



Town of Newmarket
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Extension to Legacy Payroll Tax Solution Staff Report to Council

Report Number: 2023-89

Department(s): Information Technology Services, Legal and Procurement Services

Author(s): Karen Reynar, Director Legal and Procurement Services

Meeting Date: December 4, 2023

Recommendations

1. That the report entitled Extension to Legacy Payroll Tax Solution dated December 4, 2023 be received; and,
2. That Staff continue to work with Vertex Inc. ("Vertex") on a non-competitive basis for the next five years from November 1st 2023, at an approximate cost of \$125,000 plus HST; and,
3. That the Director of Information Technology and the Manager, Procurement Services be authorized to execute any agreements or documents that are necessary; and,
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Purpose

The purpose of this report is to seek Council's approval to continue working with Vertex, a long standing payroll tax solution, for a period of five years from November 1st 2023 at an approximate cost of \$125,000 plus HST.

Background

The Vertex application was implemented in 2002 and remains a critical piece of Town infrastructure.

The Vertex application was implemented in conjunction with JD Edwards in 2002. This application is embedded seamlessly with JD Edwards and is critical for the accurate calculation of employee payroll taxes and deductions.

Vertex is currently the only application that is authorized for use within the Town's existing IT platform

IT services staff have conducted research into multiple other options, however, those options are either cost prohibitive or are not compatible due to the configuration of the Town's existing platform.

Council approval is required in accordance with the Town's Procurement Bylaw

Staff are seeking Council approval to continue working with Vertex because the cumulative amount for the next five years will be above the \$100,000 administrative approval threshold for non-competitive procurements in Schedule D, Table 5 of the Town's Procurement Bylaw 2014-27.

Discussion

This non-competitive extension is supported by the Town's Procurement Bylaw 2014-27 and by the applicable trade treaties.

Section 13.6(iii) of the Town's Procurement By-Law 2014-27 permits the non-competitive purchase of services where compatibility with an existing product, equipment, facility or service is a paramount consideration.

Similarly, Canadian Free Trade Agreement (CFTA), Article 513, Paragraph (1), Section (c) permits additional deliveries by the original supplier if a change of supplier cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, software, services or installations procured under the initial procurement.

Staff maintain vendor accountability by continuously monitoring for new competitive, compatible products, and also ensure that costs are consistent with the market for similar solutions

While Vertex is currently the only application that can meet the Town's requirements, staff continuously investigate new technologies, and should a competitive, compatible product become available in the future, staff would commence a competitive process to determine the successful supplier. In the meantime, staff ensure that pricing from Vertex remains consistent with what is considered reasonable and appropriate in the IT market.

Conclusion

The Vertex solution is critical to payroll functionality and the accurate payment of Town staff. It is currently the only solution that is compatible with the Town's IT infrastructure

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and a non-competitive extension to this service is therefore permitted by the Town's Procurement Bylaw 2014-27 as well as applicable trade treaties. Staff continue to diligently review new solutions and will run a competitive process should another compatible solution become an option in the future.

Business Plan and Strategic Plan Linkages

This report aligns with the Town's core value of accountability by providing transparency regarding the purchase of goods by the Town in accordance with the Town's Procurement Bylaw 2014-27 and the applicable trade treaties.

Consultation

Staff from Legal and Procurement Services, Information Technology Services and Financial Services were consulted in the preparation of this report.

Human Resource Considerations

None.

Budget Impact

Sufficient funds have been allocated within approved budgets for the IT Services Department (specifically within G/L Account #. 13621.4482).

Attachments

None.

Approval

Tracy Assis, Manager, Procurement Services

Karen Reynar, Director, Legal and Procurement Services

Jordan Kelly, Acting Director, Information Technology Services

Esther Armchuk, Commissioner, Corporate Services

Contact

For more information on this report, please contact Rob Willatts, Manager, Business Solutions and Project Services at rwillatts@newmarket.ca or 905-953-5300 ext. 2311.