

**MINUTES OF THE BUDGET WORK SESSION OF THE PORTAGE CITY COUNCIL  
MAY 1, 2018**

Mayor Randall called the meeting to order and the Deputy City Clerk called the roll. Councilmembers Chris Burns, Richard Ford, Terry Urban, Mayor Pro Tem Jim Pearson and Mayor Patricia Randall were present. Councilmember Lori Knapp was absent with excuse. Councilmember Claudette Reid arrived at 5:01 p.m. Also in attendance were City Manager Laurence Shaffer, Deputy City Manager Rob Boulis, Finance Director Bill Furry, Deputy Finance Director Lauren VanderVeen and Deputy City Clerk Erica Eklov.

At the request of Mayor Randall, City Manager Larry Shaffer began his presentation noting that the Human Services Board representative was running late and asked Community Development Deputy Director Chris Forth to update Council on the status of the human services applications. Mr. Forth noted that eight applications had been received through the Human Services Board (HSB) and that the board had completed deliberations during the January and February meetings. Mr. Forth referenced table two in the Supplemental Budget document regarding the HSB scoring on the applications and summarized the various funding proposals. Mr. Forth commented that the City Administration and Human Services Board recommendations to Council differed - the City Administration is seeking to evaluate the status after three years. Mr. Forth noted \$7,000 in contributions to the Portage Community Center specifically for utility building assistance that directly affects Portage citizens. Mayor Randall asked if Council had any additional questions for Mr. Forth.

Mayor Pro Tem Pearson asked whether the 2018 human service agencies are the same as those that applied in 2017. Mr. Forth replied that, while 12 Baskets was part of the 2017 group, the agency was not in the 2018 applications as the organization had not applied for unknown reasons. Councilmember Ford questioned the 30 percent policy for the Portage Community Center (PCC). Mr. Forth explained the city's desire for PCC to seek additional outside funding or donations and not rely too heavily on city funding. Councilmember Reid commented that Kalamazoo County will be requesting a senior millage this year and asked how this will factor into funding for human services. Mr. Forth was unable to answer fully as staff had not directly accounted for the millage as of yet. There was additional discussion on the timing of the millage and millage amounts.

Mayor Randall read Councilmember Knapp's e-mailed statement regarding funding preferences noting her absence due to a funeral in Toronto. Councilmember Knapp suggests that Council update its approach to funding human service agencies and re-evaluate the dollars provided to ensure it correctly equates to the degree of population served, especially with regard to PCC. Councilmember Knapp notes the good financial position of the city and recommends an increase to one percent of the General Fund go towards human service funding. Councilmember Ford questioned Councilmember Knapp's quoted funding amounts for the General Fund budget. Finance Director Bill Furry was able to clarify.

Mayor Pro Tem Pearson inquired how Portage compared to other communities in terms of human service funding. City Manager Shaffer explained that it varies greatly but Portage generally falls in the middle of the spectrum. Councilmember Reid commented that most communities do not fund their human services and that Portage is unusual in that regard. She questioned whether Portage's method was the best. Councilmember Reid also stated that the city lacked a policy to guide the Council's practice on funding human services and noted allocations to particular religious entities may not represent all citizen preferences and the manner in which tax dollars are spent. Mayor Pro Tem Pearson expressed his desire for the city to track how Portage compares to neighboring jurisdictions. Councilmember Reid noted that the City of Kalamazoo receives federal funding that Portage does not in light of meeting certain federal population parameters.

Mayor Randall brought up the history of lengthy human services discussion from past budget sessions and commented that she felt it was a good service the city offers. Councilmember Urban related the city's history of funding support, as well as prior issues between City Council, City Administration and the Human Services Board with differing recommendations and prior negotiations to reach common ground with each budget. He commented that all three bodies have been able to agree in recent years and noted additional discussion on the future method of human service funding should occur at a later date. Mayor Pro Tem Pearson voiced his support with the 0.65 percent funding recommendation for this year but would like to see more funding in the future. He asked for a Committee of the Whole meeting to examine the city's position for future budget years and whether funding is representative of the demographic. Councilmember Reid further expressed that now may be the time to re-evaluate the programs and potentially explore RFPs for particular services for the funding available.

Mayor Pro Tem Pearson agreed with Councilmember Reid and asked if any municipalities or organizations currently conduct an RFP process. City Manager Shaffer noted that United Way is the most equivalent model but warned that such an approach could be a longer commitment by the city for a deeper problem. City Manager Shaffer also relayed that Portage is in a better supporting position than it was ten years ago for funding. Mayor Pro Tem Pearson commented that the RFP process may further complicate the current human service funding application process for smaller or newer organizations. Mayor Randall paused the discussion to ask the human services representatives present to introduce themselves and their organizations, as well as explain their processes and goals.

Chris Buckley from the Portage Community Center (PCC) introduced himself and noted that all of the PCC programs specifically benefit Portage citizens with the exception of the food and clothing donations. The food donations are part of the Loaves and Fishes program and as such, must follow those outside program parameters. He noted that the City of Portage funding provides PCC with 30 percent of the PCC budget, whereas United Way provides 24 percent with the remainder coming from foundations, donations and facility rentals. Mr. Buckley requested that the city consider the option for a two week hold on troubled utility billing accounts to allow more

time to address the issue. He noted that other utility companies, such as Consumers Energy, offer similar account holds.

The next representative was Michael Evans of the Kalamazoo Literacy Council. Mayor Randall inquired how the national fourth grade literacy standard compared locally for Kalamazoo County. Mr. Evans replied that Kalamazoo's literacy issues are greater. Councilmember Reid asked Mr. Evans about the breakdown of literacy issues regarding reading difficulty as compared to English as a second language. Mr. Evans replied that the Kalamazoo Literacy Council sees nearly 100 percent of their focus on English comprehension. Councilmember Burns asked where the service delivery took place. Mr. Evans noted that the Literacy Council is based out of the Portage Prince of Peace Lutheran Church on West Milham Avenue but explained that volunteers also perform site visits to provide services.

The third representative was Lucinda Stinson of Lending Hands of Michigan. She explained what Lending Hands offers to residents in terms of medical equipment free of charge on an honor-based system. The fourth representatives were Cathy Brown and Dr. Grace Lubwama of the YWCA. They noted that 40 percent of the violence in the area is domestic violence and the YWCA focuses in this area for mostly women and children. Mayor Randall noted that she and Councilmember Knapp had recently visited the YWCA facility for a tour and commented on the degree that the YWCA helps children.

The next human service representatives were Tim Lieser of Catholic Charities and Ben Moen, Director of ARK Youth Services. Mr. Lieser noted that youth service is the main focus of Catholic Charities funding and directly serves the Portage youth. Mr. Moen explained some of the programs the ARK currently offers. Councilmember Reid inquired on the average length of stay for ARK youths. Mr. Moen responded that it is roughly ten to fourteen days but can be more depending on the family situation. He noted that the average 2017 shelter stay was fourteen days.

Mayor Randall commented that all of the facilities represented at the meeting were available for tours by members of Council if desired. She then acknowledged Human Services Board vice chair Diane Durian. Diane relayed the degree of effort and work the Human Services Board had put forth in reviewing each application for those organizations that did choose to apply. Mayor Pro Tem Pearson noted his current position on the board for nonprofit printing with Allegra Printing and highlighted that Allegra may be an outlet for finding additional small non-profits in the area. Mayor Randall commented that she understood the application process is difficult both for available staff time and policies in place for the agencies as compared with the funding gained. At 6:00 p.m. Mayor Randall thanked the human service representatives for coming, after which the representatives exited the meeting. Mayor Randall asked whether there were any further questions of Council regarding human services funding.

Councilmember Reid noted that the city philosophy needs further examination but desired retaining the current proposal for the 2018-19 budget year as the organizations were already

planning on the funding, but that going forward to Council should review current practices to explore new approaches, new organizations and new opportunities for funding and find potential federal leverage options or encourage local donations and giving. She further stressed her desire to include the Human Services Board in any future examinations of the city's process. Mayor Randall noted the goal of tonight's meeting was simply to review the proposal of the 0.65 percent funding support for the 2018-19 fiscal year and that a vote on the human service funding amounts would be saved for the regular City Council meetings.

Councilmember Ford highlighted the 2017 Community Survey question regarding human service funding and read the responses. Mayor Pro Tem Pearson commented that he didn't want to lock in the 0.65 percent funding for subsequent years, but felt it was appropriate for the current budget year. He further expressed that any reexamination of the process should avoid a large funding increase within a single year span. Councilmember Burns mentioned his support for a Committee of the Whole meeting to examine the programs and the manner in which the city ensures no one is denied service or care. Councilmember Urban remarked that there are existing city contract agreements with each of the human service funding organizations to outline care provision. Mr. Forth further explained that no one is denied service with use of city funding.

Councilmember Reid also stressed her desire for a Committee of the Whole meeting and inviting the Human Services Board. She mentioned the potential for Community Action Agency involvement and examination of all agencies in the area that serve the underprivileged. Councilmember Ford thanked Mr. Forth for his Human Services Board work and commented on a potential survey of residents for applying tax dollars towards human service funding going forward. Mayor Pro Tem Pearson noted that a Committee of the Whole meeting should occur after the senior millage vote in August in order to factor in the effects of the millage on human service funding. Mayor Randall asked the City Manager to pursue the fall for scheduling a potential Committee of the Whole.

Councilmember Burns asked how the City Administration takes into account the Human Service Board's other procedural recommendations such as monthly water billing. City Manager Shaffer explained the current process and why the city cannot pursue monthly water billing. Councilmember Burns asked if PCC Director Chris Buckley's two week account hold proposal was feasible and both Finance Director Bill Furry and the City Manager stated it would be possible. Councilmember Urban asked the City Manager to further explore the option. Mayor Randall asked how late fees were assessed for stressed utility accounts. Director Furry explained that late fees are ten percent of the amount due and late fees are assessed for such accounts, but that shutoffs can be put on hold.

Councilmember Ford asked if there were any trends for water shutoffs - more at a certain time of year such as the holidays or winter. Director Furry responded that there were no evident trends. Councilmember Reid noted that Consumers Energy offered winter heating payment options for spreading out bill payments until the spring that may have an effect on utility billings.

Mayor Randall asked the City Manager to get questions from each Councilmember for the potential Committee of the Whole meeting on human service funding review.

Recess: 6:20 p.m.

Reconvene: 6:40 p.m.

At the request of Mayor Randall, City Manager Shaffer explained the remaining items from the first budget session for discussion. He noted a proposed millage reduction of 0.9 percent for the current fiscal year. Mayor Randall asked how this could affect an additional leaf pick up when there were late-falling leaves. City Manager Shaffer said it would still be possible. City Manager Shaffer asked Director Furry to discuss the city's current position, year-end projections and impacts. Director Furry discussed each of the funds individually and projected June 2018 fund balances. Councilmember Reid asked about commercial/industrial properties, whether they are required to pay the millages for leaf pick up and recycling without receiving the benefit. Director Furry confirmed that those types of properties do pay the millages. Councilmember Urban asked about alternatively introducing a second junk collection with the additional funds. Councilmember Ford noted that the 2017 Community Survey had included a question on the topic but received a poor response. City Manager Shaffer noted an additional leaf pickup had been well received and discussion followed on the potential for collections as an alternative.

Mayor Randall then summarized the focus of the meeting and next steps. Councilmember Ford asked the City Manager to provide a clear explanation or statement for citizens on the proposed millage reduction as compared with the Consumers Price Index that will affect the tax bills. Mayor Randall then asked each Councilmember to provide their opinions on the new budget review process.

Councilmember Ford stated that he liked the new process but wished for more line item budget review. Councilmember Reid liked the improved conversation but wanted additional time to discuss the “why” behind each departments’ practices. Councilmember Urban also noted a desire for more time and did not like the single session for department review. Councilmember Burns asked for more fund balance information to review. Mayor Pro Tem Pearson agreed with Councilmember Burns and wants to be able to better correlate funding to individual activities. Councilmember Reid discussed an intro meeting on the financial state of the city for next year. Mayor Randall noted that she liked the new format but agreed that it felt rushed in nature and that the new format did not translate to some departments that took longer to discuss their planned budget. She commented that it was an enjoyable process as the city in a good financial position.

Adjournment: There being no further comments, Mayor Randall adjourned the meeting at 7:01 p.m.

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Erica L. Eklov, Deputy City Clerk