



CITY OF MT. PLEASANT

REQUEST FOR PROPOSALS FOR A STUDY TO DETERMINE THE IMPACT
OF IMPLEMENTING A CITY INCOME TAX

The City of Mt. Pleasant is requesting qualified firms to submit proposals for the performance of a study to determine the impacts of implementing a City Income Tax.

Proposals will be accepted at the office of the City Clerk, 320 W. Broadway Street, Mt. Pleasant, Michigan 48858, until 1:30 p.m., March 20, 2012, at which time the proposals will be publicly opened and read. Three copies of all proposals shall be submitted in a sealed envelope plainly marked "Income Tax Study Proposals – March 20, 2012".

Specifications are available at the office of City Clerk, 8:00 a.m. – 4:30 p.m., Monday – Friday, or on the City's website, www.mt-pleasant.org.

The City of Mt. Pleasant reserves the right to reject any or all proposals, to waive any irregularities and select the proposal most advantageous to the City of Mt. Pleasant.

Nancy J. Ridley
Assistant City Manager/
Finance Director

Dated: March 2, 2012

CITY OF MT. PLEASANT

Income Tax Study Specifications

The City of Mt. Pleasant is interested in determining the impact of implementing a City income tax according to Michigan's Uniform City Income Tax Act (Public Act 284, of 1964) to replace some of its' operating millage. The City is requesting proposals from firms that will outline specifically how the study will be conducted and recommend a timeline for the study. After the City determines which proposal to accept, a contract will be signed with the firm to complete the study within the proposed timeline.

A. General Information

The City of Mt. Pleasant, population 26,016 according to the 2010 census, is located in the center of Michigan's Lower Peninsula. The city is organized under Michigan's Comprehensive Home Rule City Act and employs approximately 118 full time employees. The City had a study completed in 2000 to determine the impact of implementing such a tax. Due to the growth in and around the City since 2000, the large portion of the property within the City which is non-taxable, Proposal A, the decreases in State-shared revenue, the lack of growth in property values, and the decrease in available land for growth within the City; the City is interested in having an updated analysis done to determine the impact of such a tax on residents and businesses.

B. Financial Information

The City's 2012 budgeted expenditures across all funds totaled \$27 million of which \$6.3 million was collected from property taxes. The current total millage rate is 15.75 mills. The General Fund budget totals \$10.4 million and \$5.4 million (13.465 mills) is from property taxes. The general operating millage specifically is 12.195 mills, generating approximately \$4.9 million. See attachment A for a history of the City millage rate. See attachment B for a history of the City's taxable values by class of property.

C. Firm/Individual Qualifications

The firm/individual must be qualified in municipal financial analysis matters.

D. Performance Specifications

1. The study must determine the potential revenue generated by an income tax and the concurrent reduction in the millage rate.
2. The study must rely on data other than census data.
3. The study must analyze the impacts of various income tax rates, exemption levels, and millage rates. One of the analyses in the study must show the impact of generating additional revenues, not just status quo revenues.
4. The study must detail the financial impact on various classes of taxpayers and determine any shift in overall tax burden, including, but not limited to:

- a. Resident Homeowners
 - b. Landlords
 - c. Non-resident Homeowners
 - d. Renters
 - e. Businesses located within the City limits
 - f. Businesses doing business in the City, but not located in the City
 - g. Non-resident workers
 - h. Senior Citizens
 - i. CMU Students
5. The results of the study for individual classes of taxpayers must be summarized in a user friendly format to be easily understandable for public presentation.
 6. The results of the study must be in such a form to allow the City to calculate additional scenarios with different exemption levels, income tax levels and millage rates.
 7. The study must estimate the costs of administering such a tax including an analysis of a potential contract with the City of Grand Rapids collaborative effort for a processing center.
 8. The study must project income tax and property tax revenues for each of the next ten (10) years.
 9. The study must include an evaluation of the potential impact on any other City revenue sources.
 10. The firm shall present the study to the Executive Management Team and the City Commission.

E. Instruction Regarding Proposals

Three (3) copies of the proposal must be submitted to the City Clerk, 320 W. Broadway Street, Mt. Pleasant, Michigan 48858, before 1:30 p.m., March 20, 2012. The proposals shall be submitted in sealed envelopes plainly marked "Income Tax Study – March 20, 2012". Late proposals will not be accepted.

Proposals must include:

1. One page executive overview briefly summarizing the study approach and the costs of the study.
2. Qualifications of the firm:
 - a. A description of the firm.
 - b. A listing of Michigan municipal clients for which the firm has performed an income tax study within the last five years and other pertinent information to support relevant prior experience.
 - c. Resumes of the key staff to be assigned to the study.

3. Technical Approach

- a. Express agreement to meet or exceed the performance specifications stated in section D.
- b. Specifically outline the methodology to be used for the analysis.
- c. A brief description of the data collection procedures to be followed, presented in a form which shall best aid the City in evaluating the firm's ability to identify, evaluate and communicate relevant information on local government financial issues.
- d. A proposed schedule for performing the key phases of the study.
- e. An estimated number of hours to complete the key phases.

4. Fees

The maximum fee for the City in a "not to exceed" format with sufficient detail as to what factors would impact the actual cost.

F. Proposal Evaluation Procedures

The City of Mt. Pleasant finance staff will evaluate the proposals on the basis of the qualifications, relevant experience, appropriateness of study methodology due to limited available data, and responsiveness of the bidders, as well as the fees for the study. The staff's recommendation will be presented to the City Commission for its consideration.

The City of Mt. Pleasant reserves the right to reject any or all proposals, to waive any irregularities and select the proposal most advantageous to the City of Mt. Pleasant.

G. Contracts and Payment

The City of Mt. Pleasant expects to sign a contract with the selected firm. Progress payments will be billed monthly for services rendered in the prior month. Final payment will be made upon receipt and acceptance of the final reports.

H. Further Information

If any additional information is needed for the submission of this proposal please contact Nancy J. Ridley, Assistant City Manager/Finance Director, City of Mt. Pleasant, 320 W. Broadway Street, Mt. Pleasant, Michigan 48858 (989) 779-5366.

I. Timeline

February 27	Proposal specifications mailed/advertising placed
March 20	Proposals Due
March 21 - April 15	Staff reviews and conducts interviews, if necessary
April 18	Recommendation to City Commission
April 23	City Commission awards
June 1	Study begins