BUDGET REVIEW SESSION #1
MINUTES FROM APRIL 29, 2025

Mayor Patricia Mayor Randall called the Special Meeting to order at 2:00 PM in Conference Room #2 at Portage City Hall.

ROLL CALL: Councilmembers Chris Burns, Vic Ledbetter (arrived 2:05 PM), Nicole Miller, Terry Urban (arrived 2:03 PM), Jihan Young, Mayor Pro Tem Jim Pearson, and Mayor Patricia Randall were present.

ABSENT: None.

ALSO PRESENT: City Manager Pat McGinnis, Chief Operating Officer Adam Herringa, Chief Development Officer Peter Dame, City Clerk Erica Eklov, Finance Director Lauren VanderVeen, and Deputy Director of Accounting & Budget Aaron Coeur. Various department directors and deputy directors also provided presentations via Microsoft Teams.

BUDGET REVIEW: Following the Mayor's introduction, City Manager McGinnis summarized the actions and efforts to produce the proposed budget. He also noted the various budget questions submitted by Councilmembers before the meeting, which the City Administration had answered and provided both in hard copy and via email.

OVERVIEW OF PROPOSED FY 2025 - 2026 BUDGET: At 2:05 PM, Director VanderVeen began presenting the budget preparations and the resulting budget, various revenues, and expenditures. She then presented the forecasted conditions and assumptions, highlighting the anticipated property tax revenue, maintaining or elevating city service levels, and maintaining a sustained Fund Balance of 20 percent. She noted the taxable value will increase 3.8 percent due to inflation, and utility rates will increase 7 percent. Director VanderVeen then presented the various aspects of the General Fund.

CITY COUNCIL: Starting at 2:12 PM, the discussion shifted to the City Council budget. Councilmember Young asked about the Local Officers Compensation Commission meeting schedule. Councilmember Miller asked about the legal & arbitration line item.

Human Services Board allocations & Opioid Fund Recommendations: At 2:13 PM, Mayor Randall and Councilmember Young inquired as to why the YWCA's grant applications were not recommended by the Board. Director VanderVeen and the City Manager provided an overview of the Opioid Settlement Fund and the Human Services Board's involvement with dispersing funds. Councilmember Ledbetter asked whether the city had statistics on youth affected by the opioid epidemic, to which the City Manager responded that staff would research. Councilmember Urban asked why the city wasn't spending the remaining $40,000. The City Manager responded that the City Administration had been working to find worthy projects to allocate funds. Councilmember Urban stressed a desire to expend the funds as opposed to leaving the funds untouched. Mayor Randall echoed. City Manager McGinnis explained that the goal of the funding was to build sustainable, long-term programs. There was additional discussion regarding allocations and the Human Services Board's role with the fund. Councilmember Young stated a desire to allocate $25,000 from the remaining funds to the Community Healing Center. Councilmember Urban reiterated that he would like the funds to be distributed rather than remain in a fund. Councilmember Burns highlighted $81,000 for the Police. Director VanderVeen noted $340,000 by 2038 with the "settlement calculator."

FINANCE & PURCHASING: At 2:24 PM, Director VanderVeen began by highlighting the staff reorganization regarding the Purchasing Manager and various funds under the department. The City Manager asked Councilmember Burns about his earlier questions about Treasury. Councilmember Burns elaborated on his inquiries regarding interest income revenue and accounting reorganization, confirming his questions had been answered.

CITY ASSESSOR: Director VanderVeen began reviewing the Office of the City Assessor at 2:26 PM by highlighting the three-year contract renewal with a three percent increase to WCA Assessing. Councilmember Urban asked about any city employee services and the cell service expenditure. Director VanderVeen responded that it was the field service for staff laptops.

PUBLIC INFORMATION: Beginning at 2:28 PM, Director VanderVeen reviewed the Public Information Office. She highlighted its static staffing and its $23,000 increase in advertising due to professional services. The City Manager segued into a discussion about the fringe benefit question from Councilmember Burns at this time. Mayor Randall asked if the fringe benefits included the new Tri-Share Program. Adam relayed that it is a separate item under Human Resources.

HUMAN RESOURCES: Debuted next at 2:31 PM with Director VanderVeen highlighting the proposed 3.5 percent salary increase for all non-union employees. Chief Operations Officer Herringa noted the prior questions about professional services funds set aside for a wage and compensation study every three years. Mayor Randall asked about the amount of the contracted study. Councilmember Burns asked if figures go out of date that quickly. Human Resources Director Shannon Hertz relayed the products received from the study, the benefits, and confirmed the consistent need for reevaluation in the compensation field due to rapid market changes. Mayor Randall asked about in-house study options. Director Hertz responded with current department practices and the fallbacks to conducting an in-house study. Councilmember Burns asked about retention and hiring. Councilmember Young asked whether staff and applicants cited benefits or compensation as reasons for leaving or refusing employment. Director Hertz confirmed compensation and elaborated on benefits. Councilmember Ledbetter asked about pushback from staff following the professional study. Director Hertz responded that some pushback occurs, but the study information helps to quell it. Mayor Pro Tem Pearson asked about any competition with County staffing. Director Hertz said nothing indicated competition. Councilmember Young asked about the trajectory of new hires coming from outside a 15- to 20-mile radius. Director Hertz confirmed many new hires are coming from outside that area, noting Public Safety particularly attracted people from outside the area or returning to Portage.

Councilmember Young asked about the age demographic of new applicants. Director Hertz responded with late 20s to early 40s. Councilmember Young confirmed the ability to utilize the data in a three- to five-year review to ensure the retention of younger employees. Mayor Randall asked about the study area and collaborating with the City of Kalamazoo, noting the potential for tapping into the same data. Director Hertz noted interest is comparable, but relayed that the employer structure and job analysis comparisons are different. Mayor Randall asked about the size of the employer structure and the job analysis aspect of the study. Director Hertz confirmed that it is approximately one-third of the overall cost ($12,000).

TECHNOLOGY SERVICES & CABLE TV FUND: At 2:40 PM, Director VanderVeen began summarizing the Technology Services Department, noting there were no major changes in the department budget. Councilmember Ledbetter asked about drone use, to which City Manager McGinnis responded. Councilmember Burns asked Director Mackinder about updates regarding cybersecurity. Director Mackinder began his response by highlighting the recent Ascension Healthcare data breach. He elaborated on the city's security systems and its involvement with the Center for Internet Security (CIS) connection, including software applications, monitoring, and mitigation assistance. He noted the recent uncertainty with the CIS due to recent cuts made by the "Department of Government Efficiency" and the vulnerability of fair elections as a result. Director Mackinder noted that the department was looking for alternatives to the CIS in the event of further federal cuts.

Mayor Randall noted the MLive article about a local municipality paying $30,000 toward a fraudulent statement and inquired about in-house mitigation of such instances. Director Mackinder relayed a collaboration with the Finance Department for the past three years, requiring a phone call with a vendor before distributing ACH payments due to the increasing number of scam emails with to the spread of Artificial Intelligence (AI) technology.

Councilmember Burns asked about AI control and use. Director Mackinder responded by highlighting the AI Administrative Order's existence and certain programs being launched by the City Clerk and Public Safety departments that are proceeding cautiously with full vetting for the use of any emergent technologies, and the likelihood of revisions and amendments to the AI Administrative Order. Councilmember Burns asked about any other cities using AI. Director Mackinder relayed his findings from recent state conferences. Director Mackinder complimented departments for collaborating with Technology Services to ensure security with AI is maintained. The City Manager relayed continual contact and marketing from AI companies.

Councilmember Urban spoke about the inefficiencies with the city website's search function. Various councilmembers concurred. Director Mackinder noted the novel quality of AI and not to always believe the promised claims.

Cable Television Fund: At 2:52 PM, the discussion transitioned to the review of the Cable Television Fund. Director VanderVeen noted revenues and expenditures were going down, with expenditures decreasing due to the completion of a cable access project in the current year.

Councilmember Miller questioned the franchise fees and asked if it was based on a percentage of users in the area. The City Manager answered that the city's existing agreement with Spectrum/Charter was the most robust, but the remaining entities fall under the Metro Act, resulting in a smaller amount, despite being calculated on the customer base. Chief Development Officer Dame clarified the combination of cable television and the internet under the various Acts.

There was discussion regarding fiber internet installations within the city and efforts to mitigate citizen concerns, as well as the potential for future state legislation further regulating cable companies. Mayor Randall asked if the cable-internet companies could coordinate installations. Councilmember Young cited issues with coordinating installation for residents. Councilmember Burns asked if the City Council could pass local legislation providing for a more orderly installation. CDO Dame responded. The City Manager elaborated on steps the administration could take to shift away from the cable companies.

CITY ATTORNEY: Beginning at 3:03 PM, Director VanderVeen reviewed the City Attorney budget. She highlighted that the City Administration increased the budget by 25 percent to cover any additional expenditure as new options are explored, noting the current attorney contract expires August 31. There was a discussion about the upcoming Committee of the Whole to review the attorney services. Mayor Pro Tem Pearson asked if travel budgets for the attorney firms would be included in the Committee of the Whole discussion, and COO Herringa confirmed.

PARKS & RECREATION: At 3:05 PM, Director VanderVeen began covering the Parks & Recreation Department budget, highlighting the continuity of the department's budget from the prior year. Mayor Randall asked about the length of Mr. Krispy's employment with the city. Councilmember Miller asked how items were reported. Deputy Director Aaron Couer responded that expenditures for events were separated for transparency in collaboration with Parks staff. Councilmember Burns noted his questions regarding park expenditures. Director VanderVeen relayed that most questions fell under Capital Improvement Project (CIP)-related matters, which would be covered at the end of the meeting under the CIP discussion. The City Manager, however, emphasized Councilmember Burns' question from before the meeting regarding the ice rink repairs. There was discussion regarding the operation of the ice rink and budgeting due to seasonal unpredictability. Mayor Randall asked about the number of ice rink visits. Director Hoyle stated it had approximately 8,000 visitors. Director VanderVeen outlined the ice rink's revenue for comparison with the expenditures.

Councilmember Burns asked Director Hoyle about the Ramona Park staffing. Director Hoyle responded that it fluctuated due to weather and young staffers leaving for college.

The conversation circled back to the ice rink, and there was a discussion regarding offerings as compared with the return on investment, as well as non-financial benefits of having an ice rink. Councilmember Urban relayed the history of the city having an ice rink. Councilmember Miller relayed that a member of the Michigan Municipal League had told her and Councilmember Young about another municipality learning from the Portage ice rink for use in their location.

SENIOR CITIZEN SERVICES: Director VanderVeen presented the expenditures of the Portage Zhang Senior Center and senior services at 3:22 PM, noting the Center's large revenue offset, resulting in a total budget of $662,000. Mayor Randall asked Director Phillips about the addition of operating Sunday hours concerning the Farmer's Market. Director Phillips relayed that the Center was currently open on Sunday afternoons, and the two proposed part-time positions would start only after the new Farmer's Market location was completed. Mayor Randall asked Director Phillips if she saw any benefit to extending the Center's hours on Sundays before the Market opened. Director Phillips responded with typical Sunday foot traffic. Councilmember Ledbetter asked if Director Phillips had statistics on Sunday hours, which she did not, but she relayed observations to date.

Mayor Randall asked about additional Saturday operating hours. Director Phillips responded that Saturdays were focused on rentals for special events and maintaining an atmosphere that encouraged the continued rental revenue. Mayor Randall asked about evening hours. Director Phillips responded with the current hours of operation.

Councilmember Burns asked what capacity the pickleball courts were experiencing. Director Phillips responded that if the court is open, it is in use. Mayor Randall asked about drop-in play passes. Director Phillips relayed pricing and membership requirements. There was discussion regarding the Senior Center's attendance auditing procedures, registration fee structures, and revenues.

PUBLIC SAFETY - POLICE DIVISION: The discussion began at 3:35 PM with questions about the School Resource Officers (SROs). Councilmember Urban asked about the potential of placing officers in the middle schools. Director Armold highlighted the use of Community Engagement officers to maintain a presence in the middle and elementary schools to supplement the SROs. Councilmembers Urban and Young spoke at length about the potential benefits of assigning SROs to the schools directly. There was discussion about future steps.

Councilmember Burns inquired about staffing resource reallocations. Director Armold responded and highlighted the information provided in the Council's budget packet. Councilmember Burns asked about any trends in crime that the City Council needed to be aware of. Director Armold relayed that retail crime remained the main issue.

Councilmember Ledbetter inquired about the Emergency Management Coordinator position. Director Armold responded. City Manager McGinnis relayed details from the job description and discussed the potential for the use of the 9996 Portage Industrial Drive building the city recently purchased as part of the Kalamazoo County Emergency Management program and as an alternative

Consolidated Dispatch location.

Councilmember Burns then asked about the city's ability to recruit staff. Director Armold responded that recruiting for the Fire Division was sufficient, but the Police Division continues to struggle with hiring, missing applicants for the four to five open positions. He further relayed the department's current staffing plan. Councilmember Burns inquired whether the struggle was specific to Portage or nationwide. Director Armold responded that recruitment shortages were industry-wide. Mayor Randall asked about the use of overtime to cover the vacancies. Director Armold relayed that overtime was being well-managed due to the Public Safety Administration managing outside event requests. Mayor Randall asked about incentive programs. Director Armold confirmed the existence of available incentives in collaboration with the Human Resources Department.

Councilmember Young asked about the department handling requests for dispute resolution. Director Armold noted a lack of resources for conflict resolution, though the City Manager relayed a state-supported regional program. Director Armold elaborated on his staff's response regarding a particular instance Councilmember Young referenced.

Councilmember Burns asked for an update on the COPS grant program. Director Armold relayed that four of the eight open positions paid for by the COPS grant had been filled and, as such, those four positions were being funded by the grant with the hope of filling the remaining four positions by the end of the year. Councilmember Burns asked about the length of the grant funding. Deputy Director VanderWiere confirmed it was a five-year period. Mayor Randall asked about recruitment strategies.

Councilmember Burns asked for updates regarding the police division technology approved by the Council over the prior year, including the Flock automatic license plate readers and ClearView AI facial recognition software. Director Armold spoke about the predictive router program (formerly PredPol) cancellation due to cost and relayed that both Flock and ClearView were leading to successful outcomes. Councilmember Young asked where the Police had observed an increase in citizen reports of cybercrime. Director Armold said there had been no major increases and partnerships with the federal government in pursuing cybercriminals.

Councilmember Burns spoke to the earlier opioid settlement fund discussion and asked about any updates regarding opioid responses. Director Armold relayed that opioid calls had decreased and staff training for potential opioid overdoses.

PUBLIC SAFETY - FIRE DIVISION: Councilmember Burns asked about the Fire Division. Deputy Director VanderWiere responded that calls continue to increase as the city develops, with 48 percent of requests answered by Station 1, followed by Station 2. He noted that multi-level care facilities tend to generate an increase in calls based on the number of beds, which staff would continue to monitor and evaluate their resources. Councilmember Ledbetter asked about the types of equipment responding. Deputy Director VanderWiere provided an overview of the equipment.

Director VanderVeen summarized the Police Division budget, noting a 6 percent increase. There was discussion regarding anticipated adjustments alongside union negotiations. Councilmember Urban noted a typo in a Fire Division line item. Councilmember Burns asked Director VanderVeen about budgeting for staffing and allowances.

BREAK: 4:22 PM to 4:59 PM - At the end of the break, Councilmember Urban highlighted to Director VanderVeen that the Budget position summary for the general fund showed 189 staff members versus 185. Director VanderVeen stated she would review the numbers.

CITY CLERK: Following the break, Director VanderVeen reviewed the City Clerk's Office budget, noting there were minimal changes to the budget. Councilmember Burns asked Clerk Eklov to elaborate on the election equipment replacement as a CIP. Clerk Eklov provided an overview of updating election equipment.

CITY MANAGER: At 5:03 PM, Director VanderVeen briefly reviewed the department, noting there were minimal changes in the department budget.

General Fund Non-Departmental: City-wide Services and Transfers Out: Councilmember Miller asked about special assessments conducted on West Lake compared to those conducted on Austin Lake. Director VanderVeen responded.

PUBLIC WORKS & RELATED FUNDS: Director VanderVeen presented the Public Works Department, first with the Grounds & Cemetery Maintenance segment, starting at 5:06 PM. Director VanderVeen noted the change in terminology from "Parks" to "Grounds" and provided insight into the budget breakdown. She also highlighted a savings of $310,000 using force account labor for city projects. Councilmember Urban asked for clarification regarding the terminology.

Director VanderVeen then covered the Cemetery Perpetual Care Fund, highlighting the fund balance, revenues, expenditures, and the requirement that the principal accumulated in the fund cannot be liquidated, but the interest can be used for perpetual care.

Director VanderVeen then presented the Major and Local Streets Funds, noting a $205,000 increase in the Major Streets Mill and Fill account, while the Local Streets accounts remain unchanged. Councilmember Urban asked for clarification about the figures regarding state revenue sharing.

Councilmember Burns asked about the "Other Services & Charges" line. Director VanderVeen clarified the account was for Mill and Fill, and Councilmember Burns suggested more specifically labelling the account. Director VanderVeen then summarized the remaining account variations.

Curbside Recycling Fund: At 5:18 PM, Director VanderVeen highlighted the anticipated new vendor in January 2026, reminding the Council about the current Best Way Disposal contract extension to the end of 2025. Councilmember Burns highlighted his earlier question regarding the property tax revenue and possible millage rate adjustment. Mayor Randall inquired about the status of the bid response for the waste vendor RFP. City Manager McGinnis responded with the administration's current plans. Councilmember Burns inquired about the County Household Hazardous Waste Center payment.

Leaf Pickup / Spring Cleanup Fund: Director VanderVeen began at 5:23 PM by highlighting the new food scraps program, noting an overall funding decrease in. Councilmember Burns asked whether the 2024 tornado expenses were included. Director VanderVeen responded that most of the tornado expenses were accounted for separately. Councilmember Burns asked about the response since the formerly outsourced Spring Cleanup was brought in-house. City Manager McGinnis noted that the Spring Cleanup would be phased away and be part of the new waste collection contract every week. Mayor Randall inquired about the planned bulk collection structure.

Councilmember Urban asked for clarification regarding the one-item per week policy. Councilmember Young expressed concerns about a change to the program negatively impacting residents. Mayor Pro Tem Pearson noted the recycling of scrap metal that happens during the current program. Councilmember Urban expressed concern about regular garbage "picking" under the new format and asked how the millage would be used. City Manager McGinnis relayed that he had experienced similar concerns from his prior municipality and suggested a phased transition over two years. Councilmember Young asked about the rationale for the separate phone call needed for residents with bulk items, with City Manager McGinnis replying that the collection required a separate truck.

Chief Development Officer Dame relayed his experience from his tenure in Oak Park, Illinois, with a similar program transition. Both Chief Development Officer Dame and City Manager McGinnis expressed that their experience proved that a successful program transition took approximately two years to occur.

Councilmember Burns asked about the continued brush and leaf collection. City Manager McGinnis confirmed these collection programs would continue.

TRANSPORTATION & UTILITY FUNDS: At 5:36 PM, Director VanderVeen transitioned to presenting the Transportation and Utilities Department, stating there were no significant department budget changes.

Sewer and Water Utilities: At 5:37 PM, Director VanderVeen relayed a proposed 8.45 percent rate increase as approved by the Utility Rate Study Committee, equating to a $3.74 monthly bill increase, accounting for the 12 percent increase in treatment charges from the City of Kalamazoo wastewater treatment facility. Director VanderVeen next discussed a 4.96 percent water rate increase with a $1.54 monthly change to customers.

COMMUNITY DEVELOPMENT RELATED FUNDS: By 5:40 PM, Director VanderVeen first presented the three subdepartments within Community Development. She then had a $30,000 increase in program operating costs for the Business Development program and a $14,000 increase in professional services. Councilmember Burns asked about the $300,000 line item, which Mayor Randall noted was for the Facade Improvement program. He then asked about the status of the program to date. City Manager McGinnis relayed that it had a slow start with a launch midway through the current fiscal year, but had at least one applicant. Councilmember Young relayed the Small Business Committee's efforts to date and the decision to expand the program.

PROPOSED CAPITAL IMPROVEMENT PROGRAM (CIP): At 5:46 PM, Mayor Randall noted the time and the upcoming Regular Meeting. She proposed postponing the remainder of the agenda regarding the review of the proposed Capital Improvement Program to the second Budget Review Session on May 16. There was verbal agreement amongst the Council, as well as discussion to delay the start time to 4:00 PM, with the minimal items left to review. The City Clerk and the Mayor discussed the motion for the Regular Meeting to reschedule the second budget session for a later start time.

STATEMENTS OF CITIZENS: None.

ADJOURNMENT: Mayor Randall adjourned the meeting at 5:49 PM.

Erica L. Eklov, City Clerk