

BUDGET REVIEW SESSION #2 MINUTES FROM MAY 13, 2025

Mayor Patricia Randall called Budget Review #2 Session to order at 04:00 PM in Conference Room #1 at Portage City Hall.

ROLL CALL: Councilmembers Chris Burns (4:05 PM), Victor Ledbetter, Nicole Miller, Terry Urban, Jihan Young, Mayor Pro Tem Jim Pearson (4:23 PM), and Mayor Patricia Randall were present.

ABSENT: None.

ALSO PRESENT: City Manager Pat McGinnis, Chief Operating Officer Adam Herringa, Chief Development Officer Peter Dame, Director of Finance Lauren VanderVeen, Deputy Director of Finance & Budgeting Aaron Couer, and City Clerk Erica Eklov.

CAPITAL IMPROVEMENT PROGRAM REVIEW

City Manager McGinnis introduced the Capital Improvement Program (CIP) for the upcoming Fiscal Years 2025-2031. He stated the CIP budget for the year is almost \$29 million, with projects totaling about \$24 million, debt service payments at \$4.7 million, and a total for streets of \$11.17 million. After the City Manager's summary, Finance Director VanderVeen presented.

Streets and Sidewalk Projects: Director VanderVeen highlighted the major street reconstruction projects planned, including West Centre Avenue from Oakland Drive to Shaver Road, and South Westnedge from South Shore Drive to Melody Avenue in 2025-2026. She noted \$1 million had been budgeted for engineering design for the Portage Road-Lake Centre Corridor project in the current year, with the plan for 2025-2026 to focus on the section from Bacon Street to Lakeview Drive. She then noted that the Major and Local Street design engineering is annually budgeted at \$750,000 to prepare for subsequent year street projects.

City Manager McGinnis mentioned that the West Centre Marsh Pointe Intersection Improvement Project needed an updated timeline. Councilmember Ledbetter inquired about the status of the proposed development in that area. City Manager McGinnis noted the improvement project was pushed out to FY27- 28 due to uncertainty about said development. He stated that the project was included in the CIP under the expectation that the development would cover some of the cost. He cited that the Department of Natural Resources expressed interest in improving access to the Gourneck Lake Game Preserve, but that should not affect the driveway project.

Discussion moved onto sidewalk improvements, with Mayor Randall inquiring about West Centre Avenue, noting the 2024 bicyclist fatality on Valleywood Drive. There was a question regarding the sponsoring department for the Winthrop, Cabot, and Cheshire sidewalks listed for improvements. Staff noted that engineering is typically estimated at 15 percent of the construction project cost.

Bikeways and Trailways: Director VanderVeen next reviewed the upcoming year's budget for the Bikeways and Trails at \$4.85 million, mostly owing to the Austin Lake Trail, with each year being budgeted for improvements to the multi-use trail system. Director VanderVeen highlighted \$150,000 allocated for the Portage Bicentennial trail, which runs from the library to Bicentennial Park through Celery Flats. Councilmember Burns relayed citizen feedback that navigating the trailway during last year's Traditional Holiday celebration was difficult due to lighting and ice. Councilmember Miller inquired about the noted arboretum trail location, which Public Works staff relayed is located from Brown Avenue to the Veterans Memorial Park, running north and south along the west side of the

library. Chief Operating Officer Herringa explained that departments use internal names for trail mapping.

Water & Sanitary Sewer Projects: Director VanderVeen began by presenting the three water system projects scheduled for next year's CIP, which include \$1 million for Municipal Well Replacements, including the Milham Well behind Portage Northern High School; Local Street Water & Storm Improvements; and Storm Drainage Improvements Program. She then relayed the future fiscal year projects. City Manager McGinnis asked for clarification about the Portage Road storm drainage improvements project.

Councilmember Burns brought up the Utility Rate Study Committee's prior discussions, highlighting the Shuman Wellfield Iron Removal Facility. He recommended that the Council determine whether to continue saving for the project and noted an upcoming study to find iron removal options. The current plan, Councilmember Burns explained, is to raise water rates by five percent to fund the iron removal plant project. City Manager McGinnis highlighted possible alternatives for the Shuman Facility, including potential collaboration with the City of Kalamazoo or other neighboring municipalities to site new wells and build new pipes. The City Manager cited the planned consultant for reviewing the local aquifers and offering all potential solutions, as studies show the iron is worsening. Director Gwin added that staff have received complaints about water discoloration. She noted wells in the southern portion of the city have higher iron. She also relayed that the Garden Lane Water Treatment Facility has iron removal, and the treatment used, the arsenic comes with the iron. Mayor Pro Tem Pearson asked about the lack of federal or state funding for addressing arsenic and iron, or partnering with jurisdictions in South County. The City Manager noted the city will study all aspects of the water treatment in detail, utilizing the consultant, with results available in the subsequent fiscal year.

There was additional discussion regarding the city's annual, routine water studies. Mayor Pro Tem Pearson inquired about acceptable iron levels, and Councilmember Burns cited an Environmental Protection Agency "aesthetic" limit for iron at 0.3 milligrams per liter, and noted the most recent study from September, which sampled the Shuman Well concentration at 1.4 milligrams per liter. Mayor Randall inquired about anticipated water and sewer costs for working with the City of Kalamazoo. Councilmember Burns clarified that water costs are controlled locally, but sewer costs are subject to the City of Kalamazoo's charges for wastewater treatment and highlighted the city's plan for a \$200 million capital sewer project.

Director VanderVeen closed by highlighting the Lift Station Renovations at \$1.5 million per year for each of the six years, plus an additional \$1.2 million for the Portage Road Emily Drive lift station and the Weaver Drive sanitary sewer.

Police Projects: Director VanderVeen then reviewed the various projects for the Police Division, including facility security enhancements. Councilmember Young inquired about the specifics of the building improvements. Public Safety Director Arnold responded and outlined current and planned accommodations offered at the police and fire stations.

Councilmember Ledbetter asked Director Arnold to detail the plans for Police Division vehicle security. Director Arnold stated that the initial concept included fencing in the police vehicle parking area with entrances on the north and south sides, while highlighting that much of the parking lot belonged to the adjacent Central Park. There was discussion regarding the need for increased parking lot security for police vehicles in the area to be balanced with keeping the police as an approachable part of the community. There was a brief discussion regarding firearm best practices.

Fire Projects: Director VanderVeen relayed the Fire Division projects. She noted the Fire Division's utility administrative vehicles are replacing the 2014 and 2016 rescue pumpers, as well as the Division's

plans to replace the Self-Contained Breathing Apparatus (SCBA) fill station at Station 3 and the future roof replacement at Station 1.

Public Facilities Discussion: City Manager McGinnis relayed the City Administration's proposal for a new Public Works facility, starting with \$1.150 million for design, followed by \$15 million in construction installments for the subsequent two years. The Mayor inquired whether the Council had reviewed the Administration's current proposal before the meeting. Chief Operating Officer Herringa stated that the proposal before the City Council was received from Abonmarche less than a month prior and had not been the topic of any subcommittee meeting.

Mayor Pro Tem Pearson summarized his understanding of the proposal for relocating the Department of Public Works (DPW) to a new location to date and requested clarification. City Manager McGinnis responded that in previous years, DPW sought to make repairs to the existing, original facility, but the cost of the repairs and various disadvantages to the location of the existing structure would continue to add up over time, while a new facility would cost less in the long term.

He detailed that the recent purchase of property with office space located on Portage Industrial Drive was considered a value as it was less than half the cost of new construction, yet the feasibility study revealed that wetlands, elevations, and topography made the location impractical to construct a new DPW site connected to the existing office building. City Manager McGinnis relayed that there are parties interested in purchasing the Portage Industrial Drive property from the city, which would recoup a portion of the original cost. There was additional discussion regarding building new as opposed to supporting the existing facility and potential methods to fund the project, including a ballot proposal directly to Portage voters. Mayor Pro Tem Pearson highlighted the results of the May 2025 election proposals, which saw various millage and bond increases be voted down.

Councilmember Burns expressed dissatisfaction with the progression of the project, noting the escalating cost and "urgency" of DPW facilities improvements and his reluctance to retain the proposal in the CIP without further detailed discussion. City Manager McGinnis responded, noting staff were acting with the information available, and contrasted the current proposal with the new \$65 million Kalamazoo County Road Commission building. He suggested the Council delay decisions by one year for further research and discussion.

Chief Operating Officer Herringa presented the site plans for the new location. Councilmember Urban questioned whether the property was the best option under the updated site plan and expressed a desire to examine all potential sites while avoiding additional debt for the project. There was discussion by the Council regarding displeasure with the proposed new building costs and funding methods. Mayor Randall considered ways to alleviate some of the fiscal burden of the project, but echoed the Mayor Pro Tem's reference to recent election results and her hesitation to bring the proposal to voters. Councilmember Young spoke about the disadvantages she observed on her visit to the current DPW site and echoed Councilmember Burns' suggestion for a more detailed discussion. Councilmember Miller concurred, but expressed concern that constructing a new facility while maintaining the current building could prove to be costly. She stated that residents would benefit from DPW improving its facility.

At the request of Councilmember Urban, Public Works Director Rod Russell provided input. He noted several distinct issues with the current facility, noting its isolated location and lack of vehicle entrances during emergencies, a lack of storage space, which leads to weather-damaged equipment, the fuel station's decline, and a limited building capacity. Additional discussion regarding the next steps for the proposed CIP and a facility review by the Council ensued. The Council determined that the proposal would remain in the budget with the understanding that funds were not to be spent until the City Council could reach a final decision.

City Manager McGinnis then presented proposed upgrades to City Hall for the Council Chambers, conference rooms, and restrooms. There was discussion about the building's functionality and whether the aesthetic of City Hall needed improving.

Parks and Recreation: City Manager McGinnis stated that the Farmers Market is moving forward, and the designs will be shown to the Council over the coming months. Mayor Randall relayed that Charles and Lynn Zhang are willing to donate \$1 million to the Portage Farmer's Market, as well as establish a \$1 million endowment for the Portage Zhang Senior Center.

Noting the proposed mural projects, Councilmember Urban discussed the Kalamazoo County Public Arts Commission's Urban Cooperation Agreement and its purpose to support public art and advocate for communities that pass an ordinance committing to spend one percent of major projects on public art. He advocated for greater support for bringing more art and artists to Portage.

Councilmember Burns noted the splash pad project and questioned the proposed location of Westfield Park due to its proximity to the Texas Township splash pad at Texas Drive Park. Councilmember Young noted potential benefits to Westfield Park's location. There was a consensus to leave the project in the CIP based on a prior study, but to evaluate the potential location at a later date.

Summary: Discussion closed with a summary of the city's debt. City Manager McGinnis noted the city has been borrowing less than it pays off, reducing overall debt, although next year, the scale of the Portage Road project may lead to a debt increase. He stated that staff continue to apply for grants and federal funds to offset the project's costs.

STATEMENTS OF CITIZENS: None.

ADJOURNMENT: Mayor Randall adjourned the meeting at 5:50 PM.

Erica L. Eklov, City Clerk