



**City of Richmond**

**Report to Committee**

**To:** General Purposes Committee  
**From:** Andrew Nazareth  
General Manager, Business & Financial Services

**Date:** March 25, 2009  
**File:** 1385-01

**Re: Acquisition of New Taxation Software System**

**Staff Recommendation**

That the General Manager, Business & Financial Services be authorized to execute agreements associated with the licensing and support services required for the acquisition of a Taxation Software System from Tempest Development Group Inc.

Andrew Nazareth  
General Manager, Business & Financial Services  
(604-276-4095)

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<b>ROUTED TO:</b>	<b>CONCURRENCE</b>	<b>CONCURRENCE OF GENERAL MANAGER</b>	
Budgets .....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
Information Technology .....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		
<b>REVIEWED BY TAG</b>	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	<b>REVIEWED BY CAO</b>
			YES <input checked="" type="checkbox"/>
			NO <input type="checkbox"/>

**Staff Report**

**Origin**

The City’s current property taxation system *OpenTax* was developed in 1998 by CSDC Systems Inc. and has been reviewed to determine its usefulness going forward.

This report provides a summary of that review and requests Council authority for staff to award a contract to a selected service provider.

**Analysis**

*Existing System*

In 1998, CSDC agreed to provide the OpenTax software package free of charge to the City of Richmond on the condition that the City assists CSDC in developing and modifying the software to be marketed to other BC municipalities. Due to fundamental systems limitations that CSDC could not address, they have been unsuccessful in marketing OpenTax to any municipalities or townships in BC. In the past 6 years, most municipalities have implemented the Tempest software product which resulted in CSDC virtually abandoning any further development of OpenTax for the B.C. Market.

The following list summarizes the OpenTax issues existing today as a result of systems limitations and changes in operational needs that the current system cannot address:

<p>Accuracy</p>	<ul style="list-style-type: none"> <li>▪ OpenTax limitations prevent direct interface between OpenTax and Peoplesoft, the City’s financial package.</li> <li>▪ Manual journal entries are required to move the balances between accounts within Peoplesoft to reflect OpenTax transactions. Manual entries increase the possibility for posting errors.</li> </ul>
<p>Reliability</p>	<ul style="list-style-type: none"> <li>▪ CSDC’s programming is based on a transactional record system. Though this method accommodates accurate posting and billing to the tax account, it does not provide reports in a standard accounting format.</li> <li>▪ Unlike conventional software where reports will provide the balance as of a specific date and is able to show all subsequent transactions to an account, OpenTax will only provide the current net adjusted balance regardless of date specified.</li> <li>▪ Reports require lengthy reconciliation or reprogramming in order to meet operational needs.</li> </ul>

<p>Relevance</p>	<ul style="list-style-type: none"> <li>▪ OpenTax was originally designed and marketed in Ontario where assessments appeals are significantly different than those in BC and where provincial grants are not available.</li> <li>▪ The Tempest software was designed specifically for the BC market. Developers are aware of all legislated changes and work with the user group to provide upgrades to accommodate these changes.</li> </ul>
<p>Technology and Support</p>	<ul style="list-style-type: none"> <li>▪ Richmond is the only OpenTax user in BC therefore there is no user group support for this product in Western Canada. The proposed package is used by most major municipalities in BC with ample user group support.</li> <li>▪ Currently many of the City's tax payers make payments electronically via their bank's electronic payment system and must send in HOG applications separately to qualify for a grant. The Tempest software provides electronic HOG (Home Owner Grant) application capabilities. Once implemented, tax payers will be able to claim a HOG directly through the City's website.</li> <li>▪ Tempest offers fax back information to lawyers for conveyance purposes. Currently, the City's Integrated Voice Response (IVR) system provides the information required by lawyers. The IVR system is a legacy system and will be terminated by December 31, 2009. A new software will be required in order to continue this service.</li> </ul>
<p>Customer Service</p>	<ul style="list-style-type: none"> <li>▪ The following must be manually prepared for customers:             <ul style="list-style-type: none"> <li>○ Account history – must be manually produced in a Microsoft Excel worksheet for customers</li> <li>○ Historical bills with historical balances – bills will show historical levies but current account balance. This causes confusion to customers.</li> </ul> </li> </ul>
<p>Efficiency</p>	<ul style="list-style-type: none"> <li>▪ Adjustments to accounts can be challenging. In the existing system, adjustments made to a transaction in error could cause consequences requiring hours of IT time to reverse the transaction. Other tax packages require a simple journal entry to reverse a transaction.</li> <li>▪ OpenTax screens may be difficult to interpret and increases inefficiency when staff attempts to analyze the tax account for customers.</li> </ul>

### *Vendor Selection*

In lieu of soliciting formal Requests for Proposals staff's review of the current marketplace identified the Tempest Development Group Inc. as the strongest provider of Local Government Taxation software. The alternative providers of this service are the current provider CDSC (the application we are looking at replacing) which can no longer respond to the City's demands, and SAP which only applies when a customer is using their financial applications.

Over the past few months staff from the Finance and Information Technology Departments have identified the longer term requirements and interface capabilities needed from a taxation / utility billing system. These have been communicated to the prospective service provider and have been included in the contract presented to the City for execution.

The transaction comprises of:

1. Licensing rights to multiple Tempest software products designed to interface with Peoplesoft, Amanda, and GIS
2. Services to develop, install and commission the system
3. Training
4. Ongoing annual license fees and consulting support.

### **Financial Impact**

The City has received favourable pricing (2007 pricing for 2009 implementation) from Tempest for the integration of their system at Richmond, with the total cost of the above services at \$488,725 and approximately \$66,000 required for the initial annual licensing fees. The total cost of \$554,725 is over Staff's spending limit and will require Council approval.

The funding for this project was approved by Council in the 2008 Capital Budget. The associated operating costs were identified as an operating budget impact (OBI) and also previously approved.

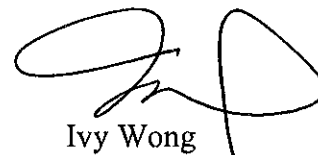
### **Conclusion**

Under the Officer and General Manager By-Law, Staff authority for transactions of this nature is limited to \$500,000. The acquisition cost to acquire this system exceeds staff's authority, therefore Council approval is required.

The Tempest Development Group is the dominant taxation software provider in the lower mainland and has demonstrated the capability to work with taxation authorities to provide a robust and cost effective taxation system.



W. Glenn McLaughlin  
Manager, Purchasing & Risk  
(604-276-4136)



Ivy Wong  
Revenue Manager  
(604-276-4046)