

CITY OF HIGHLAND HEIGHTS
CHARTER REVIEW COMMITTEE MINUTES
June 1, 2022

Mr. Tripi called the meeting to order at 7:10 P.M.

Roll Call:

Present: Lisa Benedetti, Nick D'Angelo, Sr., Kenny Godnavec, Tammy Cappadonna-Kloss, Phil Piccus, René Polin, Phillip Tripi, Mike Zernic.

Absent: Michael Barber.

Also present: Assistant Law Director Tim Paluf, Law Director Michael Lograsso, Council President Ann D'Amico and Finance Director Joe Filippo.

Absent: Mayor Chuck Brunello.

Mr. Piccus, seconded by Mr. D'Angelo, moved to approve the minutes of May 18, 2022 as written. All in favor, motion carried.

Item M:

Article XI Tax Limitation

Section 11.01 (c) Tax Limitation pertaining to Police and Fire Pension millage

Finance Director Joe Filippo explained his latest spread sheet (attached) with the various potential millage and what would be generated with .6, 1, 1.5, 2 and 2.5 mills using the current property valuation for the city. He included the cost to a homeowner for each millage for a \$200,000 to \$400,000 value. He also included the projected police and fire pension liability with the current city contribution rate for the years 2022 through 2027 and then again with the proposed increase from the state of city contribution rates for the same years and the differences between the two contribution rates. Mr. Godnavec stated Mr. Filippo did a great job and it is easy to understand. He noted the committee knows the city needs an increase in the millage, it is now a matter of what would be acceptable. Mr. Filippo reiterated that while he would like to see the millage increased to 2.5 mills, the city does not have to use the full allowed millage of 2.5 and it can be adjusted up or down each year as the budget dictates. Mr. Godnavec stated he would like to go as high as possible with the understanding that the city is run responsibly by the mayor, council and staff. Mr. D'Angelo clarified to fully fund the pension liability it would need to be 2.5 mills and Mr. Filippo said yes. Mr. D'Angelo confirmed the general fund mills is 2.2, so there is more money being paid for pensions than the general operating fund and Mr. Filippo said yes, that is what is in place now. Council President D'Amico noted that could go higher too, if the pension rate increases and Mr. Filippo said yes. Mr. Tripi inquired if these figures are assuming current staffing levels. Mr. Filippo replied yes and he also showed salary increases of 2.5% for each year. \$700,000 to \$800,000 will be transferred this year from the general fund to the pension fund to cover the liabilities. If the property values go up then the cost to the homeowner would increase, but again if revenues go up the millage charged could be adjusted. The city likes to keep a balanced budget. Right now, there is a projected deficit due to income tax collections being down, which will hopefully get better. Mr. Piccus commented his concern is he received a large increase for property tax and he does not think going with the 2.5 mills will be approved by the voters. Mr. Godnavec stated once the Committee recommends a rate, it will be up to the city on how it markets the change to the voters. He noted if the income tax revenues

do not increase due to people continuing to work from home if Covid cases increase again in the future, the city would need to look for other revenue sources. Mr. Filippo stated he projected a \$500,000 decrease from Progressive and it is down \$750,000 as of today, but he believes that will drop, as they are trying to get their people back in the office.

Mr. Tripi asked how the city compares to other cities for property taxes to attract new businesses, as this affects them, as well. Mr. Filippo replied yes it would, but the city is pretty much built out. Mr. Paluf commented many municipalities have been putting police and fire pension millage on ballots. While he believes they have passed, usually people vote for something for police and fire and it is earmarked. Mr. D'Angelo agreed with Mr. Piccus that the 2.5 mills would be a sure defeat. The way the Charter reads stating .6 mills is for the pension, is misleading in that many people may not know the general fund subsidizes this fund a lot. Mr. Zernic remarked that is how this increase should be marketed, making clear to people what is actually going on. Mr. Paluf stated the Committee is here to propose things to the people to make the decision; it is up to the voters. Mr. Polin noted the measure would have to be marketed hard that it is for the police and fire and people tend to support them. Council President D'Amico stated Omni is building a senior living facility on Bishop Road and 30% of ambulance runs are for senior living, so potentially more fire staff would need to be added, thus increasing the pension liability. While she understands everything is getting more expensive for people, there are a lot of other basic needs in the city that need to be addressed, such as repairs to the three buildings on this campus, which are in the millions, and have to be paid somehow. The general fund can only go so far in covering expenses and the pension liability is not going away. This millage needs to be increased. Mr. Godnavec remarked that trying to get this passed would be better than having to start charging everyone for services, such as garbage collection. He is not saying he wants high taxes, but wondered what would be the maximum that could pass.

Mr. Tripi noted that it has been stated that taxes have not increased in the city for many years. If the millage is increased, would council have the fortitude to raise the mills thus increasing taxes. Council President D'Amico stated she was not sure what council would do, but did not think it would be increased to the maximum millage, unless there was no choice to balance the budget. The city budgets very conservatively and is frugal. Mr. Filippo noted that while the 2.5 mills would cover the pension, any additional millage would be a relief for the general fund. His concern is that a \$5.1 million capital bond was taken out for capital needs until 2024, so then funding for capital needs, which run about \$1.5 to \$2 million a year, a lot of it for road repairs, will have to come from the general fund or another bond. Mr. D'Angelo asked why there are no mills designated for capital projects. Mr. Filippo stated it was never addressed. Many cities have more levies designated for specific funds. Mr. D'Angelo stated there should be more designated mills in the Charter for various items. Mr. Piccus asked if there was a practical way to have the millage go up incrementally over a certain number of years. Mr. Filippo and Mr. Paluf responded maybe, or it could complicate it. Mr. Tripi remarked it has to be made known these are fixed costs and people would not want to have positions eliminated. Mr. Filippo reiterated he would only ask for the millage needed for a particular year to balance the budget. He would not ask for the maximum millage. It is up to council to adopt that budget. The tax budget for 2023 will be on the next council agenda and it is only for 4 mills, which he does not think people realize how little they pay for all the services provided.

Mr. Paluf noted there are two things the Committee needs to do, decide if there should be an increase, and if yes, how much. Mr. Filippo stated in his opinion he would go for the 2.5 mills. Mr. Tripi noted while this is not a tax increase, it is a conduit to allow a tax increase and will be viewed as such and everyone agreed. Ms. Cappadonna-Kloss commented 2.5 mills would make her nervous about it passing. She personally would want to put money toward police

and fire, as she feels safer and protected, and not have it come out of the general fund. She first thought she would prefer 1.5 mills, but would go to 2, if it is felt it could pass. If it could be done incrementally as Mr. Piccus suggested without complicating things, then go up to 2.5, but she is not sure it would not complicate the matter. Mr. Polin stated he feels the more complicated it is, the less chance of it passing. It needs to be kept simple. Mr. Tripi noted if it does not pass, the failsafe is council can still increase the general fund millage to cover the pensions. He also mentioned for the record that Mr. Barber, who could not be here, stated after the last meeting that he was for increasing the millage as much as necessary.

Mr. Piccus, seconded by Mr. Godnavec, moved to place a proposal to the electorate to amend the Charter to increase the cost ceiling of the police and fire pension millage from the current .6 mills. All in favor, motion carried.

Mr. Tripi asked each member what millage they choose. Ms. Benedetti between 1.5 and 2. Mr. D'Angelo 1.5. Mr. Godnavec 1.5. Ms. Cappadonna-Kloss between 1.5 and 2. Mr. Piccus 1.5. Mr. Polin asked if the millage could go from .6 to 1.6 instead of 1. This way it would be a whole millage for the increase. Mr. Tripi liked 1.6. Mr. Zernic noted his concern in that this does not solve the problem, it does not give council the tools going into the future. He is for 2.5, which still would require subsidizing from the general fund. He reiterated the need to properly and simply explain to the residents what this increase actually means and how it gives council flexibility for the budget. Mr. Tripi asked Mr. Paluf if the Committee would have any input as to how this gets marketed to the residents. Mr. Paluf said no. He usually puts something together with the approval of the mayor and council. Mr. Filippo commented it might be a good idea to see when the school district might be going out for an increase in its levy. The city would not want to be on the same ballot, so now might be the time.

Ms. Benedetti, seconded by Ms. Cappadonna-Kloss, moved to recommend amending Article XI, Tax Limitation, Section 11.01(c) by increasing the police and fire pension millage ceiling from the current not to exceed .6 mills to not to exceed 2 mills and placing it on the November 8, 2022 general election ballot. Vote 7-1 with 1 absent.

Mr. Filippo left the meeting at 7:55 P.M.

Items O, P, Q –

Article VI Administrative Departments, Boards and Commissions

Sections 6.04, 6.05 and 6.06 - These pertain to the appointment of secretaries to the Planning and Zoning Commission, Civil Service Commission and Board of Building and Zoning Appeals which should be consistent and with the mayor making the appointments.

Mr. Paluf stated it is a simple fix, by removing the word “secretary” in two sections and the removal of a few more words in the other section. The mayor already has the authority to appoint secretaries in Section 121 of the city code. He reviewed his suggestions for language changes (attached).

Section 6.04 Planning and Zoning Commission – In the second paragraph amend the first sentence as follows: “The Commission shall choose from its members a Chairman, ~~Secretary~~ and such other officers as it shall deem necessary; shall make its own rules and regulations; and keep a journal of its proceedings.”

Mr. Zernic, seconded by Mr. Godnavec, moved to recommend amending Section 6.04 as stated above, and placing it on the November 8, 2022 general election ballot. All in favor, motion carried.

Section 6.05 The Civil Service Commission – In the second paragraph amend as follows: “The Commission shall designate one (1) of its members as Chairman and ~~may appoint a Secretary who need not be a member of the Commission and may hold other municipal office or appointment.~~”

Mr. Piccus, seconded by Mr. D’Angelo, moved to recommend amending Section 6.05 as stated above, and placing it on the November 8, 2022 general election ballot. All in favor, motion carried.

Section 6.06 Board of Building and Zoning Appeals – In the second paragraph amend the first sentence as follows: “The Board shall choose from its members a Chairman, ~~Secretary~~ and such other officers as it shall deem necessary.”

Mr. Piccus, seconded by Mr. Zernic, moved to recommend amending Section 6.06 as stated above, and place it on the November 8, 2022 general election ballot. All in favor, motion carried.


Mr. Tripi asked how these would show on the ballot. Mr. Paluf stated he will see if the board of elections will allow all three to be on the ballot as one amendment, but they will probably be three separate items. All three will be explained as one. So there could potentially be four issues in total on the ballot with the millage issue.

Mr. Tripi stated the Committee has ruled on everything and made four proposals to be placed on the November 8, 2022 general election ballot. Mr. Paluf explained he will prepare the ordinances to go to council for approval, which will then be sent to the board of elections to be placed on the ballot. Mr. Tripi asked if the Committee or the Chair should formally present its recommendations to council and Council President D’Amico stated that would be a good idea. Mr. Tripi stated he would make the presentation at the June 14, 2022 council meeting which begins at 8:00 P.M. He invited all members to attend.

Mr. Tripi noted that if there is a need for some reason, a meeting can be called, but as of now everything has been completed. As there was no other business to come before the Committee, Mr. Tripi thanked Secretary Lisa Benedetti for all her hard work in preparing the minutes and all the members of the Committee. There was full participation of the members in the discussions. He also thanked Mr. Paluf, who is now retired and has become Assistant Law Director, now Law Director Mr. Lograsso, Council President D’Amico for attending all the meetings, as well as Mayor Brunello.

Mr. Piccus, seconded by Mr. Zernic, moved to adjourn the meeting. All in favor. The meeting was adjourned at 8:15 P.M.

Approved:


Phillip Tripi
Chair

Submitted by:


Lisa Benedetti
Secretary

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Attachments:

Prepared by Mr. Filippo:

Police and Fire pension millage calculations

	current 6 mills	1 Mill	1.5 mills	2 mills	2.5 mills	
Property value	0.00021	0.00035	0.000525	0.0007	0.000875	
459,486,520	267,421	445,702	668,553	891,404	1,114,255	city collects @ 97%
200,000	42.00	70.00	105.00	140.00	175.00	
250,000	52.50	87.50	131.25	175.00	218.75	
300,000	63.00	105.00	157.50	210.00	262.50	
350,000	73.50	122.50	183.75	245.00	306.25	
400,000	84.00	140.00	210.00	280.00	350.00	

projected police and fire pension **without** proposed increase in city contribution rate

2022	2023	2024	2025	2026	2027
1,022,232	1,047,788	1,073,982	1,106,201	1,139,388	1,173,569

projected police and fire pension **with** proposed increase in city contribution rate

2022	2023	2024	2025	2026	2027
	1,095,142	1,171,058	1,256,185	1,345,364	1,438,765

increase	47,354	97,076	149,984	205,976	265,196
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Language for Amendments prepared by Mr. Paluf:

Shall Article VI, Section 6.04 of the Charter of the City of Highland Heights be amended so as to remove the word “secretary” from the second sentence.

Shall Article VI, Section 6.05 of the Charter of the City of Highland Heights be amended so as to remove the words “and may appoint a secretary who need not be a member of the Commission and may hold other municipal office or appointment.”

Shall Article VI, Section 6.06 of the Charter of the City of Highland Heights be amended so as to remove the word “secretary” from the second sentence.

Shall Article XI, Section 11.01C of the Charter of the City of Highland Heights be amended so as to read as follows:

C. Such mileage as required by law to pay the cost of accrued liabilities on Police and Fire pensions but not to exceed in any year _____ miles per dollar of assessed valuation.