

BUDGET REVIEW SESSION #1
APRIL 18, 2023

Mayor Patricia Randall called the Budget Review Session to order at 03:04 PM in Conference Room #1 at Portage City Hall.

ROLL CALL: Councilmembers Lisa Brayton, Chris Burns, Victor Ledbetter, Terry Urban, Mayor Pro Tem Jim Pearson, and Mayor Patricia Randall were present.

ABSENT: Councilmember Lori Knapp.

ALSO PRESENT: City Manager Pat McGinnis, Deputy City Manager Adam Herringa, Deputy Finance Director (Accounting & Budget) Aaron Coeur, and City Clerk Erica Eklov. Various department directors were present via video conferencing.

OVERVIEW OF PROPOSED FY 2023 - 2024 BUDGET: At the invitation of the Mayor, City Manager McGinnis provided a summary of the proposed budget. Mayor Randall requested a discussion regarding the Fund Balance during the session, including a discussion regarding the amount. City Manager McGinnis discussed the 24 percent balance, noting that the current amount would support the city for a period of six months in the event of a large-scale emergency, such as the COVID-19 pandemic. Mayor Pro Tem Pearson inquired about the current year-end balance. Councilmember Urban asked about the City Council Policy concerning the General Fund with regard to excess funds directed toward expenditures. Deputy City Manager Herringa reviewed the General Fund Policy as approved in 2014. Additional discussion regarding the fund percentage and the usage of excess funds followed. Members of Council asked Deputy Director Coeur about the city's asset situation and projection. City Manager McGinnis provided several options regarding the possible uses for the fund balance, including delayed Capital Improvement Program (CIP) projects. Councilmember Urban expressed concern about lowering the fund balance too low. Councilmember Burns provided the percentages for Government Finance Officers Association (GFOA) and Standard/Poor's bond ratings for fund balance percentages. Councilmember Urban suggested having the City Administration return to Council at a later date with several scenarios and options to review. City Manager McGinnis then moved to discussing the General Fund options.

CITY COUNCIL: At 3:32 pm, review of the City Council budget began, including an increase in training and memberships. Mayor Randall and Mayor Pro Tem Pearson inquired about the next Local Officers Compensation Commission meeting and suggested wage raises for all of Council. Deputy City Manager Herringa and City Clerk Eklov relayed the City Administration's current plan to schedule the LOCC.

FINANCE & PURCHASING: Deputy Director Coeur noted there were no major changes to the planned Finance & Purchasing budget. Deputy City Manager Herringa highlighted that the Finance Department reduced its expenditures for the upcoming fiscal year. Councilmember Urban inquired about the Debt Service amounts. Deputy Director Coeur noted the amounts had been moved to a different fund due to new regulations.

CITY ASSESSOR: City Manager McGinnis reviewed the Office of the City Assessor with the outsourcing to WCA. Mayor Randall inquired whether the outsourcing had provided the city with a cost-savings. Deputy City Manager Herringa confirmed an approximate \$20,000 to \$30,000 in savings. City Manager McGinnis noted a slight increase in expenditures with the plan to install a counter window.

PUBLIC INFORMATION: City Manager McGinnis discussed the Public Information Office, including the changing of full-time staff as a multi-department realignment, the loss of a part-time mail clerk, and

the inclusion of a full-time courier. Deputy City Manager Herringa noted the courier assists the City Clerk's Office as well.

HUMAN RESOURCES: City Manager McGinnis discussed the proposed five percent cost of living increase for staff. Mayor Randall inquired whether exit interviews are part of city procedures and if there were any concerns regarding wages. Human Resources Director Hertz responded, stating that some staffing changes are a result of wages, whereas others are due to career development.

TECHNOLOGY SERVICES & CABLE TV FUND: City Manager McGinnis stated the Technology Services Department projected stable numbers for the current year, and the Cable Television fund included a decrease in franchise and public service fee revenue offset by increased use of fund balance. Councilmember Urban inquired about a new rumored cable provider. Technology Services Director Devin Mackinder confirmed that MetroNet was launching in the city with hopes to spread citywide. City Manager McGinnis inquired about permitting and right-of-way work planned throughout the city. Director Mackinder confirmed that both he and Transportation & Utilities Director Kendra Gwin had been working with MetroNet on their installation efforts, including citizen outreach, and their plan to begin in July 2023. Councilmember Urban inquired about the project tenure. Director Mackinder responded that the expected timeline is 18 months. City Manager McGinnis asked Director Gwin to relay the citizen outreach measures. Director Gwin responded, noting the contractor had local representatives. Councilmember Urban asked whether the addition of MetroNet was positive. Director Gwin confirmed that another provider and additional competition was welcomed. Councilmember Ledbetter inquired where MetroNet is based. Director Mackinder relayed an office in Grand Rapids.

CITY ATTORNEY: City Manager McGinnis presented the proposed City Attorney contract budget, noting a slight increase in the amount for the upcoming fiscal year. Councilmember Urban asked the City Administration to consider the City Attorney's attendance at the bi-weekly city staff meeting and whether that expansion in time should be recognized in the contract. Deputy City Manager Herringa explained the rationale and City Manager McGinnis confirmed the matter would be reviewed with the City Attorney.

PARKS & RECREATION: City Manager McGinnis introduced the Parks & Recreation budget and asked Director Hoyle to discuss the changes in the new budget, including contracting the Softball League, relocating the offices to the former Senior Center, and the resulting increased programs such as: wellness classes, afterschool programs, and a business incubator course. Councilmember Ledbetter inquired about a former radio station parcel purchased on South Westnedge Avenue for a proposed archery field. City Manager McGinnis had Director Hoyle explain the proposed project timeline. Councilmember Urban asked how the proposal was being considered for \$1.5 million. Councilmember Brayton asked Director Hoyle regarding the background, including the collaboration with Portage Public Schools Middle School Physical Education Teacher and Archery Coach John Dunlop. Mayor Pro Tem Pearson asked about the liability to the city. Director Hoyle noted archery is permitted in the city ordinances and explained regulations for the types of bows to minimize distances, berms, security fences, and other measures. Councilmember Knapp asked about site security during closed hours in terms of liability. Director Hoyle responded with various measures and the ideal site situation to ensure security.

Mayor Randall asked about interest in disc golf. Director Hoyle responded with staff's review to date. Mayor Randall next inquired about the proposed security fencing for the proposed archery site. Director Hoyle responded that staff provided a 90-day notice to adjacent property owners regarding the pending fencing and understanding of correcting any encroachment issues. Councilmember Burns asked about liability coverage should a lawsuit or accident occur, and whether legal counsel has opined on such a city-owned weapons facility. Mayor Pro Tem Pearson noted an archery competition site in Rockford and asked staff to research whether other municipalities have undertaken such an endeavor. There was additional discussion regarding fencing for securing city

properties, additional outside financing options or collaborations, and liability issues. Councilmember Brayton asked whether liability concerns had been reviewed in 2019 when the property purchase was presented to the City Council. Director Hoyle responded that she had reviewed the ordinance for permitted use, discussing a shooting range in the Gourdneck area. Councilmember Urban confirmed adjacent residential property in the Gourdneck area had experienced issues and the shooting range had made prior permitted adjustments.

City Manager McGinnis responded that the City Administration would review the proposed site use, research statistics, and safety matters in order to provide a response.

****BREAK: 4:23 p.m. - 4:27 p.m.****

SENIOR CITIZEN SERVICES: City Manager McGinnis asked Director Phillips to elaborate on the expansion of the department's services. Director Phillips relayed the expanded building hours and significant membership growth acted as the catalysts for the requested four new part-time Building Coordinator positions and the new part-time Rental & Scheduling Coordinator.

Mayor Pro Tem Pearson asked about the percentage of non-resident members. Director Phillips responded that non-membership hovers at 40 percent and residents from neighboring counties are also joining, citing the trip offerings as a big draw. Mayor Pro Tem Pearson also asked about the contribution of the County Housing Millage.

Mayor Randall inquired about the proposed expanded operation hours. Director Phillips responded that the extended building operation hours allowed for increased fitness classes and gym access. Mayor Pro Tem Pearson inquired about the parking layout. Director Phillips responded, noting the new overflow parking lot was helping, as well as street parking on Brown Avenue, and maintaining a good relationship with the adjacent church to use their lot.

PUBLIC SAFETY: City Manager McGinnis began with the Police Division and highlighted a February 15, 2023, interoffice memo from Director Arnold provided to the Council at the beginning of the meeting explaining the background for the proposed six full-time position increases. Director Arnold further discussed the upward trending calls for service, as well as the Public Safety Department's desire to be proactive and prepared. He noted comparative studies performed by staff, including the City of Kentwood.

Mayor Pro Tem Pearson asked about the crime statistics comparison between Kentwood and Portage. Director Arnold responded that it is quite similar. Mayor Pro Tem Pearson also inquired about homicides in the city. Director Arnold responded that there are not many variations between prior years and current but those that had occurred were complicated. Mayor Pro Tem Pearson asked Director Arnold for the reasoning with the increase in service calls. Director Arnold responded that many are for speeding concerns. Councilmember Burns asked about a perceived uptick in retail fraud and lack of support from the business owners. Director Arnold confirmed the trend, citing a lack of willingness for retail owners to pursue retail crime prosecution and a lack of providing business security staff.

Mayor Pro Tem Pearson asked whether the Crossroads Mall was responsible for such retail calls. Director Arnold responded that calls from the mall have decreased. Mayor Randall asked about the lateral transfer incentive program. Mayor Pro Tem Pearson asked about state or federal funding options. Director Arnold responded, providing information for a pending federal grant application, noting only 75 percent for three years is funded, with the city required to provide the following year. Councilmember Urban asked about the requested funding increase compared to the staffing increase requested.

There was additional discussion regarding recruiting and staffing incentives, competition, and pay rates. Mayor Randall questioned a referral bonus. Director Arnold confirmed there was a referral bonus in place. There was additional discussion regarding the amounts. The Mayor then asked about the number of School Resource Officers. Director Arnold responded that there hadn't been a request

for additional officers. Councilmember Urban asked whether Portage Public Schools cost-sharing is a hurdle. Director Arnold confirmed. Mayor Pro Tem Pearson asked about the number of officers that live in the city. Director Arnold couldn't answer, but all of the Council asked to know the numbers citywide. Mayor Randall then asked about the ratio of female and minority officers. Director Arnold responded the desire to simply hire more people overall. Councilmember Ledbetter asked about the number of service calls for drug use and overdoses compared to the City of Kalamazoo. Director Arnold stated that the prior weekend had increased calls due to a contaminated batch of cocaine in the area, but Portage receives less than Kalamazoo overall. Additional discussion ensued regarding staffing levels, in light of grant funding and city funding, position planning, and service provision.

The discussion concluded with a review of the Fire Division, noting there are no changes planned. Mayor Pro Tem Pearson asked if the number of fires in Portage had changed. Staff responded that it was unchanged with 2 percent of calls for service.

CITY CLERK: Deputy Director Coeur next reviewed the Office of the City Clerk's budget, including increased election expenditures. He also highlighted a decrease in marijuana revenue, explaining the change was a result of new budgeting requirements to move non-departmental revenues to the overall General Fund. Additional discussion followed regarding the Clerk's budget and the effects of Proposal 22-2 which passed in the November 2022 General Election. Councilmember Burns inquired about the part-time position funding and correlating elections. City Clerk Eklov responded that the part-time position had begun part way into the prior fiscal year.

CITY MANAGER: City Manager McGinnis reviewed the City Manager's Office budget, noting the loss of the second Deputy City Manager, the upcoming addition of the Chief Development Officer, changes to the administrative support position, and an increase in professional memberships. Mr. McGinnis then highlighted the incoming hire of Peter Dame to the Chief Development Officer position.

PUBLIC WORKS & RELATED FUNDS: City Manager McGinnis and Deputy Director Coeur next reviewed the General Fund Non-Departmental accounts, including the City-Wide Services and Transfers Out.

****BREAK: 5:39 - 5:51 p.m.****

Deputy Director Coeur reviewed the various Public Works Department funds. Councilmember Burns inquired who performs the maintenance and whether it is outsourced, full-time staff, or seasonal hires. Public Works Director Rod Russell responded. Mayor Randall asked about the response to lowering the age levels. Director Russell confirmed the response was positive. Mayor Randall asked about age levels and oversight needs. Director Russell responded that oversight was minimal with the age being 16 and up.

Deputy Director Coeur next reviewed the Major Streets Funds, noting the \$92,000 increase in funding due to planned road resurfacing. Councilmember Burns inquired about increased costs. The Local Streets Fund was subsequently reviewed, citing recent citizen concerns with streets in the Balmoral neighborhood receiving chip seal in the prior year with larger-sized stones. There was discussion regarding chip seal versus mill and fill, surface quality, and the 5- to 10-year lifespan. Councilmember Burns inquired about sequencing the planned road projects and avoiding traffic congestion. Director Gwin responded that projects can be spaced throughout the construction season to alleviate congestion and the degree of the roadwork will dictate the scheduling as well. Councilmember Burns also inquired about the planned elementary school construction projects in tandem with the area road projects. Director Gwin confirmed that projects adjacent to the scheduled school renovations can be split to account for the construction.

Deputy Director Coeur next reviewed the Curbside Recycling Fund, noting no significant changes were planned, and the contract status with Best Way Disposal. Councilmember Burns asked about pairing the sole-source waste hauler option from the City Council Goal Session with the Best Way contract expiration. Deputy City Manager Herringa confirmed the staff are planning such

actions. Mayor Pro Tem Pearson asked about the status of the City Administration's review regarding sole-source waste hauling. City Manager McGinnis confirmed the review and research to date.

Deputy Director Coeur then presented the Leaf Pickup/Spring Cleanup Fund, with no changes planned. Councilmember Burns inquired about the millage rate in comparison to the General Fund.

TRANSPORTATION & UTILITY FUNDS: Deputy Director Coeur presented the budget of the Transportation & Utilities Department and its various funds including Major/Local Streets Reconstruction and Water & Sewer Utilities. Councilmember Burns expressed his displeasure regarding the 34 percent sewer utility rate increases from the City of Kalamazoo and the inability of the City of Portage to negotiate such rates. Discussion regarding the inclusion of Portage in the Kalamazoo Sewer System followed. City Manager McGinnis highlighted the addition of a Private Development Engineer position to the department.

Mayor Pro Tem Pearson asked about construction at the intersection of Portage Road and Centre Avenue. Director Gwin responded that the work was part of Consumers Energy's gas main work. Mayor Pro Tem Pearson spoke regarding the retention basin north of the McDonald's restaurant and gateway improvements to the Lake Center District.

Deputy Director Coeur then reviewed the Water Fund, including the five percent increase in rates. Councilmember Urban asked whether projects could be planned, budgeted, and supplied more than a year in advance. Director Gwin responded that certain aspects were possible but there were issues with adding a delay, such as supply degradation.

COMMUNITY DEVELOPMENT & RELATED FUNDS: Deputy Director Coeur next presented the Community Development Department changes, including relocation of staff positions to other departments and elimination of the Director position with the addition of the new Chief Development Officer. Councilmember Urban asked why the additional GIS/City Planner position had been dropped. City Manager McGinnis and Interim Community Development Director Jon Hallberg responded, noting the specific individual had resigned and relocated, but a new Housing Resource Specialist position had been added. Councilmember Urban cited prior concerns about the department's lack of staff. City Manager McGinnis responded that the staffing changes between the two departments had resulted in an overall organizational staffing status quo. Councilmember Urban asked about the inspector positions. Director Hallberg confirmed all positions were filled and doing well. Deputy Director Coeur closed his presentation of the department with an overview of the Community Development Block Grant Program and the new County Housing Millage program.

REVIEW OF PROPOSED CAPITAL IMPROVEMENT PROGRAM (CIP): City Manager McGinnis then briefly reviewed the Capital Improvement Program (CIP), summarizing the requests for the current fiscal year. As the timing between the Budget Review Session and the subsequent Regular City Council meeting was running out, there was discussion about using the second Budget Review Session the following week to complete review of the CIP and discuss any questions posed during the current meeting. Mayor Randall asked that the start of the next meeting begin at 4 p.m. instead of 3 p.m. and there was a consensus on the new time.

STATEMENTS OF CITIZENS: None.

ADJOURNMENT: Mayor Randall adjourned the meeting at 06:49 PM.

Erica L. Eklov, City Clerk