



SUBJECT: Municipal property tax software

TO: Corporate Services, Strategy, Risk & Accountability Cttee.

FROM: Finance Department

Report Number: F-23-20

Wards Affected: All

File Numbers: 201-02

Date to Committee: May 14, 2020

Date to Council: May 25, 2020

Recommendation:

Endorse the city's participation in the Early Adopters Program for a property tax billing and collections software system with the Tempest product of CentralSquare Canada Software Inc.; and

Authorize the Chief Financial Officer to enter into a non-disclosure agreement with CentralSquare Canada Software Inc. in a form satisfactory to the Executive Director of Legal Services; and

Direct the Chief Financial Officer to report back in Q3 2021 on the progress of the program and software with options to proceed with respect to the procurement of a property tax billing and collections software system.

PURPOSE:

Vision to Focus Alignment:

- Increase economic prosperity and community responsive city growth
 - Building more citizen engagement, community health and culture
 - Deliver customer centric services with a focus on efficiency and technology transformation
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Background and Discussion:

The City's current property tax software, Amanda OpenTax, has been in use for over 20 years. OpenTax is used to bill 65,000 property tax accounts collecting over \$418M (including city, region, education, BIA and parking levies) in 2019. Property taxes are the largest revenue source for the City.

The Amanda software system is used extensively at the City of Burlington for permitting, licensing as well as property tax billing and collection. In June of 2018 the software provider (CSDC, now Calytera) made the decision to discontinue Amanda OpenTax module from its suite of products in the latest version 7 of Amanda. For Burlington, this meant that the OpenTax module was moved to a new database while the rest of Amanda was upgraded to version 7 in February 2020. In the current environment, OpenTax is using the desktop version of Amanda (version 5.4) and is synced to the web-based case management version of Amanda (version 7) to share people and property records. While this environment is stable, it creates a need for multiple servers and databases to maintain the different environments. Support for the OpenTax desktop version is nearing end of life with modest support by the vendor. The current software creates a risk to the City if new legislation were to be implemented requiring updates by the vendor. Product changes or advancements and an ability for an on-line customer portal are halted with the current software vendor.

Strategy/process

Finance and Information Technology staff have been actively reviewing potential replacements for a property tax software system as well as staying connected with other municipalities. The Municipalities of Oakville, Windsor and Brantford are also using Amanda OpenTax and are in the same situation looking for a replacement system. Review of the current market shows most municipalities are using the Vailtech system to bill and collect property taxes which has had limited enhancements and support in recent years resulting in most of those municipalities looking to move away from this software as well. Currently there are very few products in the market that would meet our current and future property tax requirements. A tax software system must comply with the Ontario Municipal Act, Assessment Act and Education Act. It must also have the ability to load assessment information each year from the Municipal Property Assessment Corporation (MPAC) using a specific file format. Other products include Mississauga's in-house solution (TXM), used by Brampton, Richmond Hill, Markham and Pickering. The TXM system is cost prohibitive, built on older technology with limited ability for external change requests. Other smaller municipalities are using Vadim Software and Diamond Municipal Solutions, both which fall under the CentralSquare suite of products. There may be a potential for other companies to enter the marketplace as they become aware of a need for a robust municipal property tax

solution in Ontario. It is estimated that a new tax software system would take up to two years to build out a stable product with significant support from a municipality to provide subject matter expertise.

Vendor demos have been conducted in 2019 and 2020. Most of the vendor products reviewed would require extensive coding updates to be compatible with Ontario legislative and business requirements. CentralSquare has a suite of current tax products including Vadim, Diamond and a desktop version of Tempest (used in BC and Alberta). CentralSquare recognized the need in the Ontario market and are leveraging their current tax expertise to build out a web-based property tax solution for Ontario municipalities. The software development began in July 2018 with a release date of January 2021. Based on availability and vendor demonstrations, staff is recommending participation in the Early Adopters program with Central Square. This participation will not commit the City in anyway. It will provide an opportunity to work with the vendor and a select few other municipalities to provide input and guidance into the final product.

CentralSquare is currently engaged with Chatham-Kent and Halton Hills under recently awarded contracts for a new Municipal Property Tax Software. Both the City of Windsor and the City of Hamilton are participating in the Early Adopter Program to provide input and direction into the final product. Chatham-Kent and Halton Hills are also actively working with CentralSquare to achieve an implementation date of January 1, 2021.

Options Considered

The City could enter into a competitive bid process (RFP) for a property tax software system. It is expected that the RFP process would take a minimum of six months to complete at which time the base product from CentralSquare would be finalized with limited ability to provide input into the system.

Financial Matters:

Participation in the Early Adopters Program does not require any financial obligation, only staff time and commitment. The City can choose to proceed with the CentralSquare product or pursue other options after the Early Adopters Program participation is completed.

Approved capital funding of \$1.5M remains committed for the replacement of the existing property tax software solution to continue efforts and focus on this essential and critical service.

Other Resource Impacts

The Early Adopters Program would require 1-2 tax staff member's time of approximately 10-15 hours per month. The program would last approximately 12 months. An initial requirement of Information Technology Services staff will be needed to review security and cloud-based architecture of the software. Legal Services will be requested to review the non-disclosure agreement for participation in the Early Adopters Program. The additional workload will be absorbed by the existing complement of staff.

Climate Implications

Not applicable

Enterprise Risk:

- Technology
 - Legislative Changes
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Engagement Matters:

Property tax staff continue to work closely with ITS and Procurement to replace our current tax software as efficiently as possible. Consultation with other municipalities has revealed that many other municipalities are in a similar situation and are expected to be looking for a replacement to their property tax software. Staff are working closely with the other municipalities that are currently on the Amanda OpenTax system.

Conclusion:

Property tax staff have scanned the current environment and have found that CentralSquare Canada Software Inc is developing a robust, hosted system using the latest programming technology. City staff recommend pursuing the opportunity to work collaboratively to help build and evaluate the CentralSquare product without any financial commitments.

Respectfully submitted,

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Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Council. Final approval is by the City Manager.