

	A special work session of the Kalamazoo City Commission was held on Monday, December 14, 2015 at 4:00 p.m. in the Community Room at City Hall. The purpose of the meeting was to discuss the FY2016 Budget.
Roll Call	COMMISSIONERS PRESENT: Mayor Bobby Hopewell Vice Mayor Don Cooney David Anderson Erin Knott Matt Milcarek Jack Urban COMMISSIONERS ABSENT: Shannon Sykes* Also present were City Manager Jim Ritsema, City Attorney Clyde Robinson, and City Clerk Scott Borling.
Commissioner Excused	Commissioner Anderson, seconded by Vice Mayor Cooney, moved to excuse the absence of Commissioner Sykes. With a voice vote the motion passed.
Communications	An opportunity was given for general communications, but none were offered. *Commissioner Sykes arrived at 4:04 p.m.
Presentation on the Proposed FY2016 Budget	City Manager Ritsema and Management Services Director Tom Skrobola, delivered a PowerPoint presentation entitled <i>FY2016 Proposed Budget</i>. A copy of the presentation was filed with the papers for this meeting. In response to a question from Commissioner Cooney, Director Skrobola reported the City's state revenue sharing receipts had declined from \$12.5 million in 2002 to \$8.8 million in 2015. In response to a question from Commissioner Urban, Director Skrobola stated the rate of return for the Other Post-Employment Benefits (OPEB) Trust Fund in 2015 had been level – there had been no losses or gains. In response to a question from Commissioner Anderson, Director Skrobola explained the \$700,000 in one-time Industrial Personal Property revenue would go away as personal property would become exempt in 2016. In response to a question from Commissioner Milcarek, Economic Development Director Jerome Kisscorni explained how the funds in the Economic Initiative Fund had been used and stated there were approximately 20 loans outstanding whose payments and interest would replenish the fund over time. Mayor Hopewell noted the proposed deficit reduction measures for 2016 were one-time fixes, and he stated the outlook would look much different if the City Commission decided to maintain the \$1.5 million General Fund contribution to the street funds. Mayor Hopewell stated the City needed to explain to the community how one-time solutions happened so people did not think the City was “crying wolf” with regard to its budget situation.

City Manager Ritsema opened a discussion on the continued use of General Fund dollars for streets, in light of increased road funding from the state.

Discussion of
Street Funding

Commissioner Anderson asked how far behind the City was in maintaining its streets.

Mayor Hopewell asked for the total dollar amount that would be spent on streets, and the impact of those dollars, if the City continued transferring money from the General Fund to the Major and Local Streets Funds.

Commissioner Urban requested a report on how far behind the City was in street repair/replacement, in dollars per year.

Commissioner Anderson remarked that the City had been borrowing money for years to fix roads, and he asked if the new road funds from the state would allow the City to stop borrowing.

City Manager Ritsema remarked on the distinction between operational funding and capital funding, and he indicated the debt cycle was not expected to end soon. City Manager Ritsema stated it would take a lot of discipline to get out of the debt cycle.

City Manager Ritsema noted the state had fixed the road funding problem, but in 2021 it would have to plug its own General Fund budget hole. City Manager Ritsema stated there was a concern that legislators would further reduce revenue sharing payments to local governments in order to fill the budget gap created by increased funding for streets and roads.

Mayor Hopewell suggested the City create a streets or infrastructure trust fund.

The meeting recessed at 4:54 p.m.
The meeting resumed at 5:34 p.m.

Recess

Public Service Director Sue Founé delivered a presentation on the deficit in the Solid Waste Fund and the proposed increase of the Solid Waste Millage.

Discussion of Solid
Waste Fund Deficit

City Manager Ritsema stated the options for making the Solid Waste Fund whole were to raise the millage, cut solid waste programs, or shift costs to the General Fund. City Manager Ritsema stated he was recommending the millage increase.

In response to questions from Commissioners Urban and Milcarek, Director Founé confirmed the code compliance revenue was from fines for nuisance violations. Director Founé noted this revenue went into the General Fund, even though the expenses for enforcement activities like trash pick-up were realized out of the Solid Waste Fund.

In response to a question from Commissioner Anderson, Director Founé stated the millage could be adjusted up or down, on a year-by-year basis, upon the approval of the City Commission.

Discussion of Solid
Waste Fund Deficit
(cont'd)

Discussion followed regarding the merits of the various options for funding solid waste programs and the timing of these options relative to the timing of solutions to the City's larger structural budget issues. Commissioners offered the following ideas:

- eliminate low priority programs, like Christmas Tree removal, and increase the millage; then gauge public response. (Commissioner Urban)
- increase the millage as recommended by the City Manager. (Vice Mayor Cooney and Commissioner Sykes)
- keep solid waste activities funded out of the Solid Waste Fund, not the General Fund. (Commissioner Urban)
- shift General Fund code enforcement revenue for solid waste activities to the Solid Waste Fund.
- reduce the General Fund balance to fill the budget gap in the Solid Waste Fund. (Mayor Hopewell)
- shift code enforcement revenue from the General Fund to the Solid Waste Fund and increase the Solid Waste Millage to 1.85 mills. (Commissioner Urban)
- reduce the frequency of curbside recycling from weekly to bi-weekly. (Mayor Hopewell)
- reduce the frequency of bulk trash pick-up from monthly to quarterly. (Commissioner Knott)

Commissioners asked about the estimated costs for single stream recycling, bi-weekly recycling, and quarterly bulk trash pick-up.

Director Founé reported a Request for Proposal (RFP) for solid waste services had been released, and the bid opening was scheduled for December 21st. Director Founé stated the RFP requested pricing on single stream recycling, bi-weekly recycling, and quarterly bulk trash pick-up as alternate proposals.

City Manager Ritsema indicated staff would be able to inform the Commission of the results of the bid opening and the alternative pricing at the budget public hearing on December 21st.

Mayor Hopewell questioned whether there was another budget work session planned and if departments would be presenting their budgets.

By consensus, the City Commission requested a special work session to hear departments directors present their budgets.

Presentation of
CIP Budget and
Review of Priority
Based Budgeting

Deputy City Manager Jeff Chamberlain presented the Capital Improvement Projects budget (including Major Street projects), and reviewed Priority Based Budgeting (PBB).

Responding to a question from Vice Mayor Cooney, Deputy City Manager Chamberlain explained there were three components to the proposed Bronson Park improvements: education; general park use; and restoration of fountain complex.

In response to a question from Commissioner Sykes, Deputy City Manager Chamberlain stated the funds for the new roundabout were not coming from the Local Streets Fund.

City Manager Ritsema reviewed the efficiency recommendations from the Support Services Group and plans for using PBB in 2017 and beyond.

In response to a question from Commissioner Anderson, Director Skrobola stated the proposed budget for Metro Transit was a full year budget, and he explained the Metro Transit budget was separated out as a component unit budget at the recommendation of the City's external auditors.

Mayor Hopewell urged Commissioners to fill out and return their board/commission/committee preferences matrix to the City Clerk.

Commissioner Anderson noted he was on the Board of Directors for the Prisoner Re-Entry Program and requested that this board be added to the list of non-City boards.

Next, an opportunity was given for general citizen comments.

Richard Stewart, City resident, stated there was a large spike in spending in 2014, especially in the City Manager's Office and Community Planning and Development Department. Mr. Stewart urged new Commissioners to look at the 2014 budget. Mr. Stewart asked why "Building a Strong, Well Planned Community" was a higher priority than "Safe Community" in the PBB Community Results.

Zach Lassiter, City resident, encouraged the Commission to look at reducing expenditures and cutting unnecessary services, not just increasing taxes. Mr. Lassiter stated low income residents were not able to afford tax increases.

Finally, an opportunity was given for miscellaneous comments from City Commissioners, but no comments were offered.

The meeting adjourned at 6:57 p.m.

Respectfully submitted,

Scott A. Borling
City Clerk

For City Commission approval on January 4, 2016

Approved by: _____
Bobby J. Hopewell, Mayor
Dated: January 4, 2016

Presentation of
CIP Budget and
Review of Priority
Based Budgeting
(cont'd)

Citizen Comments

Commissioner Comments

Adjournment