

City of Mississauga
Corporate Report



<p>Date: January 9, 2023</p> <p>To: Chair and Members of General Committee</p>	<p>Originator's files:</p>
<p>From: Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer</p>	<p>Meeting date: January 25, 2023</p>

Subject

Single Source Procurement of Banking Remittance Services from Symcor Inc. – Contract Amendment and Extension (File Ref: PRC002048)

Recommendation

1. That the single source procurement of banking remittance services from Symcor Inc., as detailed in the corporate report from the Commissioner of Corporate Services and Chief Financial Officer, dated January 9, 2023, entitled, "Single Source Procurement of Banking Remittance Services from Symcor Inc. – Contract Amendment and Extension (File Ref: PRC002048)", be approved;
2. That the Chief Procurement Officer or designate be authorized to execute all contracts, necessary amendments and related ancillary documents to extend the term of the contract and to increase the value of the contract between the City and Symcor Inc. by an estimated amount of \$385,000, exclusive of taxes, for a period of three (3) years, with the option to extend the term for an additional up to five (5) years, in accordance with the City's Procurement By-law 0013-2022, as amended;
3. That the Chief Procurement Officer or designate be authorized to execute the necessary amendments to further extend the term of the contract beyond a period of three (3) years, with the option to extend the term for an additional up to five (5) years, and to increase the value of the contract beyond \$385,000 between the City and Symcor Inc. for additional banking remittance services, including additional features and services as required, for the purpose of fulfilling City requirements and ensuring business continuity, if the funding for such contract increase has been approved by Council.

Executive Summary

- Symcor Inc. (Symcor) provides banking remittance services to the City that are embedded into the City's property tax management system (TXM).
- Symcor collects and processes property tax payments mailed to the City's postal box and remits payment files to the City.
- The Oracle platform for TXM is approaching end of life, and a procurement process is underway for the technology options available for the City's property tax system.
- Conducting a procurement for banking remittance services and potentially changing the supplier at the same time as potentially implementing a new property tax system would lead to a duplication of significant effort and cost for multiple implementations.
- A complete procurement process for banking remittance services will occur with integration into the new tax system.
- Staff are requesting authority to amend and extend the existing contract for banking remittance services from Symcor on a single source basis, in accordance with the Procurement By-law 0013-2022.

Background

The City has outsourced banking remittance services for the processing of property tax cheque payments since 2011. Property tax cheque processing was outsourced, as it is more economical and more efficient than processing the cheques in-house.

The contract for banking remittance services was initially awarded to Intria Items Inc. (Intria) and in July 2019, the contract was assigned to Symcor as Intria has stopped providing this service. The process to change providers required contract amendments and programming changes. The change in providers from Intria to Symcor was completed in January 2021. The total value of the contract over the past ten years (2012 to 2022) is approximately \$444,000.

Symcor collects property tax cheque payments from the City's postal box and provides remittance services for the cheque payments with daily file transmissions to the City's TXM Tax Manager System. A payment file is also transferred to CIBC to record the receipt of the funds in the City's bank account. Currently, Symcor processes approximately 45,000 cheques annually equating to \$65 million in total property tax revenue.

The current contract with Symcor was extended for an additional year up to June 30, 2023 to provide time to conduct a procurement for similar banking remittance services. A Request for Information (PRC003486) was publicly posted in May 2022. Results of the Request for Information indicate that there is a scarcity of supply in the market for comparable services. Only two submissions were received with neither offer comparable to services provided by Symcor. Estimated costs for both submissions exceed the current charges from Symcor for their service.

Comments

The existing authority to continue with Symcor as a supplier of Banking Remittance Services expires June 30th 2023. This contract includes a per image fee, pass through costs for courier services to pick up and deliver cheques mailed to the City's postal box and is exempt from an annual CPI increase. Symcor has provided pricing for an extension of the contract as detailed in the Financial Impact section. This pricing is satisfactory to the City and provides best value considering the critical nature of the services and the limited options on the market.

As reported to Council on June 1, 2022, the Oracle platform currently used for the City's property tax system is approaching end of life support and staff have begun a procurement process to investigate current technology options available. It is anticipated that this procurement process will result in the development / implementation of a new property tax system between 2026 and 2028. Conducting a procurement for banking remittance services and potentially changing the supplier at the same time as potentially implementing a new property tax system would not be in the best interest for the City as it could lead to a duplication of significant effort and cost for multiple implementations.

Staff are requesting the authority to amend and extend the existing contract with Symcor on a single source basis for a period of three (3) years, with the option to extend the term for an additional up to five (5) years, to maintain the remittance services as integrated with TXM. Should additional time be required to implement a new property tax system, staff are also requesting authority to further extend the term beyond 3 + 5 years and/or increase the value of the contract beyond \$385,000 in order to fulfill City requirements and ensure business continuity for the City's taxpayers. A Statement of Work is attached as Appendix 1. A complete procurement process for banking remittance services will occur for integration into the new tax system.

Procurement By-law Authorization:

This recommendation is made in accordance with:

- Procurement By-law 0013-2022, Section 13 - Single Source and Emergency Procurement, Schedule "A" Criteria for Single Source and Emergency Procurement: (1) (b) There is a scarcity of supply in the market.
- Policy Number 03-06-12: Contract Amendments and Termination, Section A3, that requires Council approval of HVA Contract Amendments if the total value of one or more increases to the Original Contract value is more than 20% of the Original Contract value and more than \$100,000.

Financial Impact

For the initial three (3) year term extension Symcor has provided a pricing structure consisting of a fixed monthly fee of $\$2,500 \times 12 = \$30,000$ /per year, with an annual CPI increase capped at maximum 4%. Courier charges for delivery from the City's postal box are an additional cost.

The total estimated cost for up to an eight-year term extension is calculated as follows:

Average Symcor Fees (include 4% annual CPI)*	- \$35,625/per year x 8 = \$285,000
Average Courier Charges (include 5% inflation)*	- \$12,500/per year x 8 = \$100,000
Total Contract Value (Estimated)	- \$48,125/per year x 8 = \$385,000

*The annual CPI rate, which is capped at 4%, is liable to change after three years.

**Courier charges are based on current courier costs + 5% inflation, which is liable to fluctuate.

Based on Symcor's pricing and the City's requirements, an estimated \$385,000 will be required to fund the contract extension for a period of three (3) years, with the option to extend the term for an additional up to five (5) years. The total contract value will increase from approximately \$444,000 (existing contract value to date) to approximately \$829,000.

The estimated annual expenditure will be funded from the operating budget in 21563-715636, with any further increases subject to annual budget approval.

Conclusion

Symcor provides a critical service and continues to bring value to the City. In light of the continued benefits, and scarcity of supply in the market, the recommendation is to provide staff the authority to amend and extend the existing contract for banking remittance services from Symcor Inc. on a single source basis, in accordance with the Procurement By-law 0013-2022.

Attachments

Appendix 1: Statement of Work



Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Angela Li, Manager, Revenue & Taxation