



Corporate NO: R082

Report COUNCIL DATE: April 29, 2002

REGULAR			
TO:	Mayor & Council	DATE:	April 18, 2002
FROM:	General Manager, Finance, Technology & HR and General Manager, Engineering	FILE:	1220-20
SUBJECT:	Contract Award to Tempest Development Group Inc.		

RECOMMENDATION

That Council approve the purchase of a Property Tax & Utility System from Tempest Development Group Inc. for a total contract price of \$518,000 including GST and PST.

INTENT

To provide Council with information on the City's Property Tax and Utility System and to have Council approve the purchase of replacement software from Tempest Development Group Inc.

BACKGROUND

Council was presented with Report #R247 in December, 2001. The Report outlined the urgent need to retire the aging Wang Mainframe and outlined the Strategy required to accomplish that retirement over a three-year period. In the first phase of the Wang Retirement Strategy, the existing Property Tax and Utility System is to be replaced. This system is the largest currently running on the Wang and is critical to the City's business.

The City's Property Tax and Utility System manages the generation of over \$340 Million in tax and utility revenue for the City and other levels of government. In order to accurately produce over 250,000 bills annually, we rely on information received from BC Assessment Authority, other levels of government and other departments throughout the City. It is vital that this information be processed accurately and quickly in order that bills are produced within the timelines outlined in our current legislation.

The information that is produced by the Property Tax and Utility System is used by the general public and is relied upon by our own staff throughout the organization as they conduct City business.

Specifically, we require that the Property Tax and Utility System provide for:

Property Taxation by:

- Updating assessed values based on the Authenticated Assessment Roll, various supplementary Rolls and Appeal Board decisions as they are received from the BC Assessment Authority;
- Updating name and address changes as they are received from the BC Assessment Authority;
- Calculating and distributing various tax levies using a variety of rates for nine different property classes;
- Calculating and distributing local improvements and specified charges to certain properties;
- Generating 120,000 property tax notices available for mailing in May of each year;
- Recording tax and utility payments and apply homeowner grants as they are received, and
- Generating over 25,000 statements of outstanding taxes at various times throughout the year.

Utilities by:

- Updating flat utility rates using information received from Planning and Development and Engineering Departments;
- Generating over 90,000 flat rate utility bills per year, and
- Generating over 7,000 metered utility bills three times per year, using meter reading data supplied by Engineering Department. (This number will be rapidly increasing due to the City's initiative to convert all residential properties from flat rates to metered rates over the next several years).

Others by:

- Recording property-related comments, which are used by all internal staff.
- Collecting, as a last resort, outstanding invoices for property-related work such as unsightly clean-up and false alarm responses;
- Providing tax and utility information to the general public and other agencies, and
- Generating tax certificates, which are required in all property transfer transactions.

Corporate Report #R247, presented to Council last December, outlined the need to replace our existing applications still residing on the Wang mainframe. The Wang has been used to for Property Taxation and Utilities for the last 18 years and is already well past its expected service life. It is obsolete and is wholly dependent on a diminishing supply of used parts to maintain it. The current system does not align with other IT architecture and current City standards for distributed network servers.

DISCUSSION

The most significant benefits to be realized from this application replacement are:

- Eliminating the risk associated with running a critical application on an aging, obsolete mainframe;
- Reducing the impact of cumulative expenditure increases required to implement the residential utility

metering;

- Adapting to current Information Technology client server architecture, current and future applications and legislative changes;
- Reducing many manual processes to accommodate steadily increasing data and inquiry volumes while minimizing staff increases;
- Providing on-line customer queries, pre-authorized payments, improved historical data and reporting, and
- Supporting user pay approach for utilities as per Council's directive.

Scope of Work:

In early December a work team consisting of representatives from Finance, Technology and Engineering was formed. In order that the above benefits were adequately achieved, the Team identified the scope of this project to include the following:

- To implement a new Property Taxation & Utility System in the client server environment with at least the same functionality of the existing system;
- To re-engineer and streamline the associated business processes in order to support the expected increase in utility metering and property tax growth with a minimal increase in staff;
- To enable customers to obtain property and account information via our Web site.
- To improve reporting capabilities in order to enable staff to respond to information requests by other departments, and
- To retire the existing Property Taxation & Utility Systems from the Wang mainframe.

The Team had also discussed linking the new System to the Geographic Information System (GIS), which will be required before a 'user-pay' drainage fee can be implemented. However, it was decided that this might delay the implementation of the replacement of the Property Tax and Utility System. Therefore, the GIS interfacing will be a separate project and may run concurrently to this project.

Selection of Software Vendor:

Over the past year, the Work Team completed extensive research, review and business case analysis to arrive at options for replacing this system. Following a Request for Proposal and evaluation of submissions from responding suppliers a draft contract with a successful bidder is near completion.

RFP Q31-2001 was sent to tender on July 31, 2001. Invitations were sent to seven potential suppliers of which the following five responded:

Tempest Development Group Inc.	Surrey, BC
Vadim Computer Management Group Ltd.	Kelowna, BC
Synertech Systems Corporation	Richmond, BC
BCG Services	Surrey, BC
EProfessional Services Worldwide Private Limited	Bangalore, India

The project team evaluated the responses using a matrix of strategic criteria such as compatibility with existing architectures, capacity to deal with growth, flexibility and ease of use, proponent qualifications, support capabilities

and cost.

Of the five proposals submitted one was priced excessively and another did not meet the RFP requirements in their proposal. The remaining three proponents were short-listed and asked to demonstrate their product. The demonstrations provided staff with a more detailed look at software functionality as well as a means to discuss specific issues with the proponents.

Tempest Development Group Inc. was the lowest quoted price and emerged from this process as a clear winner in terms of meeting the City's stringent technical requirements. It is also a local Surrey business that has already successfully installed similar software in other Lower Mainland municipalities.

Project Cost Summary:

Contract	\$ 518,000
(Includes software licencing, consulting services & some training)	
3rd Party software upgrades (Oracle, IVR telephone etc.)	105,000
Integration & implementation costs (temporary staff backfilling)	100,000
New server, PC's & other hardware	95,000
Project Contingency	<u>82,000</u>
	<u>\$ 900,000</u>

Project Timelines:

The goal is to generate the 2003 property tax billing, using the new system. The Work Team has already completed the preliminary review of this project. Should Council award the contract to Tempest Development Group Inc., the Team would begin implementation immediately.

The planned scheduled timelines follow:

Contract Award	April, 2002
Create workplan in coordination with Contractor	May/June, 2002
Conversion of City's data to comply with new system	July/August, 2002
Testing of new system using City's data	Sept/October, 2002
Integration with Other Systems (eg. IVR telephone)	Nov/Dec, 2002
Staff Training	Jan, 2003
Update Data Conversion	Feb, 2003
Live Production	March, 2003
Print 2003 Property Tax Notices	May, 2003

Future Utility Billing Options:

Once the new Tax and Utility System is installed and a sufficient number of properties are metered, the option remains open for the City to have some other utility company such as BC Hydro or BC Gas bill utilities on behalf of the City. BC Gas is currently under contract to read City water meters

CONCLUSION

In accordance with the City's Purchasing Policy, we recommend that Council approve awarding a contract to Tempest Development Group Inc. for provision of a replacement Property Tax & Utility System. Funding for this contract and the overall project is available and approved in the current Capital Program.

Vivienne Wilke, CGA Paul Ham. P. Eng.

General Manager, Finance, General Manager, Engineering

Technology & HR