
TO: Regional District of Nanaimo Board **MEETING:** April 28, 2020
FROM: Jeannie Bradburne **FILE:** Not applicable
 Director of Finance
SUBJECT: User Rate Billing Payment Due Date Extension

RECOMMENDATION

That the Board extend the payment due date to 90 days on all spring 2020 user fee billings.

SUMMARY

Given the economic situation as a result of the COVID-19 pandemic, staff are recommending extending the payment deadline to 90 days for user fees for the spring 2020 billing to allow property owners longer to pay their bill and receive the prompt payment discount. This will provide some immediate financial relief to those property owners financially impacted by the pandemic.

BACKGROUND

The RDN issues approximately 17,000 water, sewer, and garbage utility bills in May and approximately 3,000 water bills in September each year. Each service is governed by their own applicable bylaws. The user fee charges are due and payable when the bills are levied and are subject to a prompt payment discount, which is most commonly 10%, but varies by service.

In order to provide some immediate financial relief to those property owners who have been experiencing financial hardship resulting from the COVID-19 pandemic, it is recommended that payment due dates be extended to 90 days from the usual 30-day period. The payment terms for the September bill will be reviewed at a later date.

ALTERNATIVES

1. That the Board extend the payment due date to 90 days on all spring 2020 user fee billings.
2. Other direction, as provided.

FINANCIAL IMPLICATIONS

It is difficult to anticipate how extending the term to pay to 90 days may affect our typical rate of discounts being claimed. There may be no change to the number of discounts claimed, or this could decrease if residents are unable to pay their bill. If more discounts are claimed, it will result in slightly lower revenue for the service. The potential additional discount is not

anticipated to be material to these services. For water and sewer, the estimated impact is \$0 as advancing the discount date is not believed to incent more water and sewer customers to pay early as the reasons they don't currently pay early are primarily related to their desire to hold onto their money as long as possible, or the preference to make a single payment a year, which is not related to extending the deadline as contemplated in this case.


Solid waste is estimated to see an increase from the currently budgeted 81% that receive the discount up to 95%. This will equate to approximately \$66,000 less revenue for 2020.

Extending the payment deadline for the user fees will affect cash flow by delaying when the RDN will receive the funds by two months, and by reducing potential interest earned on these funds. The RDN receives the majority of cash in August each year when requisitions are paid by the municipalities and Province. The cash is then used throughout the year to fund services. The RDN is currently well positioned with cash and our investments to be able to provide this delayed payment opportunity to residents. Interest rates are currently quite low and potential lost interest is minimal.

Any payments outstanding at December 31st are transferred to Taxes in Arrears. At that time, the RDN will receive payment from the Province for any outstanding user fees and residents will need to pay their outstanding balance as taxes to the Surveyor of Taxes. As a result, the risk to the RDN of residents not paying their user fees is minimized.

STRATEGIC PLAN IMPLICATIONS

The recommendations in this report support the values of Fiscal Responsibility and Good Governance.



Jeannie Bradburne
jvbradburne@rdn.bc.ca
April 17, 2020

Reviewed by:

- D. Wells, General Manager, Corporate Services
- R. Alexander, General Manager, Regional Community Utilities
- P. Carlyle, Chief Administrative Officer