

MINUTES OF THE BUDGET WORK SESSION OF THE PORTAGE CITY COUNCIL
APRIL 16, 2019

Mayor Randall called the meeting to order at 5:00 p.m. The City Clerk called the roll and Councilmembers Chris Burns, Richard Ford, Lori Knapp, Claudette Reid and Terry Urban, Mayor Pro Tem Jim Pearson and Mayor Patricia Randall were present. Also in attendance were City Manager Laurence Shaffer, Deputy City Manager Rob Boulis, Finance Director Bill Furry and City Clerk Adam Herringa.

At the request of Mayor Randall, City Manager Larry Shaffer began his presentation and recognized Bill Furry, Lauren VanderVeen, Rob Boulis and the various department heads for their efforts in putting together the proposed Fiscal Year 2019-2020 Budget. Mr. Shaffer then reviewed the proposed budget and highlighted changes from the current Fiscal Year 2018-2019 Budget. He also highlighted that the budget will be balanced, include a slight millage reduction and that positive economic growth in the community has resulted in a positive impact on the tax base.

City Manager Shaffer introduced Finance Director Bill Furry and Mr. Furry reviewed current and projected debt levels. He continued by reviewing the proposed budget for Finance, Purchasing and the City Council categories. Next, Mr. Furry reviewed the status and proposed budgets of various special funds such as Curbside Recycling, Leaf Pickup/Spring Cleanup, Debt Service and Cable Television. In response to an inquiry, Mr. Furry shared that funds associated with Cable Access are monitored and spent accordingly. Mr. Furry continued by emphasizing efforts to retire long-term debt that is affiliated with higher interest rates. In response to an inquiry, Mr. Furry stated that the city will be paying off \$8 million in debt while adding \$5 million with a net reduction of \$3 million. He continued by stating that interest rates are low and now is a good time to borrow.

Mr. Furry next reviewed the financial health of the Downtown Development Authority (DDA) and Mr. Shaffer emphasized that it is a true success story with results far exceeding expectations. There was discussion regarding existing and potential developments in the DDA and what can be done with tax revenue that is generated once debt associated with establishing the DDA is paid off. In response to an inquiry from Councilmember Burns, Mr. Shaffer indicated that additional revenue related to State Revenue Sharing and settlements for delinquent taxes are yet to be realized this current fiscal year. With regard to a question about revenue associated with Personal Property Taxes, Mr. Furry indicated that the budget reflects a conservative approach. Mr. Furry also discussed positive news in the current fiscal year related to funds generated from building permits and Mr. Shaffer shared that a building permit for a Pfizer development may yet be realized this fiscal year and, if so, it would likely be the largest permit ever issued.

Following Mr. Furry, City Manager Shaffer introduced Shannon Hertz, Director of Human Resources. Ms. Hertz gave a brief overview of the operations of her department and proposed budget. There was discussion regarding employee retention and recruitment efforts and quality of candidates for city openings especially in the Fire Division and Police Division.

Mr. Shaffer introduced City Assessor Ed VanderVries. Mr. VanderVries complimented his staff and shared that the overall taxable value for the City of Portage had increased a healthy 3.6%. He continued by pointing out that the valuation of the tax base for the City of Portage has never been higher and that this is in spite of changes to Personal Property Tax in the State of Michigan. Mr. VanderVries next

reviewed the Board of Review and trends for appeals over time indicating that there has been a consistent decrease. Mayor Randall complimented Mr. VanderVries and staff for their efforts in this regard. Mr. VanderVries next pointed out the continued diversification of the tax base and that Pfizer, despite recent construction efforts, now comprised 8.55% of the Portage tax base and compared this to prior years. Mayor Pro Tem Pearson inquired as to the health of the shopping mall. Mr. VanderVries indicated a downward trend and discussion followed regarding the health of the shopping mall and potential development opportunities and hurdles. Mr. VanderVries and City Council also discussed the vacancy of large “big box” stores, development trends for such stores and vacancy rates in general. Mr. Shaffer thanked Mr. VanderVries for his efforts and complimented staff in the Office of the City Assessor for their excellent work.

Kendra Gwin, Director of Transportation and Utilities, explained that her department is embarking on a busy construction season and reviewed major and local street projects to be undertaken both this summer and in the upcoming fiscal year. Ms. Gwin next reviewed use of the PASER rating in evaluating roadway conditions and Mr. Shaffer explained efforts to keep existing infrastructure maintained. In response to an inquiry from Councilmember Burns, Ms. Gwin commented that the PASER rating, like judging figure skating, is subjective. In response to an inquiry from Mayor Pro Tem Pearson, Ms. Gwin reviewed water quality testing as it relates to PFAS in general and PFAS testing in proximity to the airport. City Council next made inquiries regarding evaluation and acceptance of completed projects, such as Angling Road, and restoration of signage following project completion. Councilmember Ford inquired about the inclusion of replacing a water tower in the Capital Improvement Plan (CIP) and Mr. Shaffer indicated that a new water tower was highly unlikely. Instead, Mr. Shaffer pointed to rehabbing the existing water tower and running a water main underneath the airport property. He indicated that despite best efforts, water main installation would not occur this summer but that excellent progress had been made related to this project. Ms. Gwin concluded her segment by reviewing groundwater levels and that there has not been much groundwater infiltration into the city water system.

Deputy Public Works Director Ray Waurio spoke next and expressed the regrets of Director Rod Russell who was unable to attend. Mr. Waurio reviewed projects that have been completed and are on-going in the current fiscal year. Mr. Waurio highlighted efforts to bring some services back in-house instead of having them performed via contract and pointed to mowing at City Hall as an example. He reviewed other projects that have been performed in-house that would have traditionally been performed via a contract. He reviewed efforts being undertaken to maintain existing infrastructure. Next, Mr. Waurio reviewed snowplowing efforts of the Department of Public Works for this past winter. Mr. Waurio reviewed efforts related to the Curbside Recycling Program, Household Hazardous Waste, Spring Cleanup and Fleet Maintenance. In response to an inquiry regarding curbside recycling, Mr. Waurio offered suggestions as to how churches might be able to engage in the effort. Councilmember Urban inquired about the transition from having some services performed via contract that are now being brought in-house. Mr. Waurio explained that the department consistently does a cost-benefit analysis and finds that, with some frequency, the result is less expensive with better results when performed by staff especially when contract costs continue to increase.

Director of Parks, Recreation and Senior Citizen Services, Kathleen Hoyle, reviewed staffing changes in her department and use of seasonal employees. She next reviewed various special events that were held the past year and planned events and activities for the upcoming year. She continued by stating that the establishment of the not-for-profit Portage Parks Foundation was almost complete. Ms. Hoyle

reviewed park development plans, playground equipment maintenance and installation, use of social media by her department, plans for the Celery Flats area and implementation of a bike share program. In response to an inquiry, Ms. Hoyle reviewed current plans for the State Game Area which will involve collaborative efforts of the Michigan Department of Natural Resources and City of Portage.

Councilmember Reid inquired as to the development of the Betty Lee Ongley Nature Reserve. Ms. Hoyle reviewed the status of the park development and that the item was included in the next few years of the CIP. Kim Phillips, Senior Citizen Services Manager, shared that the Senior Center will be celebrating its 40th year. She indicated that her budget includes transitioning a current part-time employee into a full-time employee along with some funding for needed building maintenance. Finally, Ms. Phillips reviewed efforts to engage and keep members of the Senior Center.

Public Safety Director Nick Arnold introduced staff members who were in attendance and spoke and reviewed efforts undertaken in the past fiscal year and related accomplishments. He continued by highlighting goals for the upcoming fiscal year and plans to use data, evaluation, technology and social media to help accomplish the goals. Mr. Arnold reviewed staffing challenges that his department has been addressing and explained that the proposed budget includes the addition of three new police officers. He explained that, to cover staff shortages, special programs such as community policing, are put on hold. Next, he shared that the Police Division is looking to use data and predictive analytics to move away from a reactive policing model. Mr. Arnold shared that his department is embarking on an effort in the upcoming fiscal year to offer training and support for the overall well-being of public safety professionals. In response to an inquiry, Mr. Arnold indicated that participation in the health and wellness program is voluntary. He also explained that the union contracts in the Fire Division contain physical fitness provisions. Mayor Pro Tem Pearson inquired as to a particular line item in the proposed budget and overall transition to the Kalamazoo County Consolidated Dispatch Authority and whether there has been a savings to the City of Portage as a result. Mr. Shaffer indicated that he would review and report on this question close to the end of the current fiscal year once better figures can be obtained. Councilmember Reid inquired as to the justification for the three new officers and Mr. Arnold reviewed staffing issues (largely related to on-duty injuries) that the department has been facing over the past few years and, to ensure staffing of the patrol division, the community policing officer and drug officer have to be pulled. He explained the detriment to the community and the department that results from the reassignment of these officers. Mr. Arnold also explained that the Police Division is far below the nationwide average number of sworn officers per 1,000 residents. In response to inquiries, Mr. Arnold explained that crime rates remain steady but that calls for service continue to increase. Mr. Shaffer emphasized that the addition of police officers in the proposed budget is a quality of life issue.

City Manager Shaffer introduced Director of Community Development Vicki Georgeau. Ms. Georgeau spoke to review the Legislative and Human Services aspect of the proposed budget. She stated that .65% of the General Fund Budget and the Community Development Block Grant Program provide the proposed \$213,840 budget allocation. She continued by reviewing the process used by the Human Services Board (HSB) to review and allocate funding. She pointed out that one new funding applicant, Kalamazoo Youth for Christ, resulted in significant discussion by the HSB. Ms. Georgeau explained that Kalamazoo Youth for Christ is proposing to use the fund for a financial literacy program in Colonial Acres. She explained that the HSB discussed the applicant, Kalamazoo Youth for Christ, in the context of the City of Portage Non-Discrimination Ordinance (NDO). She continued by stating that Kalamazoo Youth for Christ had indicated they would not discriminate based on gender identity or sexual orientation

when it came to the provision of services. Councilmember Burns expressed discomfort with awarding funding to Kalamazoo Youth for Christ in light of the NDO and information provided on the organization's website and in their application. Councilmember Burns suggested that the proposed funding be reallocated for the upcoming fiscal year and that funding for Kalamazoo Youth for Christ be given additional consideration in future years. Mayor Pro Tem Pearson and Mayor Randall also shared concerns with funding Kalamazoo Youth for Christ. Councilmember Reid concurred with concerns that had been expressed. Rather than City Council reallocating funding, Councilmember Reid suggested that the concerns of City Council be communicated with the HSB and that the HSB be responsible for reallocating the funding. Mayor Randall expressed support for the idea presented by Councilmember Reid. City Manager Shaffer reviewed his contractual authority and ability to review and sign most of the contracts resulting from the proposed FY 2019-2020 human and public service funding. Community Development Director Georgeau reviewed the Supplemental Budget document and highlighted the various sections including the section "Analysis of Impediments to Fair Housing." Ms. Georgeau discussed City of Portage efforts related to ensuring access and support of fair housing in the community. Councilmember Reid inquired if housing for individuals with disabilities, such as group homes, is a component of fair housing efforts. Ms. Georgeau spoke in the affirmative and emphasized the importance of education.

Community Development Director Georgeau next reviewed the proposed budget for her department. She pointed out that one major change is the proposal for an additional part-time administrative assistant and why the position is necessary. She continued by sharing that the vacant mechanical inspector position continues to be supported via contract and this arrangement seems to be working. Ms. Georgeau concluded by highlighting major projects that are completed, on-going or pending in the commercial, residential and industrial sectors.

City Manager Shaffer introduced Director of Technology Services Devin Mackinder. Mr. Mackinder reviewed highlights from FY 2018-19 and pointed out the extremely high level of satisfaction among city staff with the Information Technology (IT) Department. Mr. Mackinder next shared that a focus of the proposed 2019-20 Budget is network security. To demonstrate the importance of network security Mr. Mackinder reviewed various threats such as ransomware and malicious e-mails and showed a website that indicated real-time cyberattacks. Mr. Mackinder also highlighted the importance of disaster recovery and indicated that the proposed budget will assist in this regard. Another topic raised by Mr. Mackinder was the recent transition in how cable access television is provided in the city. He indicated that early indications are those of success. Councilmember Reid inquired as to the status of the creation of a 5G network in Portage. Mr. Mackinder shared that discussions are on-going but that a resolution is near that would allow for the installation of the network but limit the amount of additional infrastructure. Mr. Mackinder next reviewed the contract used to provide professional IT services. He indicated that he will be reviewing the cost of the contract vs. hiring full time employees.

Ms. Georgeau returned and reviewed the proposed Capital Improvement Plan (CIP). She shared that two items compose a large percentage of the proposed CIP and include Fire Station No. 2 and the Community Senior Center. Ms. Georgeau explained that, whenever possible, the city uses surplus funding to pay for projects instead of issuing new debt. Ms. Georgeau next reviewed proposed projects in each CIP category: Streets, Sidewalks & Bikeways, Water, Sanitary Sewer, Police, Fire, Public Facilities, Parks and Recreation and Debt Service. Ms. Georgeau highlighted the pending reconstruction of Idaho Avenue and expressed the rationale and reason for creating the project as an extension district. Mr.

Shaffer shared that the homes along Idaho Avenue utilized well water and the city is working to encourage and support their transition to city water.

Mayor Randall deferred to City Clerk Herringa and City Manager Shaffer regarding their planned departmental budgets. In response to an inquiry, Mr. Herringa confirmed there will be three elections in the next fiscal year.

There being no further presentations, Mayor Randall encouraged City Council to ask questions. Councilmember Reid pointed to the wellness program that will be implemented in the Department of Public Safety and inquired if the city still had a wellness program for employees. Deputy City Manager Boulis shared that the city's employee wellness program remains active and Ms. Reid expressed support for the program's continuation.

Mayor Randall inquired as to the installation of a water main under the airport runway and why it was not happening when the airport will be performing work on the runway this summer. Deputy City Manager Boulis explained that there remain several legal and procedural hurdles yet to overcome including the fact that the contractor who would perform the work will not be available at that time. However, Mr. Boulis indicated that the boring and casing work could be completed while the runway is active.

Mayor Randall pointed out that it was getting late and City Manager Shaffer confirmed that City Council intended to continue discussion of the budget at the Budget Review Session scheduled for April 30. City Council was encouraged to continue review of the budget documents and submit questions to Mr. Shaffer in advance of the next session.

Adjournment: There being no further comments, Mayor Randall adjourned the meeting at 9:27 p.m.

Adam Herringa, City Clerk