



TO: Mayor and Council

FROM: Larry Collins, Interim Community Services Administrator
Tom Shewchuk, Information Technology Director

CC: Tom Crawford, Interim City Administrator

SUBJECT: Council Agenda Responses

DATE: 2/1/16

CA-1 – Resolution to Approve a Purchase Order with the New World Systems for 5-Year Software Support and Maintenance Agreement of the City’s Financial Systems FY2016-2020 (\$260,094.00)

Question: I certainly support renewing the software and licensing agreement, but am curious why five years? (That seems long for a software licensing, maintenance, support renewal agreement.) (Councilmember Lumm)

Response: New World was recently purchased by Tyler Technologies and the City wanted to lock in these rates so we would not be subject to larger annual increases. Tyler wanted us to sign a 1-year agreement. Based on prior experience, industry increases from year-to-year range from 3% to 20%+. We anticipate an annual increase on the high-end of that range. The rates we secured over the 5-year period equate to a 1 – 2% increase annually. The City will make annual payments instead of paying everything up-front. This is one of our larger enterprise applications that has been in place for six (6) years. The average replacement lifecycle for this application is at least ten (10) years and we have no plans to replace it. We did a review of all modules and eliminates ones we were not using. As a result, will be saving an average of \$10,000 - \$13,000 per year over the next five (5) years.

CA-4 – Resolution to Approve Participation Agreement with Legacy Land Conservancy for the Purchase of the Carol Proctor Landsberg Trust Property in Webster Township, and Appropriate Funds, not to Exceed \$184,800.00 from the Open Space and Parkland Preservation Millage Proceeds (8 Votes Required)

Question: As I understand the memo, the agreement will lead to purchase of the property, with the County as property owner, and as an additional protection the Land Trust will hold an open space preservation easement. Is that correct? (Councilmember Warpehoski)

Response: Yes, Washtenaw County is buying the property and Legacy Land Trust will have an easement over the entire property.

Question: The cover memo indicates that the property owner is donating 30% of the fair market value of \$792K (or \$238K). Given that, can you please explain how much of the \$554K balance is being funded by the City’s Greenbelt program, Washtenaw County, Webster Township, the Legacy Land Trust/other participants. (Councilmember Lumm)

Response: The City and Washtenaw County Parks and Recreation are providing cash contributions toward the acquisition. Webster Township and Legacy Land Conservancy are procuring and paying for the required due diligence and assessment costs for the acquisition. The actual breakdown is:

City of Ann Arbor	\$157,140.00
Washtenaw County Parks and Recreation	\$245,120.00
Webster Township	contracts for and pays actual cost of Baseline Assessment for the conserved property
Legacy Land Conservancy	contracts for and pays actual cost of due diligence reports (appraisal, survey and Phase I Environmental Site Assessment)

Question: Also in the cover memo, it says, “The resolution also approves an appropriation of funds for 39% of the easement price, not to exceed \$157,140 from the Open Space and Parkland Preservation Millage.” Can you please reconcile this \$157,140 with the \$184,800 total being requested in the resolution? (Councilmember Lumm)

Response: The \$157,140 amount is the City's contribution to the purchase of the conservation easement. That is the only contribution amount from the City. The Resolution has been corrected to reflect this.

Question: The cover memo also indicates the City has "successor rights" if the Legacy Land Trust is no longer able to hold the easement. Can you please clarify what that means, how it is different from the normal PDR's, and if we have done other Greenbelt transactions with the Legacy Land Trust or other entities where the City has a similar successor interest? (Councilmember Lumm)

Response: The terms of the Participation Agreement between the parties will provide that in the event that the Legacy Land Conservancy dissolves as an entity or otherwise divests itself of any right, title or interest in the Conservation Easement, the City will have the right to become vested in Legacy's rights under conservation easement. Unless and until such an event occurs Legacy will retain all rights and obligations for the management and monitoring of the conservation easement. These responsibilities would be the City's if it was being granted the conservation easement. The City has been vested with contingent or successor rights in several properties over the ten years that the Greenbelt Program has been in operation; for example grant of conservation easement from Charles Botero (Legacy Land Conservancy), the Kapp Family Trust (with Ann Arbor Township), and Don Botsford (Scio Township).

CA-11 – Resolution to Approve the Renewal Contracts with Blue Cross Blue Shield of Michigan to Provide Health Care Coverage, Third Party Administrator Services and Excess Insurance Coverage to City Employees and Retirees and Their Dependents and Authorize the City Administrator to Execute the Necessary Documentation (\$1,320,352.00)

Question: The City is paying BCBS approximately \$350K for a year of the stop-loss coverage (on claims >\$350K). Are there other insurance providers of this stop-loss coverage other than BCBS and if so, did we consider shopping this coverage around? (Councilmember Lumm)

Response: We took the stop loss out to market during our renewal period (Fall 2015). Our broker, MMA of Michigan handled the responses. BCBSM came in with the lowest cost to the City and so we retained the coverage. Please note that the cost of the excess coverage annually is \$337K (which fluctuates based on enrollment). The \$350K is our specific stop loss point (i.e. deductible). The City is self-insured to \$350K per covered life.