

TO: Information Technology Advisory Committee
FROM: Melissa Marsh, City Manager
Cheryl Rottmann, Deputy City Manager
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SUBJECT: Citywide AI Implementation – GovAI

The City is ready to move forward with GovAI as our citywide, internally focused AI platform. We have spent considerable time looking at different AI options. Most of what we found was designed around one particular use, such as a resident chatbot. Those tools may have a place, but they do not address what we are trying to accomplish internally.

Our goal is to give employees a secure, City-supported AI tool that can be used across departments to improve efficiency, streamline processes, and help employees do their jobs better. We believe GovAI is the best fit for that purpose, and we have negotiated a significantly reduced implementation cost by agreeing to serve as an early Michigan implementer and participate in demonstrations for other Michigan local governments.

Staff are experimenting with and using different AI tools to varying degrees. The City does not currently have a complete understanding of who is using what, what information is being entered, or how those tools are being incorporated into individual workflows. I want to encourage the use of AI and think it is positive that employees are looking for ways to be more efficient. The problem is that everyone doing their own thing creates risk.

Rather than trying to stop employees from using AI, I believe we need to provide them with a secure, City-approved option, establish appropriate guardrails, and give employees some direction about how AI should and should not be used.

We have looked at several AI products and approaches. A number of the options were very specific in what they did. One example is a resident-facing chatbot. While a chatbot sounds appealing, our experience and review of these types of products indicates that the value does not justify making it the City's primary investment in AI.

Our main goal was simply to use AI to reduce the amount of time employees spend on repetitive work so they can spend more time on work that requires their experience, judgment and interaction with residents.

GovAI best matches what we are looking for because it is designed specifically for government and can be used across the organization rather than for one isolated function.

Key considerations for us include:

- **Security and guardrails** – GovAI provides controls designed for government use, which is important when employees are working with City information.
- **Built on ChatGPT** – It provides the capabilities of ChatGPT within a government-focused environment.
- **Citywide application** – The platform can be used across departments and for a wide range of internal functions.
- **Government integration** – GovAI is focused on the unique processes and needs of local government rather than simply providing a general AI product.
- **Partnership** – GovAI has indicated that it wants to work with local governments to identify needs and develop capabilities that are actually useful to them.
- **Learning from other communities** – GovAI hosts monthly webinars for local governments focused on implementation, best practices and how communities around the country are using the platform.
- **Opportunity to shape the product** – As an early Michigan implementer, Madison Heights will have an opportunity to provide feedback and help shape capabilities that could benefit our organization and other Michigan communities.

Financial Considerations

The initial cost presented to the City was \$29,500. An early implementation discount brought that cost down to \$24,500. We researched what other local governments paid across the nation and negotiated with GOV agreeing to participate as an early Michigan implementer, including participating in demonstrations for other Michigan local governments interested in learning about GovAI. As a result, the final negotiated cost is \$16,500. This gives us a substantial reduction in cost while also giving Madison Heights an opportunity to be involved early in the implementation of this technology in Michigan.

Implementation

If implementation is approved, purchasing the platform would only be the first step. We will also need to establish:

- Appropriate AI policies and employee expectations
- Training for employees
- Security protocols
- Guidelines for what information can and cannot be entered into an AI system
- Appropriate review of AI-generated content
- Oversight and accountability

What is Needed for ITAC

We are prepared to move forward with GovAI and begin implementation. Before doing so, I would like the Information Technology Advisory Committee to review the approach, ask questions and identify any concerns you believe we should address.

Specifically, I am looking for your perspective on whether this is the right approach to responsibly introduce AI throughout the organization while appropriately addressing security, privacy, appropriate use and accountability.

As the City Manager I recognize that AI is already finding its way into the workplace. We can either let that continue to develop independently, with employees choosing their own tools and approaches, or we can provide a secure, supported and consistent Citywide solution. I believe the latter is the better approach. I am also excited that this is a rare opportunity for Madison Heights to get ahead of the technology, rather than wait until we have to catch up.