



City of CHARLOTTE

MEMORANDUM

TO: Mayor Lewis and City Council Members

FROM: Gregg Guetschow, City Manager

SUBJECT: City Manager Report

DATE: August 24, 2018

Payroll Software Conversion. Council members might recall remarks I have made recently about the need for converting software for various accounting purposes. It is our plan to begin converting various applications to products provided by BS&A whose software we use for property tax, assessing and building inspection activities. The complexities of payroll and employee time recording, in my opinion, warrant consideration of an alternative solution.

Yesterday, City Clerk Terpstra and I observed a demonstration of a product from Kronos, one of the largest providers of software for payroll and human resource functions. This solution is offered through our accountants Rehmann Robson. It is used by a wide variety of private and public sector employers of all sizes. Total coverage for all their products, per the Kronos website, is 40 million employees daily.

The design of the products from Kronos permits customization to meet our specific and unique needs. It is sufficiently comprehensive that functions currently requiring other processes, such as recording time worked and allocating time for certain employees to multiple cost centers, could all be managed from within the Kronos software. I believe that sufficient efficiencies will be realized to offset the costs of the software license.

Data associated with payroll and other functions is stored on a server farm owned by Kronos which, we have been told, is managed to the highest standards for security. Our data remains our own, however, which permits us to transition to another software solution in the future or to another service provider should we choose not to continue our relationship with Rehmann Robson.

The software license cost quoted for the two modules we would initially implement is \$9573 annually with an initial set-up charge of \$3000. Other modules are available. It is very likely that we will recommend purchase of a license for the human resources module at a later date as there are significant efficiencies to be gained in this area as well.

Our timeline for implementation of software changes related to payroll and time and labor management calls for cutting over to these systems on January 1. In order to meet this time schedule I will be seeking Council approval of a contract as an expedited item during the September 10 meeting.

Credit Card Approval Process. As part of our consolidation of banking services, we have switched the City credit card account from Bank of America to Independent Bank. In the past, charges incurred on the credit card account were reported to Council as part of the claims approval process. Before Council had actually approved those charges, however, the credit card had been paid from the Bank of America account which was then “replenished” from the check drawn on the City’s Independent Bank account with various budget line items charged through the accounts payable process. This process insured that no late charges were incurred as we worked through the City’s timeline for approvals. This process no longer makes sense since we are now dealing with a single bank account. Beginning with credit card charges due to be paid in early September, then, we are implementing a change in how this process is managed. Credit card charges will be automatically paid by drawing funds from our principal account at Independent Bank. Council will be provided a listing of the charges for approval at its first meeting of each month, which in many cases will be after the payment due date. This list of charges will be separate from those of other claims. Upon approval, the various accounts will be debited via journal entries entered by our accountants.

Tests of Water and Wastewater Systems. You might have seen recent news reports regarding the presence of per- and polyfluoroalkyl substances (PFAS) in water systems in Michigan. These substances have been used for many years in a variety of industrial process and in the manufacture of many common household items. They are known to persist indefinitely in the environment. Levels of concern for these substances have been established as parts per trillion. The Department of Environmental Quality has been testing wastewater treatment and water systems throughout the state. The City has now received results of tests performed on its systems. The test on the water system returned results at the non-detect level. The test on the wastewater system found the presence of PFAS but well below the established action level. Despite the very low levels detected utility staff members are working with two industries in town whose historical use of materials containing PFAS are believed to be the source of these chemicals in wastewater flows in an effort to completely eliminate their presence.