

MINUTES OF THE COMMITTEE OF THE WHOLE OF JULY 26, 2016

Mayor Strazdas called the meeting to order at 6:00 p.m. The following Councilmembers were present: Richard Ford, Jim Pearson, Patricia M. Randall and Claudette Reid, Mayor Pro Tem Nasim Ansari and Mayor Peter Strazdas. Councilmember Terry Urban was absent with notice and excuse. Also present were: City Manager Larry Shaffer, City Attorney Randy Brown, Community Development Director Vicki Georgeau and City Clerk James Hudson.

Mayor Strazdas introduced the topic, General Fund & Community Development Block Grant (CDBG) Program Human/Public Service Funding Process, reviewed the two sources of funding, and mentioned Council reliance on the Human Services Board to work with staff to review and implement the application process as approved by City Council. He deferred to City Manager Larry Shaffer, who asked Community Development Director Vicki Georgeau to outline the genesis of the process, how it operates, and what the net effect might be. He also asked Council scrutiny to see if there is an opportunity to make adjustments to the process that might make it more productive or equitable.

Ms. Vicki Georgeau welcomed Human Services Board (HSB) Chair Amanda Woodin and HSB Member Fi Spalvieri, who served with Vice Chair Diane Durian in a small group to review the evaluation criteria, the application and the funding process. She referred to the material provided Council to explain the history of the process as designed by the Human Services Board and adopted by City Council. She pointed out that the Board has since refined the process to make it as equitable as possible, recognizing that there is some subjectivity involved owing to the unique nature of each of the applicants. She noted that over the last 16 years, all of the applicants have been deserving as they perform excellent services to the community. She marked 2007 as the year when a lot of credibility was added to the process, and every year thereafter the Board went through the funding cycle, discussed whether the application needed to be revised and whether the evaluation criteria still made sense.

Ms. Georgeau indicated that the process starts every year in November when the Finance Director gives them an anticipated General Fund figure using a factorial of 0.0055 of the General Fund Revenues to determine the amount. She said staff also tries to estimate the CDBG funding amount and explained the process of disseminating requests for applications to the community in early November each year.

Ms. Georgeau explained that once the applications are received in early December, staff compiles them, makes sure they are complete, then sends them to HSB and City Council for review. She stressed that the Board also receives a presentation from the applicants at the first meeting in January and asks questions of the applicants. At the second meeting in January, each Board member reviews the applications using the established evaluation criteria, reaches an overall complete score and rank, and discusses their scores to determine their final ranking. The Board checks whether the current grantees met all of the requirements of the contract; and discusses the funding breakdown for the applicants in February by analyzing the current funding versus the requested funding and the available funding to determine a reasonable recommendation. Staff also brings some options to be considered by the Board and presents the recommendation to City Council at the Budget Work Session for Council consideration.

Ms. Georgeau referred Council to the Human Services Funding Evaluation Criteria on Page 4 of the materials provided and explained that the most important criteria is the “Basic Human Needs” segment which was added in 2008; this focuses on housing needs, food, healthcare and safety. She indicated that consideration is given to services provided in the community, or in close proximity to the community, or whether there is actual delivery to the recipient’s location or whether the service providers hold office hours at the Portage Community Center or other locations in the city. She explained that there is an attempt to not have overlapping services among the non-profit organizations in the community and, if they do overlap, they are informed that they should coordinate their services. She listed the other evaluation criteria, including: economically disadvantaged individuals, persons with disabilities, victims of abuse, non-profits with a higher percentage of clients served who live in Portage, and agency outreach efforts. She explained that some agencies have the ability to receive other funding or leverage other funding, as with a long- established agency in the City, for example; and, there is an interest in finding a way to fund new agencies or start-up agencies. She referred Council to the materials provided.

In answer to Councilmember Pearson and his request for a list of past agencies and the amount of the request, the amount received and if they were not funded, Ms. Georgeau explained the attachment in the COW materials that delineates the Applicants, the Funding Request, and the Funding Approved in the General Fund and CDGB Fund categories. She mentioned that some applicants were not funded due to a number of factors. For example, factors that are considered are: the inability to carry out a program because it is not fully funded; the program proposal was not a human service activity; the program proposal scored low and/or did not provide a direct service; or the applicant could not meet general contract provisions, such as the liability insurance requirements. Councilmember Pearson asked how much the insurance requirements cost a typical applicant. Lending Hands Executive Director John Hilliard indicated that General Liability Insurance costs them \$2,400 per year, and to add the comprehensive and liability insurance was \$150 per year to have the City of Portage be “also insured.”

In answer to Mayor Pro Tem Ansari, Ms. Georgeau indicated that the Portage Community Center (PCC) got more than they asked for because they are the only agency that submits a request for CDBG funding owing to the reporting requirements from Housing and Urban Development (HUD) that are burdensome. She explained that the other agencies could collect the data and apply, but they choose not to, even though they already receive funds from the City of Kalamazoo through HUD or Michigan State Housing Development Authority (MSHDA). She noted that traditionally, PCC has asked that their CDBG and General Fund grant applications be considered as one combined total funding request, so they may get more in block grants and less in general funds; and, this is found in the footnotes in the staff reports or tables and represents their combined request and their combined awards.

In reviewing the agencies that were not funded, Ms. Georgeau indicated that Community Homeworks performs home repair and is more of a housing rehabilitation program, not human services, but Community Development offered to partner with them and leverage loan funds with their grant funds. She also mentioned that Prevention Works collaborated with Kalamazoo County Substance Abuse Task Force, had a great campaign and a funding request of \$10,000.

However, she said if they were not fully funded for \$10,000, they were not going to be able to carry out the program; therefore, since there was no option for partial funding, and the Board had a concern that the request was not for service, it was more of a campaign, and not Basic Services.

She summarized the struggle of providing funds for a new applicant since applicants with higher rank usually get more money when more funds are available from grants or a lesser reduction in funding when there are less overall funds available. At this point, she deferred to HSB Chair Amanda Woodin and Ms. Spalvieri for their input.

Ms. Woodin indicated that the Board spends the most time with new applicants to determine where and how they fit in. She expressed her desire for more funds and mentioned that a lot of the applicants request the same funding as the year before because they know the limitations of the funding. She indicated that the Board met and discussed the criteria and the evaluation process and expressed an interest in incorporating the Non-Discrimination Ordinance into the process, and stressed the importance of the effort of the Board with the Non-Discrimination Ordinance. Because everyone scores very high in the communications (Amount of Outreach Efforts, Section 6) segment of the evaluation criteria, she said the Board may suggest changes in order to determine more meaningful outreach, such as one to one client-staff communications.

Councilmember Pearson asked how the Board could assign points to an agency for following the Non-Discrimination Ordinance, and Ms. Woodin replied she was not sure she would know how and noted the difficulty of making agencies outside of Portage follow the Ordinance. Discussion followed regarding implementation of the Non-Discrimination Ordinances, excludability and protected classes. In answer to Councilmember Ford, Ms. Woodin reflected that funding and funding levels get subjective and Ms. Georgeau gave HRI as an example because of its mission to prevent homelessness and its ability to provide direct financial assistance due to their large budget and leveraging of city funds.

In response to Mayor Pro Tem Ansari, Ms. Woodin indicated that the Board is still not sure how to incorporate the Non-Discrimination Ordinance into the evaluation process and discussion followed. City Manager Shaffer expressed his understanding that Mayor Pro Tem Ansari is asking if there would be some kind of system that would preclude an organization because it does not include a protective class, and Mr. Shaffer answered in the negative as he perceives that there will be no distinction among who the recipients are, whether in a protective class or not. He said that there may be some consideration where an organization has adopted language consistent with the Portage Non-Discrimination Ordinance. Discussion followed. Ms. Spalvieri assured Mayor Pro Tem Ansari that any changes would come before Council for approval. Discussion followed.

Ms. Georgeau noted that the small HSB group met in July and the full Board would be meeting in September to discuss some ideas proposed by the small HSB group, and the direction of City Council from this meeting both of which will be considered as part of the annual HSB continuous quality improvement process.

In answer to Councilmember Ford, Ms. Georgeau indicated that the single digit scoring was switched to a higher point scoring scale to help differentiate among the agencies since there were too many agencies with very close overall scores. She mentioned that the one thing that did change the score was the weight given to Basic Needs. Discussion followed and Ms. Woodin indicated that the point system is getting more and more objective and subjectivity enters into the conversation when discussing funding levels and explained. She agreed with Councilmember Ford that the ranking reflects the preference of the Board, then there is a subjective debate over who gets funding and at what level.

Ms. Spalvieri indicated that most people know what the points are and described the effect of placing weight on each criteria. When Councilmember Ford asked if the funding was or was not tied to a specific amount if the agency received a certain weighted score, Ms. Georgeau cited the example from HRI where they leveraged the \$20,000 received from Portage with \$40,000 of other funds to “put money directly into the pockets of those in need” and prevented foreclosures and homelessness, which really resonated with the Board. She used this to explain how subjectivity might enter into the discussion and gave PCC, the YWCA, Catholic Charities and HRI as examples of agencies which have received funding for many years which may inhibit the ability to provide funds for new agencies and explained. Discussion followed.

Councilmember Ford asked for feedback from Ms. Spalvieri, as the Executive Director of a Non-profit organization, and new to the Board and the process. Ms. Spalvieri answered by saying that she was very impressed with how dedicated and thorough the Board took this responsibility, as it takes hours to go through the materials. She talked about the desire to remove subjectivity from a tool whenever one is devised. She noted that the Board even discussed the pro’s and con’s of the effects of having presentations from the applicants, and how the Board compared the details in the conversations with how the criteria relates to those details. She complimented staff for their assistance and said the process went very well this year, not taken lightly, and people did their homework ahead of time.

Councilmember Randall indicated that she was on the Catholic Charities Board for five years and expressed her concern that a presentation from a paid professional is different from one coming from a volunteer. She listed some of the changes in Portage that reflect a change in the “face” of Portage over the years; she mentioned that the census reading shows more poor families in Portage, and that the School Board is providing more (free or reduced) hot lunches, a breakfast program and a (weekend) backpack program. As a taxpayer giving 0.0055 factorial of the General Fund, she said she is inclined to give more to Portage-based charities and charities that serve Portage residents thus showing a Portage preference. She indicated she knows of food banks that have been in existence for years in Portage and no one knows of them; she offered Lending Hands with a decade of experience as another example of people not aware of this service. She also wanted to consider the difficulty of the process for those with a small staff which might make the application not worth the time or not worth the cost of additional insurance which may signal the agency to seek wealthy donations instead. Discussion followed.

Ms. Spalvieri indicated that the HSB has a lot of conversation over serving Portage residents versus being based in Portage: how many people in Portage seek out this service and is there another service like this in Portage. She pointed out that the YWCA is a good example;

they do serve a number of Portage residents; and, that is a good example of the “weight” issue. Human Services Board Vice Chair Diane Durian arrived. Ms. Woodin noted there are some problems with delivery of service such as how would a person get to the YWCA, for example. She also indicated that the Board did discuss being aware of the difference between a professional presentation and one that is not, and the importance of not being unduly influenced by a professional presentation. Discussion followed.

Councilmember Pearson acknowledged that City Council approves of the recommendation from the HSB, but it is always a “rubber stamp” and Council has never really “gone through and looked at it.” He mentioned that last year, Council reviewed the top four non-profit recipients and said it is incumbent on him, not knowing the small non-profits of Portage, to understand the process. He recognized that it is a lot of work and that Council provides direction then relies on HSB for the scoring and analysis. However, he reiterated that it is important for Council to understand the process so they can provide direction. With that, he asked how many Portage citizens are being served by the top four non-profit recipients. Discussion followed.

Ms. Georgeau directed him to the Supplemental Budget and interjected that for Catholic Charities, 7.5% of the residents served with the Sexual Assault and Domestic Assault Program were Portage residents and they served 15 people per year; and for Housing Resources, Inc., 17.2 % of the residents served with the Housing Stabilization Program were Portage residents and they served 175 people per year (for the YWCA, 13.4% of the Sexual Assault and Domestic Assault Program were Portage residents, and for PCC, over 70% of clients served were Portage residents). Discussion followed.

Councilmember Pearson indicated that he wanted to know if the funds are helping Portage citizens, and he wished to determine what the City can do for smaller non-profit organizations to help people, mainly Portage citizens, and explained. He cited his question about the \$1 million insurance policy for a small operation, which makes it “tough to do.” He also pointed out that small non-profit agencies do not hire people, yet there is an infrastructure to help citizens and no payroll, so the rest goes toward helping people in need, without paying salaries. He asked the Board to think about the fact there is nothing in the scoring that maximizes the amount of Portage funds that actually go toward helping people as opposed to organizations with salaries, which he saw as similar to leveraging funds to maximize acquisition of more funds. Ms. Woodin said that there is a question in the application that asks what it costs to serve one person, although the Board does not score on it.

Councilmember Pearson concurred with the weight given to the Basic Human Needs, but asked that the Board consider giving points if the non-profit is located in Portage and/or if it serves (a large number or percentage of) Portage citizens. He questioned the provision of transportation since there is bus service for everyone, and people can call a van for a ride and go anywhere. He explained that there are many more bus routes going downtown Kalamazoo, so this may give an advantage to downtown Kalamazoo non-profit agencies. In reference to criteria number 5, and the percentage of Portage clients served, he asked the Board to analyze the disparity in the ratio that results between the percentage of clients served by the agency and the score they receive. Discussion followed.

Mayor Strazdas summed up: City Council may want to add an extra day to the Budget Review process to drill down more budget detail; there is a need to look at the too subjective - too objective question; are basic human needs a high or low priority; since the Board is deliberating outreach criteria, they may come back to Council with a determination; do we have the right percentage of the General Fund and is it enough; plus, how many Portage citizens are being served by the non-profit and/or is the non-profit located in Portage.

Councilmember Reid indicated she served on the Community Action Board for eight years, so she feels she has an understanding of the agencies in greater Kalamazoo. She said the non-profits that have developed over the years have displaced many County agencies that would normally be providing these services with funding through CDBG and other funding through Community Action, so there are entities that have been around a long time who have professional people to "pull things together" and tend to be the ones who serve a lot of people. She contrasted a non-profit that has 7% of the people they serve as Portage citizens, but they serve 10,000 people, with a non-profit that has 15% of the people they serve as Portage citizens, but they only serve 20 people. In considering what the group received last year and what they are requesting this year, she asked whether the Board looked at continuing a long-term relationship with that non-profit, or starting with a blank page, assuming nobody gets any money and starting the process by looking at the applications with a zero. She stated that having a long-term relationship with an organization allows the citizens to know where to go and allows the agency to count on a certain level of funding; however, she acknowledged that starting on a blank page gives everyone an equal opportunity. So, she asked how are we doing this and are we carrying people over or not. She recognized 7(A) and 7(B) as an attempt to do this. She mentioned that the Board indicated they are not able to discriminate differences in the area of Communications, and asked the Board to determine whether there are any questions that are doing a really good job of making distinctions and sorting the applications out. She asked them to look at why are you stratifying with some questions and in others, everyone is lumped together, for example; and, if everyone is doing a good job at communications, maybe that is not an issue that needs to be looked at and explained.

Councilmember Reid also asked when looking at the amount of funding, is the Board looking at the percentage of the request, or the total cost to run the agency because agencies differ in size, and the amount of money to run each agency is very different; moreover, for some of these agencies the amount of the award from Portage is a small portion of their budget, and for others it may make a big difference, so she asked if the Board figures out the percentage of their requirement, a dollar figure, or a percentage of what it costs to run the agency. She said she really supports Basic Human Needs because it "gets at" why we are doing this in the first place and should be given twice the weight of the other things. Also, she feels access needs to be looked at in a variety of different ways and, for one thing, should have a commensurate relationship with the number of Portage citizens served; so, if there is a high score on one and a low score on the other, something is wrong there. She said she understood that there can be discrepancies from one year to the next because there are differences at different times. She emphasized that there are some agencies that have continually provided services, and Council should continue to maintain those services unless we can find a way to provide those services otherwise. She stated she is not so sure City Council needs to spend more time drilling down on this, and re-emphasized that the Human Services Board does a great job with this process.

Mayor Pro Tem Ansari referred to the comments from Councilmember Randall, noted that there seems to be an increase in the number of people who need help, and asked if there is a need to increase the percentage of funds from the General Fund. He expressed an interest in reaching out with the *Portager* as a way to find those people in need. City Manager Shaffer responded that City Council has full appropriation authority which cannot be abridged and expressed his appreciation for the process. He also indicated that this is a policy issue and mentioned that many legislative bodies set a goal each year for their human services funding; he gave the examples of a focus upon drugs and drug usage, then a focus on hunger and explained that there are some communities that set priorities, articulate those priorities clearly on an annual basis, and appropriate as they see fit.

Councilmember Ford made the point that the City may give a non-profit \$15,000, but may get \$60,000 because of professional administration, so the non-profit may be giving us more than we are giving them. He said he likes the Portage preference and what Council can provide Portage residents, and the mailing addresses of the organizations are not important, but service to Portage is. He expressed his appreciation for the outreach efforts of the Board and emphasized that Basic Human Needs is still number one for him. Even though Council may spend 20-30 minutes at the Budget Work Session on this, he felt it was important to have a Committee of the Whole meeting to share ideas. He expressed his preference for the subjective nature owing to the efforts of the core of volunteers and his appreciation for the discussion of the pro's and con's of each of the criteria listed on the applications.

Mayor Strazdas complimented the Human Services Board; regarding objectivity, it has gotten cleaner over the years, and with a totally subjective process, there is always going to be criticism. He indicated that the HSB seems to have the right amount of objectivity and subjectivity, expressed his appreciation for their plans to rethink the outreach effort to touch and find those citizens. Discussion followed. With regard to presentations, he suggested that the Board not just listen to them so much as to ask questions about the objective detail in the application and not be influenced so much by a flashy presentation versus a non-flashy presentation. Next, he addressed the customer preference piece of Portage citizens instead of simply a Portage address and used the P.O. Box as an example of an organization location not really having a presence in Portage. He stated a preference for organizations that leverage and would push leveraging and Portage preference in the evaluation process. He recognized Portage had a drug issue, for example, and asked the Board to determine where there is a need in the community right now that we need to attack more rigorously. He expressed an interest in pursuing the Regional Planning Group as a sounding board and envisioned putting more of these agencies together, for example, to push three or four smaller agencies into the Portage Community Center and realize the efficiencies and administrative support.

Councilmember Pearson asked if it is possible for multiple smaller agencies to have a one million dollar insurance policy and Ms. Georgeau indicated that they possibly could get a fiduciary and gave Kalamazoo Anti-Human Trafficking Coalition as one organization she thinks may have or is pursuing a fiduciary relationship with Catholic Charities. Discussion followed. Councilmember Pearson indicated he was intrigued by Mr. Shaffer's comment that Council could provide funding to attack an issue for a specific span of time and asked, "If City Council

wanted to take this up, what would be the timeframe to meet?” Mr. Shaffer did not provide a specific timeline at this juncture, but offered that Council should set a priority that should be policy-driven. He then suggested they provide a policy statement that covers a three-year period, gave the examples of spousal abuse, drug abuse, etc., and send it to the HSB to tell Council how they would prioritize that and how they would make that work. As a follow-up, Councilmember Pearson asked for a budget projection, and Mr. Shaffer indicated that it will grow, but not significantly. He cited the Budget at roughly \$55 million and the General Fund at \$25 million.

After discussion, Ms. Georgeau commented that the HSB can plan to come back to City Council in October with criteria recommendations and get feedback before the funding cycle begins in November. She then explained the funding history of the General Fund factorial and some funding options and limitations. Discussion followed.

Mr. Shaffer informed Council that he wanted to work with the HSB, have them come back with a number of options that Council might explore from a policy perspective - a number of different positions. He commented that Council may never completely get away from a certain amount of sustained funding for some of these agencies. He suggested working with HSB, give them a sustainability class and maybe new funding for those agencies that meet specific goals of Council, and come back in October. Discussion followed.

Mayor Strazdas thanked the HSB members, again, for coming and, at his request, Vice Chair Diane Durian indicated that the Board members work very hard and all ask what do the Portage residents want, who really matters in Portage and who are you? She noted some agencies cannot be replaced such as the YWCA, and mentioned their excitement that Lending Hands came with an application this year. Discussion followed.

STATEMENTS OF CITIZENS: Mr. John Hilliard expressed his appreciation for being here, treated it as an education process for Lending Hands, which submitted an unsuccessful application last year. He thought it was important to stress service to Portage citizens; and, he asked about a return on investment or, “how much do you give us and how much do you get in return.” Discussion followed. He expressed his appreciation for the help he received from Neighborhood Program Specialist Elizabeth Money and Ms. Georgeau.

ADJOURN: Mayor Strazdas adjourned the meeting at 7:14 p.m.

James Hudson, City Clerk