SUBJECT: Implementation of Epost Mailing for Tax Bills (FCS08083) (City Wide)

RECOMMENDATION:

That the City of Hamilton, partner with Canada Post, in offering their Epost Mailing service for the delivery of City of Hamilton Tax Bills at a cost of $32,500.00.

EXECUTIVE SUMMARY:

Canada Post has an electronic mail delivery system called epost. Epost allows tax bills to be sent electronically to a taxpayer’s e-mail account, whereby the taxpayer is connected to a Canada Post website to view an electronic copy of their tax bill. In co-ordination with their financial institution, the taxpayer can then pay their tax bill on-line, at which time, the funds would be electronically sent to the City. The tax bill would be presented in a pdf format, along with the back of the tax bill and any brochures normally sent, along with the tax billings, as set out in Appendix “A” to report FCS08083.

BACKGROUND:

Property taxes are sent twice yearly, with an interim mailing in early February and a final mailing in early June. A third mailing for those on one of the monthly pre-authoritized plans is sent in early December. The City sends approximately 285,000 bills and notices out in these three main mailings. In early February, 80,000 interim tax bills are sent out
to every taxpayer not on a monthly pre-authorized payment plan or that pay via their mortgage company. In early June, 160,000 tax bills are sent out to every taxpayer once the budget and tax levy have been set by City Council. In early December, 45,000 monthly pre-authorized letters are sent advising the taxpayers of their monthly withdrawals for the next tax year.

In order to meet the requests of our taxpayers and to cut costs, while helping to preserve the environment, it is recommended that the City partner with Canada Post in offering this service to our taxpayers. By estimating that 10% of our current non-government taxpayers (15,000) will opt to receive their tax bills electronically, we can save on printing approximately 60,000.00 pieces of paper per year. We can also expect to save $6,600.00 per year, per the cost/benefit analysis, as set out in Appendix “B” to report FCS08083. The initial set-up costs to Canada Post, our tax software company and our printer will be $32,500.00, which would produce a five-year payback of the initial investment.

Canada Post will be responsible for all the set-up with the taxpayers, receiving the electronic files from the City and delivering them to each taxpayer who signs up. Our tax software vendor will have to adjust our current software, in order that epost customers can be flagged on the system so they fall into a different print stream. Our print vendor will have to make some adjustments to our current 11 x 17 tax bill, to produce it in two 8.5 x 11 pieces so the taxpayers can better view the bill electronically. Canada Post will electronically store the taxpayer’s bill for seven years, will answer all calls relating to the e-post process and will actively advertise that City of Hamilton tax bills can be delivered electronically by epost.

**ANALYSIS/RATIONALE:**

Electronic bill presentment provides an option to our taxpayers who prefer not to receive paper bills. The Tax Office has automated the receipt of tax payments substantially over the last ten years. We currently e-mail to mortgage companies spreadsheet data files of their clients’ tax amounts twice a year. There are currently approximately 42,000 such taxpayers paying through forty-two mortgage companies. Payment is automatically deposited into our account by the mortgage companies and the spreadsheet file returned electronically by the bank, which is loaded into our tax system, and payments posted automatically against the taxpayer’s account. This has resulted in paper savings of approximately 5,000 sheets of paper per year and postage costs of $500.00 per year.

We have also encoded our tax stubs with MICR ink to the specifications of our bank (Royal Bank of Canada) and every stub that is paid at a financial institution is sent to us electronically, with all payments uploaded into our tax system and posted in a matter of minutes. Along with these payments, and in the same bank file, we are sent all payments paid at financial institutions via telephone and personal computers.

Through the use of electronic bill presentment, we will be helping the environment by using less paper and per Appendix “B” to report FCS08083 we expect to save $6,600.00
per year. Canada Post already has the technology and capacity to add the City of Hamilton to their system and would be fully responsible for the electronic delivery of the tax bills.

**ALTERNATIVES FOR CONSIDERATION:**

Continue with the regular mail process.

Develop our own electronic bill presentment system which we would have to design, upkeep and staff.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

An initial cost of $32,500.00 to be funded out of surplus funds in the Taxation Division's 2008 budget. This initial funding will be recovered in approximately five years by the savings identified in the cost/benefit analysis as set out in Appendix “B” to report FCS08083. As most of the process is electronic, current staffing levels are sufficient. There are no legal implications having Canada Post deliver our tax bills electronically.

**POLICIES AFFECTING PROPOSAL:**

None.

**RELEVANT CONSULTATION:**

Canada Post, Vailtech (Tax System Vendor), Doculink (Print Vendor), Information Systems. The Legal Services Division will be consulted before any contracts are signed.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

- **Community Well-Being is enhanced.** ☑ Yes  ☐ No
  - Tax Payers have the option of receiving their tax bills by regular mail or electronic mail.

- **Environmental Well-Being is enhanced.** ☑ Yes  ☐ No
  - Less paper is required to produce the City Tax Bills

- **Economic Well-Being is enhanced.** ☑ Yes  ☐ No
Depending on tax payer take up, the costs of producing tax bills will go down.

Does the option you are recommending create value across all three bottom lines?  
☑ Yes ☐ No

The community has more options in how they receive their tax bills, less paper is produced, it will cost less to produce and mail the tax bills.

Do the options you are recommending make Hamilton a City of choice for high performance public servants?  
☑ Yes ☐ No

Hamilton will continue to be an innovator in the delivery and processing of tax bills and tax payments.
CITY OF HAMILTON
77 JAMES ST. NORTH, SUITE 220
HAMILTON, ON L8N 0A3
PHONE: 905-546-2489

THE CURRENT PENALTY AND INTEREST RATE IS 1.25% PER MONTH OR 15.00% PER YEAR. PENALTY AND INTEREST IS APPLIED THE FIRST DAY PAST DUE AND IS APPLIED FOR THE ENTIRE MONTH. SEE REVERSE FOR FURTHER INFORMATION.

TAX BILL
2008 FINAL TAX BILL
Billing Date JUN.01,2008

Roll # 020131066900000

MORTGAGE COMPANY CITY OF HAMILTON - TAXABLE
Mortgage Account # 0000012030000100

Assessed Owner and Mailing Address
CITY OF HAMILTON
C/O TREASURY DEPT
77 JAMES ST N SUITE 220
PO BOX 2040 STN LCD 1
HAMILTON ON L8N 0A3

Owner
CITY OF HAMILTON
C/O TREASURY DEPT

Property Address
71 MAIN ST W
TO 66 LOTS 83 TO 100
CORNER 6.42AC 631.81FR 585.15D
IRREG


Assessments

<table>
<thead>
<tr>
<th>Tax Class</th>
<th>Municipal / Area Rate</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>CTN 890</td>
<td>1.2562645 11.18 1.7825360 15.86</td>
<td></td>
</tr>
<tr>
<td>DTN 6,440</td>
<td>1.2562645 80.90 1.7825360 114.80</td>
<td></td>
</tr>
</tbody>
</table>

Special Charges / Credits

<table>
<thead>
<tr>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Levy Sub-total (Municipal + Education)</td>
</tr>
<tr>
<td>Final Taxes</td>
</tr>
<tr>
<td>Less Interim Billing</td>
</tr>
<tr>
<td>Credit Due</td>
</tr>
</tbody>
</table>

TOTAL 0.00
TOTAL AMOUNT DUE 265.87

1ST INSTALMENT JUN.30.2008 132.99
2ND INSTALMENT SEP.30.2008 132.88
PAYMENT OF TAXES - PLEASE BRING TAX STUBS WITH PAYMENTS WHEN PAYING IN PERSON TO AVOID PROCESSING DELAYS

PRE-AUTHORIZED PAYMENT PLAN

There are 4 Pre-Authorized Payment Plan options.

10-month plan (February 1 to November 1 inclusive). An Instalment plan withdrawn on the instalment due date.

1-year plan (January 1 to December 1 inclusive). The taxpayer assumes the responsibility for the late arr

2-year plan (January 1 to December 1 and January 1 to December 1 inclusive). Two checks are sent in the year in which the taxes are levied and the year following.

BY TELEPHONE OR COMPUTER

Please be sure to include the appropriate stub(s) with your cheque(s). The taxpayer assumes the responsibility for the late arr

BY MAIL

Mail to City of Hamilton, Corporate Services Department, Taxation Section, 77 James Street North, Suite 220, PO Box 2040 STN LC, D 1, Hamilton, ON L8N 0A3. Please make cheques payable to the City of Hamilton.

Penalties will be charged on unpaid taxes on: (a) the first day of default, and (b) the first day of each calendar month therea

Penalties for skipped payments are levied on the back-dated payment if received after the due date.

City tax rates are set by Hamilton City Council. To determine the amount of tax you pay for each service, multiply the tax rate for that service by the assessed "value" of your property.

Fees for services such as sewer and road upgrades are included in the municipal levy.

Special charges/cap and any credits/special charges.

Total Year over Year Change

Current Year CVA Taxes

Provincial Education Levy Change

Local Municipal Levy Change

Municipal Levy Change

Previous Year Annualized Taxes

*An annualized tax figure is used in this analysis to compensate any mid-year adjustments in tax responsibility.

This section lists the subtotals of your tax levy (municipal & education), tax cap and any credits/special charges.

Schedule 2

This pertains to Residential, Farm, Managed Forest or Pipeline property classes. It shows the year over year change in taxes levied from 2007 to 2008, comprised strictly of the actual taxes, excluding any “Special Charges/Credits”. It further breaks down the difference in the municipal levy change and the education levy in 2008.

Schedule 3

This pertains to Commercial, Industrial and Multi-Residential property classes. It shows the 2008 tax levied amount and the 2008 adjusted tax levied amount due to the provincial capping program. It further breaks down the difference in the Tax Cap amount, municipal levy change and the education levy change.

THE GOVERNMENT OF ONTARIO HAS ORDERED LOCAL GOVERNMENTS TO LIMIT ANNUAL INCREASES IN LOCAL MUNICIPAL TAX RATES TO THE "MUNICIPAL LEVY CAP" AND TO MAXIMIZE THE MUNICIPAL LEVY CAP TO THE "MUNICIPAL LEVY CAP". EFFECTIVE JULY 1, 2008. THIS ORDERS REPLACES THE "MUNICIPAL LEVY CAP" AND THE "CLASSIFIED TAX CAP".

The Municipal Property Assessment Corporation sets Current Value Assessments.

The amount of tax you pay for each service is determined by multiplying the tax rate for that service by the assessed "value" of your property. Rates are set by Hamilton City Council. School board support, call the Municipal Property Assessment Corporation at 1-866-296-MPAC (6722).

For your information, the "value" of your property as determined by the Municipal Property Assessment Corporation.

This section provides a detailed breakdown of your property taxes as set by City Council. To determine the amount of tax you pay for each service, multiply the tax rate for that service by the assessed "value" of your property.

City of Hamilton – 905-546-CITY (2489) for general inquiries.

Keep your 2008 tax bill for future reference.

The Municipal Property Assessment Corporation sets Current Value Assessments.

The amount of tax you pay for each service is determined by multiplying the tax rate for that service by the assessed "value" of your property. Rates are set by Hamilton City Council.

The Municipal Property Assessment Corporation sets Current Value Assessments.

Property Change Due to Re-assessment

The Municipal Property Assessment Corporation will send you a letter of notification in the fall or winter of the year in which the adjustment was made.

The Municipal Property Assessment Corporation sets Current Value Assessments.

An Instalment Plan must be in place to avoid penalty charges.

DEPARTMENTS

Property classes are a reflection of the type of use to which the property is devoted. Each property class is designated with the abbreviation or letters and number that is appropriate.

GREAT SITES: A comprehensive guide to the Identification of City of Hamilton Property Classes is available at the Municipal Property Assessment Corporation website www.mpac.ca or through City of Hamilton Corporate Services Department, Taxation Section, 77 James Street North, Suite 220, Hamilton, ON L8N 0A3.

The Municipal Property Assessment Corporation sets Current Value Assessments.
To help you better understand where your tax dollars are spent, below is a detailed breakdown of municipal services and their costs based on a typical urban household.

### Cost by Service for a Typical Urban Household*

<table>
<thead>
<tr>
<th>Service</th>
<th>2007</th>
<th>2008</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal Levy</td>
<td>$546</td>
<td>$546</td>
<td>0.0%</td>
</tr>
<tr>
<td>Public Health &amp; Community Services</td>
<td>467</td>
<td>458</td>
<td>(9)</td>
</tr>
<tr>
<td>Roads Programs</td>
<td>347</td>
<td>360</td>
<td>13</td>
</tr>
<tr>
<td>Waste Management Services</td>
<td>146</td>
<td>170</td>
<td>24</td>
</tr>
<tr>
<td>Administrative Services</td>
<td>142</td>
<td>148</td>
<td>6</td>
</tr>
<tr>
<td>Parks</td>
<td>107</td>
<td>112</td>
<td>5</td>
</tr>
<tr>
<td>Library</td>
<td>105</td>
<td>108</td>
<td>3</td>
</tr>
<tr>
<td>Boards/Agencies/Community Partnership Programs</td>
<td>82</td>
<td>85</td>
<td>3</td>
</tr>
<tr>
<td>Emergency Medical</td>
<td>56</td>
<td>77</td>
<td>20</td>
</tr>
<tr>
<td>Planning/Economic Development</td>
<td>47</td>
<td>50</td>
<td>3</td>
</tr>
<tr>
<td>Accessible Transportation Services (ATS)</td>
<td>46</td>
<td>49</td>
<td>3</td>
</tr>
<tr>
<td>General Revenue/Capital Programs/Others</td>
<td>131</td>
<td>126</td>
<td>5</td>
</tr>
<tr>
<td>Provincial Funding</td>
<td>(51)</td>
<td>(51)</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Area Rated Services**</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire Services</td>
<td>$251</td>
<td>$264</td>
<td>13</td>
</tr>
<tr>
<td>Culture and Recreation Services</td>
<td>114</td>
<td>116</td>
<td>2</td>
</tr>
<tr>
<td>Tenant (HSD)</td>
<td>107</td>
<td>113</td>
<td>6</td>
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<tr>
<td>Slot Revenues</td>
<td>(19)</td>
<td>0</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Total City Services 2,088 2,188 $100 4.8%

<table>
<thead>
<tr>
<th>Police Services</th>
<th>453</th>
<th>469</th>
<th>16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>546</td>
<td>546</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Total Taxes* $3,087 $3,204 $116 3.8%

Note:
- The Government of Ontario sets the education tax rates
- The Municipal Property Assessment Corporation (MPAC) sets Current Value Assessments (CVA) – 2008 was not a reassessment year
- Hamilton City Council sets the city tax rates
CITY OF HAMILTON
COST/Benefit ANALYSIS - E-POST
FOR 2009 TAX YEAR

Assumption of a 10% take-up rate = 15,000 bills at 2 mailings = 30,000 bills per year

**Cost Per Tax Bill**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mailing Cost (.02 incentive from .54)</td>
<td>0.52</td>
</tr>
<tr>
<td>Print/Fold/Stuff</td>
<td>0.09</td>
</tr>
<tr>
<td>Forms</td>
<td>0.03</td>
</tr>
<tr>
<td>Envelopes</td>
<td>0.02</td>
</tr>
<tr>
<td>Brochures</td>
<td>0.03</td>
</tr>
<tr>
<td><strong>Cost to Produce &amp; Mail</strong></td>
<td>0.69</td>
</tr>
</tbody>
</table>

- E-Posts Cost per piece 0.40
- Maintenance ($250/15,000) 0.02
- Printer per PDF Bills 0.05
- **Costs per E-Post** 0.47

**Net Savings** 0.22

# of Bills 30,000

Savings per year $6,600.00

Vailtech Cost $5,000

Printer Cost (slight re-designs) $5,000

Initial cost -Canada Post $22,500.00

Initial Costs $32,500

Years to recover Investment 5