

CITY COUNCIL BUDGET REVISION SESSION #1
MINUTES FROM APRIL 20, 2021

Mayor Randall called the meeting to order at 5:00 p.m. The meeting was held virtually per the December 2020 Kalamazoo County Emergency Declaration in light of COVID-19. The following members were present: Councilmembers Chris Burns, Lori Knapp, Vic Ledbetter, Claudette Reid, Terry Urban, Mayor Pro Tem Jim Pearson, and Mayor Patricia Randall. All were attending from Portage, Michigan, except for Councilmember Ledbetter, who was attending from Kalamazoo, Michigan. Also in attendance were City Manager Joe La Margo, Deputy City Manager Adam Herringa, Deputy City Manager Mike Carroll, Finance Director Lauren VanderVeen, and City Clerk Erica Eklov. Of note, all department heads were also present and available via the WebEx platform.

Mayor Randall summarized the purpose of the meeting and noted the Public Safety Department presentations would be moved up to allow Director Arnold to attend to current event duties. At the request of Mayor Randall, City Manager Joe La Margo began the presentation by reviewing the proposed budget and highlighted that the budget will be balanced with the only fee increase being the Sewer Fund as a result of City of Kalamazoo rate increases. He noted the Fiscal Year 2021-22 Budget would only be \$108,000 higher than the prior fiscal year with select Capital Improvement Projects reallocated to the General Fund. City Manager La Margo then introduced Finance Director Lauren VanderVeen, who stated that the proposed Fiscal Year 2021-22 Budget is a balanced budget both overall as well as within each fund. Ms. VanderVeen reviewed the assumptions, including Property Tax Revenue, and maintained levels with the Fund Balance and provision of current services.

Next, the Public Safety – Police Division budget was reviewed. Councilmember Burns asked Chief Arnold if there had been an identifiable trend in calls for service during the pandemic lockdown in the spring of 2020 to present as restrictions started lifting. Chief Arnold responded that there was a significant drop in calls starting the summer of 2020 into the fall of 2020 but now that the state is beginning to reopen calls for service are back to pre-pandemic levels. Chief Arnold stated the majority of calls for service have been vehicle thefts which have increased beyond pre-pandemic levels but highlighted this is also a nationwide problem due to outside factors. Mayor Randall inquired whether Portage had experienced an increase in hate crimes in light of recent tensions and Chief Arnold responded they had not.

Councilmember Urban asked for follow-up on a prior question regarding patrol rifle replacement. Chief Arnold responded that the current rifles were more than 40 years old and having officers share weapons is a risky cost-saving measure as individuals and rifles are unique – a rifle sighted in for one officer is not sighted in for the next. Councilmember Urban then asked whether any funds from the County Law Enforcement millage were coming to Portage. Chief Arnold responded that the county funding is minimal. Councilmember Urban confirmed that this had been the case for quite some time and encouraged both Public Safety and the City Manager's Office to push for additional funding knowing that Portage was a significant contributor to that millage and funding should be shared. Mayor Pro Tem Pearson agreed with Councilmember Urban, noting voter confusion regarding the millage as to what it entails and questioned whether other jurisdictions in the County receive more funding. Chief Arnold responded that the majority of the millage funding goes to the Kalamazoo County courts and Prosecutor's Office. Councilmember Burns inquired about a decrease in revenue from Portage Public Schools in relation to the School Resource Officer. Chief Arnold responded that the relationship with the school remains good but the move to remote learning resulted in a decrease in required services. City Council then reviewed the Public Safety - Fire Division budget. Councilmember Urban asked for additional information regarding the Fire Accreditation

position. Chief Arnold responded that it is a struggle with existing staff to continue pursuing accreditation while maintaining current service levels. He noted that accreditation is a continual process reviewing practices, policies, and all department statistics to ensure adherence to national best standards. Councilmember Urban asked whether the position will be certified as a firefighter. Chief Arnold confirmed that the position would be administrative but certified and able to assist with large responses. Councilmember Reid asked for clarification regarding the handling of accreditation in the Police Division.

Director VanderVeen then summarized the Legislative funding, including the City Council and Human Services budgets, followed by the City Manager's Office department budget. Councilmember Reid asked for additional information regarding the part-time intern. City Manager La Margo responded that the intern would come from a local college either Western Michigan University, Kalamazoo College, or Kalamazoo Valley Community College, and function as a management analyst with small projects. Mayor Randall highlighted the Southwest Michigan First intern program and encouraged the City Manager to review that organization's model. Mayor Pro Tem Pearson inquired regarding the position's value in light of term length and structure. City manager La Margo responded that the schedules are flexible and will depend on the candidate.

Director VanderVeen next reviewed the Finance and Treasury Department budget, followed by the Technology Services budget. Mayor Randall inquired whether the noted amounts included the new Community Senior Center security and technology infrastructure. Director Mackinder relayed that the first year is part of the new Community Senior Center costs and ongoing costs will be budgeted into future Technology Services fiscal years. Councilmember Reid inquired about department functions since hiring the contracted staff. Director Mackinder responded that the switch to in-house staffing has been positive allowing for maintaining an experienced workforce and sustained certifications with continued cost savings with staff expected to remain long-term. He further noted the staff knowledge base and morale have increased as well. Mayor Pro Tem Pearson noted he was impressed with the minimal expenditure for the recent Microsoft security breach and inquired about ongoing security. Director Mackinder responded that the department now uses several vendors due to the addition of several added layers to network security. Councilmember Reid asked for Director Mackinder to comment on remote work in light of the pandemic. Director Mackinder responded that he found that Technology Services staff must be considered essential workers and be onsite to better assist staff, which staff were able to accommodate without issue.

Next, City Council reviewed the Public Information Office budget. Councilmember Reid noted a revenue increase for the department with the Cable TV Fund and requested additional information citing the increase in streaming services. Director VanderVeen confirmed the overall revenue in the Cable TV Fund was decreasing, whereas the increase in funding for the Public Information Office budget was a result of reallocations to more accurately reflect department budgets.

City Council next reviewed the City Assessor's Office budget. Mayor Randall inquired whether the proposed budget included contracting with the former City Assessor for assistance. City Manager La Margo and City Assessor Meshia Rose confirmed temporary services on a limited basis were included in the budget for the former Assessor's assistance as needed. Mayor Randall inquired about the recent appeal of Crossroads Mall. City Assessor Rose responded that the department had contacted an outside attorney and appraiser to assist with the appeal.

City Council then reviewed the City Attorney budget, followed by the City Clerk's Office budget. Mayor Pro Tem Pearson requested clarification on election reimbursements in light of the expected August 2021 election. City Clerk Eklov explained special election reimbursements. Mayor Randall sought clarification regard ballot printing and postage reimbursement. Clerk Eklov responded. The

Council next reviewed the Human Resources Department and Mayor Randall inquired about the funding for the recent salary study. City Manager La Margo responded that the study was funded in the current 2020-2021 Fiscal Year Human Resources budget. Mayor Randall inquired regarding the cost of the salary study. Director Hertz noted the first phase cost \$16,000 and the second phase would cost \$4,500. Mayor Randall next inquired on the history of Portage salary studies and requested clarification for the calculations. Director Hertz responded that the average of the differences in salaries was 8.2 percent with the actual range between \$2,500.00 and up to the teens. Mayor Pro Tem Pearson inquired how many years it had been since the last study and how often such a review would occur going forward. City Manager La Margo responded that the practice would occur every three to four years. Director Hertz responded that her department files did not show any such study since the year 2000. Councilmember Reid asked whether the City Administration was now finding it easier to hire quality candidates. Director Hertz confirmed while noted the pandemic was still affecting hiring levels.

Upon reviewing the Purchasing Department budget, Councilmember Reid expressed concern with the increase in fewer bid responses and inquired about methods to improve quality bid responses. Deputy City Manager Carroll confirmed the trend but noted bid quality and competitive pricing have endured. Mayor Pro Tem Pearson encouraged reevaluating bid advertisement avenues. Mayor Randall encouraged reviewing potential collaborative purchasing options with neighboring jurisdictions. Mayor Pro Tem Pearson suggested collaborative purchasing with Portage Public Schools. Deputy City Manager Carroll responded and confirmed the various methods and avenues the city is currently utilizing to ensure optimal prices and services. Mayor Randall inquired about a local vendor preference policy. Deputy City Manager Carroll confirmed prior discussions between the Council and City Administration but noted a policy had not materialized and would only apply to RFPs and not sealed bids. City Manager La Margo offered to draft a local vendor preference ordinance, noting a successful similar ordinance had been in his previous jurisdiction. Councilmembers Reid and Urban stated they did not favor a local vendor preference ordinance. Mayor Randall requested the City Manager to review the purchasing practices of neighboring and similar jurisdictions. Councilmember Urban stressed that the local economy extends beyond city borders and Mayor Randall agreed.

The City Council then reviewed the Parks Department budget. Director VanderVeen summarized the budget, noting the transfer of the Farmer's Market position from the Public Information Office to the Parks Department. Councilmember Reid inquired regarding the department's efforts with securing sponsors for events. City Manager La Margo responded that a recent sponsorship booklet was created by the department and their efforts continue to seek grants. Mayor Randall suggested collaborating with Discover Kalamazoo. Parks Director Kathleen Hoyle responded that Discover Kalamazoo was experiencing decreased revenues and an organizational change, but she would continue discussions with them. Mayor Randall inquired about reaching out to bigger corporate sponsors. Director Hoyle responded that past efforts had shown poor responses from large businesses and corporate sponsors, noting that small and medium businesses were more forthcoming with sponsorships. Review transitioned to the Senior Citizen Services and Senior Center. Mayor Randall inquired how the department was paying for the drive-thru meal events. Director VanderVeen responded that the events were included in the current fiscal year budget. Senior Center Manager Kim Phillips further noted that community partners and other sponsors were also stepping up to help fund the events. Councilmember Reid noted an increase in the budget of \$34,000 and asked for background. Director VanderVeen stated the amount was largely a result of moving expenditures from the old Senior Center and grand opening plans for the new Community Senior Center.

6:35 – 6:40 BREAK

Following the break, City Council reviewed the Department of Public Works. Councilmember Reid highlighted the city's shift in focus to more sustainable options and asked whether there would be more perennial plantings. She encouraged collaborating with Kalamazoo In Bloom to make the modification. Mayor Pro Tem Pearson noted a rate increase for the UAW and asked to what extent it will affect the proposed budget. Public Works Director Rod Russell responded that the rate increase was a result of more personnel leaving for other organizations and the need to encourage quality candidates to fill positions. He stated staff had reviewed the industry to match levels and also modernize the Laborer position to Maintenance Specialists, which had since increased staff morale. Mayor Pro Tem Pearson then inquired as to the percentage increase and whether the departing personnel were hiring with other local jurisdictions. Director Russell responded that it was split between public and private sector, with the rate increase of several dollars an hour. Councilmember Reid inquired about the scope of the new Laborer position. Director Russell explained the transition to Maintenance Technicians eliminated several minor job grades and eliminated a large amount of administrative complexity. Mayor Randall suggested Director Russell encourage local Master Gardeners to volunteer with the city landscape bed maintenance as another method to further reduce costs.

The Community Development Department was reviewed next. Councilmember Reid inquired whether the department had the required number of positions. Mayor Randall asked for clarification regarding the status of the existing open positions. City Manager La Margo responded that the City Administration plans to fill the remaining positions within the next month and under the current fiscal year budget. He further stated that all 18 of the positions have been fully budgeted for in the proposed budget for a full 12 months, unlike the current budget that only accounts for a partial year. Mayor Randall asked whether the department was continuing to outsource for the specialized expert positions. City Manager La Margo confirmed the Mechanical Inspector position continued to be contracted due to the inability to find a candidate that met the numerous state requirements, as well as the Senior Planner position, which was expected to be filled. Mayor Randall asked whether the city had considered job sharing for inspectors. Community Development Director Kelly Peterson responded that the inspectors' workload required a full 40-hour week, preventing the ability to job share. Director Peterson noted other jurisdictions were experiencing the same issue in finding candidates that met the state qualification requirements as well. Councilmember Reid requested clarification regarding a new line item for \$75,000 for professional services. Director Peterson responded that the amount was budgeted for outside consultants for special projects and/or special services and expertise that may arise as was done in previous years. She highlighted the previous discussion regarding the new city practice of re-allocating professional services staff from the overall Human Resources budget to the individual department budgets.

Finance Director VanderVeen next reviewed the City-Wide Services funding. Councilmember Reid inquired what city-wide services entailed. City Manager La Margo responded that these items were professional services that benefitted the city as a whole, including lobbying. Councilmember Reid then asked about the lobbying background and efforts. City Manager La Margo noted the city had two lobbyists; one for the federal level and one for the state-level government. He stated the federal lobbyist had assisted with bolstering the city in grants, pandemic funding, and federal agenda leadership. Mr. La Margo then highlighted that the state lobbyist had helped with Michigan Municipal League involvement, state representative interaction, and funding for the new Community Senior Center. Councilmember Reid inquired whether the City Administration planned to continue utilizing lobbyists and City Manager La Margo confirmed. Mayor Randall asked about the status of the federal COVID Relief funding and discussion regarding an appropriate amount for the city as compared to neighboring jurisdictions and the County ensued. City Manager La Margo confirmed we would bring an amended budget back to City Council once the federal dollars were confirmed and continue to collaborate with Kalamazoo County to increase funding amounts. Following the City-Wide Services

review, City Council then reviewed the Transfers Out budget.

Director VanderVeen subsequently reviewed the Streets budget, highlighting Major Streets first. Councilmember Reid inquired about \$560,000 in "Other Services and Charges". Director VanderVeen responded that the new line item was a combination of prior funds that included mill and fill, as well as contingencies. There was additional discussion regarding the status of certain road projects already in progress followed by Director VanderVeen reviewing the Local and Municipal Streets funds. Councilmember Reid inquired about the use of chip sealing and Director Russell responded regarding the pros and cons of the process.

The review of the Utility Funds began with the sewer fund followed by the water fund. There being no questions, City Council next examined the City's Other Funds, starting with Curbside Recycling. Councilmember Burns noted the contract increase with Waste Management and inquired about the frequency of advertising the program for bid. Director Russell responded that the city was in year six of a 10-year contract with Waste Management in which the annual contract increases were included. Mayor Pro Tem Pearson inquired about the number of recycling pieces, and Director Russell confirmed an administrative review completed the prior year showed the material was getting recycled properly with 70 percent success. City Manager La Margo also noted the city had achieved the highest turnout with the Kalamazoo County Household Hazardous Waste Center in the last year.

The Leaf Pickup/Spring Cleanup Programs under the Other Funds were reviewed next. Councilmember Reid highlighted the recent city survey results favoring the creation of a second Spring Cleanup effort and inquired about the potential costs. Director VanderVeen responded that the current Spring Cleanup Program costs \$180,000 to conduct. Director Russell expressed concern with the ability to successfully secure a contractor to complete the program based on recent trends.

Director VanderVeen moved onto presenting the Community Development Block Grant (CDBG) and Programming Funds. Councilmember Reid expressed concern with how the city was currently utilizing CDBG funds and encouraged City Council to seek a more effective method to assist the community with affordable housing going forward. Director VanderVeen closed the review of the Fiscal Year 2021-22 Proposed Budget with a presentation on the Cable Television Fund.

There being no further presentations, Mayor Randall encouraged City Council to ask questions. There being none, Mayor Randall confirmed that City Council intended to continue the discussion of the budget at the Budget Review Session scheduled for May 11th. Mayor Randall reviewed Councilmember inquiries and additional follow-up required following the discussion.

Adjournment: Mayor Randall adjourned the meeting at 7:48 p.m.

Erica Eklov, City Clerk