

**CITY COUNCIL BUDGET REVIEW SESSION #1
MINUTES FROM APRIL 21, 2026**

Mayor Patricia Randall called the Special Meeting to order at 02:00 PM in Conference Room #1 of Portage City Hall.

ROLL CALL: Councilmembers Chris Burns, Victor Ledbetter, Nicole Miller, Kathleen Olmsted, Jihan Young, and Mayor Patricia Randall were present.

ABSENT: Mayor Pro Tem Jim Pearson.

ALSO PRESENT: City Manager Pat McGinnis, Chief Operating Officer (COO) Adam Herringa, Chief Development Officer (CDO) 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 and present the proposed budget. He stated that senior staff from each department were included with the goal of a balanced and complete budget.

OVERVIEW OF PROPOSED FY 2026 - 2027 BUDGET: At 2:00 PM, City Manager McGinnis introduced the budget, summarizing the goals and features of the upcoming fiscal year.

Finance Director VanderVeen and Deputy Director Aaron Coeur presented, relaying the budget timeline and the budget highlights, including a total budget of \$132,000,000, which accounted for increases in property tax revenue and the water/sewer rates.

CITY COUNCIL: Review started at 2:08 PM. Councilmember Young asked whether there was an increase in Human Services applicants as a response to federal program cuts, and whether the city had to deny applicants because of the budget. Councilmember Burns compared the proposed years' applicants to the current year, showing more funds would be distributed by the city in FY 26-27 than in FY 25-26. Director VanderVeen and CDO Dame noted that 0.5 percent of the total budget for Human Services was the maximum amount per City Ordinance, meaning it would be up to the Council to drive a change.

Director VanderVeen then presented the Human Services Board's recommended allocations of \$216,000 total budgeted amongst 15 organizations as part of the Opioid Settlement Fund, with three Portage Public Schools programs receiving amounts totaling \$34,500. Councilmember Miller asked whether it was a lump sum or continuous. Director VanderVeen noted that the city has ongoing disbursements, and COO Herringa provided a summary of the settlements and payments, noting that they will decrease over time.

FINANCE & PURCHASING: Presented at 2:15 PM. Councilmember Burns inquired about noted increases in fringes from the prior year. Director VanderVeen said that turnover in department positions has affected the amount.

CITY ASSESSOR: Reviewed at 2:17 PM, with Director VanderVeen highlighting the continued contract with WCA Assessing. Councilmember Burns questioned the Contracted Services. COO Herringa responded that it was for Hallihan and Associates for the Michigan Tax Tribunals.

CITY ATTORNEY: Presented at 2:18 PM with no significant changes and no inquiries.

PUBLIC SAFETY: At 2:19 PM, Director VanderVeen reviewed the Police Division. Councilmember Burns asked about the large increase in the Police Administration Division's technology expenditure. Chief Wolfe and Deputy Chief Mayhew responded, noting the change in line-item bucketing. Councilmember

Ledbetter asked about the electronic communications line item. Director VanderVeen responded that it relates to the department's landline phone.

Councilmember Burns asked about staffing and the city's use of COPS grant funding. Staff responded that the city has been utilizing the grant procured in 2022 and that its provisions are not the same as the newer grants.

At 2:25 PM, Director VanderVeen reviewed the Fire Division. She noted the removal of a records clerk in the Police Division, and conversely, the addition of a firefighter in the Fire Division. She highlighted that the staff alterations only equated to a 0.7 staff change.

TECHNOLOGY SERVICES & CABLE TV FUND: At 2:30 PM, COO Herringa relayed that Director Mackinder was out due to a recent injury. He offered to gather any questions to be relayed to Director Mackinder later.

Director VanderVeen summarized his budget, noting the increasing cost of the technology line item, noting that Director Mackinder incorporated all technological maintenance under the line item. Councilmember Miller asked if the increase was a result of inflation and overall industry costs. City Manager McGinnis relayed that Director Mackinder audits the administration's software and hardware regularly and keeps things tight. COO Herringa noted increased complexity regarding cybersecurity and Artificial Intelligence.

At 2:33 PM, Director VanderVeen reviewed the Cable TV Fund. She noted the team decreased the franchise revenues by an additional \$94,000, highlighting a corresponding increase in the Budgeted Use of Fund Equity (BUFE). COO Herringa and City Manager McGinnis explained the decrease in franchise fees would affect funding for other outreach methods, such as the *Portager* newsletter and video features, as well as efforts with the State legislature to find alternative sources of revenue. Discussion then transitioned to the Public Information department.

PUBLIC INFORMATION: At 3:05 PM, Councilmember Ledbetter asked if the City Administration had metrics for the effectiveness of the *Portager*. Director Mary Beth Block responded that there were no metrics, but she had anecdotal information. Councilmember Young asked if the dissemination of the *Portager* shows changes in website traffic. Mary Beth Block did not have the information readily available, but would relay it.

Mayor Randall asked Director Block about mail delivery issues with the newsletter. Director Block responded that, in general, residents received the *Portager* within a day or two of delivery to the post office. Mayor Randall then asked about raising postage rates. Director Block responded that the postage rate made up a large percentage of costs and that it would contribute to a significant overall cost increase. She also stated that the *Portager* is used as a delivery method for the Portage District Library, Portage Public Schools, and Parks inserts don't cost extra and save on separate postage.

Councilmember Burns asked about the Portage Road 360 outreach plan. Director Block highlighted that the *Inside Portage* videos and podcasts made by Multimedia Specialist John Hart were proving to be informative, popular, and would help businesses during construction season. Councilmember Olmsted asked about metrics for the various social media channels and asked about the origin of visitors. Director Block responded. City Manager McGinnis commented on turning off Facebook comments.

Councilmember Burns asked about the highest and best use of the Portage Road 360 advertising funds versus the payback. Discussion followed regarding feedback from businesses received by the Small Business Committee to support them during the construction season.

PARKS & RECREATION: At 3:04 PM, Director VanderVeen summarized, noting the America 250 event planning, as well as the Open Space and Rec Plan expenditure. Councilmember Miller inquired about revenues from events and rentals for the department. Director Hoyle highlighted that the rental offerings were fully booked Friday through Sunday, but the rest of the week had significantly less interest. Mayor Randall asked about differentiating Portage residents from others in rates. Director Hoyle explained that there was no difference in price due to the lack of enforcement possibilities.

Councilmember Burns asked if any lower-performing events lacked return on investment. Director Hoyle confirmed that staff annually reviewed and noted several offerings had recently been cut and will be cut moving forward. Mayor Randall relayed resident complaints and asked about shade offerings around pickleball courts. Director Hoyle responded to the various court setups and options.

Councilmember Burns asked about the timeliness of another Open Space plan. Director Hoyle stated it would be submitted in 2027. Councilmember Olmsted asked about potential program redundancies between Parks and other services around the city. Director Hoyle explained that the Open Space Plan took non-city recreational activities into account to mitigate redundancies. Councilmember Miller asked about the Recreational and Sports Study in tandem with the Plan. Director Hoyle explained the Recreational and Sports Study would be completed first, and it was included in the Open Space Plan.

SENIOR CITIZEN SERVICES: At 3:20 PM, Director VanderVeen reviewed the department budget, noting the 0.85 staff increase owed to two interns paid for by the Friends of the Portage Senior Center and a full-time receptionist. Director Phillips noted the removal of a part-time receptionist. Councilmember Miller asked about the staffing for the incoming Farmer's Market building coverage. Director Phillips replied that the new positions are included in the budget but will be filled pending the Market opening.

Councilmember Young asked about the revenue from rentals, comparing Parks' events revenues, and asked if extended hours of operation had been discussed. Director Phillips responded with safety and security concerns, alongside coverage issues with staying late. Mayor Randall asked whether extending hours for events would increase rentals. Director Phillips said more weddings were forthcoming, but it's not typically a wedding venue, and most events did not have issues with the closing time. Councilmember Miller asked about safety concerns regarding rentals following a recent shooting that took place at the Kalamazoo Girl Scouts building, which acts as a rental facility. Director Phillips responded with the current provisions and developing incident planning.

There was discussion about unhoused people using the facility as a warming or cooling shelter. Director Phillips provided insight into the scholarship program offered through the Friends of the Senior Center. Additional discussion regarding revenues ensued.

HUMAN RESOURCES: At 3:45 PM, Director VanderVeen reviewed the HR Department, noting no major changes. COO Herringa discussed a plan for a five percent cost-of-living increase following an outside employment study in addition to the regular three percent increase for non-union employees. Councilmember Olmsted asked how it affected present and future employees, and Mayor Randall inquired where the three percent valuation had come from. COO Herringa responded that the Consumer Price Index's 2.7 percent increase was rounded up to three percent.

Councilmember Burns asked about the status of the wage study and about timing for wage adjustments. Director Hertz responded that the study was in progress and wage adjustments were generally tied to the Fiscal Year, but on occasion, it has been disbursed throughout the year. City Manager McGinnis stated that the three percent wage increase would affect all non-union employees, and the results of the wage study would be relayed individually to affected employees.

Mayor Randall asked about the Tri-Share Program childcare incentive. Director Hertz responded that 15 staff members participate overall, with seven receiving full benefits and eight receiving reimbursements.

Councilmember Burns asked about the down-payment assistance program. Director Hertz relayed that no one has applied yet but anticipated more use in the coming year. Councilmember Young asked about education sessions. CDO Dame confirmed. Director Hertz noted the All-Call staff meetings. Councilmember Burns asked about healthcare budgeting. Director Hertz responded that they are working with the carrier and brokers, as well as working to consolidate the various union plans to improve leverage with carriers. Councilmember Burns asked how that reflected in the budget. Director Hertz responded with a 12 percent increase overall.

BREAK FOR PUBLIC SAFETY CEREMONY (3:54 TO 4:49 PM) Councilmember Ledbetter exited during the break.

CITY CLERK: At 4:50 PM, Director VanderVeen presented the budget for the Office of the City Clerk, including records and elections, totaling \$938,000 with 4.5 full-time employees. Councilmember Burns inquired about the increase in election expenditures. Clerk Eklov relayed that several factors, including the implementation of pre-processing ballots with the Absentee Vote Counting Board, permanent allocation of election worker shifts separating precinct chairs and AV chairs, and the addition of regional chairs to assist on election day, increased the total cost.

Mayor Randall asked about the status of absentee ballots for the May 5, 2026, election. Clerk Eklov relayed that approximately half of the quantity sent had been returned, with an expected return rate like previous elections.

Councilmember Burns inquired about staffing for elections. Clerk Eklov relayed that about 100 workers are regularly needed, increasing to about 120 for larger elections. Councilmember Burns then asked about an increase in the Other Services and Charges account. Clerk Eklov responded that the increase was a result of the inclusion of the City of Portage's contribution to the Kalamazoo County Early Voting Agreement.

Mayor Randall asked about the storage of equipment, and Councilmember Olmsted inquired about the upcoming state-mandated replacement of election equipment. Additional discussion followed regarding elections reimbursement budgeting, with Councilmember Young requesting that the worksheet detailing the breakdown of the May 5, 2026, election cost be provided.

CITY MANAGER: At 5:06 PM, Director VanderVeen reviewed this department, noting there were no significant changes. Councilmember Burns noted the professional services line item and asked the City Manager whether it was still used. COO Herringa relayed that it was still planned, but \$50,000 less than the prior year. City Manager McGinnis noted PFAS settlement payouts that had been accounted for under the CMO Budget and asked that this be moved to a sitting fund for PFAS handling.

Councilmember Burns argued that the city was already covering the PFAS settlement until the Utility Rate sewer increases, and he desired to spread the expense to the citizens.

PUBLIC WORKS & RELATED FUNDS: At 5:11 PM, Director VanderVeen relayed the citywide services account that covers the streetlight electricity, lake special assessments, professional services, as well as transfers out to the CIP Fund. She then moved to the Public Works Department, noting an increase of 2.7 full-time employees. There was discussion regarding moving to an in-house mechanic for the Public Safety vehicles and moving away from contracting the service. Councilmember Burns asked about the additional laborer position. Director Rowland responded.

Director VanderVeen next covered the Grounds and Cemetery Maintenance line items. The Cemetery Perpetual Care Fund was reviewed next, noting the endowment with the Kalamazoo County Community Foundation of \$1.2 million (with a spendable balance of \$500,000). There was additional discussion regarding the Perpetual Care Fund and options to utilize.

Director VanderVeen then presented the Major Streets Fund with a new Neighborhood Road Fund of \$2 million and an increase in winter road treatments, followed by the Local Streets Fund. Mayor Randall inquired about the status of Brown Avenue related to the upcoming opening of the new farmers' market. Councilmember Burns asked about the revenue increase for state revenue.

Director VanderVeen noted a decrease in the millage of 4.7 percent and the new vendor for the Curbside Recycling Fund. The Leaf Pickup / Spring Cleanup Fund was presented next without any major changes. Councilmember Burns asked about the plan for the Spring Cleanup going forward. Mayor Randall asked about the cost. COO Herringa responded with \$250,000 and relayed the current plan for operations. Mayor Randall asked if the program could be phased out in place for an added leaf collection.

TRANSPORTATION & UTILITY FUNDS: At 5:32 PM, the T&U budget for Major and Local Streets was reviewed, highlighting no significant changes, followed by the Utility Fund with a rate increase due to treatment charges from the City of Kalamazoo. Councilmember Burns inquired about a discrepancy in the noted increase amounts for the sewer rate. Discussion regarding the utility rate calculations and the Council Utility Rate Study Committee's efforts ensued.

COMMUNITY DEVELOPMENT RELATED FUNDS: At 5:42 PM, the various funds under the Community Development Department were reviewed, noting the new line item of "703" for Housing and Development, split from the Planning division.

Councilmember Burns asked about the Building Services increase. CDO Dame relayed that it related to another line-item decrease. CDO Dame reviewed the Community Development Block Grant Program fund. Mayor Randall asked about the Housing for All millage revenues from Kalamazoo County. CDO Dame relayed that the city has not received anything to date, but Stanwood Crossings would be eligible.

City Manager McGinnis next presented a \$1.75 million CIP project for Brown Avenue to support redoing that road alongside the new farmers' market. He relayed that the city's state grant request to repair the road was unlikely to be accepted. Mayor Randall relayed the Council Farmers Market Committee's plan to close off Brown Avenue on Sunday to supplement the Market's parking. Mayor Randall noted that State Representative Matt Hall informed her the grant request would be denied, but that he relayed that Charles Zhang had offered to split the cost of the state grant request, totaling \$875k, provided the street be renamed Zhang Boulevard. She suggested that the City Administration try to find matching dollars in the proposed budget to move up the CIP project by three years. City Manager McGinnis suggested the General Fund Balance, and Councilmember Burns agreed.

REVIEW OF PROPOSED CAPITAL IMPROVEMENT PROGRAM (CIP): Slated to occur at the Budget Session #2 on May 12. Discussion regarding the alteration of the start time for the second budget session ensued.

STATEMENTS OF CITIZENS: None.

ADJOURNMENT: Mayor Randall adjourned the meeting at 5:52 PM.

Erica L. Eklov, City Clerk