

**City of Parma Heights
Council Work Session Minutes
May 16, 2022**

PRESENT: Council President Rounds, Council Members Maruschak, Haase, Durichko, Stavole, Walsh and Clerk of Council Allen

Councilwoman DeSouza was absent.

ALSO PRESENT: Mayor Gallo, Director of Finance Iaconis.

The meeting was called to order by Council President Rounds at 5:30 p.m.

Council President Rounds: Continuing the discussion about the rubbish assessment so that legislation can be introduced at the next council meeting.

Councilwoman Walsh began the discussion asking what did the city pay last year for their portion? Director Iaconis answered with about \$400,000.

Council President then followed up with so the city has been paying approximately \$400,000 per year for a number of years? Director Iaconis answered with yes, back 12 years ago it started around \$300,000 and has escalated each year to about \$400,000.

Councilwoman Walsh asked what is it at the current rate that the city has been paying? Director Iaconis answered it is the \$420,031.20; if the rate was increased to the \$16.75 the city would no longer have a portion to cover with 100% resident participation. It is a lot of money that the city pays for this service and it has been several years that the city has been paying to subsidize the program. Many other cities are doing the same thing and unfortunately the cost of trash service has continued to escalate possibly more than any other service we provide. I don't see that this is going to level off anytime soon.

Councilman Stavole asked how many parcels is this based on? Director Iaconis answered 6,748. Councilman Stavole then asked are these Homestead parcels or non-Homestead parcels? Director Iaconis answered that it's a mixture, so roughly there is 1400 parcels that are receiving the Homestead rate at a \$1.00 less.

Councilman Haase commented that everything is going up, groceries, gasoline or this and I don't think the residents are going to like it especially when your income isn't going up as well to balance it out, but I don't know that we have a choice. I wouldn't want to pay more, but it isn't how life works, and we've had 12 years without an increase so that is something to consider as well but I don't think people are going to be happy about it.

Council President stated that if we go to the \$16.75 a month it would be an increase to the residents of \$66.60 annually recognizing that a year later it goes up again so the 2023 rate would go to \$72.60 and looking ahead to the 2024 which I believe is the last year of the contract without the extension years it goes up another \$6.00 per year.

Councilwoman Maruschak stated that she believes we need to increase, but is not prepared to what number that would be which would be most fiscally responsible for the residents and the city. I understand that the resident's aren't going to like it, but that's a lot of money that we could be using for other services. I don't want to pay more, but everything goes up and I think we need to find a number that is best suited for everybody, I'm not sure what that number is right now.

Director Iaconis responded that if you were to increase it to \$16.75, we're not going to have that until next year, so the rate will already be \$17.25. My recommendation would be to go to the \$17.77 which is the 2024 rate so that you don't have to go through this rate increase process every year and we aren't going to be viewed as if we are making this huge profit, it will pay us back a little bit of what we have subsidized for so many years.

Councilwoman Durichko stated that no one wants an increase, if this was a plan that was spread out over 10/15/20 years, but it's only a 2-year plan, there's really no point in holding back that little bit of money until 2024 and having everyone upset each year when we need to increase it.

Councilman Haase stated that he does feel that it makes more sense to do the increase all at once because otherwise each year you'll have people complaining. If we let them absorb it now and you can state it as the rate will not change through 2024, is that correct? Confirmed by Director Iaconis. I think that makes more sense; you don't know where we're going to be in a couple of years. As a city we have to try to make the best consideration for the next couple of years, we don't know if we will be getting any additional grant funding, so you have to prepare as if that money isn't there because that amount of money is a major amount for a city of this size. I think it's good to be open minded and give all the consideration you can and look at all the different options.

Council President Rounds stated that you make a good point that the Covid funding, Federal Relief funds aren't something that you can budget for, it's helped us in a number of situations but you can't budget for that.

Councilwoman Walsh asked if the increase goes up as we are talking about \$6.57 per month and hope that most folks can budget for that increase, can we provide an additional service to the residents like extra bulk pickups by the city, like a refrigerator that has gone bad or furniture?

Mayor Gallo stated that in the past our staff has been able to assist the residents under extenuating circumstances like basement floodings, I can't do that on a regular basis but when conditions are unavoidable, we do go out and help.

Councilwoman Walsh agrees to go with the higher rate and not have an increase for a couple of years rather than upping the rates yearly.

Councilman Stavole agrees with this option, we are going to be higher than most cities in the area on the document that we were provided.

Councilwoman Walsh asked did we piggy back on this from any other city?

Mayor Gallo stated that Fairview Park is actually going to piggy back on our contract, they like our contract. Director Iaconis mentioned that the document you have before you, is a little outdated because it was prepared April of last year, so I do know in discussion with some other colleagues that many other cities are considering raising theirs as well.

Council President Rounds stated that he believes he hears a consensus that we should go with 2024 rate of \$17.77 a month which is an annual increase of \$78.84.

Director Iaconis then discussed the Homestead exemption as a discount provided by the county in which you have to apply for it at 65 years of age or older at 2 ½% decrease on your property taxes. So, my understanding when this was originally put into place, they wanted to give all the people who were already getting the Homestead reduction a little bit of another break on the trash collection of less \$1.00. So, this does not affect the Homestead exemption of 2 ½ % this was in addition to it from the city.

Councilwoman Durichko stated that I believe for a \$12.00 per year reduction it could cause a lot of headaches for whoever is on the opposite end of it, no?

Director Iaconis responded that she is happy to continue doing it the way it has been done but it can be a process when there can be numerous transfers of property that's the only thing that makes this process difficult, we have to make sure that the parcel that is now receiving the Homestead is still receiving it and that the property has transferred and the new occupant is no longer receiving it, I'm more than happy to continue doing so but it's up to you.

Councilwoman Durichko stated that it's not going to have any impact on those folks who qualify out of necessity for the Homestead rate deduction.

Councilwoman Walsh stated it would go up \$7.57 in actuality. Didn't Social Security just get a substantial raise recently?

Council President Rounds asked the Director, now it's on the resident to apply for the Homestead when they become eligible for it and the county monitors that? After that how do they know who sells property and becomes 65?

Director Iaconis stated that the it is on the homeowner to make the application to begin with and then the only time you are removed is when the property transfers at the county to kind of "reset", that is the process and when the title or deed is recorded then they know there is a change.

Council President Rounds asked so they don't inform the cities when they know, or could they inform the city when they know the Homestead status has been changed?

Director Iaconis mentioned that once it's in, it stays on until the property transfers also homeowners could apply for the owner-occupied credit on the property tax bill from the county. It's a discount for anybody as long as you are an owner-occupied resident.

Council President Rounds said as far as the Homestead Act for me, I know \$1.00 or \$12.00 annually may not appear to be much to some people that is a lot, and I'm just reflecting on my grandma, that it seemed like every time she got a bump in Social Security something else increased and so her cost-of-living increases went somewhere else and it seemed like everyone else just moved the numbers. I know you said it's a lot of work and theirs potentially 1,400 homes who see that discount. Which 1,400 x \$12 to the city budget may not seem like a lot, but I know it can a man power issue as well.

Mayor Gallo mentioned that people may leave the home mid-year and it's transferred to someone who may not qualify for it too, so that's where we can run into a problem as well.

Director Iaconis mentioned that maybe some seniors that do qualify for Homestead are not aware of the discount, so we may not be getting everyone the discount that they qualify for. But I'm fine to do whatever council wants.

Council President Rounds asked what is the consensus among council members?

Councilwoman Walsh is good with leaving it the same as everyone else with the \$1.00

Councilwoman Durichko said she is too; she always considers the fact that these are tax payers' dollars when we pay Director Iaconis to sort through all of that so I think it's good to consider all of that as good steward.

Councilwoman Maruschak said she is still stewing.

Councilman Haase said he agrees.

Councilman Stavole said he's not 100% sure because, that on the Homestead the trash can is smaller, they're not using as much trash as others in the community so I think they should get a slight discount.

Many folks spoke up and said they didn't realize they had small trash cans.

Director Iaconis said she didn't think that was based on the Homestead, she believes people can call and make that concession, it could be a personal preference.

Councilman Stavole said I would check on that.

Mayor Gallo asked how Council President would like administration to draft the legislation? Without the Homestead exemption and then if anything changes it can be amended?

Council President answered yes, due to the majority of council and what we've heard tonight. So, we'll start with that. I appreciate the timeliness and the forward thinking so it allows us the necessary three readings and provides the time for the public to respond. Thank you.

ADJOURNMENT

Meeting adjourned at 6:00 p.m.