

City of Mississauga Corporate Report



<p>Date: November 30, 2020</p> <p>To: Chair and Members of General Committee</p> <p>From: Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer</p>	<p>Originator's files:</p> <hr/> <p>Meeting date: January 27, 2021</p>
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Subject

TXM Tax Manager (Property Tax Management Software) for City of Oshawa

Recommendation

1. That the report from the Commissioner of Corporate Services and Chief Financial Officer, dated November 30, 2020, and entitled, "TXM Tax Manager (Property Tax Management Software) for City of Oshawa", be received.
2. That the Commissioner of Corporate Services and Chief Financial Officer be authorized to execute the necessary agreements and any ancillary documents with the City of Oshawa for implementation services, software licence, and maintenance and support for the TXM Tax Manager (Property Tax Management Software), all in a form satisfactory to Legal Services.

Report Highlights

- The City of Mississauga (The City) licenses its proprietary tax software, TXM Tax Manager to other municipalities, including the City of Brampton, City of Pickering, City of Markham, City of Richmond Hill, Town of Newmarket and most recently, City of Vaughan. License and support fees from these municipalities help to offset the ongoing costs of the TXM system and system support.
- The City of Oshawa has expressed an interest in acquiring the TXM Tax Manager system. We have conducted an assessment through a "Discovery Phase", as provided for under By-law number 0121-2017, to determine the effort and costs for full TXM implementation.
- Delegation of authority to the Commissioner of Corporate Services and Chief Financial Officer is recommended for the City to respond on a timely basis to the City of Oshawa to license, implement and support the TXM Tax Manager.

Background

TXM Tax Manager is a custom in-house City developed and owned software application that is used for the billing and collection of property taxes. The application was first implemented at the City in 1998. Since then, the City has licensed and supported TXM to six (6) municipalities, the City of Brampton, the City of Markham, the City of Richmond Hill, the City of Pickering, the Town of Newmarket, and the City of Vaughan (scheduled to be implemented January 16, 2021). TXM is managed and supported by a dedicated in-house IT TXM Team, which is responsible for application development and support for the City as well as the additional six municipalities. The license and maintenance and support charges to these municipalities are expected to generate revenues of \$1,222,216 (excluding HST) for the year 2021 and included as part of the 2021 budget.

The City of Oshawa (Oshawa) has recently approached the City and expressed an interest in acquiring the TXM Tax Manager system to replace their existing property tax software. In order to assess the scope, effort and costs involved, the City's TXM Team conducted an assessment ("Discovery Phase") in October 2020, as provided for under By-law number 0121-2017. This assessment evaluated Oshawa's existing property tax system and all associated property tax billing and collection processes. The City's TXM Team worked with Oshawa staff and a sub-contractor, DesTech Consulting Services Inc. in order to assess what business and technical changes were required to implement TXM at the City of Oshawa.

Upon completion of the Discovery Phase, the effort and cost required to migrate Oshawa from its existing property tax system to the TXM application, was documented and provided to the City of Oshawa.

The purpose of this report is to obtain delegated authority to execute all necessary agreements and any ancillary documents with Oshawa for the TXM implementation, software licence, and maintenance and support and to update Council on the use of DesTech Consulting Services Inc. as a sub-contractor to the City of Mississauga for this engagement.

Comments

Role of DesTech Consulting Services Inc.

The Council meeting of July 6, 2011 adopted recommendation: (GC-0463-2011), 'that DesTech Consulting Services Inc., be designated as a City Standard Vendor to provide advisory and implementation services, as a sub-contractor to the City of Mississauga for any upgrade or implementation of the TXM Tax Manager Software being undertaken on behalf of a licensed municipality, where the costs are to be reimbursed to the City.'

Subsequently, the October 12, 2016 Council meeting adopted recommendation: (GC-0593-2016). 'That DesTech Consulting Services Inc. be designated as a City Standard Vendor for a ten (10) year term extending up to October 31, 2026 for consulting and professional services and support of the Oracle platform for the TXM and MAX Applications.'

In its advisory role during the Discovery Phase in Oshawa, DesTech staff was primarily responsible for determining the technical state of their existing tax system and identified the effort and costs associated with data conversion and building TXM interfaces with other Oshawa systems.

During the TXM implementation phase, DesTech will develop, test, document, and deploy programs and processes that will convert data from their old tax system to the TXM system. DesTech will also be responsible for building, testing, documenting and deploying the required interfaces between Oshawa's information systems and TXM Tax Manager.

DesTech will further provide consulting expertise for Oracle's WebLogic Middleware deployment and training, and may also provide additional services directly to Oshawa outside of the sub-contractor work provided through the City.

TXM Implementation

The full implementation of the TXM system at the City of Oshawa is estimated to be cost \$541,020 (HST and travel expenses excluded). This estimate represents costs associated with a new installation and configuration of TXM software, data conversion, training, building interfaces and project management.

The TXM Implementation Project is estimated to take approximately eight (8) months. The project will continue beyond its initial installation and configuration, to work on taxation and collection processes as they occur for the full one (1) year taxation cycle.

Implementing the TXM Tax Manager system is a complex process that is dependent on annual municipal taxation and collection business cycles, which provides only one (1) 'window' of opportunity for implementation in a calendar year. This cycle commences with the receipt of the assessment roll in mid-December for the upcoming tax year. For the City of Oshawa, a target go-live timeframe of the end of October 2021 is desirable.

If this 'window' is missed, the project will encounter additional complexity and unanticipated implementation costs for data conversion and post-implementation support provided by the TXM Team.

Council is being asked to delegate authority to the Commissioner of Corporate Services and Chief Financial Officer to respond on a timely basis to the City of Oshawa to license, initiate full implementation and support of the TXM Tax Manager system.

Financial Impact

All costs will be reimbursed by the City of Oshawa for TXM system implementation during the lifecycle of the project. The costs will be reimbursed as the project reaches key milestones.

Upon completion of the full TXM system implementation at Oshawa, projected annual revenue of approximately \$103,170 would be received from Oshawa for TXM Maintenance and Support Services beginning in 2022. The incremental revenue is an included part of the budget forecast for 2022.

Conclusion

The City of Oshawa has expressed an interest in acquiring the TXM Tax Manager system to replace their existing property tax system.

The Discovery Phase has been completed under the authority of By-law number 0121-2017.

It is recommended that Council delegate authority to the Commissioner of Corporate Services and Chief Financial Officer to execute the necessary agreements and any ancillary documents with the City of Oshawa for licensing, implementation and support for a new TXM Tax Manager system.



Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer

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