

FINANCE COMMITTEE MINUTES
JULY 21, 2020

The Finance Committee meeting was held on July 21, 2020 at North Royalton City Hall, 14600 State Road. The meeting was called to order at 6:00 p.m.

PRESENT: **Committee Members:** Chair Paul Marnecheck, Linda Barath, Mike Vos; **Council:** Jeremy Dietrich, Vincent Weimer, Jessica Fenos **Administration:** Mayor Larry Antoskiewicz, Law Director Thomas Kelly, Fire Chief Robert Chegan, Police Chief Ken Bilinovich, Finance Director Eric Dean; **Other:** Marty Toukonen; John Nickell

Approval of June 16, 2020 Finance Committee minutes. Moved by Mr. Vos, seconded by Mr. Marnecheck
Yeas: **3**. Nays: **0**. **Motion carried.**

UNFINISHED BUSINESS

1. Monthly Finance report including tax collections status

Mr. Marnecheck states thank you for getting this to Council a few days early so we can digest it, if you want to walk us through and give us the high points.

Mr. Dean states we ended the month of June with \$22.9 million in the bank. We did a little comparison of how we ended up last June, mostly for a big picture overview because timing of payments and receipts is a little off. Comparing us currently to last year, we are \$1.7 million in our governmental funds which is nice to see since even though we have had an income tax, total funds are still up. Just to get into income tax, we had another down collection month, we are down a total of \$461,000.00 compared to last year that puts us at 1.9 million down, we are looking at most of that coming from individual income tax, so that is not surprising with the later deadline, but we think that should come back on our next month's collection which we get the First and August 15. We are always a month behind; we will get the July deadline payments on August 1 and August 15, I expect that to be up, just how much I am not quite sure.

Mr. Marnecheck states you won't have those numbers until August 3rd right? The 1st is a Saturday. So, you will get those on the 3rd?

Mr. Dean states August 1 and the 15th is actually both of the payment's dates. That is usually the middle of the month. The August 1 is usually everything collected until then and then they do some type of reconciliation on the 15th, it usually less. That will be for July and that will be for the deadline payment for the income tax.

Mr. Marnecheck states does anyone else have anything to add for the monthly finance report?

2. Overtime

Mr. Marnecheck states did everyone get the chance to look at the monthly overtime report? We are at 36% of the budget, but we are over half way through the year.

Mr. Dean states we are looking good on overtime, these are good numbers compared to where we have been previously. With the police and fire, they are big overtime users, we usually see an increase in the summer months, they schedule their time off, but both of them look good going into the middle of summer that is encouraging. There really has not been much overtime. It will help us a little bit with our expenses.

Mr. Marnecheck states you cut out a little bit, what section?

Mr. Dean states overtime overall is looking good; compared to last year we are under what we are projecting.

MISCELLANEOUS

Mr. Marnecheck states I think last time we asked for kind of an overview of the jail costs so far. I see that we have the Jail Administrator here. If you wouldn't mind kind of give us an overview, you sent all of this to Council, you want to walk us through what we are seeing here.

Mr. Toukonen states at the present time due to the fact that the contracts were terminated and were in the process of trying to get those contracts back. I sent you all the material over the weekend added to that are a couple more agencies that are on board about three or four more agencies. We are up to about eight roughly out of the 19 or 20 that we usually deal with. A lot of them are still waiting for approval in some way shape or form before they can begin to house with us again because they have to go through Council approval, sometime of legislative approval. Like the Metroparks they had to go through accounting for their stuff.

Mr. Marnecheck states their Council approval? Not us?

Mr. Toukonen states yes. Also, as well some of them want to go through the law department first. Every agency seems to be handling it different, some agencies jump right on board with the aid, some other ones we are just waiting to do their own process. Right now, it is hard to anticipate where we are going to be at the end of the year because we have to give back on the wagon so to speak and get things going. That report that I gave you guys gave us an idea roughly of where we were, compared to last year at this point as far as a number of prisoners were concerned. How much revenue was generated and the idea that we are trying to get these agencies back in play.

Ms. Fenos states I did not get anything emailed.

Mr. Toukonen states if you didn't, I apologize because I sent it to what I thought was the committee people; for Finance and for Safety.

Ms. Fenos states I am not on either of those.

Mr. Toukonen states if I need to send in the future to change it, I will be more than happy to.

Mr. Marnecheck states in fact if you and Eric work it out, you can probably include it in his report so we get everything at the same time. If that works for you and Eric.

Mr. Toukonen states I can do that for you Eric, if they want to do that, that is fine.

Mr. Dean states yes that kind of saves a little bit of time, and I will just attach it to my email. I appreciate it.

Mr. Marnecheck states not to overdo it, try to get it to Eric the Thursday's before Finance meetings, he sends us the finance report on Fridays.

Mr. Toukonen states no problem.

Mr. Marnecheck states I am sorry that everyone didn't get it. I didn't look at the "at", but for those of us that did get it, any questions on it, anything you want to delve into.

Ms. Barath states I have a question, the contract that you have are they based on the original cost? Are you talking about the \$80.00?

Mr. Toukonen states for now, yes.

Ms. Barath states do they understand in the future that it is going to go up?

Mr. Toukonen states yes they are aware of that, and we basically have a starting point and because there was some legal language that has to be worked out between our City and some other Cities, it was the idea that lets get back to the \$80.00 for now, lets get some sort of revenue in the meantime while things are getting worked out, not to mention we have summer recesses for some cities that we have to wait. So instead of waiting for everything to get the nice pretty picture lets get things rolling for now.

Ms. Barath states so how soon anticipate legislation to do the increase?

Mr. Toukonen states that would be up to how the progress goes between the law department and some of the Cities. I know that we have been directed if there were some issues they were trying to resolve and we were directed that head law departments work those things out once they work it out then it goes to you guys for approval.

Mr. Weimer states the \$125.00 per day that is the recommendation in the stuff that you sent; how did we get to the \$125. The reason I am asking is because, obviously when we were talking about the Parma deal, we were talking about \$315 and now we are at \$125.00 per day. So, I am trying to figure out how we got to that number.

Mr. Toukonen states the \$125.00 which is at 64%, whatever the target number may be and one may have in mind whatever that magic number is and if that magic number is \$300, that is very difficult to reach half way to reach through a financial year, half way with what has been going on as far as COVID stuff is concerned. For us to get to that point, we have to do it progressively and that is why a 64% increase in one step seem to be a very fair thing for everyone involved. So that is why we came up with the \$125.00.

Mr. Dietrich states so for the budgeting purposes that have already been put in place.

Mayor states I was going to do this under new business, but now that we are talking about it maybe it is time for me to just come out, I know Marty and I have done some talking. This may be the time to address it, I know that during the meetings that we were having about the jail, many residents suggested a committee. What I am looking to do is, I am going to form a special finding commission to explore and report to Council on all the facts regarding the issues surrounding the operation of our City Jail. Their task will be to read, study and gather the facts involving the operation of our jail and ways to enhance the revenue and reducing the expenses and then provide that report to Council for its purposes. I am looking to do it as a 5-person committee, I am going to appoint as Chairman, the cities long standing municipal financial advisor, Matt has been on and off with the City for many years and does this for a lot of other cities as far as advising municipalities. When we have had big financial or big capital improvement projects, we have always gone to Matt to advise us to help us through those with the bond marks and everything. Then, talking to Councilwoman Linda Barath is also going to sit on that committee and also Marty is also going to sit on that committee to give us the expertise on that end. I am in the process of making a decision on two more people. I plan on having that committee up and running and I would expect that the commission that they can start pretty soon and be in a position to conclude its report by November. The basis of that committee is not to making recommendations, it is to get facts, information and give us a good perimeter as to where we need to go, how we can get there and I think that will go a long way into helping us come up with better answers for this whole thing. Right now, we are kind of in a transition with everything that has happened.

Mr. Dietrich states is it a subcommittee of finance or safety, what are you thinking?

Mayor states to be honest with you, I think you guys can make that determination, but I will say this, lets do it in one or the other, we don't need to do it in both. I just brought it up now, it is kind of coming up with Marty going through his explanations and now is a good time to say look, with the increase that we are looking at, on the outset, lets get this committee going because there has been a lot of numbers that have been thrown out as

far as what it costs, how much we need to charge and how we go about that and everything else. Hopefully this committee will be able to solve and come up with facts for us and Council to look at.

Mr. Marnecheck states but it sounds like what you are saying Mayor is that they would go off and do their work, they are not going to be coming into a committee monthly.

Mayor states no once they get their findings they will come to the Council and present it. Here is what we found.

Mr. Marnecheck states maybe we will do that on a special because I guess that will be a longer meeting, maybe that is not something we do at 6:00 p.m. on a Tuesday.

Mayor states I think even if you guys are looking for monthly reports, I think you guys need to make a decision. Marty does not need to come up here on finance, and a half hour later report the same thing to safety. Figure out what committee you want it in and then he can do his reporting for that committee.

Mr. Marnecheck states I think that is why that if he is going to include it with Eric's report that we will just keep it in finance. Keep it in finance because it is monetary related. We will keep it in that. It sounds like this fact-finding committee you are putting together is going to be looking at revenue in essence. What are the costs?

Mayor states they are going to look at everything.

Ms. Barath states what makes sense is instead of Marty coming here and us grilling him, we would sit down in the committee and say what would make sense and then we would come back to Council and we would say after reviewing all the information this is how much we should be charging.

Mr. Marnecheck states I just envision the monthly report just to see how much the jail has generated out of those little things while this subcommittee goes off and does the deeper thinking and kind of a more broad planning.

Mr. Toukonen states that is something that we do anyways. We keep track of that monthly, so that is not a problem forwarding that information.

Mayor states I know with everything going on, we knew were not going to be good this year either because during this COVID. Part of what the jail did was that they tried to minimize how many people we got in there for obvious reasons. We weren't looking to house everybody in the prisons as we all know if anyone has followed it, what those issues and problems could become. I know they were very prudent as far how many people they were even trying to take during that timeframe. So those numbers were going to be down for the last three months anyway because of that situation and the courts weren't actually people that many people in prison. They were releasing a lot.

Mr. Marnecheck states the bars were closed too.

Mayor states right. The virus allowed the numbers to be down as well for the beginning of the year.

Mr. Marnecheck states so I guess then we have 20-97 in the committee that was the proposal to raise the daily fee to \$125.00 per prisoner for other communities as well as private pay prisoners. Would you still want that to go before Council while this subcommittee works?

Mayor states yes obviously we can still start charging people more.

Mr. Marnecheck states I just wanted to make sure.

Mayor states as Marty said some of this may not take hold for a little bit because a lot of Councils are like us they don't meet in August. Some of that may be delayed but we can get that all started, we can get the process started. Marty is always talking to a lot of those communities and those Chiefs. If he hasn't already which I think he has probably already let people know that it is coming. We can get the process started until we can get and figure out exactly what direction we want to head.

Mr. Dietrich states just to clarify, Paul, you want to keep this subcommittee in finance versus safety? I think that makes sense.

Mr. Dean states I just want to say what a good job Marty does running the jail; he is very professional. I just want to say on the finance report I sent, on page 10 you can see the current year to date, this is on the June July year to date budget report. We have the current year to date budget report for the jail and you can see that they brought in \$83,000.00 in private pay and in charging service. We are expecting \$200,000.00. There is a little lag in the billing, so far, we have collected \$83,000.00 for the year which is pretty good considering maybe we were down a little bit.

Mr. Dietrich states question for you Marty. If you know the answer, if not Mayor, what cities jumped backed in as far what municipalities decided to come back to us now that we have stayed opened like Broadview Heights for instance since they are our neighbor.

Mr. Toukonen states I know Broadview Heights and Parma Heights they were looking at some Council stuff, they weren't on board yet, that doesn't mean that they aren't going to be on board, but they are looking and they were taking care of stuff on their end. Middleburg is on board, Berea, Linndale, Cuyahoga Heights, North Olmsted, Metroparks. I am forgetting someone else; I have like 7 or 8, but I know Newburgh Heights tonight is the (inaudible) so they are looking to coming on board.

Mr. Marnecheck states Newburgh Heights is coming back?

Mr. Toukonen states but they had to go through Council for their stuff tonight and that was my talk with the Chief just a few hours ago.

Mr. Dietrich states you said that Broadview Heights and Parma Heights have not?

Mr. Toukonen states not at this time.

Mr. Dietrich states has anyone reached out?

Mayor states I have just recently in the last day, I have talked to both of those Mayors. Again, as Marty has said, some cities during the middle – when they have to get with Council so they may not be coming on board, I have talked to both of them and I think those conversations were very positive.

Mr. Toukonen states what I can do on the next report that I will give to Eric whoever is in line at the point in time, I will list those agencies so everybody is up to speed.

Mr. Marnecheck states so before we move to new business is there anyone in the audience. John?

Mr. Nickell states just simply questions. I was curious with the committee, the subcommittee those will be public meetings?

Mayor states what is the question, John?

Mr. Nickell states will they be public meetings?

Mayor states they will be public meetings, but the real purpose of the committee is to go about their business and do their fact finding and come up with other stuff, yes they will be public.

Mr. Nickell states when they meet, a Master Plan or something.

Mayor states audience will not participate in the meeting, but they can observe.

Mr. Nickell states if I was sitting on the other side, if we were going \$125 and Parma was going to charge me \$300, maybe that is a question for Marty, is \$125 still too low, probably is what the committee is going to find out.

Mr. Marnecheck states I think what Marty was saying it is not a dramatic increase. I am paraphrasing what Marty was saying, it is a 64% increase, it is something, but it is not the final step.

Mr. Wos states it is a graduated scale.

Mr. Marnecheck states like we did with wastewater fees.

Mr. Nickell states I don't ask, because people are going to compare if the other city was going to charge us this or we still out of line.

Mr. Dietrich states if I could Paul, respond to that. I had the exact same question from Marty when I took a tour of the jail, why can't we just bump it right away. He made the point, I guess I should have thought about it, just like you said, you budget, we already budgeted for the year. I just asked the question; what cities are on board and what cities are not on board. Obviously, if you jump to that you won't have many cities on board right away, I think it has to be. I think that was Marty's suggestion from the very beginning, just a courtesy thing, I think the ultimate goal is just to get there, but the people that you said are going to ask you, I think that should be answered, you can't just gauge them.

Mr. Nickell states no, even in jails, it is supply and demand.

Mr. Dietrich states I get it.

NEW BUSINESS

1. Corona relief funds

Mayor states for those that don't know, and I think that everybody does, we were awarded around \$360,000.00 for the corona relief funds. Myself and I know Chief Chegan we have already met at least once, and we need to meet again and going over a lot of the different uses for that money and how we can spend it. What we are allowed to spend it on. One of the things that we are still holding in abeyance is the fact that we are still trying to get some clarification on whether or not we can spend it on safety forces payroll, it is one thing that so far no one can seem to give us a definitive answer. The money comes from the U.S. Treasury, I talked to our Senators, I talked to our Congressman, I talked to our State Senator, our House Representative, Mayors and Managers to legal and everybody is still trying to nail down the U.S. Treasury with a definitive answer.

Mr. Marnecheck states but we have the money?

Mayor states we have the money. It is in a special account which is what we had to set up because everything that we spend it on we have to document separately that we are spending it for that fund and here is why. Shortly after the Coronavirus hit, Chief Chegan had set everything out, and of course, he has a lot of

experience through FEMA and everything. So, we jumped on it right away, to say to every department start documenting all of your costs that are related to corona and we have doing that and we have done that, I think everybody in every department has done a great job of doing that. We have most of those numbers, we are looking at other ways which based on the rules that we can spend it on and we are also looking to start some contingency plans if we can't use it for safety payroll what else can we do to use that money because I will tell you right now we are not looking at giving any of it back. We are continuing to rattle our heads as far as what other uses we can use and we are starting to come up with an alternative plan, if the plan is to use it for safety forces doesn't materialize. Obviously, that is an easy one, if we can use it for safety forces then it is very easy. So that is where we are at. I don't know if the Chief or Eric have anything to add to that.

Mr. Dean states I see the Chief there I defer to him. We have been meeting a couple times.

Chief Chegan states I think the Mayor said it right, we are trying to figure out, trying to get the most money out of this. The problem is our finances, Eric has been a bearer of great news, and that is what we need to recover for us to keep moving on and to keep working and to keep our people employed and keep moving forward. With the restrictions the CARES ACT has given us has become very difficult so the three of us meet last week, we met twice already and trying to figure out how we can juggle every grant fund together. Now whether we can use the CARES ACT that is a lot of money, if we cannot use it for payroll what can we use it for. The department heads have been really good putting their documentation together from day one so we don't have to go way back, we are keeping up on it so we know exactly where we are right now. We can use it for the supplies, anything COVID related. We are not going to get to that money by just doing that because for example last month I reported that other monies that we got, I got another \$6,500.00 for PPE for just my department through another grant. I am looking for another \$1,500.00 that will buy us a lot of N95, a lot of surgical masks, a lot of the stuff that we are going through, so now we are trying to nickel and dime what we can get. I have also applied for the assistance through FEMA so that is a 75/25 match, unfortunately for that though, where are we going to use the funds, are we going to use from the grants from the CARES ACT, we are juggling a lot of things.

Mr. Marnecheck states we are the 25%? Can the COVID-19 funds be used as our portion of the 25%?

Chief Chegan states no. That is where we are trying to see where we can recoup the most dollars back to the City. So, if you guys remember initially, we asked for, on the top of my head, \$20,000.00 or \$30,000.00 more to prepare our departments in case we needed to buy PPE and they graciously gave us that. We really have not gotten into that because of the work we have been doing with the grants and when the County was doing the distribution I put in a request on behalf of wastewater, the police department, the fire department, we have gotten stuff for those avenues as well. We are looking at every avenue moving forward and I am sure we are going to meet next week with Eric and the Mayor. Hopefully, between his contacts and my contacts either through the County Fire Chiefs and the Ohio Fire Chiefs. Hopefully we can get some better answers that we are just not getting them right now unfortunately. They are not giving us good guidance on what we can use it for.

Mr. Marnecheck states luckily we have the money.

Chief Chegan states we have it, however there are already contingency plans on what we can. I have a piece of equipment that could fall under there that we will be able to replace if it does not fall for salaries.

Mr. Dietrich states everyone is getting a touchless sink.

Mayor states that is some of the things that we are looking at. If we need to we will do some of those upgrades and do that. And part of the key as the Chief has said, if we can use this big Corona money for safety forces and then we can double down on the grants as we continue to go because you can't get a grant and use it for corona money, but if the corona money can be used for payroll for safety forces then we can continue to file those other grants to take care of some of the other expenses as well.

Chief Chegan states one thing you need to realize this isn't going away.

Mr. Marnecheck states COVID isn't going away.

Chief Chegan states the money could go away too. In the Safety Committee I will talk about the equipment and all that. One of the things is we are going to use the CARES money for is when the Recreation Department moved over to the County building. We have that small building to house, we turned that into kind of a storage area for public safety where we have our CERT trailer, our Fire Department trailer now under a roof and I am going to have a regional trailer there and a spare engine once we do, hopefully get to that purchase in a couple of years. We will have an area and then the police will use one of the bays too. Within that is where we are going to have, like I said in the beginning, we had a lot of supplies to get us going, we were prepared we were ready for the mass causality or the pandemic so we were good to get going with this, but we never had a good place to store it. We don't have much room at the Fire Department there is no storage at all, I have boxes in my office, every office has boxes. So we are going to use the room which is our Recreation Directors old office and we are going to use it as a clean room, so we have to replace the window, corner it off, get rid of the ceiling tiles, make it where the rodents don't get in but make it a clean room so we have a good storage for our PPE and for disaster supplies and that is where all the trailers will be anyways. It is a good location for that, so that is an example of one of the things that we will go ahead with in the next couple of months and try to get that done. We will prepare for the next one, whether it is in our lifetime or someone else's lifetime, we are going to prepare for the next one and we will be ready as we were for this one too.

Mr. Dietrich states where is this \$365,000.00 where would you put it?

Mr. Marnecheck states we created a special account for it last time.

Eric states we were required to create a separate fund so all of the money is accounted for going in and going out. So, any expenses for COVID are going to come out of that fund, it is going to be very clear. There is no mixture of anything else, so we have a fund of \$365,000.00 in it. So right now, we are making sure that we can move whatever eligible expenses we have in that fund which would offset the other funds.

Chief Chegan states that is where we need to be careful not to double dip or use that expense under either the public assistance under FEMA or this one too. We have already started the spreadsheets to make sure that we are itemizing each whatever it is we spend it on.

Mr. Marnecheck states take a step back, I forgot to ask for a motion to recommend to Council for their approval for Ordinance 20-97. Moved by Councilwoman Barath. Councilman Wos seconded the motion. Yeas: 3. Nays: 0. **Motion carried.** Also, under new business. Mayor, I think you have mentioned that you want to get back to the timetable where we are considering the budget in the fall for next year?

Mayor states yes, that has worked well for so many years. I definitely want to get back to where we can get a balance budget by January. Again, as we move into the fall try to get back on that time schedule. Present you guys with a budget in the fall and hopefully have it passed by January 1. Try to get back on track.

ADJOURNMENT

Moved by Mr. Marnecheck, seconded by Mr. Wos to **adjourn the July 21, 2020 Finance Committee meeting.** Yeas: 3. Nays: 0. **Motion carried.**

Meeting adjourned at 6:32 p.m.