



Report to: General Committee

Meeting Date: December 7, 2020

SUBJECT: Contract Extension for Water Meter Reading & Billing Services

PREPARED BY: Shane Manson, Senior Manager, Revenue & Property Tax

RECOMMENDATION:

1. That the report entitled "Contract Extension for Water Meter Reading & Billing Services " be received; and,
2. That the contract for Water Meter Reading & Billing Services with Alectra Utilities be extended for an additional year (January 1, 2021 to December 31, 2021) increasing from \$1,508,427.44 to \$1,553,680.26 inclusive of HST for 2021, a 3% escalation over the 2020 rate; and,
3. That the 2021 Waterworks Operating budget be increased by \$45,252.82 in 2021 (\$1,553,680.26 – 1,508,427.44) and funded from account #760-998-5390 Water Billing/ Administration, subject to Council approval of the 2021 operating budget; and,
4. That the tender process be waived in accordance with Purchasing By-Law 2007-8 Part II, Section 11.1 (c) which states "when the extension of an existing contract would prove more cost effective or beneficial"; and Section 11.2 which states "Request for Tenders, Requests for Proposals and Requests for Quotations may not be required for goods and services to be provided by Utility Companies"; and,
5. That the Mayor and Clerk be authorized to execute the contract extension agreement between the City and Alectra Utilities, in a form satisfactory to the City Solicitor; and further,
6. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to seek Council approval for an extension of the Shared Services Agreement between Alectra Utilities and the City of Markham for a period of up to one year, while a new agreement is negotiated.

BACKGROUND:

In April 1996, Markham Council approved a shared services agreement between the City of Markham and the Markham Hydro Electric Commission ("Markham Hydro"), whereby the City's water meter reading & billing services, previously performed by City staff, were taken over by Markham Hydro. Since that time, Markham Hydro, and its successor entities, have performed these duties on behalf of the City. Markham Hydro became part of Power Stream Inc, which then became part of Alectra Utilities in early 2017.

As a result of the merger, both the City and Alectra Utilities have attained financial benefits from the partnership that would not exist otherwise. This shared services arrangement between the City of Markham and Alectra Utilities continues today.

The main aspect of the shared services agreement include the following activities performed by Alectra Utilities:

- Water meter reading
- Billing of water/sewer services
- Customer Account Management (initial customer service point of contact)
- Monthly Reporting

The last shared services agreement executed with Alectra Utilities was for the two year period beginning in 2019 and is set to expire on December 31, 2020. The 2020 cost is \$1,508,427.44 inclusive of HST. This contract is paid entirely through the Waterworks Operating Budget (and correspondingly through the Water Rate), and does not impact the tax rate.

OPTIONS/ DISCUSSION:

The City of Markham is part of a recently formed working group, made up of the municipal partners of the City of Hamilton, City of Guelph and the City of Vaughan, which was established to seek consistency in the terms and conditions of a new shared services agreement currently being negotiated with Alectra Utilities.

Currently, Alectra Utilities performs similar services for the other municipal partners noted above and, as such, the general staff consensus was that it would benefit all parties to work together with the goal of achieving consistency within the new shared services agreement. The new agreement would be reflective of services currently required and offers continued opportunity for the municipal partners to benefit from leveraging Alectra Utilities' functional expertise.

In order to facilitate the negotiation process with the recently formed working group, the City of Markham requires Council approval of an extension to the current Shared Services Agreement between the City and Alectra Utilities that is set to expire on December 31st, 2020, for a period up to one year, while a new agreement is negotiated. Both City Staff & Alectra Utilities Staff are of the opinion that the negotiation will likely be completed by May 2021 and, as such, Staff will report back to Council with the final terms, details and recommendations related to the new agreement for Councils consideration.

FINANCIAL CONSIDERATIONS

The recoveries and costs associated with the shared services agreement extension were estimated and will be taken into consideration during the 2021 operating budget process. The impact will be limited to contractual term adjustments during the extension period which is tied to a flat fee increase of 3%. This will result in an increase to the Waterworks Operating budget from \$1,508,427.44 to \$1,553,680.26 inclusive of HST or \$45,252.82 over the 2020 Operating budget.

HUMAN RESOURCES CONSIDERATIONS

N/A

BUSINESS UNITS CONSULTED AND AFFECTED:

Environmental Services Department

Legal Services Department

RECOMMENDED BY:

Phoebe Fu

Joel Lustig

Trinela Cane

ATTACHMENTS:

[Insert attachment titles here]