

## ***NEWS RELEASE***

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For Immediate Release  
2014-11-28

### **THE CITY OF NORTH VANCOUVER LOSES \$200k ON A WATER METER FAILURE THAT CAUSED UNDER-BILLING FOR WATER DELIVERED TO LIONS GATE HOSPITAL**

On July 31<sup>st</sup> 2014, I, Kerry Morris, filed a Freedom Of Information (“FOI”) request upon the City of North Vancouver (“CNV”), requesting all records pertaining to a water meter failure affecting billing to a major CNV water utility client. (<http://kerrymorris.ca/wp-content/uploads/2014/04/Initial-FOI-Request.pdf>)

By letter dated August 1<sup>st</sup>, 2014, the City initially objected to the FOI request, claiming:

*“...we would advise that the purpose of the Act is to provide members of the public with access to records of a public body within their custody and control, there is no provision under the Act for a public body to respond to questions.”*

The July 31<sup>st</sup> FOI questions were converted to a request for documents on August 6<sup>th</sup>, 2014. After repeated in-person enquiries made upon the Deputy Clerk, Ms. Jennifer Ficocelli, I sent a follow-up email enquiry to City Clerk Karla Graham dated September 22<sup>nd</sup> in which I stated:

*“I am awaiting the information which I requested in an FOI filed in relation to the failed water meter and the \$200K under-billing by the NVan City Water and Sewer Utility. I have repeatedly asked Ms. Jennifer Ficocelli about the status of this FOI request and she has repeatedly told me that the information is being assembled and will be provided soon. In her last oral contact with me she identified that the response is being coordinated with Vancouver Coastal Health...”*

By letter dated September 12<sup>th</sup>, 2014, but not delivered until September 23<sup>rd</sup>, 2014, I was informed the City would require the additional 30 days allowed under the Act to respond to this FOI, and would now respond on or before October 31<sup>st</sup> 2014. (<http://kerrymorris.ca/wp-content/uploads/2014/04/FOI-Delay-Notice.pdf>)

On October 31<sup>st</sup> 2014 the City delivered by email a letter dated October 30<sup>th</sup>, identifying that it would require payment of \$235.00 before commencing the process of locating and copying the ‘Water Meter Failure’ files. A subsequent email gave notice that the process of engaging with Vancouver Coastal Health would not begin until the \$235.00 payment was received, and that indeed nothing had been done to further this FOI in the full three months since the request was first made. (<http://kerrymorris.ca/wp-content/uploads/2014/04/CNV-Formal-Response.pdf>)

I am advised through reliable sources that the City of North Vancouver suffered a major commercial water meter failure that resulted in a billing error exceeding \$200,000. I am advised that the billing error is in relation to water delivered to Lions Gate Hospital.

Initially, the City invoiced Vancouver Coastal Health a minimal amount, which billing error was not immediately discovered by City staff. When the City's Water and Utility finances were determined to be well short of planned income, a quick review determined the source of the shortfall was Lions Gate Hospital. A quick inspection determined the source of the problem was a water meter failure at that location. It has been alleged that the City failed to conduct a timely examination of comparable billing amounts for this water utility client, which led to the billing error. Vancouver Coastal Health, having already paid the nominal amount invoiced for 2013, initially refused to make any further payments for the 2013 period. It is now alleged that a senior long service CNV staff member was assigned responsibility for the billing error, and thereafter left the City's employ.

Contrary to CPA standards, the 2013 audited financial statements of the City of North Vancouver failed to disclose a material billing anomaly resulting from the aforementioned water meter failure. Where a known loss or billing dispute of this magnitude occurs, a note disclosing the financial loss or potential loss should have been included in the annual audited financial statements for the City. Instead the loss was hidden from taxpayer sight.

The City engaged the services of KPMG to evaluate whether the billing error and discovery failure was due to a systemic management failure within the City's Department of Finance and its executive staff. The KPMG audit report has also been withheld from public examination.

Sources tell me that Vancouver Coastal Health has now agreed to make a payment, which payment is far short of the annual billing amount typically payable for water supplies consumed by Lions Gate Hospital. It is alleged that the City will suffer a loss of between \$100,000 and \$200,000 dollars in relation to the 2013 water utility period. As noted earlier, the fact of this loss and the amount of the loss actually suffered has not been disclosed to City taxpayers.

When questioned about this issue, Morris said:

*"Equipment failures plague any operation, no matter how diligent the maintenance crews may be. The issue for me is the refusal by the City to inform the public that we have suffered a major financial loss, which monies presumably form a part of the City's need to increase the cost of water and sewerage utility fees by 9% this year to each City resident. It is equally deplorable that the province would look to benefit from this water meter failure, on the backs of North Vancouver City taxpayers. The systemic failure of the City's management to catch this billing error immediately, discloses problems that appear to go far beyond a simple meter failure. No wonder the Mayor and his executive team worked to keep this matter buried until after the election. I fear there will be many more announcements revealing additional management failings in the coming months."*

For more information contact Kerry Morris at: <http://kerrymorris.ca> . or forward your questions by email to : [kerry.morris@shaw.ca](mailto:kerry.morris@shaw.ca) or write:

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