A regular work session of the Kalamazoo City Commission was held on Monday, December 11, 2017 at 4:15 p.m. in the Community Room at City Hall. The purpose of this meeting was to review the proposed Fiscal Year 2018 Budget.

Roll Call

COMMISSIONERS PRESENT: Mayor Bobby J. Hopewell
Vice Mayor Erin Knott
David Anderson
Don Cooney
Eric Cunningham
Shannon Sykes
Jack Urban

COMMISSIONERS ABSENT: None

Also present were City Manager Jim Ritsema, City Attorney Clyde Robinson, and City Clerk Scott Borling.

Discussion Items

Discussion items were considered next.

Review of the Proposed FY2018 Budget

The following staff members delivered a PowerPoint presentation entitled *2018 Proposed Budget, December 11, 2017*:

Agenda
City Manager Jim Ritsema reviewed the agenda for the meeting.

Budget Overview
Management Services Director/Chief Financial Officer (CFO) Tom Skrobola provided an overview of the Proposed FY2018 Budget.

In response to questions from Commissioner Urban, Director Skrobola explained that funding for Other Post-Employment Benefits (OPEB) was at 57% rather than 75% due to lower-than-anticipated participation in Medicare Part B by retirees. Director Skrobola reported OPEB Fund investment returns had met expectations.

In response to a question from Commissioner Sykes, Director Skrobola explained there were department-specific plans to improve programs and quartile rankings, as well as cross-departmental goal teams and tactical teams.

In response to questions from Commissioner Anderson, Director Skrobola reported the City no longer had any pension liability for Metro Transit employees. Director Skrobola indicated the City would continue to perform a significant number of administrative services for the Central County Transportation Authority (CCTA) beyond the current three-year service agreement, so there would not be a significant loss of revenue at the end of that three-year term. Director Skrobola stated the City was facing a possible exposure of $2,000,000 with regard to the gaps at the state level for Act 86 road funding.

In response to a question from Commissioner Urban, City Manager Ritsema indicated the City would lobby state legislators regarding Act 86 funding both independently and through the Michigan Municipal League

Review of the Proposed FY2018 Budget (cont'd)

In response to question from Mayor Hopewell, Director Skrobola reported the City's bond rating was AA.

Utility Rates

Public Services Director James Baker discussed utility infrastructure needs and proposed water and wastewater rates.

In response to questions from Commissioner Anderson, Director Baker stated the proposed utility rates for 2018-2020 would not be enough to close the gap between actual and necessary infrastructure investment, but they were designed to put the City in a position to close that gap. Director Baker indicated he felt comfortable with managing the infrastructure projects planned for 2018, and he commented that his staff had learned a lot about managing projects in 2015 and 2016.

Commissioner Anderson noted previous administrations had tried to keep utility rates low in an effort to give residents some benefit as a tradeoff for high property taxes, but this situation led to a lack of funding for necessary infrastructure investments. Commissioner Anderson expressed excitement about the planned water and wastewater infrastructure investment.

City Manager Ritsema stated the City Administration would be presenting one-year utility rate increases for City Commission approval early in 2018, and there would be a work session sometime during 2018 to discuss a 5-year utility rate plan.

Measurement, Accountability, and Scorecards

FFE Coordinator/Resource Specialist Steve Brown provided an overview of the concepts for integrating the priorities and goals of Imagine Kalamazoo 2025 (IK2025) with City operations.

2018 Projects

City staff described proposed FY2018 projects, organized around the Imagine Kalamazoo 2025 (IK2025) Strategic Goals:

- Youth Development (Parks and Recreation Director Sean Fletcher; Public Safety Chief Karianne Thomas; City Attorney Robinson)

  In response to a question from Commissioner Sykes, Mayor Hopewell explained youth program funding, including funding for All Things Possible, had been moved to the FFE because youth development was specifically identified as eligible for FFE funding.

  In response to question from Commissioner Cooney, Director Fletcher confirmed he was working with KidNet and other partners to develop a comprehensive youth strategy, which would lay out plan for how the City addressed the needs of young people at various ages and in various life circumstances.

  In response to questions from Commissioner Sykes and Mayor Hopewell, Chief Thomas clarified that participants in the Group Violence Intervention program were chosen based on frequent

Review of the Proposed FY2018 Budget (cont'd)

KDPS contacts, and she explained there were two GVI programs, one for adults who had a history of involvement with violent crimes, and one for youth who were identified as "at risk" but who had not necessarily been involved with violent crimes. Chief Thomas further explained the Community Outreach and Problem Solving (COPS) Division had developed the youth program based on the adult GVI program.

- Safe Community (Director Fletcher, Chief Thomas, Director Baker)

In response to a question from Commission Cooney, Director Fletcher indicated efforts would be made to not duplicate amenities between Southside Park and the new park at Station 2.

In response to a question from Mayor Hopewell, Director Baker indicated the City was exploring loans available through State Drinking Water Revolving Loan Fund for help with the removal of lead water service lines.

In response to questions from Commissioner Sykes, Chief Thomas provided the following information: "proactive" calls for service were those initiated by Kalamazoo Department of Public Safety (KDPS) officers, and "reactive" calls for service were those in response to 911 calls; as officers made more proactive calls, people felt more comfortable calling KDPS, which caused the number of reactive calls for service to go up; the 2018 forfeiture revenue amount on page 93 of the budget document was an estimate, as the actual dollars did not come to the City until years later; KDPS did not create cases to generate forfeiture revenue.

In response to a question from Commissioner Sykes, Deputy City Manager (DCM) Patsy Moore stated the special revenue fund referenced on page 73 of the budget document was for KDPS service contracts with outside entities like Bronson Hospital and Kalamazoo Public Schools.

In response to a question from Commissioner Sykes, DCM Jeff Chamberlain explained the reference to "private funds" for a new shooting range on page 138 of the budget document indicated the City would try to seek grant funds for that project.

- Connected City (Community Planning and Development Director Rebekah Kik, Director Baker)

Discussion took place about the conversion of one-way streets in the downtown area to two-way streets.

In response to a question from Commissioner Urban, City Manager Ritsema stated MDOT was really interested in giving the City control of the one-way trunklines in the downtown area, making it a possibility this transfer could happen in 2018.

Commissioner Cooney indicated he saw the value in the street conversion project, but he could not support spending such a

Review of the Proposed FY2018 Budget (cont'd)

large amount of money on the project when there were higher priorities to fund. Commissioner Cooney also noted there had been concerns in the past about the loss of on-street parking for residents who lived on the affected streets.

Director Kik stated traffic calming was an issue for people who did not have cars, and she indicated previous discussions of one-way street conversion were auto-centric and did not take into consideration non-motorized transportation.

Commissioner Cunningham noted traffic calming was important to small businesses and college students who wanted to access the downtown.

City Manager Ritsema indicated the City would seek grants and funding from the Kalamazoo Area Transportation Study (KATS) for the street conversion project.

- Environmental Responsibility (Director Kik, Director Baker)

Assistant City Manager (ACM) Jerome Kisscorni reported the US Environmental Protection Agency (EPA) had announced recently they would be giving high priority to 21 sites across the country, including the former Allied Paper site in Kalamazoo. ACM Kisscorni stated he did not have any further details on the impact to Kalamazoo.

In response to a question from Commissioner Cooney, ACM Laura Lam indicated there were dollars available from the state for lead paint removal, and there was a direct tie-in with home rehabilitation programs. ACM Lam stated City staff would need to look at what other communities were doing.

In response to a question from Commissioner Sykes, Director Kik stated there had been a delay in bringing the Climate Action Plan to the City Commission due to the turnover of staff who were working on this with the Environmental Concerns Committee. Director Kik noted that she and City Planner Christina Anderson had been working with neighborhoods on the Natural Protection Overlay for the Zoning Code.

In response to a question from City Manager Ritsema, Director Baker explained any property in an established flood plain would be eligible for the FEMA funded buy-out, and he stated the City intended to be involved in the program for the long-term.

- Complete Neighborhoods (Director Kik, City Planner Christina Anderson)

In response to a question from Commissioner Urban Director Kik stated improving the searchability of the online Zoning Code would happen at the same time as the major revisions to the Zoning Code.

Review of the Proposed FY2018 Budget (cont'd)

- Inviting Public Places (Director Kik, Director Fletcher, Executive Director of Downtown Kalamazoo Inc. Andrew Haan)

- Economic Vitality (ACM Jerome Kisscorni)

  In response to a question from Commissioner Urban, ACM Kisscorni reported the Economic Development Department was working with the state and the County Land Bank to assemble parcels around the Auto-Ion property so that this land could be marketed as one big parcel in 2018.

- Shared Prosperity (AMC Lam)

- Strength Through Diversity (ACM Lam, Human Resources Director Nick Christy)

  In response to a question from Commissioner Sykes, Director Christy stated the City would be better off in a year with regard to diversity and inclusion, but he could not make any promises about a specific timeline for results.

  In response to a question from Commissioner Urban, Director Christy stated the key to improving inclusion and diversity at the City was holding hiring managers responsible for results.

  Commissioner Sykes expressed appreciation for the specific mention of Truth, Racial Healing, and Transformation, as this program aligned well with all goal areas.

  ACM Lam noted the Strength Through Diversity sub-goals needed to be integrated with all programs, but a decision was made to create a separate program so the results could be tracked.

- Good Governance (DCM Moore)

  In response to a question from Mayor Hopewell, City Clerk Borling explained the new postal clerk position, and the mail delivery responsibilities, were transferred from the Management Services Department to the Clerk's Office in 2017.

  In response to questions from Mayor Hopewell, DCM Moore stated the data analysts would be available to do work for any department even though they were housed in specific departments.

  Commissioner Urban questioned whether the data analyst positions should be centralized in order to keep them busy and fresh, and he suggested they be located in the office of the Internal Auditor.

  DCM Moore indicated it would be at least five years before the data analysts ran out of work.

Review of the Proposed FY2018 Budget (cont'd)

Commissioner Urban expressed concern about the non-bargaining unit (NBU) salary reviews and employee anxiety.

In response to questions from Commissioners Anderson and Sykes, Director Christy explained the City used a consultant to create the new performance management system, which would be implemented for NBU employees.

Mayor Hopewell suggested there be an opportunity for citizen comments at this point in the meeting due to the amount of material that had been covered.

Citizen Comments

When an opportunity was given for citizen comments, the following people addressed the City Commission:

Gwendolyn Hooker, City resident, asked about the City's position on people with criminal histories or substance abuse problems and the programs available for these people.

Mattie Jordan-Woods, City resident, asked what would happen to the splash pad on Florence Street, as it was not functioning in 2017. Ms. Jordan-Woods expressed hope that minority groups would be part of the teams, coalitions, and partnerships being formed.

In response to the citizens' questions, City Manager Ritsema noted housing and employment were areas addressed in the Shared Prosperity Kalamazoo plan. City Manager Ritsema stated the City was open to partnering with groups that were not currently represented among the City's partners.

Mayor Hopewell stated the City hired people with criminal backgrounds and did not ask about criminal histories at the beginning of a hiring process. Mayor Hopewell reminded people the FFE was not a fund granting foundation. Mayor Hopewell noted some FFE projects were already operational and some partnerships were already in place; but moving forward the City would need to develop new partnerships.

Director Fletcher reported there had been problems with the infrastructure of the splash pad which limited its operation in 2017. Director Fletcher stated it had been difficult to get parts, but staff would continue working on it.

The meeting recessed at 7:51 p.m.
The meeting resumed at 8:21 p.m.

Review of the Proposed FY2018 Budget (cont'd)

<u>Measurement, Accountability, and Scorecards</u>
FFE Coordinator/Resource Specialist Steve Brown presented the City Administration's plan for measuring and reporting program performance and communicating results to the City Commission and the public.

Discussion took place regarding the role of the FFE in the budget process.

Review of the Proposed FY2018 Budget (cont'd)

Commissioner Sykes expressed concern about the level of control the FFE Board might have in approving City projects.

Mayor Hopewell explained the FFE Board would be able to decide whether to fund or not fund a project or program, but it would not have the ability to tell the City what to do.

Commissioner Sykes stated she understood the FFE Board could approve the FFE budget, but she did not realize they would be able to say "yes" or "no" to specific projects. Commissioner Sykes requested further discussion of the role of the FFE Board in the budget process.

Foundation for Excellence

Assistant City Manager/Chief Innovation Officer Laura Lam reviewed FFE-funded programs from FY2017 that were being recommended for continuation in FY2018; and she presented new projects being recommended for FFE funding. Mr. Brown discussed strategies for communication and evaluation around FFE projects.

In response to a question from Commission Cooney, City Manager Ritsema stated approximately $10-$14 million was available for aspirational projects.

In response to a question from Commissioner Sykes, City Manager Ritsema stated he believed there would be money available for aspirational projects after 2019, and the City would be in a much better positon to evaluate the "beyond 2019" question in the fall of 2018.

Commissioner Sykes indicated she was not comfortable with aspirational project dollars resting on "hope."

2017 Accomplishments

City Manager Ritsema highlighted the City's 2017 accomplishments relative to the City Commission Priorities, and he suggested the City Commission Priorities from 2014-2017 be folded into, and addressed through, the IK2025 Strategic Vision.

Next Steps

City Manager Ritsema indicated the next steps in the budget process were a public hearing on the budget scheduled for December 18th, with final adoption of the budget taking place on January 2nd or January 16th.

City Commissioner Comments

Next, an opportunity was given for miscellaneous comments and concerns of City Commissioners.

Commissioner Cooney thanked staff for a creative, exciting presentation. Commissioner Sykes remarked on the comprehensiveness of the budget presentation. Commissioner Sykes asked if there was going to be a City Commission retreat in 2018, and she suggested there be a discussion about prioritizing the strategic goals. Commissioner Sykes requested a work session on policing, as just over half of the General Fund budget went to KDPS.

City Commissioner Comments (cont'd)

City Manager Ritsema expressed support for discussing these issues and suggested the March "check-in" meeting with the City Commission for FFE projects be used to discuss the strategic goals.

Commissioner Urban stated he like having the budget presented on a project basis rather than a department basis.

Commissioner Anderson stated he was very emotional about this budget, as everything about the 2018 budget and the budget presentation was different, and staff and Commissioners were dreaming together about improving the City. Commissioner Anderson remarked on the awesome opportunity in front of everyone and the need for the City to do this work right. Commissioner Anderson noted there would not be 100% agreement on every issue, but the work needed to be done by everyone together.

Commissioner Cunningham remarked that he had never seen the City Commission chase aspirations, and he expressed excitement that the City was finally talking about issues like funding business growth and eliminating barriers to college students accessing the downtown area. Commissioner Cunningham thanked City Manager Ritsema for letting departments manage themselves and for accepting change and new ideas.

Mayor Hopewell thanked Mr. Vliek for bringing LISC to Kalamazoo. Mayor Hopewell expressed appreciation to the presenters for connecting the dots between departments and programs. Mayor Hopewell thanked the staff for their vision and hard work and urged them to push each other and the City Commission because this work was important.

Citizen Comments

When an opportunity was given for general citizen comments, the following people addressed the City Commission:

> Chuck Vliek, non-resident and the Executive Director of the Michigan Local Initiatives Support Corporation (LISC), observed it was a new day in Kalamazoo. Mr. Vliek stated LISC was excited to work with the City.

The meeting adjourned at 9:38 p.m.

Respectfully submitted,

Scott A. Borling
City Clerk

For City Commission approval on January 16, 2018

Approved by: _____
Bobby J. Hopewell, Mayor
Dated: January 16, 2018