

## CITY COUNCIL MEETING MINUTES FROM APRIL 23, 2013

The Regular Meeting was called to order by Mayor Strazdas at 7:30 p.m.

At the request of Mayor Strazdas, Elder Chris Vandenoever of the First Reformed Church gave the invocation and the City Council and the audience recited the Pledge of Allegiance.

The City Clerk called the roll with the following members present: Councilmembers Elizabeth A. Campbell, Jim Pearson, Patricia M. Randall, Edward J. Sackley and Terry R. Urban, Mayor Pro Tem Claudette S. Reid and Mayor Peter J. Strazdas. Also in attendance were City Manager Maurice Evans, City Attorney Randall Brown and City Clerk James Hudson.

**PROCLAMATIONS:** Mayor Strazdas issued a National Arbor Day Proclamation and a National Children's Mental Health Awareness Day Proclamation.

**APPROVAL OF MINUTES:** Motion by Sackley, seconded by Campbell, to approve the Regular Meeting Minutes of April 9, 2013, and Budget Work Session of April 11, 2013, as presented. Upon a voice vote, motion carried 7 to 0.

\* **CONSENT AGENDA:** Mayor Strazdas asked Councilmember Campbell to read the Consent Agenda. Mayor Strazdas removed Item F.5, Class C Liquor License transfer ownership - 6600 Ring Road, from the Consent Agenda. Motion by Urban, seconded by Reid, to approve the Consent Agenda motions as amended. Upon a roll call vote, motion carried 7 to 0.

\* **APPROVAL OF ACCOUNTS PAYABLE REGISTER OF APRIL 23, 2013:** Motion by Urban, seconded by Reid, to approve the Check Register of April 23, 2013, as presented. Upon a roll call vote, motion carried 7 to 0.

### **PUBLIC HEARINGS:**

**2013 UTILITY RATE FINANCIAL STUDY:** Mayor Strazdas opened the public hearing and deferred to City Manager Maurice Evans, who provided a summary of the efforts of the City Council Water/Sewer (Utility) Rate Study Committee consisting of Mayor Pro Tem Reid, Councilmembers Campbell and Sackley, and Portage citizens Nasim Ansari and Ted W. Vliek, Sr. He indicated that after a thorough review of the 2013 Utility Rate Financial Study that was provided by the Administration, the Committee recommended adoption of the water and sewer rates and charges as outlined in the 2013 Study for Fiscal Year 2013-14 on March 26, 2013. He also indicated that there is a recommendation to eliminate the current Senior Citizen Discount Program effective October 1, 2013. He then introduced Transportation & Utilities Director Chris Barnes, who detailed the Portage water and sewer capacities, provided some background of the 2013 Study and presented a PowerPoint outline that included a description of water production trends and the effect these trends have on usage and the resultant utility system rate structure, the fixed rate and unit rate components of utility charges and the effect these components have on utility rates.

Mr. Barnes referred back to 2007 when the focus of the annual rate analysis changed from an emphasis on retained earnings to an emphasis on working capital, debt service and the fund balance of the utility fund. He provided a history of utility rate adjustments and projected that an increase of 0.93% to 1.45% for the combined funds are needed over the next three years to ensure the financial health of the utility funds, and indicated that the rate increases are trending down. Next, he explained the sanitary sewer rate adjustment, the water rate adjustment and presented a sewer utility rate comparison with other Michigan cities. Additionally, he noted that the Senior Citizen Discount Program was reviewed and was found to not be in conformance with current non-discrimination requirements and stated that the 2013 Utility Rate Financial Study recommends discontinuing the Program. Discussion followed.

At the request of Mayor Strazdas, City Attorney Brown provided an explanation of the reasons for discontinuing the Senior Citizen Discount Program. He pointed out that: first of all, Attorney John Axe, Bond Counsel, provided a legal opinion that the provisions contained in the Bonds that were used to obtain capital improvement of the utilities prohibit free service; secondly, Mr. Brown issued his own opinion that he reviewed the constitutionality of such a program and reviewed his opinion that the classification of age alone without any “need” requirement would be unconstitutional; and, lastly, he indicated that it could be viewed as a lending of credit for private purposes without statutory authorization. Discussion followed. Mayor Strazdas opened the discussion to other City Councilmembers and discussion followed. Mayor Strazdas opened the public hearing to the audience.

There being no further discussion, motion by Reid, seconded by Urban, to close the public hearing. Upon a voice vote, motion carried 7 to 0.

Motion by Sackley, seconded by Reid, to adopt 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 and eliminate the current Senior Citizen Discount Program, effective October 1, 2013. Upon a roll call vote, motion carried 7 to 0. Resolutions recorded on page 61 and 65 of City of Portage Resolution Book No. 45.

**TAX EXEMPTION FOR SPRING MANOR APARTMENTS:** Mayor Strazdas opened the public hearing, provided an overview of the purpose of the public hearing for the Spring Manor Apartments located at 610 Mall Drive, and deferred to City Manager Maurice Evans, who expressed his appreciation that the Hollander Development Corporation wishes to refinance in order to rehabilitate the Spring Manor Apartments, a 102-unit multiple family elderly housing complex. He noted that the plan is to introduce some major renovations and the creation of a staff position to provide support services for the elderly residents. He then asked Community Development Director Vicki Georgeau for input and Ms. Georgeau provided a history of the Spring Manor Apartments Project, mentioned the existing Payment in Lieu of Taxes (PILOT) ordinance for Spring Manor Apartments and summarized the advantages to be realized by the request from the Hollander Development Corporation. Discussion followed.

Mayor Strazdas introduced Joe Hollander of Hollander Development Corporation, who represents the owner of Spring Manor Apartments. He provided a history of the financing of the project sixteen years ago and the need for refinancing at this time to rehabilitate the premises for the residents. In answer to Councilmember Pearson, he explained that in “perpetuity” is a term that is usually aligned with the economic life of the project; and, where the term has been discussed, it means about 50 years because that is the time a major renovation typically needs to occur. He explained the services that will be provided and asked for the support of City Council for the PILOT. Mayor Strazdas opened the public hearing to the audience.

There being no further discussion, motion by Pearson, seconded by Reid, to close the public hearing. Upon a voice vote, motion carried 7 to 0.

Motion by Pearson, seconded by Campbell, to approve an ordinance amendment to the Codified Ordinances of the City of Portage to modify an existing Payment in Lieu of Taxes (PILOT) for the Spring Manor Apartments located at 610 Mall Drive. Discussion followed. Upon a roll call vote, motion carried 7 to 0.

**PETITIONS AND STATEMENTS OF CITIZENS:** Phil Stinchcomb, 1607 Bellaire Avenue, spoke in his capacity as Kalamazoo County Commissioner and indicated that he did not speak to any Portage City Councilmembers concerning a proposal set forth regarding the contract among the City of Kalamazoo, Kalamazoo County and the City of Portage for housing the Kalamazoo County 8<sup>th</sup> District Court within the Portage Police Building, and indicated that he will vote “No” when the matter comes before the Kalamazoo County Board of Commissioners because he “does not want to continue to collect taxes for services we’re not getting.”

Councilmember Campbell asked that it be noted that City Council has not seen a formal agreement on this matter, and it was her understanding that it was still under negotiation.

Mayor Strazdas indicated that the City Council is awaiting a proposal from the Kalamazoo County Commission and a recommendation from the City Manager before having a public discussion by City Council on the matter and explained.

Councilmember Randall made a point to say that she would not comment on the proposal itself, and stated that she was disturbed by the process thus far since only half of the City Council were informed on this matter. She referred to a communication from City Manager Maurice Evans inviting City Council to have a public meeting on the matter, but pointed out that this did not happen. She indicated that it was inappropriate for any City Councilmember to express an opinion on this topic when it has yet to be discussed or decided by City Council; and, she pointed out that City Councilmembers were forbidden to discuss the matter because it had not been formally approved by the Kalamazoo County Commission and, again, had not been discussed by a full Council.

Councilmember Pearson expressed his appreciation to Commissioner Stinchcomb for coming before City Council with the information that he did not speak to any Portage City Councilmembers. He then followed up on a phone call he received that he felt was an interrogation, was demeaning and was based on rumor. He said that this Council needs to learn that it can not act as "Rumor Police" and interrogate other members. He advocated that City Council act as a team with trust in one another, and mentioned that Council is in need of good leadership which was sorely missed in this case.

Mayor Pro Tem Reid disclosed that she was the member of City Council who made the phone calls as she was asked to attend the Kalamazoo County Commission meeting and to be able to provide any input or feedback that might be required, but was not asked to be prepared to make a statement. She mentioned that she did not feel she could fulfill this requirement without information from her fellow Councilmembers, and she pointed out that she did not ask them whether or not they supported this because it had not come before City Council as yet. What she said she asked about was a rumor that had been brought to her attention and she wanted to find out if it was clear or not; so, if she were asked to address it at the meeting, she could address it. She defended taking that initiative as appropriate since Mayor Strazdas was out of town and, as the Mayor Pro Tem, she assumed his role at the meeting and acted as a resource on the matter for the County. She mentioned that this is a cooperative effort with the County and that this was the appropriate way to approach and handle this matter in this case. She apologized for any misperceptions as she was trying to be inclusive and address something in a short period of time.

Councilmember Sackley noted that the work performed by Mayor Pro Tem Reid in this case was effective in dispelling the rumor and expressed appreciation to her for positive efforts. He pointed out that this was an item of discussion that has gone on for years, gave examples and reflected that it was not a surprise to City Council. He directed his comments to Commissioner Stinchcomb and summarized the history of the courts and judgeships in Kalamazoo County as it relates to this issue. He also mentioned the number of questions asked by the County Commission, who drilled down on items that had been a part of briefings from City Manager Maurice Evans such as the status of the negotiations and the dollar amounts and how they were derived. He intimated that the discussions were open and frank, and that he felt that the Commissioners were appreciative of having representatives of the City of Portage present, including people who had been involved in the negotiations and discussions for some time. In the end, he reminded Mr. Stinchcomb that when the question was asked whether the Portage City Council would be supporting this agreement, he reminded him that the response was that the City Council has nothing to consider until the Kalamazoo County Board of Commissioners amends the agreement which can then be circulated to the Kalamazoo City Commission and the Portage City Council for consideration and finalization. He summarized his position on this subject and expressed his appreciation for Commissioner Stinchcomb for coming to the meeting to state his position and restated his appreciation for the efforts of Mayor Pro Tem Reid for her work in this case.

Councilmember Urban also expressed his appreciation for the work performed by Mayor Pro Tem Reid before the meeting, noted that she provided a report back to City Council within twenty-four hours and explained that what she did with regard to preparing for the meeting was very appropriate. He discussed his preference that a court be housed in Portage and pointed out that the funds used to satisfy this contract are not derived from taxes, but from fines levied by the court. Discussion followed.

#### **REPORTS FROM THE ADMINISTRATION:**

- \* **PUBLIC HEARING ON FISCAL YEAR 2013-2014 BUDGET:** Motion by Urban, seconded by Reid, to adopt the Resolution setting a public hearing on May 14, 2013, at 7:30 p.m. or as soon thereafter as may be heard, for the Fiscal Year 2013-2014 proposed city budget and the proposed 2013 tax levy. Upon a roll call vote, motion carried 7 to 0. Resolution recorded on page 71 of City of Portage Resolution Book No. 45.
- \* **2012 LOCAL STREET PAVING RECONSTRUCTION – ADDITIONAL STREET RECOMMENDATIONS:** Motion by Urban, seconded by Reid, to approve: a budget amendment to transfer \$200,000 from the Fiscal Year 2012-13 General Fund budget to the Fiscal Year 2012-13 Capital Improvement Fund budget; a change order in the not to exceed amount of \$191,601 for additional street reconstruction at extended unit pricing with Michigan Paving & Materials Company to expand the 2012 Local Street Reconstruction Program; a contract amendment with Jones & Henry Engineers, LTD, for construction administration and material testing for the streets added to the 2012 Local Street Reconstruction Program at no increase in hourly rate in the not to exceed amount of \$27,350; and authorize the City Manager to execute all documents related to this action on behalf of the city. Upon a roll call vote, motion carried 7 to 0.
- \* **6301 NEWPORT ROAD EASEMENT REQUEST - CONSUMERS ENERGY:** Motion by Urban, seconded by Reid, to adopt a Resolution to grant an access easement to Consumers Energy over a portion of city-owned property addressed as 6301 Newport Road, place the Resolution on file with the City Clerk for 28 days, take final action on May 28, 2013, and authorize the City Manager to execute the access easement on behalf of the city. Upon a roll call vote, motion carried 7 to 0. Resolution recorded on page 73 of City of Portage Resolution Book No. 45.
- \* **NEW HOTEL B LIQUOR LICENSE - 400 TRADE CENTRE WAY:** Motion by Urban, seconded by Reid, to adopt the resolution granting the request for a New Hotel B Liquor License to C.Y. of Portage for 400 Trade Centre Way, Portage, MI 49002. Upon a roll call vote, motion carried 7 to 0. Resolution recorded on page 77 of City of Portage Resolution Book No. 45.

**CLASS C LIQUOR LICENSE TRANSFER OWNERSHIP - 6600 RING ROAD:** Mayor Strazdas introduced this item and introduced Kenyon Shane, Vice President of Revenue Development for Celebration Cinemas, who explained the nature of the request in more detail, answered questions of City Council and compared the request to a similar request in downtown Kalamazoo by a different cinema organization. Discussion followed.

After discussion of Liquor Control Commission administrative rule R 436.1105, motion by Sackley, seconded by Campbell, to approve the request for a transfer of ownership and location of an Escrowed 2012 Resort Class C Liquor License issued under MCL 436.1531(2), Minimum Seating: 100, to Celebration Banquets, L.L.C., 6600 Ring Road, Portage, MI 49024, Kalamazoo County. Discussion followed. Upon a roll call vote, motion carried 7 to 0.

After a discussion of the option to table the continuation of future consideration of liquor license transfer requests and the perceived need for City Council to review transfer requests in order to provide an opinion to the Liquor Control Commission, motion by Urban, seconded by Sackley, to

resolve to continue future consideration of liquor license transfer requests. Upon a roll call vote, motion carried 7 to 0.

\* **50TH ANNIVERSARY EVENT – RECOGNITION OF ADVISORY BOARD AND COMMISSION MEMBERS:** Motion by Urban, seconded by Reid, to affirm the plan to recognize Advisory Board and Commission members as part of the City of Portage 50th Anniversary approve the expenditure of up to \$2,500 for the event and commit to assisting with event activities. Upon a roll call vote, motion carried 7 to 0.

\* **MARCH 2013 SUMMARY ENVIRONMENTAL ACTIVITY REPORT:** Motion by Urban, seconded by Reid, to receive the communication from the City Manager regarding the March 2013 Summary Environmental Activity Report as information only. Upon a roll call vote, motion carried 7 to 0.

\* **DEPARTMENT MONTHLY REPORTS:** Motion by Urban, seconded by Reid, to receive the Department Monthly Reports. Upon a roll call vote, motion carried 7 to 0.

#### **COMMUNICATIONS:**

**PARK BOARD CHAIRPERSON SUSAN WILLIAMS:** Park Board Chairperson Susan Williams provided an update of the Park Board Goals and Objectives and provided special recognition to Kathleen Hoyle, who shouldered the responsibilities of the Art in the Park and was instrumental in obtaining grants and contributions totaling \$10,000. Discussion followed. Motion by Reid, seconded by Sackley, to receive the Annual Presentation by Park Board Chairperson Susan Williams. Upon a voice vote, motion carried 7 to 0.

**HUMAN SERVICES BOARD CHAIRPERSON SANDRA SHEPPARD:** Human Services Board Chair Sandra Sheppard reviewed Board progress on the Human Services Board Goals and Objectives. Discussion followed. Motion by Urban, seconded by Reid, to receive the Annual Presentation by Human Services Board Chairperson Sandra Sheppard. Upon a voice vote, motion carried 7 to 0.

#### **UNFINISHED BUSINESS:**

\* **WATER MAIN EASEMENT RELINQUISHMENT AND SANITARY SEWER ENCROACHMENT, MUELLER REFRIGERATION, 6700 SPRINKLE ROAD:** Motion by Urban, seconded by Reid, to take final action to adopt a resolution to relinquish 89.15 feet of an existing water main easement located on the west side of the existing Mueller Refrigeration building, replaced with a new water main easement for the portion of the vacated water main. Upon a roll call vote, motion carried 7 to 0.

\* **MINUTES OF BOARDS AND COMMISSIONS:** City Council received the minutes of the following Boards and Commissions:

Portage Zoning Board of Appeals of February 11, 2013.  
Portage Planning Commission of March 21, 2013.  
Portage Board of Education Special of March 26, 2013.

## **AD HOC COMMITTEE REPORTS:**

**COMMEMORATIVE 50<sup>TH</sup> ANNIVERSARY COFFEE TABLE BOOK:** Mayor Strazdas provided a summary of Former Mayor Pro Tem Ted W. Vliek's and his communication dated April 23, 2013, regarding the publication of a Commemorative 50<sup>th</sup> Anniversary Coffee Table Book. Discussion followed. Motion by Campbell, seconded by Sackley, to approve the expenditure of up to \$2,000 for printing of the City of Portage history book update and directed the Administration to enlist the services of David Massey to do the writing. Discussion followed. Upon a roll call vote, motion carried 7 to 0. Discussion followed.

**BANNER COMMITTEE:** City Council received a review from Mayor Strazdas of a meeting of the Banner Committee that did not include Portage Public School representatives owing to a conflict. Mayor Strazdas promised a report on the matter once there is input from the Portage Public Schools representatives.

**LAKE CENTER BUSINESS DISTRICT COMMITTEE:** City Council received a review from Mayor Pro Tem Reid, Councilmember Pearson and Councilmember Sackley of a meeting of the Lake Center Business District Committee. Discussion followed.

**NEW BUSINESS:** Councilmember Randall said, "There is lots going on, all positive;" and, "in the continued spirit of Leadership and Best Practices," she proposed that City Council form a subcommittee to review outsourcing and consolidating of assessing. She referenced a program she, other Councilmembers and city staff attended last month with WCA Assessing and thanked Mayor Strazdas and Mayor Pro Tem Reid for sponsoring this through the Council of Governments (COG). She also commented that as City Council enters into the final Budget Session, April 30, 2013, there is a need to continue to spend citizens' dollars wisely. Discussion followed.

Next, Councilmember Pearson referenced a joint meeting he attended as a citizen a couple of years ago among the government officials of the Kalamazoo County Commission, the City of Kalamazoo and the City of Portage with Eric Lupher of the Citizens Research Council (CRC), who discussed collaboration and consolidation in other jurisdictions and in other states. He mentioned that during "Statements of Citizens," he asked Mr. Lupher, "What's the obvious change you see in Kalamazoo County to save money?" He indicated that Mr. Lupher did not really want to answer the question right away with all of the elected officials there, but he then relaxed and replied, assessments and tax collection should be at the County level and explained (Councilmember Pearson said he is paraphrasing Mr. Lupher, here), that back in the Pony Express days, we didn't have modern roads or telephones, and we had all of these different jurisdictions; so, that's why every small municipality has its own assessments and tax collection departments; and, the State Tax Commission makes all of the rules for all of the jurisdictions in the State, and tax collection is uniform and that's where you can start. Councilmember Pearson indicated that he was prepared to make a motion and expressed an interest in looking at this issue, having a committee that can ask questions of staff and bring back information to the full Council. He said everything does not have to wait to be addressed at the City Council Retreat and referenced the Collection Box issue as an example that came before City Council as New Business and took six to eight months to reach an agreement on an ordinance. He viewed this as an appropriate time for City Council to comment on this matter to save the citizens money. He indicated that he is not saying that the City should immediately merge the Assessment Department with the County, but pointed out that the City of Kalamazoo has been outsourcing its Assessment Department since last year. He opined that it is time City Councilmembers begin discussing this matter. He also said, "If we can be more efficient in our government, this would set the City of Portage up for eventual collaboration with another government." Lastly, he invited comments from other City Councilmembers.

Councilmember Campbell indicated that based on conversations she has had, the City of Kalamazoo has been outsourcing its Assessment Department with CRC and is very satisfied with them.

She expressed an interest in being fair and equal, saving the citizens money and indicated that it is worth looking into this right now. She mentioned a conversation she had with Employee Development Director Rob Boulis, who indicated that it is very difficult to find qualified candidates for the vacant Deputy Assessor position in an office with staff that needs a person to fill that position. She advocated at least getting some information even though nothing may happen with the matter.

Mayor Pro Tem Reid reflected that there was a lot of interest from other municipalities in this subject when it was being proposed by COG and in seeing how one company (WCA) could do the job. She expressed her opinion that it is prudent to do some due diligence and some research to see what exactly is involved in the assessment process and what are the available options. She sees this as an opportunity to do this in a very open way without having any preconceived goals of either outsourcing or consolidating, but to see which option makes the most sense and to have a dialogue with that kind of an approach.

Mayor Strazdas expressed his opinion that units of government need to take a look at how they do business. He indicated that two areas of government need to be scrutinized in Portage: Public Safety, with central dispatch currently enduring the due diligence process in Portage, and the assessment function. He concurred with Mayor Pro Tem Reid that it should be done openly and without any preconceived notions; he also advocated looking at all aspects of it, especially looking at all of the costs balanced with the effect on service to the citizens, as is being done with the central dispatch.

Councilmember Sackley indicated that this topic of “assessing” has consumed an incredible amount of resource and time over the years and cited committees, committees of the whole, where Councilmembers have expressed their opinions. He agreed with Councilmember Pearson that this is an important topic and other communities have subscribed to this for different reasons pointing out that the City of Kalamazoo had an Assessor leave and had to fill a void. He mentioned that the Deputy Assessor position is open, but with a fulltime staff and contractual arrangements, the Department seems to be getting the job done. He noted that the most important area of concern for him is the *City Charter* and the Council / Manager form of government. He advocated having the discussion, if it will save money, increase efficiency or have the department become more customer friendly. He also expressed his preference in the Committee of the Whole instead of a subcommittee and explained that other departments could be reviewed for privatization and explained. Discussion followed.

Councilmember Urban cited some past outsourced, privatized, etc., activities and indicated that they were all prompted by the Administration, who brought the topic to the City Council, and indicated that this is the right way to do business. He pointed out that the City Council is a policymaking board, not a management board, and noted that City Council does not have the expertise to even know that this is the right time to study this. He indicated that he is not in favor of relinquishing control over this particular department; therefore, in absence of a recommendation from the City Manager that we review this particular department, one which interacts with all citizens either by mail or face-to-face, he is not in favor of this study.

After discussion, motion by Pearson, seconded by Randall, to form an Assessment Outsourcing Committee that outlines the issue for staff analysis so that the Committee can report back to full Council for further consideration.

City Manager Maurice Evans took exception with the word “outsourcing” as it generates a foregone conclusion and is unfair to a city assessing department that does an excellent job as well as a City Administration that collectively does a nice job with budgets that balance, a strong fund balance and operations that are outstanding. He concurred with Councilmember Sackley that whatever is done should be with the use of Council as a Whole and mentioned that Council as a Whole also has to address the Central Dispatch issue. He suggested looking at the management study reflecting the pro’s and con’s of changing the assessment function approach.

Mr. Evans also indicated that the City Attorney should look at the *City Charter* to see if outsourcing the assessment function can be done without violating the *Charter* because the Assessor is a *Charter* position. He noted that because of the difficulties involved, it will prohibit the three entities of government from collaborating. He indicated that he understands their interest in outsourcing, which the

City of Portage has successfully accomplished in the past in some areas. He objected to City Council getting involved in Administrative type of functions, indicated they have that right to collectively come to an agreement on it, and pointed out that the City of Portage has excellent assessment services at a great price; and, when cutting costs, service cuts have to be a part of the balance. He indicated that Portage is on the cutting edge, cited comments from the State Tax Commission when it comes to different documents provided to them and the successful 14-point review, and asked, "So what's the issue?" He suggested that if City Council forms a committee, it would be best to form a Committee of the Whole and work on the matter collectively.

Councilmember Sackley concurred with Mr. Evans, indicated that he believes in the *City Charter* and agreed that the City Attorney should provide advice on the matter. He pointed out that this is a very significant item, but it comes as a surprise which is against one of the City Council directives and policies which City Council has articulated and talked about. He objected to the unrelenting attacks on the City Assessor Department practices for several years and noted that the City has spent tens of thousands of dollars to prove (to ourselves, to some of us, and to the community) that the City of Portage assessing practices meet State standards. He mentioned the hiring of consultants, the quality review performed by the State Tax Commission and pondered what else can be done?

Councilmember Sackley expressed a serious concern with "people" who have declared personal biases, a conflict of interest, or potential conflicts of interest, having conversations with vendors or contractors already performing these services, or who are already in the business of contracting these services with cities, townships or counties, without a full vetting of potential or perceived conflicts, agendas or biases that have been expressed or unexpressed. He advocated having these conversations in front of Portage citizens-at-large, knowing the conversations are on solid legal footing. Ancillary to this, Mr. Sackley indicated that if City Council has problems with the City Manager and the way he runs his staff, and the way he runs the city, he is glad these conversations are being expressed on camera, in front of people, at an open meeting here tonight. He mentioned that one budget review session has been completed, and one more still has to be held. He noted that the Public Hearing on Fiscal Year 2013-2014 Budget was set earlier for May 14, 2013, and pointed out, again, that this New Business item brought under a different framework from how it was brought in the past comes as a complete surprise, especially given that this topic has been thoroughly investigated in the past. He suggested a motion to go back and read the *Charter* and see what a Council/Manager form of government is and to have an in-service session with the City Attorney to refresh City Council on what a Council/Manager form of government is.

Mayor Pro Tem Reid objected to the motion as stated because it is directed specifically towards looking at options of outsourcing. She indicated that this is not an open way to investigate opportunities or the possibilities because it is putting the goal at the end before any research is done at the front end, so she indicated that she would not be supporting the motion as it stands.

Motion by Sackley, seconded by Reid, to call the question. Mayor Strazdas asked City Clerk James Hudson to read the motion, but he deferred to the maker of the motion. At the request of Mayor Strazdas, Councilmember Pearson read the motion, again: to form an Assessment Outsourcing Committee that outlines the issue for staff analysis so that the Committee can report back to full Council for further consideration. Explanation regarding "to call the question" followed. Upon a roll call vote motion carried 5 to 2. Yeas: Mayor Pro Tem Reid and Councilmembers Sackley, Urban, Pearson and Randall. No: Mayor Strazdas and Councilmember Campbell. With regard to the original motion, upon a roll call vote, the motion failed 4 to 3. No: Councilmembers Sackley and Urban, Mayor Strazdas and Mayor Pro Tem Reid. Yeas: Councilmembers Campbell, Pearson and Randall. Discussion followed.

Mayor Strazdas expressed his understanding of the City Manager form of government and pointed out that sometimes the City Manager brings matters of business before City Council, and sometimes City Council brings matters forward.... that we "direct" the City Manager. He said, "At times, yes, the City Manager runs the City, at times we do some direction; so, I don't think it's all that black and white." He then indicated that if the motion read that the matter would always be heard by the

Committee of the Whole, he would vote for it because he wants to get these answers out in public. Discussion followed.

Motion by Pearson, seconded by Randall, to form an Assessment Outsourcing Committee of the Whole that outlines the issue for staff analysis for further consideration. Mayor Strazdas reflected that in earlier discussions, there seemed to be objections to the use of the terms “outsourcing” or “not outsourcing” as they could be determining the outcome of this issue. He expressed an interest in having “a review of all options” and offered this as an amendment to the motion. With that, motion by Pearson, seconded by Randall, to change the wording of the motion to read, “assessment options” instead of “assessment outsourcing.” Councilmember Sackley pointed out that City Council does not need a committee, a subcommittee or a Committee of the Whole to ask the City Manager to look into something and explained. He objected to bringing the matter forth during budget review time and stated that it should have been brought months ago, so it could be incorporated in the budget process. He intimated that this is not the time to refer it to the Administration because it is inappropriate and disrespectful, if the expectation is to bring it back and incorporate it into the budget review session. He also remarked that it was not broached at the City Council retreat and favored discussion of the matter like City Council discusses all matters.

Councilmember Pearson recounted that it took many months to go through the Collection Box Ordinance process and related that there is no rush to do this. He shared his thought that if City Council waits for the retreat, that extends the wait another six months, and expressed his wish to get the conversation going with no intent to make a decision during budget review time and no time line for a report back from the Administration. He said, “Maybe there is no savings; we should hear that.”

City Manager Maurice Evans, respectfully took exception to Mayor Strazdas’ remark that sometimes the City Manager runs the City because it is a City Manager form of government and he is the City Manager and he manages the city. He acknowledged that if there are objections to his management, City Council can exercise their options in accordance with the employment agreement; however, he stated that is not his goal because his goal is to manage the City of Portage. He alluded to the report regarding privatizing water and sewer operations in 1997 and stated that surely that report came first from the Administration. Also, he intimated that if City Council wants a report, that it would be handled much like Central Dispatch: a request for proposals would be formulated and sent out and a quality firm would be contracted with City Council approval; but, he provided a very strong caveat when it comes to contravening *City Charter*.

Councilmember Urban concurred with Mr. Evans and hypothesized if the goal is to save money and improve the operations of the City, then no department should be specified and offered the option of giving the City Manager the request to look at operations, as he always does, look for savings, look for opportunities to outsource, continue doing his job and determine whether there are additional savings to be realized for the next budget. He objected to targeting any particular department, especially the Assessor’s Department, and reiterated that there are probably other departments, all of which are doing an excellent job, but have less impact on the citizens of Portage in areas where control could possibly be relinquished, but assessing is not one of them. He indicated that he would not be supporting the motion as no department should be targeted for the purpose of monetary savings, particularly the Assessor’s Office which is out front with the customers.

Mayor Pro Tem Reid expressed her concern that the discussion has centered on how to save money instead of how to best serve the citizens of Portage, and particularly in the Assessor’s Office those two concerns are very close to each other. She explained the dichotomy of interests between the Assessor’s Office that is charged with valuation of property accurately in order for the City to collect taxes to pay for services and the citizens’ concern of possibly paying more taxes than they possibly should. She indicated that this sets up a situation where the City appears to be against its citizens, so a review of the process should not take place without the focus being on the impact on citizens and the fairness of the assessments, as it may result in less expensive service, but not in better service to the citizens. She also pointed out that Mr. Evans has always brought forward areas where the City can save

money, so if that is the focus, nothing special has to be done, and she expressed her concern that this is coming down to a financial issue and said, "That is not where the heart of it is."

At the request of Mayor Strazdas, Mr. Hudson read the motion as amended to read: motion by Pearson, seconded by Randall, to form an Assessment Options Committee of the Whole that outlines the issue of staff analysis for further consideration. Mayor Strazdas asked Councilmember Pearson if he would be interested in amending the motion to include any other department in addition to that, but he indicated that he did not want to spread the effort out so thin. When he declined to change his motion, he explained his rationale and emphasized his interest in flexibility to accommodate the scheduling requirements of the Assessor's Office. Mayor Strazdas asked him if he was interested in including cost and service, and Councilmember Pearson answered in the affirmative and Councilmember Randall concurred. Councilmember Sackley asked for a clarification that the "Committee of the Whole" meant to refer the matter to the Administration because there is no timeline on the request, and Councilmember Pearson answered in the affirmative. Mayor Strazdas interjected that this was his understanding, also, and drew an analogy with the Collection Box Ordinance process, indicated that this matter might require a *Charter* review first, and revealed his perception that the process is similar even though the content of reviewing a department is different from the review of a Collection Box Ordinance; he indicated that his understanding of the intent of the motion is that the matter will be reviewed by the Administration without a timeline and with a review of various options.

At the behest of the City Attorney, Mayor Strazdas asked Councilmember Pearson to agree to have the motion include, "to refer the matter to the City Manager for a review and a report be brought back to the Committee of the Whole" and explained. Councilmember Pearson agreed and Councilmember Randall concurred.

Mayor Pro Tem Reid asked for a clarification and asked whether there is any functional difference between the way the motion is stated and requesting that the City Manager do an investigation of this matter and report back the legal and functional aspects of this issue to City Council? Councilmember Pearson explained.

Councilmember Sackley indicated that he would be opposing this motion, that he has concerns with *Charter* considerations, wants those to be answered before addressing this issue, and views this as a vote of no confidence in the City Manager and a relentless attack against him and his ability to run one of the departments under his control.

Councilmember Pearson responded and stressed that this is a concern with this department; that he and other Councilmembers have had an issue with this department and had to bring in attorneys to see that things are being done right; and, in the last few years, other jurisdictions have looked at the model as did the City of Kalamazoo. He said it is not an endorsement of any one assessing department that "comes in," as members of City Council have been hearing that this is an option for the last couple of years and "we have seen other municipalities go to that." So, he considers it prudent to see what it is and advocated that to see what it is, the City Manager needs to conduct an analysis and provide feedback regarding his opinions to the Committee of the Whole.

Councilmember Urban said that this is simply asking City Manager Evans to do his job and saying he is not doing it. He then indicated that he would not be supporting the motion.

City Manager Evans indicated that every time an issue has been brought up about the Assessing Department, the Administration has filed incredible reports and has spent an exorbitant amount of staff time; we have given City Council the information and proved time and time again that the job is being done, done well, done efficiently, and done in accordance with state guidelines; there's no corruption, the records are up to date and it is not enough. So, he concluded that this is a relentless attack and even a vendetta against the Assessor's Department. He said that the Assessor staff is being efficient, being effective and their service is outstanding. He pointed out that the customer service cards for years now have reflected nothing but good and asked, "When does it let up?" "Say they are doing a good job, and stop it." That being said, he offered the best study possible, if that is what City Council wants.

Councilmember Pearson responded back to the original comment from Mr. Lupher from CRC when he asked where can the County save money and he answered by not having so many small assessing departments.

Mayor Strazdas recognized that there are a lot of strong feelings among City Councilmembers on this issue and expressed his hope that City Council can arise above that. He mentioned that there might be perceptions of whether Mr. Evans is doing his job, and indicated that he is the best City Manager in the State of Michigan. He emphasized that this is not about the quality of our City Manager and expressed his hope that, however this turns out, Mr. Evans does not perceive that we are challenging his ability. Mayor Strazdas indicated that there have been a lot of reviews of assessing, but there has not been a review of assessing options in his opinion, and if we find that we have the best, most cost efficient Assessor's Office, so be it. He emphasized that this is not about the quality of the City of Portage Assessor's Department and not about the integrity of our City Manager, but is about looking at options. He noted that he would be voting for the motion to get to the bottom of the concern, here, and explained. Councilmember Pearson concurred.

Mayor Pro Tem Reid separated the motion into a two-step process, one to look into the *City Charter* to determine the legal aspect regarding the issue and one to decide to review the options. She offered to break it down so that no extra staff time is spent looking at options, if legally it can not be done or if it is not within the parameters of what can be done. She advocated a legal review, then give direction to staff. Mayor Strazdas concurred with her logic.

Councilmember Pearson stated that obviously the City Attorney will investigate the matter and have an answer for City Council within a short time that would be in a pre-report if changes are found to not be legally feasible. Therefore, he indicated that it does not necessarily need to be "split off" and can come back together with the answers to the other questions.

Motion by Sackley, seconded by Urban, to table this until the City Attorney can provide a legal opinion as to whether or not the assignment that has been given to the City Manager is consistent with the *City Charter* and State Law. Upon a roll call vote, motion failed 4 to 3. Yeas: Councilmembers Urban and Sackley and Mayor Pro Tem Reid. No: Councilmembers Campbell, Pearson, Randall and Mayor Strazdas. Mayor Strazdas shared that he voted against the motion as Mr. Evans would logically follow this process, nevertheless.

In light of this, Councilmember Sackley asked whether the makers of the motion would amend their motion to put in a two-step process so that the legal review is undertaken before the City Manager is asked to do anything else because, even though it may be implied, he expressed a preference that the direction of City Council be that the City Manager and the City Attorney address those issues first before doing anything else. Councilmember Pearson agreed to amend the motion to have a "pre-report" because that doesn't take any time and Councilmember Randall concurred. Mayor Strazdas continued to facilitate the discussion, but asked that City Council focus on the amendment. There being no further discussion, Mayor Strazdas called for the question and explained.

There was a roll call vote on the motion which now reads, "to form an Assessment Options Committee of the Whole that outlines the issue of staff analysis for further consideration, to refer the matter to the City Manager for a review and a report be brought back to the Committee of the Whole, including cost and service, and to have a "pre-report."

During the roll call vote, Councilmember Sackley questioned the City Attorney whether he is required to vote "yes" owing to his request for a "pre-report." City Attorney Brown assured him he can vote either way, so Councilmember Sackley, who first voted "yes" asked Mr. Hudson to change his vote to "No" on the matter. Upon a roll call vote, motion carried 5 to 2. Yeas: Councilmembers Campbell, Pearson and Randall, Mayor Pro Tem Reid and Mayor Strazdas. No: Councilmembers Sackley and Urban. Mayor Strazdas asked Mr. Evans if he had any questions regarding the matter, and Mr. Evans just emphasized the importance of the issue and that he wished to have the time to diligently investigate the matter and report back.

**BID TABULATION:**

\* **BID RECOMMENDATION - HVAC MAINTENANCE:** Motion by Urban, seconded by Reid, to approve the low bid for a two-year contract with Hurst Mechanical in the amount of \$76,166.27 for Heat, Ventilation and Air Conditioning (HVAC) maintenance of city owned facilities, with an option for two one-year contract extensions and authorize the City Manager to execute all documents related to this action on behalf of the city. Upon a roll call vote, motion carried 7 to 0.

**OTHER CITY MATTERS:**

**STATEMENTS OF CITY COUNCIL:** Councilmembers Campbell, Sackley, Urban and Pearson and Mayor Strazdas expressed sorrow for the passing of Former Councilmember Lewis Bashaw and expressed their condolences to the family. Councilmember Campbell invited everyone to the Portage Rotary Club Annual Scholarship Luncheon at the Senior Center.

Councilmember Randall expressed her concern for the people of Boston, who suffered losses from the bombing at the Boston Marathon and Mayor Pro Tem Reid and Mayor Strazdas concurred. She also invited everyone to attend the Angling RoadRunner 5k Walk at Angling Road Elementary School, 5340 Angling Road, Friday, April 26, 2013, at 6:00 p.m.

Mayor Strazdas indicated that his parents live five blocks away from where the second Boston “bomber” was identified. He requested that Public Safety Director Richard White come before City Council to inform City Council and the public what the Public Safety Department is doing to keep us safe. He cited the unsafe conditions in and around Grand Rapids because of excess flooding from the recent excessive rainfall. He also mentioned that he attended “Scrabble© Fest” at Portage Northern High School where he discovered that there are 25,000 adults in Kalamazoo County who can not read.

**ADJOURNMENT:** Mayor Strazdas adjourned the meeting at 10:37 p.m.

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James R. Hudson, City Clerk

\*Indicates items included on the Consent Agenda.