



CITY OF HAMILTON
FINANCE AND CORPORATE SERVICE DEPARTMENT
Financial Services and Taxation Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 6, 2020
SUBJECT/REPORT NO:	Municipal Property Tax Billing Software (FCS20006) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Maria Di Santo (905) 546-2424 Ext. 5254
SUBMITTED BY:	Rick Male Director, Financial Services and Taxation and Corporate Controller Corporate Services Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That Council approve the Taxation Section's participation in the Early Adopters Program for Realty Tax Billing and Collections Solution and that the General Manager, Corporate Services Department be authorized to negotiate, enter into and execute any required documents and any ancillary documents required to give effect thereto with Tempest Development Group (a division of CentralSquare Technologies), in a form satisfactory to the City Solicitor; and
- (b) That staff report back to Committee and Council the results of this program along with recommendations on how best to proceed with respect to the Property Tax Billing Software.

EXECUTIVE SUMMARY

Property taxation is a municipality's main source of revenue to fund its operations. The City of Hamilton (City) has used Vailtech as its Property Tax Billing Software for over 20

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

years. Implemented in 1999, although version updates were released from time to time (either generally to all users, or municipality-specific), no significant system enhancements have been implemented. In 2018, the City, upgraded to the web-based version of Vailtech, however, the upgrade did not provide for any enhanced features. Staff continue to rely heavily on internally created Access databases for extraction, manipulation, reporting, analysis and loading of large volumes of data.

With approximately 180,000 City of Hamilton tax roll accounts and a 2019 final billing totalling over \$1.1B (inclusive of BIA levies and local charges), a robust and secure property tax billing software solution is essential in safeguarding the City's main revenue source. With the intent of finding a more advanced and efficient software solution, City staff issued a Request for Information (RFI) in August 2019. Tempest Development Group (a division of CentralSquare Technologies) ("CentralSquare") responded to the RFI, providing information on their new software solution they are currently developing, with an expected launch date of January 2021. CentralSquare is currently working with Chatham-Kent under a recently awarded contract for a new Municipal Property Tax Software and the City of Windsor who is participating in the Early Adopter Program.

In November 2019, CentralSquare provided City staff with a demonstration of their product (currently still in the development stages). Based on the demonstration, staff is recommending participating in the Early Adopter Program (similar to Windsor) as it will allow the City to have some input into the final product, while not committing the City in any way. The time commitment to participate in the Early Adopter Program is not significant and can be accommodated within the existing complement.

Upon completion of the City's participation in the Early Adopter Program, staff is proposing that a report be brought back to Committee and Council with the results of the program and recommendations on how best to proceed with respect to the Property Tax Billing Software.

Alternatives for Consideration – See Page 5

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Participating in the Early Adopter Program does not commit the City in any way. The ultimate awarding of a contract for a property tax billing solution will be in accordance with the Procurement Policy and facilitated either through the issuance of a competitive bid process or by seeking Council approval. A capital budget would also need to be submitted for Council approval.

Staffing: Participating in the Early Adopter Program requires a commitment of two staff members (one from Information Technology (IT) and one from

Taxation) for approximately 1 hour per week, which can be accommodated within the existing staffing complement.

Legal: Legal and Risk Management Services will be requested to support as required in the development of any required contract and/or agreements for the participation in the Early Adopter Program.

HISTORICAL BACKGROUND

In 1998, the City of Hamilton issued a Request for Proposals (RFP) for the implementation of a new municipal property taxation system (C19-2-98). Vailtech was the successful bidder and was awarded the contract in 1999. To date, the City continues to use Vailtech as the Municipal Property Tax Billing Software.

During this time, Vailtech has not introduced significant system enhancements. From the early stages of implementing Vailtech, it was determined that additional software solutions needed to be introduced and used to supplement Vailtech. As such, numerous Access databases with various tables and queries were developed by internal IT staff. These tables and queries, created in Microsoft Access 2002, were external solutions for functions not available within Vailtech. Over the years, the number of Access databases and related tables and queries grew, whereby eventually every major Taxation function within Vailtech has a related external component. These Access Databases are now an integral part of most billing-related functions, requiring on-going internal IT support.

In late 2014/early 2015 staff commenced discussions with respect to upgrading to the web-version of Vailtech. Work on the upgrade commenced in 2016, with the final go live date of October, 2018. Although extensive testing of all functions was completed at several stages of the implementation, staff continued to work with Vailtech to correct issues well after the go-live date. The extensive testing was for existing functions, as the web-version did not provide for any enhanced functions. At the end of the day, the web-based version of Vailtech provides for the same features and functions as the previous version.

In 2019, the City of Hamilton issued an RFI for a Realty Tax Billing & Collections Solution (C2-05-19) in accordance with the City's Procurement Policy. The submission from CentralSquare included general information regarding their company and previous experience as well as a high-level description of a project and implementation plan for various system integrations. Further to reviewing the RFI submission, staff invited CentralSquare to an interview to gain a better understanding of the development and implementation of the Early Adopter Program.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Any property tax billing solution would need to adhere to Provincial legislation and City of Hamilton policies, primarily but not limited to the *Municipal Act, 2001*, *Assessment Act* and *Education Act*, as well as municipal by-laws, which stipulate the means utilized in the billing and collection of property taxes.

RELEVANT CONSULTATION

IT staff have actively participated in all discussions pertaining to software solutions / improvements. Procurement staff assisted in the issuance of the RFI and were consulting in the writing of the staff report.

Taxation and Procurement staff have consulted with other Ontario municipalities to determine the software used for Municipal Property Tax Billing and Collections. The result of this consultation has identified a limited number of applications available in the Ontario market. Although Vailtech is used by many Ontario municipalities (i.e. Ottawa, London, Guelph), other municipalities have elected for in-house solutions (i.e. Mississauga, Toronto), while other municipalities utilize other commonly used solutions Amanda (Burlington, Oakville), Vadim (Lincoln, Brockville), Diamond (Cornwall, Pembroke). It should be noted that the Amanda taxation application is no longer being supported after 2020, while Vadim and Diamond fall under the Tempest solution.

In its consultation, staff has determined that many other municipalities are in a similar situation with respect to the age of their Municipal Property Tax Billing Software and will also be in the market for an improved solution.

ANALYSIS AND RATIONALE FOR RECOMMENDATIONS

A more advanced solution is required to more efficiently and effectively bill property taxes. The ideal solution would allow for all functions incorporated within the application, eliminating the need for secondary applications to be maintained. The current software requires a significant amount of staff manipulation which is not only inefficient but is also subject to loss of integrity and increases the risk of errors. Large volumes of data are extracted from Vailtech via Microsoft Access to then be manipulated in Excel and then reloaded into Vailtech.

A more robust and advanced solution is required to eliminate the multitude of existing Access databases and the required staff manipulation in alternate applications (Access, Word, Excel).

ALTERNATIVES FOR CONSIDERATION

The City can continue to maintain the current taxation system. This alternative would require continued dedicated IT staff resources to assist in maintaining and improving the various Access databases. This would require the continued use of Access 2002, as most previously created queries are not supported in newer versions of Access. With the large volume of property tax accounts (approximately 180,000), to continue with the existing taxation system is not recommended by staff, as this alternative provides for the least amount of efficiencies and the highest risk of errors.

A second alternative would be to work with Vailtech to enhance features to allow for the current external functions (provided for currently with the use of Access) to be accommodated within the application. This alternative would first require Vailtech to be able to accommodate all the required functions within their application and secondly would require extensive resources from both Vailtech and the City of Hamilton. It is not known if Vailtech would have the required resources to accommodate this alternative within a reasonable timeframe.

A third alternative would be to issue a competitive procurement process to select a new Municipal Property Tax Billing Software. Staff is not recommending this alternative at this time.

The due diligence that Taxation and Procurement staff have conducted to date indicates that the market for this type of software is limited to only a few vendors who are able to provide this type of software, albeit a robust and advanced software solution that the City needs. As indicated earlier in this report, since many other municipalities are in a similar situation with respect to the age of their Municipal Property Tax Billing Software, staff feel the City would be in a better position to consider issuing a competitive procurement once participation in the Early Adopter Program is completed. The participation will allow staff to gain an appreciation and the experience of working in a complex tax billing software and may also provide the vendor market the time to mature and potentially offer a more viable robust solution.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

None

MD/rw/dw