their utilities without penalty and the Pandemic is considered concluded August 31, 2020, the RDEK would see an estimated \$715,000 reduction in cash flow to August 31st which could result in a reduction of interest earnings or result in interest

charges for the utility services. There could also be a loss of approximately \$9,000 in penalty revenue for all utility services combined, compared to 2019.

Financial – Automatic Withdrawals

The RDEK currently provides automatic withdrawal of quarterly payments to 759 customers. Staff are currently considering options for working with these customers to suspend withdrawals if requested.

Process

The proposed bylaw has an expiry date of August 31, 2020. The Board would have the option to consider extending the date if desired.

Attachment