

November 15, 2011

**CITY OF MENOMINEE, MICHIGAN  
MENOMINEE CITY COUNCIL  
AGENDA FOR NOVEMBER 21, 2011  
HELD AT CITY HALL - 2511 10<sup>th</sup> STREET – 6 p.m.**

---

**A) CALL THE MEETING TO ORDER.**

**B) PLEDGE OF ALLEGIANCE TO THE FLAG.**

**C) ROLL CALL.**

**D) APPROVAL OF MEETING AGENDA.**

**E) MINUTES OF PREVIOUS MEETINGS:**

1) Special meeting of November 4, 2011.

**F) PUBLIC HEARINGS:**

**G) PUBLIC COMMENT:**

1) Maximum 15-minute public comment session. Statements, not debate, limited to three minutes per person on agenda items only.

**H) COMMUNICATIONS:**

**I) REPORTS OF OFFICERS:**

1) City Manager's report.

**J) MISCELLANEOUS:**

**K) REPORTS OF STANDING COMMITTEES:**

- 1) The Finance Committee on adopting and scheduling a public hearing on proposed M.O. C. 8:5, the Payment in Lieu of Taxes (Pilot) Ordinance, for the FNT Building.
- 2) The Finance Committee on the Michigan Department of Transportation (MDOT) resolution for the maintenance costs associated with the traffic signal at 30<sup>th</sup> Avenue.
- 3) The Public Safety/Public Works Committee on the Michigan Department of Transportation (MDOT) resolution for the future M-35 Non-Motorized Pathway.
- 4) The Cemetery Board of Trustees on financing the purchase of a mini excavator.

**L) MOTIONS AND RESOLUTIONS:**

- 1) Resolution Approving the Implementation of Phase I of the Technology Plan

**M) PUBLIC COMMENT.**

**N) ADJOURN TO CLOSED SESSION.**

- 1) Consult with the City Attorney regarding pending litigation.

**O) RETURN TO OPEN SESSION.**

**P) ADJOURN.**

/skj

**CITY OF MENOMINEE, MICHIGAN  
SPECIAL COUNCIL PROCEEDINGS  
NOVEMBER 4, 2011**

---

A special meeting of the Menominee City Council, City of Menominee, County of Menominee, State of Michigan, was held Friday, November 4, 2011 immediately after an 8:15 a.m. Committee of the Whole meeting. The meeting was held in the Municipal Complex Council Chambers.

The Honorable George W. Krahn called the meeting to order and led the pledge of allegiance to the flag.

**PRESENT:** Council Members Fernstrum, Hudon, Mick, Organ, Plemel, Pohlmann, Walker, and Williams; Mayor Krahn

**ABSENT:** None

**PRESENT: 9                      ABSENT: 0**

Mayor Krahn opened the special meeting that he called for the purpose of considering the following agenda:

**A) CALL THE MEETING TO ORDER.**

**B) PLEDGE OF ALLEGIANCE TO THE FLAG.**

**C) ROLL CALL.**

**D) APPROVAL OF MEETING AGENDA.**

**E) MINUTES OF PREVIOUS MEETINGS:**

- 1) Special meeting of October 28, 2011.

**F) PUBLIC HEARINGS:**

**G) PUBLIC COMMENT:**

- (1) Maximum 15-minute public comment session. Statements, not debate, limited to three minutes per person on agenda items only.

**H) COMMUNICATIONS:**

**I) REPORTS OF OFFICERS:**

**J) MISCELLANEOUS:**

**K) REPORTS OF STANDING COMMITTEES:**

**L) MOTIONS AND RESOLUTIONS:**

- 1) Ordinance amending M.O.C. 8:3.1 for the budget adjustment for the budget adjustment for Technology Plan.

**M) PUBLIC COMMENT.**

**N) ADJOURN.**

There being no additions or corrections to the minutes of the special meeting of October 28, 2011, the minutes stood approved as presented.

**PUBLIC COMMENT:**

Mayor Krah opened the public comment session called for the purpose of hearing citizen comments on agenda items only.

No one was heard.

A motion was made by Council Member Williams and seconded by Council Member Mick to close the public comment session. This motion was carried unanimously.

**MOTIONS AND RESOLUTIONS:**

The following ordinance amendment was next on the agenda:

**ORDINANCE AMENDING THE FISCAL YEAR 2011-2012  
M.O.C. 8.3.1 BUDGET, APPROPRIATION FOR THE GENERAL FUND (101)**

Section 1:

THE CITY OF MENOMINEE HEREBY ORDAINS:

That the appropriation for the General Fund Budget be amended as follows:

SECTION 9. The objects and purposes for which the amounts appropriated in Section 1, 3 and 4 hereof for the City General Fund Operations are as follows:

City Council	21,000.
Judicial	1,500.
Mayor	1,322.
Manager	<del>174,050</del> 200,550.
Board of Review	2,700.
Assessor	78,285.
Clerk/Treasurer	315,171.
Elections	13,034.
Buildings and Grounds	158,157.
Attorney	134,207.
Fixed Expenses	419,143.
Police	1,403,661.
Auxiliary Police	2,000.
Crossing Guards	16,400.
MI Justice Training Fund	5,000.
Fire	1,151,866.

Building Inspector	114,830.
Animal Control	18,000.
Sidewalks	63,848.
Highways, Streets, Bridges	238,000.
Street Lighting	130,426.
Alleys	22,886.
Zoning Board	1,500.
Economic Development	35,500.
Community Development	25,600.
Recreation	95,313.
Parks Maintenance	174,563.
Spies Field Maintenance	79,553.
Henes Park	79,679.
TOTALS	\$5,003,722.

Section 2:

And, that this ordinance should become effective upon adoption.

A motion was made by Council Member Fernstrum and seconded by Council Member Williams to approve the foregoing ordinance amendment.

AYES: Krah, Mick, Pohlmann, Walker, Williams, and Fernstrum  
NAYS: Hudon, Organ, and Plemel

This motion was carried.

**PUBLIC COMMENT:**

Mayor Krah opened the public comment session.

No one was heard.

A motion was made by Council Member Mick and seconded by Council Member Plemel to close the public comment session. This motion was carried unanimously.

**ADJOURN:**

A motion was made by Council Member Plemel and seconded by Council Member Mick to adjourn the meeting. This motion was carried unanimously.

Thomas F. DeNike, City Clerk/Treasurer



City of Menominee  
**City Council**  
Agenda Item

**TITLE:** PILOT Ordinance

**Requesting Agency:** Executive

**Meeting Date:** November 21, 2011

**Contact:** Michael Cramer

**Public Hearing:** NA

**Phone:** 863-1747

**Advertising Date:** NA

**Council District:** Citywide

**Attachments:** A: Ordinance

**PURPOSE:**

Request that City Council adopt an ordinance establishing a Payment In-Lieu of Taxes Ordinance for the proposed rehabilitation of the old Fish Net and Twine Building.

**BACKGROUND:**

In an effort to help support the Low Income Housing Tax Credit Program application of the Lloyd House Limited Dividend Housing Association Limited Partnership (WODA Group) to the Michigan State Housing Development Authority for the rehabilitation of the Fishnet and Twine Building, the company is requesting that City Council adopt a project specific Payment In-Lieu of Taxes Ordinance. At the City Manager's direction the City Attorney to drafted the attached ordinance. The operative language is essentially the same as the PILOT ordinance the City Council adopted in 2007 in connection with the proposed development of the Grant School property under the LIHTC Program. The ordinance would allow the company to pay an annual service charge equal to 4% percent of the difference between the Annual Shelter Rents actually collected and Utilities instead of property taxes based on the assessed value of the property after rehabilitation. This is a common way for companies to utilize MISHDA funding to rehabilitate obsolete buildings and is an important part of the project scoring by MISHDA.

**BUDGET IMPACT:**

The current taxes paid on the existing building are \$13,900.17 per year. The Payment In-Lieu of Taxes service charge for the rehabilitated building is estimated at between \$8,700.00 and \$10,200.00 per year depending on MISHDA approval of the market feasibility study.

**COMMITTEE RECOMMENDATION / ACTION:**

On November 14, 2011 the Finance Committee approved the resolution and recommended adoption to City Council.

**STAFF RECOMMENDATION / ACTION REQUESTED:**

The City Manager recommends that the City Council adopt the attached Payment In-Lieu of Taxes Ordinance.

Agenda Item: \_\_\_\_\_



EXISTING

TITLE 8: TAXING, FINANCIAL  
CHAPTER 5: ANNUAL SERVICE CHARGE

8:5

---

PREAMBLE

It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its citizens of low income and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the State Housing Development Authority Act of 1966 (1966 PA 346, as amended, MCL 125.1401, *et seq.*). The City of Menominee is authorized by this Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing exempt from taxation under this Act at any amount it chooses, not to exceed the taxes that would be paid but for this Act. It is further acknowledged that such housing for persons of low income is a public necessity, and as the City of Menominee will benefit and be improved by such housing, the encouragement of the same by providing certain real estate tax exemptions for such housing is a valid public purpose; further, that the continuance of the provision of this Ordinance for tax exemption and the service charge in lieu of taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of housing developments which are constructed and financed in reliance on such tax exemption.

The City of Menominee ("City") acknowledges that the Hovey Companies, L.L.C., (the "Sponsor") has offered, subject to receipt of a Mortgage Loan and/or an allocation under the Low Income Housing Tax Credit Program ("LIHTC Program") from the Michigan State Housing Development Authority, to erect, own and operate a housing development identified as the Cedar Shores LDHA, L.L.C. on certain property located at 3800 13<sup>th</sup> Street in the City to serve persons of low income, and that the Sponsor has offered to pay the City on account of this housing development an annual service charge for public services in lieu of all taxes.

---

CITY OF MENOMINEE TAX EXEMPTION ORDINANCE

THE CITY OF MENOMINEE ORDAINS:

An ordinance to provide for a service charge in lieu of taxes for a proposed multiple family dwelling project for persons of low income to be financed or assisted pursuant to the provisions of the State Housing Development Authority Act of 1966, as amended.

8:5.1 This ordinance shall be known and cited as the "City of Menominee Tax Exemption Ordinance."

8:5.2 Definitions.

A. Act means the State Housing Development Authority Act, being 1966 Public Act 346, as amended, MCL 125.1401 *et seq.* of the State of Michigan.

---

B. Annual Shelter Rent means the total collections during an agreed annual period from all occupants of a housing development representing rent or occupancy charges, exclusive of charges for gas, electricity, heat, or other utilities furnished to the occupants.

C. Authority means the Michigan State Housing Development Authority.

D. Housing Development means a development which contains a significant element of housing for persons of low income and such elements of other housing, commercial, recreational, industrial, communal, and educational facilities as the Authority determines improve the quality of the development as it relates to housing for persons of low income.

E. LIHTC Program means the Low Income Housing Tax Credit Program administered by the Authority under Section 42 of the Internal Revenue Code of 1986, as amended.

F. Low Income Persons or Families as used herein shall be the same meaning as found in Section 15(a)(7) of the Act.

G. Mortgage Loan means a loan to be made by the Authority to the Sponsor for the construction and/or permanent financing of the Housing Development.

H. Sponsor means person(s) or entities, which have applied, to the Authority for a Mortgage Loan to finance a Housing Development.

---

I. Utilities mean fuel, water, sanitary sewer service and/or electrical service, which are paid by the Housing Development.

8:5.3. Class of Housing Developments. It is determined that the class of Housing Developments to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such taxes shall be single family units in a multiple family dwelling, which are financed or assisted pursuant to the Act. It is further determined that Cedar Shores LDHA, L.L.C. is of this class.

8:5.4. Establishment of Annual Service Charge. The Housing Development identified as the Cedar Shores LDHA, L.L.C. and the property on which it shall be constructed shall be exempt from all property taxes from and after the issuance of the final certificate of occupancy for the Housing Development by the City of Menominee. The City acknowledges that the Sponsor and the Authority have established the economic feasibility of the Housing Development in reliance upon the enactment and continuing effect of this Ordinance and the qualification of the Housing Development for exemption from all property taxes and a payment in lieu of taxes as established

TITLE 8: TAXING, FINANCIAL  
CHAPTER 5: ANNUAL SERVICE CHARGE

8:5.4

---

in this ordinance, and in consideration of the Sponsor's offer, subject to receipt of a Mortgage Loan and/or an allocation under the LIHTC Program from the Authority, to construct, own and operate the Housing Development, agrees to accept payment of an annual service charge for public services in lieu of all property taxes. The annual service charge shall be equal to two (2%) percent of the difference between the Annual Shelter Rents actually collected and Utilities.

8:5.5. Limitation on the Payment of Annual Service Charge. Notwithstanding Section 8.5.4, the service charge to be paid each year in lieu of taxes for the part of the Housing Development which is tax exempt and which is occupied by other than low income persons or families shall be equal to the full amount of the taxes which would be paid on that portion of the Housing Development if the Housing Development were not tax exempt.

8:5.6. Contractual Effect of Ordinance. Notwithstanding the provisions of section 15(a)(5) of the Act to the contrary, a contract between the City and the Sponsor with the Authority as third party beneficiary under the contract, to provide tax exemption and accept payments in lieu of taxes, as previously described, is effectuated by this enactment of this Ordinance.

8:5.7. Payment of Service Charge. The annual service charge in lieu of taxes as determined under the Ordinance shall be payable in the same manner as general property taxes are payable to the City except that the annual payment shall be paid on or before May 15 of each year.

8:5.8. Duration. This Ordinance shall remain in effect after the issuance of the final certificates of occupancy, and shall not terminate so long as the property is subject to a Mortgage Loan, tax credit regulations under Section 42 of the Internal Revenue Code, or the Authority has any interest in the property.. Provided, that if construction of the Housing Development does not commence within two years from the effective date of this Ordinance, that Housing Development shall not qualify for exemption hereunder.

8:5.9. Severability. The various sections and provisions of this Ordinance shall be deemed to be severable, and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of the Ordinance as a whole or any section or provision of this Ordinance other than the section or provision so declared to be unconstitutional or invalid.

8:5.10. Effective Date. This Ordinance shall become effective twenty (20) days after adoption as provided in the City Charter.

HISTORY: Adopted: 09/24/2007—Eff. 10/14/2007

---

PREAMBLE

It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its citizens of low income and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the State Housing Development Authority Act of 1966 (1966 PA 346, as amended, MCL 125.1401, *et seq.*). The City of Menominee is authorized by this Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing exempt from taxation under this Act at any amount it chooses, not to exceed the taxes that would be paid but for this Act. It is further acknowledged that such housing for persons of low income is a public necessity, and as the City of Menominee will benefit and be improved by such housing, the encouragement of the same by providing certain real estate tax exemptions for such housing is a valid public purpose; further, that the continuance of the provision of this Ordinance for tax exemption and the service charge in lieu of taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of housing developments which are constructed and financed in reliance on such tax exemption.

The City of Menominee ("City") acknowledges that Lloyd House Limited Dividend Housing Association Limited Partnership, (the "Sponsor") has offered, subject to receipt of a Mortgage Loan and/or an allocation under the Low Income Housing Tax Credit Program ("LIHTC Program") from the Michigan State Housing Development Authority, to erect, own and operate a housing development identified as The Lloyd House on certain property located at 927 First Street in the City to serve persons of low income, and that the Sponsor has offered to pay the City on account of this housing development an annual service charge for public services in lieu of all taxes.

CITY OF MENOMINEE TAX EXEMPTION ORDINANCE

THE CITY OF MENOMINEE ORDAINS:

An ordinance to provide for a service charge in lieu of taxes for a proposed multiple family dwelling project for persons of low income to be financed or assisted pursuant to the provisions of the State Housing Development Authority Act of 1966, as amended.

8:5.1. This ordinance shall be known and cited as the "City of Menominee Tax Exemption Ordinance No. 2."

8:5.2. Definitions.

A. Act means the State Housing Development Authority Act, being 1966 Public Act 346, as amended, MCL 125.1401 *et seq* of the State of Michigan.

---

B. Annual Shelter Rent means the total collections during an agreed annual period from all occupants of a housing development representing rent or occupancy charges, exclusive of charges for gas, electricity, heat, or other utilities furnished to the occupants.

C. Authority means the Michigan State Housing Development Authority.

D. Housing Development means a development which contains a significant element of housing for persons of low income and such elements of other housing, commercial, recreational, industrial, communal, and educational facilities as the Authority determines improve the quality of the development as it relates to housing for persons of low income.

E. LIHTC Program means the Low Income Housing Tax Credit Program administered by the Authority under Section 42 of the Internal Revenue Code of 1986, as amended.

F. Low Income Persons or Families as used herein shall be the same meaning as found in Section 15(a)(7) of the Act.

G. Sponsor means person(s) or entities, which have applied, to the Authority for an allocation under the LIHTC Program to finance a Housing Development.

H. Utilities mean fuel, water, sanitary sewer service and/or electrical service, which are paid by the Housing Development.

8:5.3. Class of Housing Developments. It is determined that the class of Housing Developments to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such taxes shall be single family units in a multiple family dwelling, which are financed or assisted pursuant to the Act. It is further determined that The Lloyd House is of this class.

8:5.4. Establishment of Annual Service Charge. The Housing Development identified as The Lloyd House and the property on which it shall be constructed shall be exempt from all property taxes from and after the issuance of the final certificate of occupancy for the Housing Development by the City of Menominee. The City acknowledges that the Sponsor and the Authority have established the economic feasibility of the Housing Development in reliance upon the enactment and continuing effect of this Ordinance and the qualification of the Housing Development for exemption from all property taxes and a payment in lieu of taxes as established in this ordinance, and in consideration of the Sponsor's offer, subject to receipt of an allocation under the LIHTC

---

Program from the Authority, to construct, own and operate the Housing Development, agrees to accept payment of an annual service charge for public services in lieu of all property taxes. The annual service charge shall be equal to four (4%) percent of the difference between the Annual Shelter Rents actually collected and Utilities.

8:5.5. Limitation on the Payment of Annual Service Charge. Notwithstanding Section 8.5.4, the service charge to be paid each year in lieu of taxes for the part of the Housing Development which is tax exempt and which is occupied by other than low income persons or families shall be equal to the full amount of the taxes which would be paid on that portion of the Housing Development if the Housing Development were not tax exempt.

8:5.6. Contractual Effect of Ordinance. Notwithstanding the provisions of section 15(a)(5) of the Act to the contrary, a contract between the City and the Sponsor with the Authority as third party beneficiary under the contract, to provide tax exemption and accept payments in lieu of taxes, as previously described, is effectuated by this enactment of this Ordinance.

8:5.7. Payment of Service Charge. The annual service charge in lieu of taxes as determined under the Ordinance shall be payable in the same manner as general property taxes are payable to the City except that the annual payment shall be paid on or before May 15 of each year.

8:5.8. Duration. This Ordinance shall remain in effect after the issuance of the final certificates of occupancy, and shall not terminate so long as the property is subject to tax credit regulations under Section 42 of the Internal Revenue Code, or the Authority has any interest in the property. Provided, that if construction of the Housing Development does not commence within two years from the effective date of this Ordinance, that Housing Development shall not qualify for exemption hereunder.

8:5.9. Severability. The various sections and provisions of this Ordinance shall be deemed to be severable, and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of the Ordinance as a whole or any section or provision of this Ordinance other than the section or provision so declared to be unconstitutional or invalid.

8:5.10. Effective Date. This Ordinance shall become effective twenty (20) days after adoption as provided in the City Charter.

HISTORY: Adopted:        Eff.



City of Menominee  
**City Council**  
Agenda Item

**TITLE: MDOT 30<sup>th</sup> Ave Traffic Signal Resolution**

Requesting Agency: MDOT Meeting Date: November 21, 2011

Contact: Michael Cramer Public Hearing: NA

Phone: 863-1747 Advertising Date: NA

Council District: 4

Attachments: A: Resolution

**PURPOSE:**

Request that City Council approve a resolution participating in the maintenance costs associated with the Traffic Signal at 30<sup>th</sup> Ave and US-41.

**BACKGROUND:**

During the reconstruction of the US-41 corridor the Michigan Department of Transportation installed a Traffic Signal at the intersection of 30<sup>th</sup> Ave and US-41. As part of the project MDOT is requesting that the city participate in 50% of the annual maintenance cost of the signal. MDOT will remain the agency responsible for performing the signal maintenance type "D" and will bill the city for the proportional share of the maintenance.

**BUDGET IMPACT:**

The budget impact for the annual agreement is estimated at \$264.00 per year. Funds are available in the Street Lighting account 101-448.000-921 for this annual expenditure.

**COMMITTEE RECOMMENDATION / ACTION:**

On November 14, 2011 the Finance Committee approved the resolution and recommended adoption to City Council.

**STAFF RECOMMENDATION / ACTION REQUESTED:**

The City Manager recommends that the City Council adopt the attached resolution.

Agenda Item: \_\_\_\_\_





City of Menominee  
**City Council**  
Agenda Item

**TITLE: MDOT Non-Motorized Pathway Resolution**

Requesting Agency: MDOT	Meeting Date: November 21, 2011
Contact: Michael Cramer	Public Hearing: NA
Phone: 863-1747	Advertising Date: NA
	Council District: 4
Attachments: A: Resolution	

**PURPOSE:**

Request that City Council approve a resolution assuming maintenance responsibility for the future M-35 Non-Motorized Pathway.

**BACKGROUND:**

Through a series of public meetings the Michigan Department of Transportation has approved the funding and design of the M-35 Roadway Reconstruction Project. Part of the reconstructed facility will include a new non-motorized pedestrian and bike pathway on the eastside of M-35. In order for MDOT to move forward with the project they are requesting that the City Council approve a resolution assuming maintenance responsibility for the future M-35 Non-Motorized Pathway.

**BUDGET IMPACT:**

There are no budgetary impacts associated with this resolution, since the city is already has responsible for the maintenance activities associated with the current bike lane and sidewalk facilities on M-35.

**COMMITTEE RECOMMENDATION / ACTION:**

On November 14, 2011 the Public Safety / Public Works Committee approved the resolution and recommended adoption to City Council.

**STAFF RECOMMENDATION / ACTION REQUESTED:**

The City Manager recommends that the City Council adopt the attached resolution.

Agenda Item: \_\_\_\_\_







City of Menominee  
**City Council**  
Agenda Item

**TITLE:** Phase I Technology Plan

**Requesting Agency:** City Manager

**Meeting Date:** November 21, 2011

**Contact:** Michael Cramer

**Public Hearing:** NA

**Phone:** 863-1747

**Advertising Date:** NA

**Council Ward:** Citywide

**Attachments:** A: Phase I Technology Plan

**PURPOSE:**

The City Manager requests that the City Council approve Phase I of the Technology Improvement Plan.

**BACKGROUND:**

At the June 20th, 2011 City Council Meeting I explained to council my intention and under your direction, to formulate a plan of action that focuses on the theme of Organizational Improvements. At that time I outlined three main categories of improvements; Organizational Structure, Facility and Equipment Maintenance and Technology.

Since that time I have been working on developing specifications on an improvement plan for our technology needs. At the October 10, 2011 Committee of the Whole Meeting Council discussed the technology needs and a five year plan to implement and evaluate improvements. Attached is the five year plan that will improve the organizations Network Hardware & Cabling, Telephone System, Computer and Server Hardware and System Software.

On October 28, 2011 a public hearing was held on the proposed budget amendment, and comments were heard addressing the lack of information and the fact this was not a budgeted expense. During the same meeting, this item was referred back to committee for further questions and review. Through individual meetings and a Committee Meeting of the Whole many of the unanswered concerns have been discussed.

On November 4, 2011 at a Special Council Meeting the City Council approved the Budget Ordinance Amendment for Phase I of the Technology Plan.

The requested council action will approve the use of the \$26,500 to purchase Network Hardware & Cabling, Telephone System, Computer and Server Hardware and System Software explained in the attached memorandum from the City Manager.

**BUDGET IMPACT:**

Since Council has already approved the budget ordinance amendment for \$26,500 no additional budget funds are required.

Agenda Item: \_\_\_\_\_

**COMMITTEE RECOMMENDATION / ACTION:**

NA

**STAFF RECOMMENDATION / ACTION REQUESTED:**

The City Manager requests and recommends that City Council approve Phase I of the Technology Improvement Plan.



## City of Menominee

City Hall • 25-11 10th Street • Menominee, MI 49855-1995

Phone (906) 863-2656 • FAX (906) 863-3266

TO: Mayor and City Council  
FROM: Michael Cramer, City Manager  
SUBJECT: Technology Plan  
DATE: September 30, 2011

### Background:

At the September 12, 2011 City Council Committee Meetings I presented council with information that explained the magnitude of the issues that the city faces with our outdated and underperforming technology. At this meeting it was my intent only to introduce the council to the current issues, potential solutions and the anticipated cost of the improvements if the improvements were completed in one fiscal year. In total, the entire upgrade and improvement of the technology infrastructure is estimated to cost \$209,000.00. Now that council has had an opportunity to look at the technology needs and more fully understands the issues the organization faces, I would like to suggest a 5 Year Technology Plan that will meet our current needs, plan for improvements over several years and ultimately reduce the overall operation costs of our systems.

The Technology Plan has three main goals:

- 1.) Maintain Existing Core Systems
- 2.) Improve Customer Service and Accountability
- 3.) Improve Program Services

### Maintain Existing Core Systems

The first goal of the Technology Plan is to Maintain Existing Core Systems. When I talk about "Maintain Existing Core Systems" I am specifically referencing our current BS&A Financial Systems and the Computer/Server/Network assets that we already own. We currently use BS&A Software Systems to manage our Financial Management Processes including; Accounts Payable, Cash Receipting, Miscellaneous Receivables, Purchase Orders, General Ledger, Utility Billing, Payroll and Assessing. BS&A will no longer support the maintenance of the existing versions of these systems. This means that our ability to use these systems will continue to degrade over time. In order for us to continue to use the full functionality of the existing systems and receive help with training and maintenance activities we are required to upgrade to the latest version called .NET.

Before we transition to the BS&A .Net software system our computers, servers, and network need to comply with the minimum standards for equipment that BS&A sets for the software packages. Currently the city owns 28 computers, 2 limited servers and a patchwork of cables, switches and routers that represent our network. These hardware components only allow a limited number of individuals access to our central data and do not

Agenda Item: \_\_\_\_\_

allow for connection to activities outside of City Hall. NONE of our current hardware will support the new BS&A .Net software package.

<b>Software Upgrade</b>	<b>One-Time Cost</b>
Payroll	\$ 1,050.00
Accounts Payable	\$ 795.00
Cash Receipting	\$ 795.00
Miscellaneous Receivables	\$ 795.00
Purchase Orders	\$ 795.00
General Ledger	\$ 935.00
Utility Billing	\$ 1,850.00
Assessor Package	\$ -
Training	\$ 3,800.00
<b>Total Software Upgrade</b>	<b>\$10,815.00</b>

<b>Network Upgrade</b>	<b>One-Time Cost</b>	<b>Monthly Lease</b>
Install	\$ 8,590.00	
Application Server, Computer Workstations, Network Switches/Routers (4 yr)		\$ 1,528.20
Network Cabling (5yr)		\$ 648.61
Boring and Internet Service	\$ 5,300.00	
<b>Total Network</b>	<b>\$ 13,890.00</b>	<b>\$ 2,176.81</b>

*Improve Customer Service and Accountability*

The second goal of this plan is to Improve our Customer Service and Accountability to the citizens. One of the main services that we provide to the citizens and businesses in Menominee is customer service. Customer service is a large part of all the activities that we manage and touches every aspect of our organization. The key technology that we use to perform good customer service is our telephone system. Our current telephone system is approximately 20 years old and both the hardware and software are not supported by the manufacture (Panasonic) any longer. The voice mail system contains features that are no longer operable and transferring calls from one staff to another is not reliable. Along with these challenges we also have voice quality issues and feedback problems that make communicating with customers difficult and unclear. Standard technology for telephone systems today is a voice system that is connected through the computer network. Each phone is connected to the computer in the office and all calls can be recorded, saved and played back on the computer. This type of Voice over IP phone system has proven to be reliable and robust enough for all type of businesses and will eliminate the duplication of cables throughout the facility. The same network lines that are used for the computer network can be used by the telephone system. This elimination of redundant system is more cost effective and provides better voice quality and services. If the computer network is upgraded in the "Maintain Existing Core Systems" goal the only cost to replace the telephone system would be to upgrade the phone system hardware and software.

Another component of improving our customer service and accountability can be accomplished through the expansion of our use of BS&A Software. Not only does BS&A provide Financial Transaction Software, they also provide customer service and operation specific software that is integrated with the financial systems. The software packages that I recommend would be the Customer Request Tracker, Timesheets, Human Resources and Cemetery Management modules. The Customer Request Tracker is a module that any customer service

representative could use to document, track and update citizens on the service requests that they have made. The information gathered and tracked by the system would also help identify the core requests that citizens make and develop performance standards for the completion of the work. The Timesheet and Human Resource modules will improve the tracking of time and resources throughout the organization, so that staff can spend more time on their customer service duties rather than tracking their time.

<b>Phone Upgrade</b>	<b>Monthly Lease</b>
Telephone System (5 yr)	\$ 587.52
<b>Total Phone Upgrade Phase I</b>	<b>\$ 587.52</b>

  

<b>New Software</b>	<b>One-Time Cost</b>
Customer Request Tracker	\$ 2,795.00
Timesheets	\$ 2,595.00
Human Resources	\$ 3,175.00
Cemetery Management	\$ 4,795.00
<b>Total New Software Phase II</b>	<b>\$ 13,360.00</b>

Improve Program Services

The final goal of the technology plan is to Improve other Program Services. Along with the upgrade of our current systems there are a number of complimentary software modules that, if purchased, would increase our efficiency and make programs and governmental information more transparent, while allowing the city to better track and respond to our core services. The software packages that I recommend would be the Building Department, Field Inspection, Business Licensing and Fixed Asset modules. Currently the city does not have an effective or efficient way to track the activities and information related to these types of services. For example: Our Building Inspection group does not have a database of properties or buildings that have been issued building permits. Nor are we able to easily review and analyze past activities and inspections on a property without combing through stacks of files and hand written records. Database information on these types of activities would streamline the process of issuing permits and inspecting properties, by presenting the inspector with all the information they need to do their jobs effectively.

<b>Software</b>	<b>One-Time Cost</b>
Building Department	\$ 6,000.00
Field Inspection	\$ 3,000.00
Business Licensing	\$ 2,795.00
Fixed Assets	\$ 3,175.00
<b>Total New Software Phase II</b>	<b>\$ 14,970.00</b>

Recommendation

Agenda Item: _____
--------------------

Given the large cost and the amount of implementation work that would be necessary to upgrade and improve all of the systems and meet our technology goals I recommend that we implement a five year Technology Plan that will meet our needs, be financially responsible and reduce the daily operating expenses of the city staff.

This five year plan would focus on implementing one goal per year for the first three years and evaluating the results of these improvements in the final two years. The implementation of the first goal of the plan would start this fall and would focus on maintaining our existing systems; such as the Financial Systems, Computers, Servers, Network and Telephone System. The second implementation schedule would focus on improving our customer service abilities and would start in the summer of 2012 and the third implementation schedule would begin in the summer of 2013. By utilizing this implementation schedule we will target the most critical needs first and allow the city time to see the results and budget for the next implementation schedule. Another advantage of this implementation schedule is that we will be able to take advantage of the saving received from the initial upgrades to offset the cost of future improvements.

Currently, the city budgets approximately \$30,396.00 on telephone and internet services provided by AT & T and Time Warner Cable. By upgrading and maintaining our phone system and computer technology we will be able to lower our operating costs and utilize already budgeted funds to pay for the improved system. (See Figure #1)

<b>Current Costs</b>	<b>Monthly</b>	<b>Annually</b>
Phone Service (AT & T)	\$ 2,178.00	\$ 26,136.00
Internet Service (TW)	\$ 355.00	\$ 4,260.00
Existing Phone System	\$ -	\$ -
Existing Network Cabling	\$ -	\$ -
<b>Total Current Costs</b>	<b>\$ 2,533.00</b>	<b>\$ 30,396.00</b>
<b>Future Costs</b>	<b>Monthly</b>	<b>Annually</b>
Phone Service (TW)	\$ 786.00	\$ 9,432.00
Internet Service (TW)	\$ 355.00	\$ 4,260.00
New Phone System	\$ 587.52	\$ 7,050.24
New Network Cabling	\$ 648.61	\$ 7,783.32
<b>Total Future Costs</b>	<b>\$ 2,377.13</b>	<b>\$ 28,525.56</b>
<b>Savings</b>	<b>\$ 155.87</b>	<b>\$ 1,870.44</b>

*Figure #1- Monthly Cost Comparison*

With these savings and an annual appropriate of between \$4,700 to \$26,400 for technology improvements our Return On Investment (ROI) would start in the fourth full year of the plan and return all additionally appropriated funds within 8 years of the beginning of the improvements. (See Figure #2)

Project Components	7 months FY 2011-2012	Budget FY 2012-2013	Budget FY 2013-2014	Budget FY 2014-2015	Budget FY 2015-2016	5 months FY 2016-2017
<b><u>Phase I</u></b>						
Implement Software Upgrade	\$ 10,815.00					
Implement Network Upgrade	\$ 29,127.67	\$ 26,121.72	\$ 26,121.72	\$ 26,121.72	\$ 15,424.32	\$ 3,243.05
<b><u>Phase II</u></b>						
Implement Phone Upgrade	\$ 4,112.64	\$ 7,050.24	\$ 7,050.24	\$ 7,050.24	\$ 7,050.24	\$ 2,937.60
Implement Customer Service Software		\$ 13,360.00				
<b><u>Phase III</u></b>						
Implement Service Improvement Software			\$ 14,970.00			
<b>Total 5 Year Program</b>	<b>\$ 44,055.31</b>	<b>\$ 46,531.96</b>	<b>\$ 48,141.96</b>	<b>\$ 33,171.96</b>	<b>\$ 22,474.56</b>	<b>\$ 6,180.65</b>
<b>Minus Costs</b>	<b>\$ 17,731.00</b>	<b>\$ 28,525.56</b>	<b>\$ 28,525.56</b>	<b>\$ 28,525.56</b>	<b>\$ 28,525.56</b>	<b>\$ 11,885.65</b>
<b>Budget Difference</b>	<b>\$ 26,324.31</b>	<b>\$ 18,006.40</b>	<b>\$ 19,616.40</b>	<b>\$ 4,646.40</b>	<b>\$ ( 6,051.00)</b>	<b>\$ (5,705.00)</b>

*Figure #2 - % Year Technology Budget Plan*

It is my belief that if the City Council approves this five year Technology Plan that our ability to serve the citizens of the community will be greatly improved. Financial Transactions, Accounting, Audits, Budgeting, Customer Service and Work Management activities will become more efficient and allow the city staff to continue to improve services and reduce costs.

Attachments (0)

Agenda Item: \_\_\_\_\_

**Resolution Approving the Implementation of  
Phase I of the Technology Plan**

**Whereas**, City Manager Michael Cramer has presented a proposed Technology Improvement Plan, described in detail in his September 30, 2011 memo, to the Mayor and City Council Members; and

**Whereas**, the Technology Plan has been reviewed in detail by City Council on several occasions; and

**Whereas**, this is a 5-Year Plan with Phase I including improvements to the network Hardware and Cabling, Telephone System, Computer and Server Hardware, and System Software; and

**Whereas**, the estimated cost of Phase I is approximately \$26,500 for Fiscal Year 2011-2012; and

**Whereas**, City Council approved the Budget Ordinance Amendment for this Plan at a Special Council Meeting on November 4, 2011; and

**Now, therefore, be it resolved**, that the Menominee City Council approve Phase I of the Technology Improvement Plan.