

**MINUTES OF THE BUDGET WORK SESSION OF THE PORTAGE CITY COUNCIL**  
**April 11, 2013**

Meeting was called to order by Mayor Strazdas at 4:30 p.m.

The following members of Council were present:  
Councilmembers Jim Pearson, Patricia Randall, Ed Sackley, and Terry Urban, Mayor Pro Tem Claudette Reid and Mayor Peter Strazdas. Councilmember Elizabeth Campbell arrived at 7:20 p.m. Also in attendance were City Manager Maurice Evans, Deputy City Manager Brian Bowling, Financial Services Director Bob Luders, Finance Director Daniel Foecking, Deputy Finance Director Patricia Fitnitch and City Clerk James Hudson.

Mayor Strazdas provided introductory remarks and introduced City Manager Maurice Evans, who presented the proposed 2013-14 Fiscal Year Budget to City Council and indicated that a fiscally conservative approach was utilized in formulating this balanced proposed budget. He indicated that the core services are guarded in the budget while containment measures continue as in the past, and that a conservative approach is appropriate as this is a time of constricted revenues, lowering of property values, slow economic recovery and the many challenges for Congress and the President with the proposed Federal Budgets. Discussion followed.

He indicated that the remaining elements of the original South Westnedge Enhancement Projects (SWEPS) have been deferred or eliminated and significant resources previously obligated to these projects have been redirected to other primary street related capital improvements.

He reviewed how the city plans to address improvements in municipal sanitary sewer services, treatment of "Tier 1," "Tier 2," and "Tier 3," street construction areas, water utility improvements and the incorporation of the *Placemaking* initiative undertaken in order to capitalize on past infrastructure investments directed to bikeway and trailway development; specifically, the initial development of the Eliason Nature Reserve as a wonderful addition to the park system in the city.

He reviewed the utilization of part time and seasonal employment as a means of reducing the budget while still ensuring compliance with the Affordable Care Act (ACA) after a service review. He mentioned that Benefit Services Director Patti Thompson would explain this for them when she presents her budget overview and Director of Parks Bill Deming will provide some of the service reductions when he presents an overview of his budget. Discussion followed regarding SEWPS Projects, the ACA, outsourcing, and the challenges of tracking the hours worked by city employees.

Benefit Services Director Patti Thompson indicated that the main areas of focus for the department are: compensation, benefits, self-insured workers compensation and various legal mandates such as the Family Medical Leave Act (FMLA), the Fair Labor Standards Act (FLSA), the Consolidated Omnibus Budget

Reconciliation Act (COBRA), and the Affordable Care Act (ACA). She indicated that the primary goal of the department is to maintain competitive compensation and benefit plans for the recruitment and retention of city employees focusing on cost control while still meeting legal mandates. She stressed that labor cost control measures are still important for the city in order to provide vital services and explained. She described the proactive approach taken many years ago to the defined contribution plans, long-term funded liabilities such as the retiree health plan, the retiree health savings plan for new hires, savings in health insurance costs for non-union and Department Head personnel, and measures taken to reduce the cost of compensation for new hires. She explained department activities and successes involved in the administration of the Self-insured Workers Compensation Program and the Health Management Program.

She discussed Public Act 152 (Publicly Funded Health Insurance Contribution Act), which limits the amount of contribution allowed by the employer to an employee's health insurance, a positive factor for the city but a challenge for the employees because the excess of the cap is passed on to the employee. She mentioned the increase in deductibles and co-pays in the city insurance carrier contracts and discussed some of the details and challenges of the ACA and measures taken to be in compliance with the ACA. Discussion followed.

Information Technology Services (IT) Director Devin Mackinder announced that despite the acquisition of SARCOM in 2013 by PC Mall (PCM), increases in costs savings, operational efficiencies and computer expertise as a result of the contractual arrangement between the City of Portage and PCM continues. In fact, he indicated that additional resources have become available at no charge as a result of the new owner, including: access to a highly skilled consultant, help with regional support and increases in cost-savings for hardware and software purchases. He said that the operating budget supports the contract, the entire citywide technology infrastructure, hardware, software, voice communications, cabling infrastructure, all networks, internet, intranet, security, disaster recovery and help desk support.

He indicated that the budget reflects a reduction as a result of the drop in the accumulated funds requirement for hardware and software projects as the funds are now sufficient to begin these projects, which he said are quite large in scope and long overdue, and cited the replacement of HTE Software as an example which includes major functions for the city such as financial, permitting, building inspections, etc., and has fourteen modules altogether. He also indicated that the budget includes a major upgrade to the server farm, a renovation to the server, MicroSoft Office and a migration from Novell Network to MicroSoft Network.

He discussed IT successes in the areas of contract management/customer services and revealed a satisfaction with

customer service, but a dissatisfaction with the infrastructure owing to unacceptable cell phones coverage and slowness of the computers and the in e-mail system. Discussion followed efficiencies and cost-saving measures regarding printer maintenance. Discussion followed.

In reviewing the Cable Television Fund, Mr. Mackinder indicated that the City has a nonexclusive franchise agreement with Charter and AT&T and discussed Cable activities, cable-related activity and infrastructure. He noted that the budget reflects a continuation of 40% of the franchise fees received from Charter and AT&T go to Public Media Network (PMN) for cable services, 60% of the fees go to the city to maintain the technology and infrastructure projects, and 100% of the public service fees go to PMN, specifically for equipment purchases only. He discussed the fee amounts and indicated that the City continues to utilize the GPS unit at the Waylee Building for government productions, and internal productions can be viewed on the city website. He cited the two new large monitors and the multipurpose podium in the Council Chambers as the most recent upgrades and future replacements include a new lighting rack and new monitors on the dais. Discussion followed.

Mr. Mackinder indicated that the three primary uses of the city website are to market the city, to do business with residents with several on line services at their disposal and to provide information. He reviewed the many awards received by the website and the new Apps and some of the services that have been added to the website. Discussion followed.

Financial Services Director Bob Luders provided a brief background of the department work functions related to the budget, and emphasized procurement of goods and services, various risk management services and management of city contracts. In relation to procurement of goods, services, equipment and capital improvement, he stressed the department strives to perfect the procurement system by focusing on competition, effectiveness and partnership with the business community as well as promoting integrity within the system. He indicated that the Purchasing Department supports the various user departments each year with approximately 3,000-4,000 purchase orders, 30-35 sealed bids, the issuance of 50-60 formal contracts and over 225 other contracts.

Mr. Luders also discussed the Purchasing Department responsibilities in the areas of liability, property and automobile insurance seeking to minimize injury and loss to the city and working with Michigan Municipal Risk Authority (MMRA) for any insurance claims. He reviewed department successes in the areas of risk assessment, good relations with the business community, long term contracts such as United Water, a MMRA premium reduction, and the cooperative purchasing efforts with the County of Kalamazoo, City of Kalamazoo, Kalamazoo County Road Commission. He did mention that the savings have been minimal with the cooperative purchasing efforts, except for the use of MiDeal. He summed up and offered to answer any questions. Discussion followed.

RECESS: 5:22 p.m.

RECONVENE: 6:22 p.m.

Transportation and Utilities Director Chris Barnes indicated that the Department is responsible for street and utility improvements as part of the Capital Improvement Program (CIP) and is a department of six employees that will go down to five employees once the Contract Administrator retires. He provided an overview of the improvements to various roadways in Portage for the upcoming construction season, including: the major streets projects of Mall Drive, Forest Drive, Portage Road and Angling Road. He also mentioned the Kilgore Road bridge reconstruction over Portage Creek and the traffic signal interconnection program. He indicated that all of the projects have received Federal Aid commitments; all are part of the KATS Improvement Program; and, all are on schedule. Next, he reviewed the Major Street Budget and the Water and Utilities Budget and some portion of the General Fund Budget.

Mr. Barnes then discussed traffic engineering, water and sewer, coordination of railroad signals and crossings, MDOT Contracts, site plan review in cooperation with the Department of Community Development and Act 151 Street Administrator responsibilities. With regard to Environmental Program responsibilities, he listed storm basin monitoring, hazardous spill response and clean-up, South Westnedge Park ground water monitoring, and storm water discharge reports and permits. With regard to the General Public Services portion of the Budget, he indicated that the department performed an audit of the city street lights in cooperation with Consumers Energy and a three-year program is planned to replace all mercury vapor light bulbs with high pressure sodium bulbs. He also mentioned that this portion of the budget contains the city share of funding for the Austin Lake and West Lake water quality improvements.

When Mayor Pro Tem Reid asked about when and where placing utilities underground might be indicated, he said that because of the cost born by the local unit of one million to two million dollars a mile, it isn't always fiscally possible, especially with street assessments being eliminated. Deputy City Manager Brian Bowling discussed a review performed several years ago wherein Consumers Energy was reluctant to place utility wiring underground because the voltage was very high. Discussion followed.

Discussion ensued regarding construction and road maintenance, PACER ratings, or condition rating of the streets, and the Mill and Fill Program. After reviewing the street and utility portions of the Street Budget, he discussed the Major Street Traffic Signal System, School Crossings and Railroad Crossing maintenance and shared Signals and Crossings with the City of Kalamazoo, Kalamazoo County Road Commission and the Michigan Department of Transportation, and Local Streets traffic signal maintenance and railroad expenses.

He discussed water and sewer assessments in general, the United Water Contract, the administration of the Garden Lane Arsenic Plant Project by United Water, the savings since the privatization in 1997 of the public utilities department of one million dollars per year and the upcoming public hearing regarding the adoption of the 2013 sewer and water rate Resolutions establishing sewer and water utility rates, sewer and water franchise area fees, service fees and charges as outlined in the 2013 Utility Rate Financial Study as recommended by the City Administration and the City Council Water and Sewer Rate Study Committee. He discussed the Sewer Fund and the Water Fund and discussion with City Council followed.

Parks, Recreation & Public Services Director William Deming discussed the challenges of combining the talents of the two departments and the efforts of the use of the City of Portage logo and tagline, "A natural Place to Move" by the Parks & Recreation Department as another guide to provide foresight into amenities that would help attract young, talented individuals to the community. He discussed Federal Mandates and how they affected staffing levels, the reduction of some services and the Department priority of the effective use of resources. He discussed the modification of the hours at Ramona Park Beach and Millennium Park to focus on consistent use, the elimination of programs that had minimum interest, the refinement of the hours for Park Rangers to focus less on event assistance and more on security and patrol and explained that the Summer Entertainment Series at the end of the 2013 Season will be discontinued and explained.

Mr. Deming explained that the Parks & Recreation Division will focus more on the private rental of park facilities and cited the Hayloft Theatre, Stuart Manor, the Grain Elevator, the Overlander Bandshell and the Schrier Park facility as examples. He discussed efficiencies, the use of cost control, grants and foundation applications, expanded use of volunteers and taking advantage of the technological savvy of area youth. He also discussed grounds maintenance, cemeteries, parks, discretionary funds, keeping parks accessible, contractual services, Tree City USA, the trail system, the Eliason Nature Reserve, recreation and sports options, walk/run events, the Youth Scholarship Program, Senior Citizens Services, cultural affairs, and combined resources with the Portage District Library.

Mr. Deming reviewed the Public Services Division Budget, including the Major Streets Fund, Mill and Fill Program, Crack Filling Program, purchase of a road repair machine, Local Streets Fund, salt usage, Fleet and Facilities Fund, Equipment Fund, Operation and Maintenance Fund, and described three large examples of capital outlay to ensure an updated fleet. Discussion followed. He also discussed the Curbside Recycling Program, Leaf Pick-up and Spring Cleanup Program and the Leaf/Branch Removal/Management Program. Discussion followed.

Public Safety Director Richard White reviewed the Public Safety Budget for Police and Fire Services. He shared some of

the efforts of the Department as it relates to City Council Goal to promote quality of life in Portage through prevention and enforcement concerning substance abuse. He cited the continuation of participation in the Kalamazoo Substance Abuse Task Force, specifically, Prevention Works, and he explained the "under-aged" prevention program called "Parents who Host Lose the Most" and mentioned the letters of concern from executives of agencies in the County that continue to be mailed.

He described the Secure Your Meds Program, mentioned the Red Mail Box in the Police Building lobby for the purpose of depositing unused and outdated drugs and outlined the promotional efforts to get the information out to the public regarding this very successful program.

He also cited a recent compliance check of 48 businesses selling alcohol and all passed, and he promised to have another check campaign before graduation to emphasize the importance and necessity that businesses holding liquor licenses remain in compliance with the law. He noted that the Police Liaison Officers in the high schools gave classes on the alcohol and drug awareness and made use of "fatal vision goggles" that simulate the effects of being intoxicated and explained how the students learned from the experience.

With regard to the City Council goal of pursuing revenue enhancement through alternative funding opportunities, Mr. White indicated that this area is very competitive and sometimes the Department has to pursue grants three to four times before being successful.

He discussed the effect on the quality of life in Portage as a result of the frequency of crime and traffic crashes and the retention of a \$50,000 grant that resulted from the research by other cities which studied the crime patterns and traffic crash locations within their cities with some areas that overlap. He noted that these cities made the decision to provide highly visible traffic enforcement in those areas which resulted in a lowering of the traffic accidents and an impact on crime in those areas. He also outlined some of the positive results from Portage Police efforts thus far.

With regard to the Federal Communications Commission (FCC) requirement that the city half-band all radio frequencies, Mr. White indicated that the process has been completed through the use of a Federal Emergency Management Agency (FEMA) Grant of \$35,000 cooperatively written countywide which enabled the Public Safety Department to half-band Fire Department equipment to pagers and still retain high quality integrity in the system.

He cited the recent notice of receipt of a \$25,000 Justice Assistance Grant (JAG) to purchase mobile dual band radios for the command vehicles that operate on both 150 megahertz frequency, the current system, and 850 megahertz frequency, the digital system used by surrounding communities and the State of Michigan, including Western Michigan University.

The last grant he mentioned is the \$633,000 grant to replace all of the self-contained breathing apparatus. He noted that this grant was a collaboration effort for quite some time among six other fire departments, so it not only benefits the City of Portage, but also Alamo, Comstock, Pavilion, Texas and Oshtemo Townships, and the South County Fire Authority. He explained that the City of Portage wrote the grant, accepted fiduciary responsibility for the collection of the matching funds and the responsibility for the distribution of the equipment. He pointed out that this allows for standardization of the equipment and uniformity within the other communities in the County. He further described some of the advantages of the upgraded equipment.

He explained how the Alternative Medical Response Program has resulted in the reduction of response time by 2-2½ minutes for most census tracts and realized savings on fuel and repair bills since the smaller, more maneuverable vehicles are being used for responses to medical emergencies instead of the big fire trucks. He indicated that he plans to provide a report to City Council once the final set of data has been gathered.

With regard to the City Council goals of providing high quality, effective and cost efficient delivery of police services, Mr. White discussed retirements, the accreditation process, staff training and a recent extended leave for one of the Deputy Police Chief which allowed for movement of staff into various temporary positions from Deputy Chief, to Lieutenant to Sergeant to determine whether or not the position would be something of interest to him or her in the future. He mentioned that it was also an opportunity for the Public Safety Director and the Deputies to evaluate the personnel involved. Finally, he indicated that all staff members were introduced to the budget process, including the use of the HTE System, and were responsible for writing all of the narratives in the Public Safety Budget Division information pages. Discussion followed.

**ADJOURNMENT:** Mayor Strazdas adjourned the meeting at 8:23 p.m.

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James R. Hudson, City Clerk