Agenda - Executive Policy Committee - November 14, 2007

REPORTS

Item No. 4 Restructuring of the Property Assessment Department and the Taxation and Revenue Branch of the Corporate Finance Department File GP-1

The Winnipeg Public Service recommends:

1. That the Property Assessment Department and the Taxation and Revenue Branch of the Corporate Finance Department be merged in order to combine the assessment and the taxation functions together into one department (Assessment and Taxation Department).

2. That the City Solicitor be instructed to prepare an amendment to the Organizational By-Law to effect this change.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Restructuring of the Property Assessment Department and the Taxation and Revenue Branch of the Corporate Finance Department

FOR SUBMISSION TO: Executive Policy Committee

ORIGINAL REPORT SIGNED BY: Mike Ruta, Chief Financial Officer

REPORT DATE: October 29, 2007

RECOMMENDATIONS:

That the Property Assessment Department and the Taxation and Revenue Branch of the Corporate Finance Department be merged in order to combine the assessment and the taxation functions together into one department (Assessment and Taxation Department).

That the City Solicitor be instructed to prepare an amendment to the Organizational By-Law to effect this change.

That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report Summary

Key Issues:

- A significant improvement in customer service along with an increase in operational efficiency can be realized by merging the property assessment and taxation functions together under one administrative organizational unit.
- The ultimate beneficiaries of this proposal are the citizens of Winnipeg with a more efficient government (fiscal responsibility) and a single service window to all matters dealing with assessment and taxation (enhanced customer service). This proposal also supports Council's commitment to reduce Red Tape.
- The newly merged department will be headed by the Director, Assessment and Taxation, who in-turn will report to the Chief Financial Officer.
- Currently, the assessment and taxation functions are housed in two separate departments; the Property Assessment Department and the Corporate Finance Department.

Implications of the Recommendation(s):

General Implications

( ) None
(X) For the organization overall and/or for other departments
(X) For the community and/or organizations external to the City
( ) Involves a multi-year contract

Comment(s): By providing a single “one-stop-shop” for both assessment and taxation functions, the service to both internal customers and, most importantly, to the external customers will be significantly improved.

Policy Implications

(X) No
( ) Yes
Comment(s): While there are no direct policy implications, due to the fact that assessment and taxation will be together under a single “umbrella”, it is expected that taxation and assessment policy will be better coordinated.

Regulatory Implications

(X) None
( ) Eliminates or reduces regulatory impact
( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(X) No
( ) Yes
Comment(s):

Human Resources Implications

( ) No
(X) Yes

Comment(s): This amalgamation will require careful attention to issues such as departmental seniority lists and other human resource implications. In all situations, the terms of all collective agreements will be adhered to, and where required, there will be active discussion with all affected staff and unions to ensure all staff and union representatives are fully informed and engaged through the restructuring process.

Financial Implications

( ) Within approved current and/or capital budget
(X) Current and/or capital budget adjustment required

Comment(s): As shown in the Financial Impact Statement, there will be a net reduction in budgetary requirements with the amalgamation of these two functions. The savings are projected to be approximately $ 1.685 million over five years, excluding one-time transition costs.

Report

REASON FOR THE REPORT:

An amendment to the Organizational By-Law is required in order to merge the property assessment and taxation functions together under one administrative organizational unit.

HISTORY:

Currently, the assessment and taxation functions are housed in two separate departments; the Property Assessment Department and the Corporate Finance Department. Both departments report to the Chief Financial Officer.

DISCUSSION:

A significant improvement in customer service along with an increase in operational efficiency can be realized by merging the property assessment and taxation functions together under one administrative organizational unit. The positive results of this merge are best seen through a discussion of the benefits and risks as follows;

Benefits

- Improved customer service – Citizens and businesses are often confused with the requirement to deal with two separate departments when enquiring about changes to the assessed value of their property and the resulting taxation implications. A great number of these customers currently believe an 'Assessment Tax Department' already exists and become frustrated in having to deal with two separate departments and their staff. This proposal provides a "one-stop-shop" or a "single-window" to customer concerns.
- Positive business case to amalgamate – A more compact and efficient organization will result due to the elimination of overlapping systems, procedures, and roles and responsibilities.
- Is consistent with the 'City of Winnipeg Property Tax Assessment Inquiry' (the Scurfield Report), the review of the assessment function by the City Auditor and the 'Assessment Task Force Report' (the O'Shaughnessy Report) in that this proposal solidifies the desire to eliminate silo thinking between the assessment and tax functions. This is also the primary goal of the Assessment Tax Communication Task Force.
- Supports Council's direction toward administrative efficiencies and less 'Red Tape' for customers.
- Takes full advantage of natural business processes and existing technological investments between the two areas.
- Existing shared systems are already in place (e.g. MANTA and AACS).
- This structure has been proven to work in other Canadian jurisdictions (e.g. City of Edmonton, City of Calgary, and Province of Nova Scotia). Additionally, a move to

implement a similar merged assessment and taxation function has recently been undertaken in the City of Regina.
- Reduction in operating costs realized from a more compact and streamlined organization.
- Better utilization of professional accounting and technical expertise.
- The newly merged department will continue to further explore operational efficiencies.

Risks

- There may be a perception that the determination of individual and aggregate assessed values will be influenced by their taxation/financial consequences under a merged department. Risk management - the department will continue to develop and deliver real property and business assessment valuations meeting and exceeding all industry standards and in accordance with professional valuation practices.
- Change and uncertainty for staff. Risk management - A comprehensive communication strategy will be put in place to ensure that all staff are kept fully informed.
- Some staff may need to be redeployed/accommodated, and some positions may need new job descriptions and consequently classification and rating review. Risk management – all provisions under collective agreements will be adhered to.
- Some duties and responsibilities would have to be reassigned to other areas in Corporate Finance (e.g. Provincial Grants, Utility Transfers). Risk management – These functions can be accommodated in the City Treasurer's Division.
- The Taxation and Revenue Branch of the Corporate Finance Department is responsible for the City's largest accounts receivable system, with annual levies and collections in excess of $951 million. Given the magnitude and importance of this amount, there could be risk in moving this responsibility away from its traditional administrative location in the Corporate Finance Department. Risk management – the key staff who perform these functions will be maintained in the merged department thus providing for a continuity of processing.

Implementation

To ensure this proposal is seamless and transparent to customers, and to ensure maximization of financial and operational efficiencies, it is prudent to employ a transition team to facilitate knowledge transfer and to reengineer affected business processes. A transition steering committee will be established, chaired by the Chief Financial Officer, with membership comprised of the City Treasurer, the Director of Property Assessment, and the Manager of Taxation and Revenue. Areas to be addressed by the transition steering committee will include:

- Development of human resource, communication, facility and information technology transition plans.
- Development of a transition plan to ensure knowledge transfer and process reengineering.
- Engagement of all affected unions and associations and all staff.

Project Name: Assessment / Tax Merge **First Year of Program** 2008

	0	1	2	3	4
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - Enter Description Here					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs					
Less: Incremental Revenue/Recovery	240,703	342,550	354,604	367,000	380,000
Net Cost/(Benefit)	$ (240,703)	$ (342,550)	$ (354,604)	$ (367,000)	$ (380,000)
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ (240,703)	$ (342,550)	$ (354,604)	$ (367,000)	$ (380,000)

Additional Comments: Any required severance related costs are not included in these amounts

original signed by
Brad Cull CA
Manager of Administration & Finance

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:
Property Assessment
Corporate Finance
Legal Services
Internal Services

External Consultation With:

THIS REPORT SUBMITTED BY:

Department: Corporate Finance
Division: Office of the Chief Financial Officer
Prepared by:
File No.



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Attachment-BylawAm

THE CITY OF WINNIPEG

BY-LAW NO.

A By-law of THE CITY OF WINNIPEG to amend the City Organization By-law No. 7100/97.

THE CITY OF WINNIPEG, in Council assembled, enacts as follows:

1. The City Organization By-law No. 7100/97 is amended:

(1) in Section 33 by deleting “Property Assessment Department” and substituting “Assessment and Taxation Department“;

(2) in Section 35.1:

(a) by deleting subsection (1) and substituting:

“(1) **Assessment and Taxation Department**:

To provide the City and its citizens with an accurate, uniform, up-to-date real estate valuation, classification, tax collection and information system.”

(b) in subsection (3) by deleting “tax collection”;

(3) in Section 39 by deleting “Property Assessment” and substituting “ Assessment and Taxation“;

(4) in Appendix “B” by deleting “Property Assessment” and substituting “Assessment and Taxation“;

(5) in Appendix “C” by deleting the contents of Number 2 from columns 1 and 2 and substituting:

COLUMN 1	COLUMN 2
2. City Assessor Director of Assessment City Assessor/Director of Assessment Director of Property Assessment	Director of Assessment and Taxation

(6) in Appendix "D" by deleting the contents of Number 9 from Columns 1 and 2 and substituting:

COLUMN 1	COLUMN 2
9. Assessment Department Property Assessment Department	Assessment and Taxation Department

DONE AND PASSED, in Council assembled, this day of , 2007.

Mayor

City Clerk

Approved as to form:

City Solicitor/Manager of
Legal Services