

CITY COUNCIL MEETING MINUTES FROM MAY 24, 2011

The Regular Meeting was called to order by Mayor Strazdas at 7:31 p.m.

At the request of Mayor Strazdas, Rabbi Harvey Spivak of the Congregation of Moses of Kalamazoo gave the invocation. Mayor Strazdas invited the Adult Boy Scout Leader Bob Everett and Boy Scouts Tom Lee and Nate Barts of Troop 244 to lead City Council and the audience in reciting the Pledge of Allegiance.

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

APPROVAL OF MINUTES: Motion by Sackley, seconded by Urban, to approve the May 10, 2011 Special and Regular Meeting Minutes as presented. Upon a voice vote, motion carried 5 to 0.

* **CONSENT AGENDA:** Mayor Strazdas asked Councilmember Bailes to read the Consent Agenda. Motion by Urban, seconded by Sackley, to approve the Consent Agenda motions as presented. Upon a roll call vote, motion carried 5 to 0.

* **APPROVAL OF ACCOUNTS PAYABLE REGISTER OF MAY 24, 2011:** Motion by Urban, seconded by Sackley, to approve the Accounts Payable Register of May 24, 2011. Upon a roll call vote, motion carried 5 to 0.

PUBLIC HEARINGS:

2011 AMENDED TAX INCREMENT FINANCE PLAN / 2011 AMENDED DEVELOPMENT PLAN: Mayor Strazdas opened the public hearing and introduced Community Development Director Jeffrey Erickson, who provided a history of the process thus far and summarized the report from the City Manager dated April 14, 2011. He explained the Trade Center Area as it relates to the South Westnedge Enhancement Projects (SWEPs) of the Downtown Development Authority (DDA) and discussion followed. Mayor Strazdas opened the public hearing for comment from the public.

Harry Hewitt, 18690 Inglewood, Cleveland, Ohio, representing the MIDAS Muffler Shop, expressed appreciation for City Council efforts to expand economic development. He asked for consideration for the MIDAS Muffler Shop with regards to the infrastructure as this is the only service location on South Westnedge without access from both the northbound and southbound traffic. He praised the boulevard for its aesthetics, but indicated that it has put a cramp on business and introduced Bob Morris, the Franchisee of the MIDAS Muffler Shop.

Mr. Erickson described the location of the proposed development and pointed out that the MIDAS Muffler Shop is along the boulevard that was constructed to provide better traffic control and safety some years ago. He indicated that the impact on MIDAS Muffler Shop is some years in the future with SWEPs Projects in 2018 according to the schedule provided by the Planning Commission. Discussion followed and Mr. Erickson referred Mr. Hewitt to the Director of Transportation & Utilities for more details. Discussion followed.

Mayor Pro Tem Sackley referred to the right-of-way acquisition on the west side of South Westnedge necessary to increase the number of lanes and asked whether the developer would be required to provide cross access in business zones or Commercial Planned Developments. Mr. Erickson responded that city ordinances and the Planning Commission encourage shared access to ensure safe traffic flows. Discussion followed.

Motion by Sackley, seconded by Urban, to close the public hearing. Upon a voice vote, motion carried 5 to 0.

Motion by Urban, seconded by Sackley, to accept the public comments on an ordinance amendment to approve the 2011 Amended Tax Increment Finance Plan for the 2011 Amended Development Plan for development area in the City of Portage Downtown Development Authority, and take final action on the ordinance on June 28, 2011. Discussion followed regarding the significance of the investment; that it marks a restart of economic development; and special appreciation for the efforts of Roger Hinman and Joseph Gesmundo for their efforts in this matter. Upon a roll call vote, motion carried 5 to 0.

TRADE CENTRE WAY RELOCATION PROJECT #997-R: Mayor Strazdas opened the public hearing and introduced Transportation & Utilities Director Chris Barnes, who summarized the description of the project as provided to City Council in the Agenda Packet. He highlighted the realignment and improvement of Trade Centre Way from South Westnedge Avenue west 900 feet to just west of West Fork Crossing; the reconstruction of a portion of South Westnedge Avenue south of Trade Centre Way to facilitate left turn-in and right turn-in movements from South Westnedge Avenue to Trade Centre Way and right turn-out movements from Trade Centre Way to South Westnedge Avenue; and the inclusion of curb and gutter, storm sewer, utility relocation, boulevards, first class road landscaping, lighting, fencing and related construction. He also reported that the entire project would be 100% paid by private parties. Discussion followed.

Motion by Sackley, seconded by Bailes, to close the public hearing. Upon a voice vote, motion carried 5 to 0.

Mayor Strazdas opened the public hearing for public comment. There being no further discussion, motion by Sackley, seconded by Urban, to adopt Resolution No. 3 for the Trade Centre Way Relocation Project #997-R, directing the preparation of the special assessment roll, and adopt the Resolution of Intent to issue bonds and authorize publication of the Notice of Intent. At the request of Mayor Strazdas, Mr. Barnes explained the five Resolutions necessary for a Special Assessment Project. Discussion followed. Upon a roll call vote, motion carried 5 to 0. Resolution recorded on page 225 of City of Portage Resolution Book No. 225.

PETITIONS AND STATEMENTS OF CITIZENS: James Pearson, 3004 East Shore Drive, indicated that 40% of the households in Michigan either lost a job or took a pay cut and asked that City Council consider cutting the salaries of city employees as did the Portage Public Schools Board of Education. City Manager Maurice Evans pointed out that the city employees have not had a pay increase in three years, that the city has done a good job and is not under duress. Discussion followed. He also asked City Council to also take a volunteer pay cut, suggested a 50% pay cut and asked for their opinion on this matter. Mayor Strazdas responded.

REPORTS FROM THE ADMINISTRATION:

HUMAN SERVICES FUNDING ALLOCATIONS OF THE FISCAL YEAR 2011-2012 BUDGET: Mayor Strazdas pointed out that Councilmember Randall graciously serves on the Catholic Family Services Board, but this creates a potential conflict of interest, so she would be abstaining from voting on this portion of the Budget. In response to Mayor Strazdas, Councilmember Randall indicated that she is not benefitting directly from Catholic Family Services. Discussion followed. City Attorney Brown assured City Council that he had had a conversation with Councilmember Randall and had advised her to abstain based on the Michigan Statute. Discussion followed.

Motion by Sackley, seconded by Bailes, to approve the Catholic Family Services Funding Agreement of the Fiscal Year 2011-2012 Human Services Funding Allocations of the General Fund and Community Development Block Grant (CDBG). Upon a roll call vote, motion carried 4 to 0 with Councilmember Randall Abstaining.

FISCAL YEAR 2011-2012 BUDGET APPROVAL: At the request of Mayor Strazdas, City Manager Evans indicated that the Proposed City Budget is a sound, conservative financial plan that does several different things: it accommodates curbside recycling and leaf pick-up funding needs; it maintains the 13% fund balance as prescribed by City Council; it supports adequate economic development with \$8.48 million in infrastructure improvements through the Capital Improvement Program (CIP); and, it continues an efficient cost containment approach by providing a high level of both municipal and privatized services.

Mr. Evans introduced Financial Director Daniel Foecking, who provided a presentation on the General Operating Fund millage and expenditures, Capital Improvement Program (CIP) millage, Curbside Recycling Fund millage, Leaf Pickup / Spring Cleanup Fund millage, and the Municipal Streets Fund millage. Discussion followed. In response to Mayor Pro Tem Sackley, Mr. Foecking spoke briefly about reductions in revenue sharing, volunteer budget cuts, many savings in operational costs, the loss of Act 51 funds used for maintaining roads, and other losses. Discussion followed regarding the importance of the 13% Fund Balance and the fact that employees are contributing 20% toward their benefits.

Councilmember Randall expressed her appreciation for the efforts made by Mr. Foecking. She indicated that she would be voting “no” on the 2011-2012 Budget because she did not believe that increasing taxes at this time is in the best interest of the citizens of Portage, or that every possible deduction has been made. She indicated that land values have declined, hundreds of Portage taxpayers lost their homes and foreclosures are at an all time high with a total of 1,045 homes in the County of Kalamazoo over the year 2010 which exceeds all other foreclosure numbers in preceding years.

Councilmember Randall indicated that Portage Public Schools report that the number of students qualifying for free or reduced hot lunch has soared to 23.8% of the total student population and staff believes that this number is considerably lower than the actual number who could qualify as several Portage Elementary schools are at or near 40% of their student population in free or reduced lunch program. She said that the levels of students using this program declined for students entering into higher grades as many are not comfortable seeking assistance for a variety of reasons. She stated that unemployment in the City of Portage is 8%; that city employees have not received a raise for three consecutive years; yet, the budget asks city employees for more tax revenues.

Councilmember Randall said that the City has increased water and sewer rates by over 70% in the past five years which has been shouldered by our citizens, and she advocated that the city set up a fund to assist the residents who can least afford these staggering increases.

Councilmember Randall said that over the past five year period, the City has increased taxes four times to balance the budget; that the city has pledged to reduce staff through attrition, yet the Deputy City Assessor position was filled in July with another full time employee, and costs budgeted for this department alone under operations has more than doubled since 2009 to this year’s proposed budget. Finally, she indicated that in 1985 City Council prescribed a 13% Fund Balance, but economic conditions were entirely different 26 years ago than they are today with investments earning less than 1/2% while borrowing costs range between 2.85 and 6%. She advocated using the Reserve Fund Balance to cover the current deficit making an increase in taxes not necessary. Discussion followed.

Since the only millage rates proposed for increase were the Curbside Recycling and the Leaf Pick-up millage, Mayor Strazdas asked Councilmember Randall for specific areas she had as targets for cuts, but she responded that that was not her area of expertise and had none, but she offered the suggestion of fewer pick-ups, drop off centers, and people who specialize in these areas could provide some options. Discussion followed. Councilmember Urban asked Councilmember Randall if she was recommending reducing these services and she answered, “Yes, whatever it takes to balance the budget without increasing taxes.” Councilmember Urban indicated that he brought his budget materials with him, that he is willing to do what it takes tonight to balance the budget, but there was a need to find \$300,000 to do that. Councilmember Randall indicated that she was “willing to take it out of the extra 13% funding.” Mayor Strazdas deferred to City Manager Maurice Evans, who indicated that City

Council really should not get into the practice of using the fund balance of one fund to save another fund; and, by having a higher Fund Balance, the bond rating is better which saves the city a lot of money on bond interest. Further, he stated that if the City Council should choose to make cuts from a voter-approved (dedicated) millage because that is where the proposed increases are. When he asked Mr. Foecking if the budget for the Assessor had been doubled, both agreed it had not. Discussion followed.

Mr. Foecking indicated that the State of Michigan has a new Emergency Manager Fiscal Act and a coding scheme where they evaluate cities and counties on a scale of one to ten, the lower the score the better. One question the State asks is does the city have a Fund Balance of 13% or more? If the answer is yes, no points are assigned; otherwise, the city receives a point. Once the city has accumulated enough points, the State has the option of sending in a Fiscal Emergency Manager to run the city, which Mr. Foecking advised was not at all desirable.

Mayor Strazdas summarized the wishes of Councilmember Randall not to increase the cost to the average homeowner of \$6.15 for Curbside Recycling and \$7.50 for Spring Clean-up/Leaf Pick-up, and take the needed funds out of the 13% Fund Balance. He asked if there was another City Councilmember interested in cutting the fund balance below the desirable 13% level, and asked for comments from City Council regarding lowering the fund balance of the City and to have a conversation about cutting leaf pick-up and recycling services. As a point of order, Mayor Pro Tem Sackley asked if it was legal and proper to draw money from the Fund Balance in order to transfer it to a fund derived from dedicated millage for specific services. Mr. Foecking indicated that the fund can lend the money to the fund, but it must be paid back or it is considered poor practice. Discussion followed.

In response to Councilmember Randall, Mr. Foecking indicated that the Water & Sewer Fund has a negative working capital value balance, but has a positive net asset value, unlike any of the other funds, and these funds are fungible with cash in one bank account. He stated that the working capital in the water fund is in a deficit position, and Portage has submitted a plan with the State of Michigan to bring it out of a deficit position as is required. Discussion followed. Mayor Strazdas summed up and asked for comments from City Council regarding lowering the fund balance of the City and to have a conversation about cutting leaf pick-up and recycling.

In response to the concern of Mayor Pro Tem Sackley of whether it was legal and proper to draw money from the Fund Balance in order to transfer it to a fund derived from dedicated millage for specific services, Councilmember Urban opined that it was not illegal, but the city could not afford to pay for these services any longer from the General Fund and Portage citizens voted in favor of a dedicated millage to pay for each of these services. Discussion followed.

Mayor Pro Tem Sackley noted that the \$300,000 would have to be found in the General Fund because the State of Michigan Treasury Department considers the 13% Fund Balance to be a minimum for a city to be considered a healthy city. He then expressed a desire to have Portage be a healthy city and to be viewed in a positive manner for those who want to invest in Portage, for those who wish to buy Portage municipal bonds and for those who want to do business with the City of Portage. He concluded that taking from the Fund Balance to pay for services funded through a voter-approved dedicated millage would be irresponsible and was not interested in doing this. Discussion followed.

Mayor Pro Tem Sackley and Mr. Foecking distinguished the fact that a significant portion of the approximate \$3-3.5 million and the \$700,000 Delta money in the Fund Balance is derived mostly from interest on investments; and, that transferring Fund Balance money to another fund where it is then spent makes it not available the next budget year. Mayor Pro Tem Sackley expressed his appreciation for the discussion as he considered it healthy, but wished it had taken place at the public hearing two weeks ago instead of at the approval stage.

Mayor Pro Tem Sackley questioned his understanding of Councilmember Randall's position by asking for a discussion with her regarding whether she objected to the increase in the dedicated millage approved by the voters or whether she objected to what the increase was going to fund. He expressed an interest in not splitting the issue inappropriately as Councilmember Randall may not have

wanted that. Mayor Strazdas asked Mayor Pro Tem Sackley whether he was interested in lowering the Fund Balance or not, and Mayor Pro Tem Sackley indicated it was not a prudent or responsible fiduciary act.

Councilmember Randall quoted page 84 of the Proposed Fiscal Year 2011-2012 Budget, “Bond rating agencies consider a 10% fund balance to be more than adequate reserve against unexpected contingencies and to make debt payments if regular revenue sources are not sufficient.” “With the exception of fiscal 2001/2002 (i.e., the fiscal year in which the major October 2001 windstorm damage and restoration occurred), the fund balance of the General Fund has remained well above the 13% level prescribed by the City Council.” She referred to the graph on the page to reinforce her position that 3% of the reserve fund balance should be considered. Mr. Foecking explained and discussion followed. Mr. Foecking emphasized the position of the State of Michigan that a 13% fund balance be retained and pointed out that this has been the budget goal of City Council since 1985. Discussion followed. Mayor Strazdas asked if any Councilmember besides Councilmember Randall wished to spend down the fund balance below the 13%, and each Councilmember answered in the negative, especially because the bond rating of the city would go down and payments would go up and any savings realized by using the fund balance in a voter-approved millage would become nothing more than the well-known short term gimmick. Mayor Strazdas concurred.

Mayor Strazdas then asked if City Council was interested in reducing recycling services and/or the spring clean-up, leaf pick-up services to the citizens. In answer to Councilmember Urban, Mr. Foecking indicated that the fund balance was taken down to \$4.00 to pay for the ice storm damage clean up, that no money was borrowed from the fund and that the expenses were accommodated in the spring clean-up, leaf pick-up fund. He indicated that the millage request in the spring clean-up, leaf pick-up fund is to repay the \$117,000 utilized for the clean-up and to build that fund back up in order to maintain the current service level, to accommodate the new composting procedure requirement and to establish a reasonable 13% fund balance in the spring clean-up, leaf pick-up fund. He emphasized that no money was borrowed for the ice storm damage clean up. Discussion followed.

In response to Mayor Strazdas, Councilmember Urban indicated that Leaf Pick-up Number Three was set up by City Council to accommodate the unpredictable weather and leaf fall in Michigan. He expressed his amazement with the efficiencies and cost containment created over time as the City became more experienced with the program; that this was a time when City Council was considering increasing, not decreasing, the recycling services; and, he questioned whether fewer pick-ups is possible under the current contract.

In response to Mayor Strazdas, Councilmember Bailes expressed his appreciation as a Portage resident for the third pick-up as it would cost more than the millage increase to take care of the leaves that would fall after the second pick-up; therefore, he did not favor reducing the spring clean-up, leaf pick-up services and did favor the current recycling service as his neighbors take advantage of it.

Councilmember Randall asked for feedback on the Pilot Program in Moorsbridge where larger capacity bins were utilized that could contain the recyclables on windy days and could mean fewer pick-ups and a reduction in labor costs. City Manager Evans indicated that the program is very promising, but wanted to give the Environmental Committee a chance to review the program before bringing it to City Council for consideration. In answer to Mayor Strazdas, Deputy City Manager Brian Bowling said that Republic Services has not indicated any cost savings and no cost savings that would be passed on to the City. Discussion followed.

In response to Councilmember Randall’s referring to money in the Fund Balance as not being taxpayer dollars, Mayor Pro Tem Sackley emphasized that the money in the Fund Balance is taxpayer dollars. In response to Councilmember Randall’s comment that she is not a specialist, Mayor Pro Tem Sackley expressed disbelief because of the many hours spent by City Council for the last two years while she was in office for the retreat, for budget preparation, actual budget work sessions, the budget presentation and the public hearing on the budget with all of the information provided. He stressed that the dedicated millage was voted on by the voters who voted to have the City provide these services; that

a reduction in these services means the homeowner has to pay for them above and beyond the millage; and, that over 50% of the cost for recycling, leaf and brush pick-up are already subsidized by commercial, industrial and apartment complexes that can not even benefit from them. Finally, he asked for specific areas where taxes can be cut instead of “playing games” to be able to say “I voted against a tax increase” because if there’s going to be a tax increase, it is going to be a decision in which all Portage citizens will participate.

In response to Councilmember Randall’s request to provide the poor with water and sewer assistance, Mayor Pro Tem Sackley reminded her that she voted in favor of the water and sewer rate increase and pondered what fund she would want to utilize for assistance to the poor. He then asked for concrete proposals from her. Finally, he stated that he advocated no decrease in services that the voters have requested, and that these services have been funded for a long period time.

Mayor Strazdas characterized the approach of City Council with regard to the dedicated millage has been a good, permissive approach. He indicated that if City Council had levied the maximum amount each year, the fund would have more than enough money to fund these services, but City Council has only levied what was needed each year. He congratulated City Council for not ever having to levy the full amount possible for either funds as cost effective and prudent and indicated he has not heard citizens who are willing to reduce the leaf pick-up or branch pick-up. Discussion followed. He summed up by saying he is not in favor of cutting services, is very much in favor of having a permissive millage and is not in favor of hitting the ceiling to preserve the fund balance. Discussion followed.

Motion by Urban, seconded by Bailes, to approve the Fiscal Year 2011-2012 Budget and adopt the General Appropriations Act Resolution and the Salary and Wage Resolution. Discussion followed and Mayor Pro Tem Sackley stressed that a unanimous vote on the budget is important and he is willing to stay as long as necessary to get a unanimous vote on the budget. He then said that better preparation is necessary so last minute discussions of what might or might not happen are not presented at the last minute because that just corrupts the process. Mayor Strazdas asked for further discussion.

Councilmember Randall complained that she did not believe Mayor Pro Tem Sackley has treated her with the same respect and courtesy as he has treated other Councilmembers, accused him of bullying her and indicated she feels his anger. She indicated that citizens have contacted her privately and stopped her in public about this, then told Mayor Strazdas he has never stepped in to say anything. She stated that diversity is good; different opinions are healthy; and, this is what we were elected to do. She said Mayor Pro Tem Sackley talks about consensus almost as a threat and asked Mayor Strazdas for support as her Mayor.

Mayor Strazdas indicated he appreciates and respects her position and every Councilmember’s opinion. He stated because we live in a Democracy, City Council can respectfully disagree in a professional manner and move forward. He said that elected leaders all believe we should be doing the right thing; we speak our minds, vote the way we think we should vote and the majority rules. He concurred with Mayor Pro Tem Sackley that it would have been better to get into the details months in advance rather than wait until tonight and he sensed the frustration. Mayor Strazdas indicated he was in favor of the motion, but respected Councilmember Randall’s opinion and asked for comments specifically on the motion.

Mayor Pro Tem Sackley reiterated that his comments to Councilmember Randall were specific to the process and that he stood by his willingness to work as long as necessary to explore opportunities to satisfy Councilmember Randall’s desire to see no increase in the millage rate. He expressed disappointment that his comment on the process was instead met with a personal attack that was not specific to the request of what can be done to satisfy the desire to see no increase in the millage rate. He indicated that the straw poll was that the funds were not going to come out of recycling or leaf pick-up and asked, “If not that, then what?” He reminded City Council that they had spent hundreds of hours and tens of thousands of dollars pursuing initiatives brought by Councilmember Randall to City Council with regards to assessments and the millions of data points analyzed in the Randall Report. He implored

Councilmember Randall to bring forth a recommendation this evening and offered to stay as long as necessary; and, he asked for anything, anything specific. He noted that the funds are not going to come from leaf pick-up, nor recycling, nor from the Fund Balance. He also recognized that if there is nothing else open for conversation, then it will just have to be left at that. He offered the idea that if Councilmember Randall could find any thing else that can be cut from the General Fund budget to reduce the General Fund millage below 7.5 mills, that would be an alternative that could be accomplished through a budget amendment. He expressed an interest in finding common good as the voters elected City Council to do the work without excuses.

Mayor Strazdas called the question. Upon a roll call vote, motion carried 4 to 1. Yeas: Councilmembers Bailes and Urban, Mayor Pro Tem Sackley and Mayor Strazdas. No: Councilmember Randall. Discussion followed. Resolutions recorded on pages 233 and 235 of City of Portage Resolution Book No. 44.

* **MAJOR STREET RECONSTRUCTION PROGRAM:** Motion by Urban, seconded by Sackley, to support the substitution of the West Centre Avenue (Shaver to Oakland) project for the Romence Parkway (Lovers Lane to Sprinkle) project in the 2011-2012 Major Street Reconstruction Program. Upon a roll call vote, motion carried 5 to 0.

* **DIRECTOR OF PUBLIC SAFETY – POLICE/FIRE CHIEF:** Motion by Urban, seconded by Sackley, to confirm the appointment of Richard White as the City of Portage Director of Public Safety – Police/Fire Chief. Upon a roll call vote, motion carried 5 to 0.

* **MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY - HOME BUYER PURCHASE:** Motion by Urban, seconded by Sackley, to approve the \$35,000 grant amendment to the Michigan State Housing Development Authority for the North Portage Home Buyer Purchase Rehabilitation Program and authorize the Mayor and City Manager to execute all documents related to the amendment in the event the request is awarded. Upon a roll call vote, motion carried 5 to 0.

* **MEMBERSHIP OF YOUTH INVOLVEMENT PROGRAMS:** Motion by Urban, seconded by Sackley, to adopt a Resolution amending the Program Guidelines for the Youth Advisory Committee and Appointments of Youth Participants to City Boards and Commissions. Upon a roll call vote, motion carried 5 to 0. Resolution recorded on page 237 of City of Portage Resolution Book No. 44.

* **DOWNTOWN DEVELOPMENT AUTHORITY – REAPPOINTMENTS AND CONFIRMATION OF TERMS:** Motion by Urban, seconded by Sackley, to confirm the reappointments of the City Manager to the Portage Downtown Development Authority Board of Directors. Upon a roll call vote, motion carried 5 to 0.

* **RESPONSE TO COMMENTS OF MR. DAVID MCGAVIN - INFORMATION ONLY:** Motion by Urban, seconded by Sackley, to receive the communication from the City Manager regarding the response to comments of Mr. David McGavin as information only. Upon a roll call vote, motion carried 5 to 0.

* **LEXINGTON GREEN DRAINAGE CHANNEL/DITCH RESPONSE – INFORMATION ONLY:** Motion by Urban, seconded by Sackley, to receive the communication from the City Manager regarding the Lexington Green Drainage Channel/Ditch response as information only. Upon a roll call vote, motion carried 5 to 0.

* **APRIL 2011 SUMMARY ENVIRONMENTAL ACTIVITY REPORT – INFORMATION ONLY:** Motion by Urban, seconded by Sackley, to receive the communication from the City Manager regarding the April 2011 Summary Environmental Activity Report as information only. Upon a roll call vote, motion carried 5 to 0.

* **DEPARTMENT MONTHLY REPORTS:** Motion by Urban, seconded by Sackley, to receive the Department Monthly Reports. Upon a roll call vote, motion carried 5 to 0.

* **MINUTES OF BOARDS AND COMMISSIONS:** City Council received the minutes for the following boards and commissions:

Portage Zoning Board of Appeals of April 11, 2011.

Portage Environmental Board of April 13, 2011.

BID TABULATIONS:

* **STREET PAVING RECONSTRUCTION/REPAIRS - RECOMMENDATION:** Motion by Urban, seconded by Sackley, to approve a contract with Michigan Paving and Materials Company to provide reconstruction to selected local streets and asphalt surface repairs to isolated sections of major streets in the not-to-exceed amount of \$638,707.09; approve the added expenditure of \$156,279.79 for additional street repairs at unit pricing within this contract; and, authorize the City Manager to execute all documents related to this contract on behalf of the city. Upon a roll call vote, motion carried 5 to 0.

* **LEAF COMPOST SITE MANAGEMENT AND PROCESSING - RECOMMENDATION:** Motion by Urban, seconded by Sackley, to approve a three-year contract with Renewed Earth, Incorporated, to provide yard waste recycling services in a total amount not to exceed \$309,000 and authorize the City Manager to execute all documents related to this contract and subsequent renewals on behalf of the city. Upon a roll call vote, motion carried 5 to 0.

* **2011 STORM DRAINAGE IMPROVEMENTS PROGRAM:** Motion by Urban, seconded by Sackley, to award a contract to the low bidder, Peters Construction Company, for the construction of the 2011 Storm Drainage Improvements in the not-to exceed amount of \$134,257.17 and authorize the City Manager to execute all documents on behalf of the city. Upon a roll call vote, motion carried 5 to 0.

OTHER CITY MATTERS:

STATEMENTS OF CITIZENS: State Representative Margaret O'Brien indicated that the State will be adopting the State Budget for the first time before June 1st in 50 years. She indicated she always talks about Portage being proactive at the Capitol Building with the foresight to make hard decisions to privatize services to save money, to be in a very healthy position with no risk of a Fiscal Emergency Manager, to be able to pave streets and to be able to maintain infrastructure. She cited some of the shortcomings of the early 1990's when the State spent down the Fund Balance, the increase in the number of State employees and said once you do a one-time gimmick such as spending down the Fund Balance, there is structural deficiency in your budget that will be extremely hard to overcome. She praised the floating dedicated millage as many cities across the state wished they had one where you only levy the amount needed to provide the service. She recognized that hard decisions are never popular, but that City Council is not here to be popular, only to be proper stewards of the tax dollars of

the City of Portage; and, she thanked them for their service and recognized the importance of diversity of opinions as an opportunity to learn valuable lessons. Discussion followed.

In response to James Pearson, 3004 East Shore Drive, Mayor Strazdas indicated that he would be assisting members of City Council to work through any conflicts they may have.

David McGavin, 611 South Shore Drive, objected to having a third leaf pick-up as this was not approved by the voters, only two pick-ups and objected to the reference to the average increases being six and seven dollars as those with more expensive homes will pay more. He agreed with Mayor Pro Tem Sackley, as did Mayor Strazdas, that this discussion should have taken place earlier in the process and that citizens with financial expertise do live in Portage and could come forward to contribute. Mayor Strazdas reminded him that the budget sessions are advertised, but if there are no issues, people do not typically attend the detailed budget work sessions. Mayor Strazdas agreed that citizens should be involved early on in the process and thanked him for that comment.

STATEMENTS OF CITY COUNCIL AND CITY MANAGER: Councilmember Randall extended congratulations to all graduating students, reminded everyone of the upcoming Memorial Day Parade and wished everyone a safe and happy holiday weekend.

Councilmember Bailes offered respect to his neighbor, 20-year Air Force Veteran, Master Sergeant Mike Reverski, and recognized the services of all who fought for the freedom of this country and that they not be forgotten in commemoration of Memorial Day.

Councilmember Urban commented on Item F.2, the substitution of the West Centre Avenue (Shaver to Oakland) project for the Romence Parkway (Lovers Lane to Sprinkle) project, and congratulated Richard White and his appointment as the City of Portage Director of Public Safety – Police/Fire Chief. Also, as an example of good stewardship of the public money, he cited the fact that the City of Portage will spend fewer dollars on health benefits in Fiscal Year 2011-2012 than in Fiscal Year 2004-2005, which reflects a 13% increase per employee over the last six years, and he complimented Benefit Services Director Patti Thompson for her work in this area.

City Manager Evans complimented State Representative Margaret O'Brien for her work in Lansing and for the State presenting an early budget for approval and the tough decisions and work being done at the State level. He commended those from the Administration who helped him with the work for the last nine months on the budget, specifically, Deputy City Manager Brian Bowling, Finance Director Daniel Foecking and Deputy Finance Director Pat Fitnitch. He thanked City Council for their support on confirming Richard White and his appointment as the City of Portage Director of Public Safety – Police/Fire Chief and for their support on the budget. Discussion followed.

Mayor Pro Tem Sackley indicated he has lived in the City of Portage for thirty-three years, loves this city and is very passionate about the City of Portage. He said it can be easy to characterize passion for anger. He reflected that Margaret O'Brien has only been in office for four months, but knows she has been a participant in the budget process, and elected officials are expected to be quick learners.

He acknowledged that there is always the opportunity to amend the budget and that there are learned people in the community who could help with the process. He referred Mr. David McGavin to Item F.7, and confirmed that Mr. McGavin received the supplemental information provided to City Council regarding his questions. He pointed out that City Council can also amend the budget and welcomed any suggestions to reduce the General Fund expenditures as the other funds are off of the table, realizing that some of the rhetoric may have something to do with this being an election year for City Council. He thanked everyone for all of their participation in the budget process this year, apologized that there was not a unanimous vote on the approval of the budget and indicated that consensus is not a "dirty" word. He referred to State Representative O'Brien and the times she moved him to vote with her on matters that were important to her. He applauded her ability to bring people of diversity together and for her passion that hopefully has never been construed as anger.

Mayor Strazdas focused on the 9.5 mills as a herculean task to not move that rate up and still provide the services with fewer employees and complimented City Council and the Administration for making this possible. He expressed best wishes to Councilmember Reid as she is on her honeymoon in northern Michigan and congratulated Councilmember Campbell on her speaking engagement with the graduating Community Education students. He polled City Council regarding which of the Councilmembers would be attending the Memorial Day Parade and who wished to walk and who wished to ride on a surrey.

ADJOURNMENT: Mayor Strazdas adjourned the meeting at 10:36 p.m.

James R. Hudson, City Clerk

***Indicates items included on the Consent Agenda.**