

**CITY OF HIGHLAND HEIGHTS
CHARTER REVIEW COMMITTEE MINUTES
May 18, 2022**

Mr. Tripi called the meeting to order at 7:00 P.M.

Roll Call:

Present: Michael Barber, Lisa Benedetti, Nick D'Angelo, Sr., Kenny Godnavec, Tammy Cappadonna-Kloss (arrived 7:15 P.M.) Phil Piccus, René Polin, Phillip Tripi, Mike Zernic.

Absent: None.

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

Mr. Barber, seconded by Mr. Piccus, moved to approve the minutes of May 4, 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

Mayor Brunello introduced Finance Director Joe Filippo who was here to discuss the question on whether the .6 mills tax for police and fire pension accrued liabilities should be increased. Mr. Filippo distributed a list he prepared showing examples of millage and costs. He explained millage is the way cities collect taxes from residents based on property value. With the current .6 mills for police and fire pensions, a \$300,000 house pays \$63 toward it. Approximately \$133,000 is now collected for each pension. The total liability for 2022 is estimated at \$1,023,000. \$266,000 will be collected from the residents leaving a balance not covered by the .6 mills of \$757,000. The City has to subsidize this by transferring funds from the general fund to the police and fire pension fund and for 2022 it will be about \$800,000. This goes up each year, as it is based on wages. There is a bill, HB512, in the Ohio house legislature that has currently been introduced, which would increase municipalities' portions to 26.5% over five years. For police it would increase from 19.5% to 20.9%, to 22.3%, to 23.7%, to 25.1% and 26.5% in the fifth year. For fire it would increase from 24% to 26.5%. For the first year it would mean an \$11,000 increase for the City in the first year, so in five years the increase would be about \$185,000. More money from the general fund would be needed to subsidize the pension fund. The general fund is pretty good right now with about \$8.2 million. But the City borrowed \$5.1 million in bonds for three years for capital programs and there is another \$8 million for police and fire department renovations. The estate tax was eliminated several years ago and the City used to use those revenues (\$600,000 to \$700,000) to help fund the capital fund. Income tax revenues, which are the biggest source of revenue for the City (95%) were down \$700,000 through April than last year. It will continue to go down. This is due to many people still working from home. The City is allowed by Charter to tax up to 10 mills of inside millage without a vote of the residents, which is state law. The City can have more millage, which is outside millage that has to be approved by the residents. Right now inside millage is 2.2 for the general fund, .6 for police and fire pension and .2 for debt service. Outside millage is 1 mill for the recreation department, which is voted on. The City is only at 4 mills for charges for all City services provided. A \$300,000 house only pays \$420 for all services, which is not a whole lot. The rest of the property tax goes to the schools, port authority and other agencies within the

county, with the City getting only 5%. The .6 mills has been in effect since the Charter was adopted in 1967. The Mayor noted the City has one of the lowest property taxes around. He stated the bill in the house has not been adopted yet, but it sounds like it has a lot of support. There has been no discussion about raising the employees' portion yet.

Mr. Paluf noted the .6 mills only covers about 25% of the liability. Mr. Zernic pointed out the millage would have to quadruple to break even. Discussion was held on how the Charter may allow for up to 12 mills for debt service, but the allowed 5 mills for the general fund has to be reduced, if debt service millage is increased. It is confusing. Mr. Filippo reviewed examples of the cost to a \$300,000 house with three different increases in millage. He explained that the 2.2 mills currently taxed to go to the general fund can be increased by council up to 5 mills without it going to a vote of the residents, as that is what is listed in the Charter. Because the .6 mills for the pension funds is at the maximum listed, any increase would have to go for a vote of the residents and Mr. Paluf agreed. Mr. Filippo added the .6 mills have to go into the designated pension fund and can only be used for the police and fire pension liability. The same is true for the 1 mill for recreation; it can only be used for recreation. Other revenue sources, such as fees from recreation programs are also used for recreation, but do not come from millage. Mr. Godnavec asked if these funds have to be used in the year or if they could be carried over and Mr. Filippo stated they could be carried over. As of 12/31/21 the assessed property valuation for the City is \$459 million and the various millage amounts would be calculated from this number.

Mr. Tripi asked when the last increase in millage was. No one knew if it had ever been changed. He clarified that what is in the Charter are limitations, not necessarily what the collections would be. Mr. Filippo said yes. Mr. Tripi asked if the City could increase the current general fund millage from 2.2 in order to get more revenue without going for a vote of the people. Mr. Paluf said yes, but it has not been done since he has been with the City. Council did not want to do it. Council President D'Amico asked if the pensions would ever be considered an operating expense. She also thinks the .6 mills should be increased instead of eroding the general fund millage to subsidize it, since it could be needed for other things and it would give council the ability to cover it. Mr. Paluf noted if the general fund millage is raised, people might get upset when their property tax increased, whereas if the pension millage is placed on the ballot, people can decide whether to vote for it or not. Mr. Tripi asked why do that when council can increase the 2.2 general fund millage to get more money to cover the pensions. Mr. Filippo commented it looks better if the people have the opportunity to vote. He reiterated what residents are paying toward the pensions is not a lot currently and it is worth it to keep the general fund intact for regular every day operations. Mr. Tripi stated then, this is asking the Committee, instead of council, to put an increase in taxes before the voters. And if the people don't vote for it, the pensions still have to be paid out of the operating funds. Mr. Filippo replied that would be true, but then at some point the City might have to cut services or have layoffs. Again, because of the work from home issue, revenues are down from income tax collections. Mr. Tripi clarified that increasing the millage raises the limitation, but council still has to take action to collect that. Mr. Filippo said yes. Mr. Tripi asked if the Committee is proposing a tax to the people or proposing the ability for council to increase taxes based on removing the limitation. He thinks there is a big difference. Mr. Filippo stated council would determine what millage would be used and it would then show up on the property tax bill.

Ms. Benedetti pointed out council has to approve a budget every year where what millage will be charged is determined as part of the budget process. Mr. Filippo agreed council would determine how many mills per category are needed for the budget per his recommendation. He listed various things that go into the general fund other than just millage revenue, such as income tax, permit fees and EMS fees. This year the city is looking at deficit spending, but as in the past

the revenues have always exceeded the budgeted revenues and the expenses have always been less than the budgeted expenses. The City budgets conservatively. Mr. Zernic noted then the Charter does not need to be changed for the pension if council chose to increase the 2.2 mills for the general fund which would be without a vote of the people and then the pension would be covered. Ms. Benedetti stated she would rather the change be made to the .6 mills portion since it is specifically designated for the pensions and cannot be used for anything else. Mr. Filippo remarked in South Euclid the full 10 mills is used and the people also vote on separate levies for the police and fire and streets. Mr. Tripi asked for interpretation that if the .6 millage was increased, would it automatically require an increase in taxes because the beginning part of the sentence (c) states "Such millage as may be required by law to pay the costs of accrued liabilities on police and fire pensions. . .", so it is a tax increase that would be put to the voters. Mr. Paluf replied when millage is increased, it means a tax increase, but it is a matter of how much. Mr. Tripi wanted to know if a millage increase would trigger a tax increase. Mr. Filippo explained each June he creates a tax budget for council to approve and the millage is listed. If the millage is increased in one of the categories, there is a tax increase to the residents. So a change would give council the ability to increase the millage, if needed. Mr. Tripi asked how many times the tax has been increased without it going to the vote of the people. Mr. Paluf again stated in his 30 years it has never increased. Mr. Filippo noted on a \$300,000 house 1 mill is \$105 per year. Council President D'Amico pointed out an increase to 1.74 mills will barely cover what is currently owed for the pensions. She feels the money should stay in the general fund with the pension fund designated to get the increase in revenue thereby reducing the subsidy by the city from the general fund and reserving money for future needs. When the .6 mills was put in place that was 55 years ago and it is realistic that it now needs to be increased. She would believe council would agree to increase the millage, if it is raised, to cover more of these costs from a designated source.

Mayor Brunello noted the pension issue is coming from the state and not generated by the city and the residents need to know that. Mr. Filippo added that even if the millage were increased one year, if the revenues from other sources increased, the millage could be lowered in any given year. Mr. Tripi just wanted to make sure that council would be willing to increase the taxes if needed if the millage is increased to allow that flexibility. Ms. Benedetti remarked the last time the City needed to increase revenues it was done by increasing the income tax rate. Mr. Filippo pointed out the City collects 91% of income tax from business, withholding and net profits. Residents do not pay additional income tax to the City if where they work the tax rate is 2% or higher. Mr. Tripi asked what millage would cover the pension liability. Mr. Filippo replied going forward it will be over \$1 million dollars, so while he would like to cover it all, that is not realistic, but \$600,000 or \$800,000 would be good. Mr. Filippo suggested giving the City a cushion for the future so this does not have to go back on the ballot soon. The millage can be higher, but council would not have to use it all right away. At least 1 mill more would be good. Mr. Zernic pointed out it is not a cushion, but a buffer. Discussion was held on do we know how much of an increase we need to cover current liabilities, as well as potential increases for the future? If the millage is increased will it be less than what is needed right away and what impact the bill in the statehouse will have? Mr. Filippo commented that businesses are indicating more of their workers will be returning to work at least part of the time. Mr. Zernic pointed out property tax is based on the valuation of a house, so we would need to take in to account not only millage, but if valuations go up or down and what the trend would be. Mr. Filippo stated again the millage could then be increased or decreased depending on what is needed. Mr. D'Angelo asked about possibly changing the 100% credit for residents for income tax to something less to raise revenues. Mr. Filippo stated that would have to go to the people,

and he did not know what the figure would be. That has to come from the Regional Income Tax Agency. Mr. Tripi asked if there will be an issue with OPERS too. Mayor Brunello stated not at this time, that fund, as well as some of the other state pensions are doing okay as they already made changes.

Mr. Filippo stated for the next meeting he will prepare additional figures with different millage showing the revenue generated and the cost to the homeowner. Mr. Zernic asked if pensions were the only source of retirement or if there was any type of 401(k) type plan that the City contributes to. Mr. Filippo stated the pensions are the main source and there is a 457(b) plan, but that is funded by the employee only. Mr. Paluf added if the millage amendment is sent to the voters, the City would send out information explaining it all. The Committee members felt it would be good to get the additional figures and some recommendations as to what might be agreeable to the voters and discuss it at the next meeting. Mr. Piccus asked that the figures be sent out before the meeting so the members have a chance to review them and Mr. Filippo agreed.

Mr. Tripi stated Item M would be tabled until the meeting of June 1, 2022.

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. Tripi stated everyone seems to be in agreement these amendments should be put on the ballot and asked Mr. Paluf to give any feedback on the language issue. Mr. Paluf stated it should not be too difficult to amend and he can put something together. He is trying to determine if they can be done as one amendment or if they have to be separate. Again, the mayor already has the authority to appoint the secretaries. Mr. Tripi asked for a motion to recommend amending these sections of the Charter by placing them on the November ballot. He requested the proposed language be presented prior to the June 1 meeting so the Committee could act upon it at the meeting.

Mr. Barber, seconded by Mr. Piccus, moved to recommend amending Sections 6.04, 6.05 and 6.06 as discussed by placing them on the November 8, 2022 general election ballot. All in favor, motion carried.

Items T through AA:

Article IV The Council, Article V The Mayor, Article VII Nominations and Electors, Article VIII Initiative-Referendum-Recall, Article XII Amendments to Charter

Sections 4.08 Vacancies of Council, 5.08 Vacancy (Mayor), 7.01 Procedures, 8.01 Initiative, 8.02 Referendum, 8.02.02 (5) Measures Subject to Referendum, 8.03 Recall, 12.01 Amendments to Charter.

Mr. Paluf stated he spoke with Mr. Lawler who would really like to see a few items changed, which are Items W, X, Y, Z. Items T, U, V, and AA are not as pertinent. He noted while the amount of time currently in the Charter has always worked for the City, the Board of Elections (BOE) would like more time, from 90 to 120 days, to work on any issues sent to them. Mr. Godnavec asked Mr. Paluf if the four Mr. Lawler would like are necessary changes. Mr. Paluf said the BOE would like more time, but it has worked before. Ms. Benedetti noted all are timing issues to put something on a ballot and this was caused by changes to federal and state laws. Mr. Tripi added that it seemed Mr. Lawler indicated it might become impossible to get absentee ballots out, as things are getting more complicated. Mr. Paluf suggested that perhaps

they could all be increased by 30 days to be consistent, if they all go on the ballot as one amendment, which Mr. Lawler said they possible could be. Mr. Zernic inquired if these changes would make it harder on the City and council by having to get things done sooner. Mayor Brunello and Mr. Paluf both said it would make it more difficult for the City. Procedures and legislation would have to be done sooner if there was a longer time frame to get issues to the BOE. For referendums and initiatives, it would put more of a burden on residents trying to do something. Mr. Godnavec questioned why make it easier for the BOE and harder for the City. Also, this would be another item the voters would have to look at in addition to the millage and secretary changes. Mr. Zernic noted council might still get things done earlier anyhow. Mr. Tripi stated another comment Mr. Lawler made was if the BOE had a lot of charter changes from all cities, Highland Heights might get pushed back. Mr. Paluf stated the BOE has to comply and it has never been an issue. Mr. Tripi mentioned it was also pointed out there was an illegal standard in Section 12.01 pertaining to signatures. Council President D'Amico noted the BOE lets people know how many signatures are needed when they pull a petition. Mr. Tripi took a straw vote on rejecting Items W, X, Y and Z because members felt the BOE does not need additional time. It was a 7-2 vote against changing them.

Mr. Tripi asked for a motion to remove Items T, U, V, and AA from further consideration as Mr. Lawler was not as concerned about these items.

Mr. D'Angelo, seconded by Mr. Godnavec, moved to remove Items T, U, V, and AA from further consideration. All in favor, motion carried.

Mr. Tripi asked Mayor Brunello and Council President D'Amico if they had any comments regarding the request by the BOE to increase the time for Items W, X, Y and Z. Mayor Brunello said he had nothing further than what has been discussed and has not seen any issues in his 10 years of service. Council President D'Amico had no further comments.

Mr. Barber, seconded by Mr. Piccus, moved to remove Items W, X, Y and Z from further consideration. Vote 7-2 (Benedetti, Tripi), motion carried.

Item AB:

Article V The Mayor

Section 5.01 Qualifications

Mr. Godnavec suggested the mayor's position be full time.

Mr. Godnavec stated he brought this up at the end of the last meeting and still believes it should be a full time position, but knows time is getting short for the Committee. He believes compensation should be increased for the mayor and council, as he sees how much time Mayor Brunello puts in. He realizes another mayor may not put in the same amount of time, but still feels a full time mayor should be explored. He withdraws the matter, but is open to seeing it raised in some other form. Mr. Tripi stated he and probably every member of the Committee agrees the Mayor is doing a wonderful job. He came in under less than great circumstances caused by his predecessor, but he has not missed a beat. He added that the council president and council should probably get more compensation as well, and perhaps they would consider something for the next municipal election. Mr. Paluf remarked it is being looked at. Mr. Polin asked how the City compares with surrounding cities for full time and part time mayors. Mr. Paluf replied there are not a lot of full time mayors in the area, especially with populations under 10,000. He remarked that full time can pigeon hole a mayor especially if they have another full time job. It may be more of a detriment. More important is the compensation.

Mr. Godnavec withdrew Item AB.

Charter Review Committee

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Mr. D'Angelo asked if the provision to provide for a Council President Pro Tem has gone to council for consideration. Council President D'Amico stated it was introduced and it seems everyone is on board with the need for the position, so legislation should be introduced soon. After adoption the pro tem could be elected after the effective date, so it would not need to wait until the next municipal election.

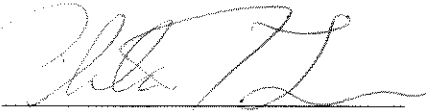
Mr. Tripi stated one issue is still open for further consideration, Item M. For Items O, P, and Q, he asked Mr. Paluf to have the language for the secretaries ready for the Committee to review and approve at the June 1 meeting. For the tax millage on the police and fire pension fund, Mr. Filippo will compile for the Committee various millage scenarios and the Committee can determine what millage increase would be appropriate to put before the voters. That should entail only a simple number change in the actual Charter language.

Mr. Tripi stated he anticipates there should only be two more meetings needed to finish business. The next meeting will be June 1, 2022. He anticipates only one more meeting would be needed after that.

Scheduled meetings, if needed, with all meetings beginning at 7:00 P.M.:
June 1 and 15.

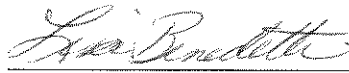
Mr. Piccus, seconded by Mr. Barber, moved to adjourn the meeting. All in favor. The meeting was adjourned at 8:40 P.M.

Approved:



Phillip Tripi
Chair

Submitted by:



Lisa Benedetti
Secretary

Attachment:

HIGHLAND HEIGHTS CHARTER REVIEW COMMITTEE LIST OF PROPOSED
CHARTER REVISIONS:

May 18, 2022: Below is the list of proposed charter revisions as of May 18, 2022

Ltr. Section Description of Issue Raised

- A. 3.04 Removal of employees following conviction for economic/moral turpitude crimes and disqualification from office—REJECTED 4-20-2022
- B. 4.03 Disqualification of Council candidates for economic/moral turpitude crimes and permanent disqualification from office—REJECTED 4-20-2022
- C. 4.09C Publication of ordinances and resolutions by digital means—REJECTED 4-20-2022
- D. 4.12 Suspension of member of Council for economic/moral turpitude crimes with review of member's participation in enacting ordinances—REJECTED 4-20-2022
- E. 5.02 Disqualification of Mayoral candidates for certain criminal convictions—REJECTED 4-20-2022
- F. 4.03/5.02 Clarification that Mayor and council members cannot hold simultaneous employment with the City—REJECTED 4-20-2022
- G. 5.09 Removal of Mayor for certain crimes and review of Mayor's actions—REJECTED 4-20-2022
- H. 6.02 Suspension of Board members for certain crimes and review of actions—REJECTED 4-20-2022
- I. 10.1 Notice to affected abutting property owners of all new franchises—REJECTED 5-4-2022
- J. 7.01 Is council satisfied with current requirements for number of signatures on nominating petition filed by candidates—REJECTED 4-20-2022 AS COUNCIL IS SATISFIED WITH CURRENT PROCESS
- K. 8.03 Clarification of when a recalled elected official's removal occurs—REJECTED 4-20-2022 AS ISSUE IS CLEAR THAT CERTIFICATION BY BOE IS EFFECTIVE DATE
- L. 4.07 Clean up language regarding the Clerk Treasurer position—REJECTED 4-20-2022 AS PRIOR POSITION IS HISTORICAL REFERENCE ONLY

<u>Ltr.</u>	<u>Section</u>	<u>Description of Issue Raised</u>
M.	11.01C	Sufficiency of the Police and fire pension costs ceiling of .6 mills--OPEN
N.	4.11	Create position of President Pro Tem of Council—REJECTED 5-4-2022 as it is to handled by council legislation
O.	6.04	Appointment of Planning and Zoning Commission Secretary--OPEN
P.	6.05	Appointment of Civil Service Commission Secretary--OPEN
Q.	6.06	Appointment of Board of Building and Zoning Secretary--OPEN
R.	4.07	Provision for Acting Clerk of Council—WITHDRAWN 4-20-2022
S.	13.01	Proposal for Secretary to Charter Review Committee—WITHDRAWN 4-20-2022
T.	4.08	Rationale of 120-day limitation on elections to fill Council vacancies--OPEN
U.	5.08	Rationale of 120-day limitation on elections to fill Mayoral vacancy-- OPEN
V.	7.01	Consideration of write-in candidacies for elective offices-- OPEN
W.	8.01	Timeline increase to 120 days for Initiative-- OPEN
X.	8.02	Timeline increase to 120 days for Referendum-- OPEN
Y.	8.02.02-5	Timeline increase to 90 days for submitting ordinances to the voters-- OPEN
Z.	8.03	Timeline increases for Recall-- OPEN
AA.	12.01	Change Petition requirements to amend the Charter— OPEN
AB.	5.01	Amend Charter to specify that the position of Mayor is full time--OPEN