

**MINUTES OF THE BUDGET WORK SESSION OF THE PORTAGE CITY COUNCIL**  
**April 30, 2013**

Meeting was called to order by Mayor Strazdas at 4:32 p.m.

The following members of Council were present: Councilmembers Jim Pearson, Patricia Randall and Ed Sackley, Mayor Pro Tem Claudette Reid and Mayor Peter Strazdas. Councilmember Elizabeth Campbell was absent with excuse. Councilmember and Terry Urban arrived at 4:47 p.m. Also in attendance were City Manager Maurice Evans, Financial Services Director Bob Luders, Finance Director Daniel Foecking, Deputy Director of Accounting and Budget Patricia Fitnich and City Clerk James Hudson.

Employee Development Director Rob Boulis reviewed the Employee Development Department Budget. He reviewed the department efforts in the areas of staffing, recruitment, safety administration, safety committee, American Disabilities Act implementation, training, labor and employee relations, employee discipline and contract negotiations. Discussion followed. Mayor Strazdas thanked him for his work with the Respecting Differences Program and his collaboration with major employers in the area. Discussion followed.

Councilmember Urban arrived at 4:47 p.m.

City Clerk Jim Hudson cited some of the services provided by the City Clerk staff in the areas of elections, Freedom of Information Act Requests, City Attorney and Department service requests, Youth Advisory Committee, the Portage Public Schools District Advisory Council, Boards and Commissions recruiting and processing, website updates, liquor license application processing, research, legal notices, record keeping, cemeteries, Portage Ordinance Codification and matters before City Council. Discussion followed.

Finance Director Dan Foecking introduced Deputy Director of Accounting and Budget Patricia Fitnich and provided an overview of the Legislative/Human Services Budget. He indicated that it is not necessary to appropriate the \$100,000 for a study of consolidation of services and the \$5,000 for a celebration of the 50<sup>th</sup> Anniversary of the City again and these amounts are not in the Budget this year. Discussion followed. He then introduced Community Development Director Vicki Georgeau, who indicated that the funding recommendations of the Human Services Board (HSB) and the Administration were very close, so staff took the HSB recommendation.

Community Development Director Vicki Georgeau referred City Council to the Human/Public Service Funding Applications and the Supplemental Budget. She summarized the process utilized by the Human Services Board to review and score applicants. Using the Supplemental Budget, she then outlined the Fiscal Year 2013-14 General Fund and Community Development Block Grant (CDBG) funds available for human/public services. She mentioned that the Federal Government has not provided notice of the amount of reduction, but the calculation guess is at 7.4% mainly due to the sequestration. Discussion followed.

She stated that the total funds available for fiscal year 2013-2014 is \$153,041 with \$121,237 from the General Fund and \$31,804 from CDBG Funds. She discussed the method of selection of applicants, some of the applicant requests in detail and the funds available for disbursement.

She remarked that staff concurred with the HSB recommendations. Under this funding level proposal, she indicated that the Portage Community Center would receive \$84,476 from the General Fund; Housing Resources, Inc. would receive \$17,295; the YWCA would receive \$8,501; Catholic Charities would receive \$8,989; and, Gryphon Place would receive \$1,976. She indicated that Prevention Works would not be receiving any funds and provided the rationale for the breakdown of the funding criteria and explained. Discussion followed.

Mayor Strazdas recognized Portage citizen, Brenda Try, 7745 Oakland Drive; Portage Community Center Board of Directors President Lori Knapp; Diane Schrock, Portage Community Center Director; and Gryphon Place Executive Director Bill Pell. Mayor Strazdas thanked each of the representatives for their leadership and discussion followed.

Ms. Schrock provided City Council a PCC Brochure, information regarding service indicators, and the information presented at the January 3, 2013 Human Services Board meeting. Discussion followed.

City Assessor Jim Bush reviewed the highlights of the Department operations and objectives, as well as some updates to the proposed tax system and goals for the upcoming fiscal year and stated that the budget is unchanged from the prior fiscal year. He outlined the City Assessor Office responsibilities and the requirement to budget for the Board of Review. He cited some of the listings, records and summaries of property histories his office keeps. He described some of the activities of Pfizer, the many foreclosures in the city, a breakdown of the tax base and forecasting. He discussed the personal property tax, processing small tax accounts and the election in 2014 to decide whether to cease collecting personal property tax. He discussed the 2013 Board of Review, training, the appeals, and the Michigan Tax Tribunal Appeals, especially Meijer's. In answer to Mayor Pro Tem Reid, he stated that residential properties are given street review only and interior inspections are not a part of any update efforts. Discussion followed.

City Manager Maurice Evans provided a pie chart that depicted the residential, commercial and industrial tax bases of the city and discussed this as a positive depiction of the health of the city. Discussion followed.

RECESS: 5:45 p.m.  
RECONVENE: 6:20 p.m.

Brenda Try, 7745 Oakland Drive, spoke in favor of a balanced budget for the City of Portage and read from a prepared document to support her premises.

Community Development Director Vicki Georgeau reviewed the Community Development operating budget. She noted how the Department meets Council goals by accepting its oversight responsibilities in the areas of private construction projects, long term and short term planning, growth and redevelopment, and maintaining the quality of life in the City of Portage with a special emphasis on neighborhood quality of life.

Ms. Georgeau reviewed the Community Development budget, including Building Services, Department service indicators, and permits associated with Planning and Development Services, and Neighborhood Services. She touched on the Department liaison responsibilities with the Zoning Board of Appeals, the Planning Commission and the Human Services Board. She also included the Construction Board of Appeals, the DDA, the Economic

Development Corporation and the LDFA which all meet on an ad hoc basis as needed for specific projects. She praised the twelve, very professional and dedicated Department staff members within the two sections of the Department: Building and Housing Services and Planning Development and Neighborhood Services and reviewed the Service Indicators for each section. She highlighted some of the positive trends in the residential, commercial and industrial areas and quantified the projections and reviewed some of the specific projects. She discussed the management of the neighborhood complaints and foreclosures in the neighborhoods and City Hall maintenance. Discussion followed regarding staffing current and past levels and technology improvements that will help staff process everything. She discussed senior housing and blight associated with maturing property, remaining developable property, the Comprehensive Plan Update and properties available for rehabilitation, including nonconformities, overlay zoning and zoning modifications that do not adversely impact the neighborhoods or the environment. Discussion followed regarding the proposed solar farm next to the airport by Pfizer.

Ms. Georgeau advised City Council that they would be asked to approve the FY 2013-2014 Community Development Block Grant Program and authorize the Administration to submit the FY 2013-2014 One-Year Action Plan to the Department of Housing and Urban Development on May 15, 2013. Discussion followed.

Mr. Foecking reviewed the City Manager Department Budget, including: oversight responsibility for all phases of city operations, the implementation of City Council policy directives, general supervision, oversight of all departmental operations and oversight of economic initiatives, representation and promotion of city interests, development of administrative procedures intended to improve organizational effectiveness and administrative responsibility for all city goals and objectives.

Mr. Foecking reviewed the public information division responsibilities under the supervision of the Assistant to the City Manager, including copies, mailing and publishing the *Portager* six times per year, city website maintenance and other marketing publications.

Mr. Foecking also reviewed the City Attorney budget and indicated that the City Attorney provides general legal services to the City Council and all departments regarding municipal matters. He pointed out that specialized areas of labor counsel and bond counsel are budgeted in the specific departments or programs for which the services are provided. He indicated that the FY 2013-2014 Proposed Budget includes \$25,000 to accommodate the relocation of court operations and functions to the County. Discussion followed.

Mr. Foecking indicated that the Finance Department is responsible for developing and maintaining sound financial management systems, timely and accurate financial reporting, most notably the Comprehensive Annual Financial Report (CAFR) Preparation and cash management. He pointed out that processing of accounts payable produced approximately 4,600 checks and approximately 950 electronic fund transfer payments and 7,400 payroll checks and direct deposits annually.

Mr. Foecking listed the primary functions of the Finance and Budget division of the operation, including: preparation of the annual operating budget, assistance in preparing the annual Capital Improvement Program budget, the Utility Rate Study and the information for bond issues and other financing. He then indicated that the Finance

Department is also responsible for city-wide budget control and fixed asset management.

Mr. Foecking said that the Treasury Division accounts for the costs associated with billing, collection and accounts receivable for 19,000 semi-annual tax bills, almost 16,000 quarterly utility bill accounts, approximately 1,400 annual special assessment bills, plus approximately 4,700 miscellaneous accounts receivable bills. He indicated that the Chase Receiver Services online banking payment system has processed 49,600 payments since its inception in March 2007. He mentioned that the BS&A Software allows the taxpayer to access special assessment and property tax information via the internet, 24 hours a day, seven days a week. Discussion followed. He reviewed the West Lake Weed Management Fund, Debt Service Funds and the amount of debt that can still be incurred by the city.

Mr. Foecking noted that the next steps for 2013-2014 Budget are: on May 14, 2013, the budget hearing required by law will be held where oral and written comments will be accepted at the hearing from the public and any questions that are posed will be addressed. Next, on May 28, 2013, the General Appropriations Act Resolution to adopt the 2013-2014 Budget, including all components such as the Capital Improvement Program, along with the Salary and Wage Resolution and the Reimbursement Resolution for bonds to be issued in the future will be on the agenda for City Council approval. Discussion followed.

Ms. Georgeau reviewed the Capital Improvement Program (CIP) Budget process and explained the 10-year plan. She mentioned that changes were implemented in the way the Plan was developed as outlined in the CIP Budget Document in the City Manager Communication dated April 9, 2013. She referred to the reevaluation of the South Westledge Enhancement Projects (SWEPs) using "capacity and crash" data that resulted in moving funds out of SWEPs and into the Major Streets Program. She indicated that the projects were found to be effective, and there were some additional expenses that had been moved out of the Plan and reallocated to Major and Local Street Projects with a focus on other essential services such sidewalks and sidewalk installation & bikeways to enhance alternative modes of transportation.

She indicated that each time there is a reconstruction of a street, sanitary sewer is installed concurrently. And, after reviewing this policy with the Transportation & Utilities Department, she indicated that a Three Tier system was developed for streets where sensitive land areas, bodies of water, wellhead protection areas, etc. were present and looked at the development pattern as it relates to street reconstruction and sewer installation. They reached the conclusion to continue the current policy to install sanitary sewer where there is street reconstruction with a special assessment and mandatory hook-up for Tier 1 road reconstruction where there is sensitive land areas, bodies of water, wellhead protection areas, etc.; where there is Tier 2 street reconstruction, and less sensitive land areas, bodies of water, wellhead protection areas, etc., mandatory hook-up would be deferred until the landowner had a septic problem; and, where there is Tier 3 street reconstruction, there is no required sanitary sewer installation since these areas have very low development densities and the least amount of sensitive land areas, no bodies of water nearby, no wellhead protection areas, etc.

She discussed the water projects for the upcoming CIP Fiscal Year Budget, some still in the planning process that are not mentioned to

ensure the document is more reflective of actual projects for the year. She reviewed some of the parks improvements, including: the phase development of Eliason Park and the *Placemaking* initiative which is an effort to more directly capitalize on past infrastructure investments directed to bikeway and trailway development.

She referred to the pie charts that depict revenues and expenditures and a map that shows the proposed projects for the first year of the proposed CIP. She explained the breakdown across the 26 proposed projects of the \$11.284 million dollars in CIP revenue. Discussion followed.

She provided an overview of the 10-year plan and some of the eight categories listed: Streets, Utilities Public Safety, Public Facilities and Parks & Recreation and Debt Service. She referred to the locations of proposed improvements as outlined on the map, the expenditures by categories depicted on the pie chart and the revenues shown on the pie chart. She highlighted some of the proposed projects and purchases. Discussion followed regarding the Senior Center, the Haverhill Water Tower replacement, the 25% proposed Fund Balance, the elimination of the personal property tax, funds to be used for emergency preparedness and the City Hall motor pool. Discussion followed.

Mayor Strazdas deferred to the City Manager Evans, who said that this a tight budget, that the Administration is staying on top of the City's finances and that the Administration has a good feel for future budget needs, as has been the case for a number of years, now. He indicated that he is pleased with what the Budget reads; that it would be nice to have more revenue, and the discussions on how to spend it. He thanked everyone for their work and emphasized that the Budget required a lot of hard work which begins for the following fiscal year budget as soon as City Council adopts this budget.

Mayor Pro Tem Reid, Mayor Strazdas and Councilmember Sackley commented on the earlier comment by Brenda Try and her perception that the City of Portage needs to balance its budget. They noted that the City of Portage does balance its budget, applauded the Administration for a well-organized process and recognized that this is a very difficult financial environment within which work at this time. Mayor Pro Tem Reid also commented on the difficulties associated with the Affordable Care Act and the difficult personnel decisions that result. Discussion followed.

In answer to Mayor Pro Tem Reid, Mayor Strazdas indicated that ideally this is a budget workshop and the proper forum for recommending changes in the Budget details. Discussion followed. Mayor Strazdas explained that the public hearing, May 14, 2013, and the final vote on May 28, 2013, are acceptable forums for making changes, also. Discussion followed. Mayor Strazdas thanked City Council for their efforts with the budget and the Administration for their hard work throughout the process.

**ADJOURNMENT:** Mayor Strazdas adjourned the meeting at 8:02 p.m.

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James R. Hudson, City Clerk