



**SUBJECT: Property tax software award of single source contract**

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

**FROM: Finance Department**

Report Number: F-28-21

Wards Affected: All

File Numbers: 201-02

Date to Committee: December 6, 2021

Date to Council: December 14, 2021

---

### **Recommendation:**

Approve the single source award of a contract for a property tax billing and collection system to CentralSquare Canada Software Inc. for a five-year term, with an option to extend the contract for unlimited five-year renewals, based on an agreement between the city and CentralSquare Canada Software Inc. in a form satisfactory to the Executive Director of Legal Services & Corporation Counsel and with content to the satisfaction of the Chief Financial Officer; and

Authorize the Manager of Procurement Services to execute a contract and any amendments, extensions or other documents as required and issue a purchase order to CentralSquare Canada Software Inc., 2600-1066 West Hastings Street, Vancouver, BC V6E 3X1 for an upset limit of \$1,363,216 plus HST for the implementation and five-year subscription of the property tax software.

### **PURPOSE:**

In order to comply with Procurement By-law 19-2014, Section 14.8, Council approval is required for single-source purchases with a value of \$100,000 or more. The purpose of this report is to seek approval to single source the tax software solution and award a contract to CentralSquare Canada Software Inc.

### **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
- 

## **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 approximately 65,000 property tax accounts resulting in over \$443 million (city, region, education, BIA and parking) in taxes for 2021. 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, violations, fire enforcement, etc., as well as property tax billing and collection. The Amanda OpenTax module was not included in the latest software upgrade from the software provider, requiring the OpenTax system to run on a separate database in a different environment. The current tax software is nearing end of life with limited support by the vendor. The City must replace the current tax module in Amanda as the vendor (Calytera) has ceased any product development and will soon no longer be supporting the program. The current software creates a risk to the City if new legislation were to be implemented requiring updates by the provider of the existing software. Product changes or advancements are halted with the current system and an ability for an on-line customer portal is missing. The municipalities of Oakville, Windsor and Brantford also use Amanda OpenTax and are in the same situation looking for a replacement system.

On May 25, 2020, Council approved report F-23-20 to enter into the Early Adopters Program for a property tax billing and collections software system with the property tax software product of CentralSquare Canada Software Inc.

The City has participated in the Early Adopters Program since July 2020 through bi-weekly meetings to view and understand the product offerings and provide input and feedback on the requirements of the City in light of property tax software for the Ontario market. The City of Hamilton and the Town of Caledon are also a part of the Early Adopters Program and similarly providing direction into the final product. The Town of Halton Hills and the Town of Chatham Kent successfully implemented the property tax product in January 2021.

The City of Windsor recently approved the purchase of the CentralSquare Property Tax system. The Town of Oakville is currently working through final negotiation of their RFP. Both these municipalities run on the Amanda OpenTax system using a configuration similar to the City of Burlington. Burlington alongside the City of Windsor will realize efficiencies by working together in a similar timeframe on the implementation to transition from the same system.

The CentralSquare property tax software system is a cloud-based system being hosted by the vendor as a subscription service and maintained off-site. The base functionality of the product is complete with continuing product enhancements. An online portal is expected to be phased in during 2022. Further developments to streamline business processes will continue throughout 2022.

### **Strategy/process**

Property tax billing, collections and programs are regulated through the *Municipal Act*. There are a very limited number of property tax software products in the Ontario market. Staff have reviewed other software options based on availability, functionality, technology and price, and have concluded that CentralSquare Software Inc. property tax software is the most suitable product for the City.

### **Options Considered**

Many municipalities in Ontario use the Vailtech system for property taxes. This system was created in 1992 and is no longer compatible with newer technologies. The system has seen limited product development and does not provide for an online citizen portal. Several municipalities are looking to move away from this software.

The City of Mississauga has created an in-house property tax solution, Tax Manager (TXM). The TXM system is cost prohibitive, built on older technology, and is not cloud based. Further, the City of Mississauga will not directly participate in any open and competitive proposal solicitation.

A few other systems that are used at smaller municipalities would not be suitable for our requirements.

There may be a potential for other software vendors to create or customize a solution that meets the requirements of Ontario municipalities. It is estimated that it would take more than two years to develop and test any new product to the market.

---

### **Financial Matters:**

The 2020 approved capital budget included funding in the amount of \$1.5 million is committed for the replacement of the existing property tax software solution to continue efforts and focus on this essential and critical service.

### **Total Financial Impact**

Total capital approved funding of \$1.5 million includes the purchase and implementation of new software, legal cost and dedicated staff resources for project completion.

### **Source of Funding**

The approved 2020 Capital Budget includes funding for the software and implementation of this project. Once the software program is implemented, annual subscription costs will be included in the Information Technology Services operating budget.

---

### **Engagement Matters:**

Property tax staff continue to work closely with Information Technology Services, Procurement Services and Legal Services departments 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 researched the current environment and have found that CentralSquare Canada Software Inc is developing a robust, hosted system using the latest programming technology. CentralSquare Canada Software Inc. property tax software will be a long-term solution to replace the City's current Amanda OpenTax system.

---

Respectfully submitted,

Ann Marie Coulson

Manager of Financial Planning and Taxation

905 335 7600 ext. 7655

### **Report Approval:**

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.