

**FINANCE COMMITTEE MINUTES  
FEBRUARY 15, 2022**

The Finance Committee meeting was held on February 15, 2022, 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, Vice Chair Mike Vos, Linda Barath; Council: John Nickell, Dawn Carbone-McDonald, Joanne Krejci; Jeremy Dietrich Administration: Mayor Larry Antoskiewicz, Finance Director Jenny Esarey, Law Director Thomas Kelly, Police Chief Keith Tarase, Fire Chief Robert Chegan, Economic Development Director Tom Jordan; Other: Jessica Fenos, Vincent Weimer, Michael McDonald, Marty Toukonen.

Approval of December 7, 2021, December 21, 2021, and January 18, 2022 Finance Committee minutes. Moved by Mr. Marnecheck, seconded by Mr. Vos.

**UNFINISHED BUSINESS**

**1. Monthly Finance report including tax collections status**

Ms. Esarey reported on the January 31<sup>st</sup> bank reconciliation that was presented. Everything was in balance; there were some normal outstanding items.

**2. Overtime**

Ms. Esarey summarized the information that Council had received. On a positive note, we are slightly over budget at 10%. We should have been at 8.33%, partly due to the Fire Department and the Police Department. She felt that it had to do with some anomalies, which we will track for the remainder of year. She had nothing of concern.

**3. Jail Task Force Update**

Mayor Antoskiewicz advised he was waiting for the report on the jail. Mr. Toukonen spoke of the January finance reports, which indicated being slightly up from last year. The number was at 37 overall for the month, whereas last year we were in the 20's.

Mr. Nickell wanted to know what cities we were currently taking in. Mr. Toukonen indicated that is the same cities as before; Parma Heights, Broadview Heights, Brooklyn Heights, and Berea. Mayor Antoskiewicz added that we have about 19 agreements and that varies.

Mr. Marnecheck asked if we have only one dedicated cell; the Berea style. Mayor Antoskiewicz concurred. Mr. Marnecheck questioned if anyone has actually been brought in. Mr. Toukonen clarified yes, there were days that the bed space was occupied and they had to bring in another. There were no problems at this time.

Mr. Nickell mentioned that our jail may not comply; the Federal Government does not look to put certain prisoners in the jail. Mr. Toukonen indicated no, we would have to have contact with them, in which we did many years ago; then they decided to consolidate everyone. It was easier for them to get them out of a central location than four or five satellite locations. Mr. Toukonen commented that we probably would not have room for them, therefore it is fine.

Mr. Dietrich inquired about business being good, whether that is locally or other cities as well. Mr. Toukonen clarified both, we have been active on the North Royalton front and also with the outside partners that we have had. He believed we were at 70+ arrests last month, with no vacancies.

Ms. Dawn Carbone-McDonald questioned which 19 communities we are working with. Mr. Toukonen mentioned a few however, he would get that list, as well as some additional information for her and Council; by way of e-mail.

Ms. Barath wanted to clarify that we only have one community in which we have a contract. Mr. Toukonen concurred; Berea. Mr. Wos asked about the rates. Mayor Antoskiewicz explained that there will be legislation at the next meeting, most likely. We are looking to increase the rates on a daily basis at the jail. We must give 30-day notice before we can do that, therefore we would like to get it completed as soon as we are able. We would be going to \$135 per day, from \$125. Mr. Toukonen discussed costs going up, also at the grocery stores as everyone is aware. It did make sense to try to absorb those costs instead of becoming more of a hinderance upon the City. Across the board, everything is increasing, such as gloves being 60-70% more than before; prior to Covid. If we cannot get the gloves through the County, some times you have to pay out of pocket for such items. Mayor Antoskiewicz talked about doubling the price for any type of special need reserves that we may receive; we are looking to double the price. Mr. Toukonen stated that they have to be put in a cell by themselves, which creates more time and effort to manage, taking more space. We may add if it is a special needs prisoner, then there will have to be a double rate. Mr. Dietrich asked if we are going to have to redo the contracts for 19 cities. Mayor Antoskiewicz agreed, in which language would be added.

Mr. Marnecheck questioned what would fall under the category of special needs. Mr. Toukonen explained the generalized term is used to cover across the board. For example, you may have someone who has behavioral issues or is a homicide suspect. He continued that you must treat them differently than someone that failed to pay a ticket. Depending on their behavior, we may not be able to put them with someone else. Sometimes we cannot dedicate an entire holding cell for them and we have to give them amenities that the state says we have to provide; potentially a pod area. That would affect the other pod seats that we have, whereas we have to decline everyone else that would have been in the same pod; due to a special need situation. As a result, we may turn business away and have more services dedicated to this individual, because they are unable to comply like the others could.

Mr. Nickell inquired about percentages with rate increases, whether we are increasing them enough with what is expected to come. Mayor Antoskiewicz mentioned that a lot of these cities expect something on a yearly basis. He felt that we were currently in the ball park. We are still trying to pursue the other options with some of the other contracts; guaranteed revenue. We do have the flexibility to re-adjust, which he had spoken to the Chief about.

Mr. Marnecheck asked what is paid by Berea. Mr. Toukonen indicated they pay \$152 for ninety days, which is a three-month agreement; they can revisit as well. Mr. Toukonen noted that we would need another agreement by April 1<sup>st</sup> roughly. Mr. Marnecheck wanted to know if it is going well so far. Mr. Toukonen indicated that it was and there have been no problems.

#### **4. Local Income Tax Collection**

Ms. Esarey discussed tax collection, whereas February 2022 compared to February of last year, we were up roughly 1%. However, overall, for January and February we are up approximately 12%; about \$331,000. She commented that this is great.

Ms. Esarey did follow up with RITA pertaining to working from home and its possible impacts on the City; to follow up with Mr. Marnecheck. We are actually at an advantage compared to many cities, because we would get a positive impact for work from home, which we are very lucky. When she spoke to our representative, he had indicated that a 5% or 10% net impact would probably be a good estimate. A 5% net impact equates to roughly \$1.25% increase, which would be \$196,000. A 10% net impact would equate to 2.5%, which would be roughly \$393,000. Currently, the 2020 tax returns are still in litigation, therefore we only have one pending tax return for approximately \$359.00. Others may happen however; Buckeye is still in litigation. Therefore, as a City, we are not a part of that litigation, nor is RITA; it is Buckeye and then Columbus. Ms. Esarey noted that

the big thing with the bi-annual budget that happened last year, as of July 1<sup>st</sup>, the employers could make the adjustment and withhold for employees based on where they work; that was something they could do and not as a requirement. As of January 1<sup>st</sup> this year, employers are required to withhold based on where the employees work. The hope is that maybe we are seeing some of these increases because of that. We will not know for certain if there are any refunds for 2021, because many still have not filed, with the April 18th deadline. Currently, we have no refunds pending for 2021.

Mr. Marnecheck inquired about whether we have to hold anything in reserve, depending on what happens from the 2021 tax returns, if we have individuals that typically worked in North Royalton, but did not live in the City; filing for a refund. Ms. Esarey clarified that we would not have to hold any reserves. The only one that is in reserve at this time is for 2020, because that is pending litigation, which is the \$359.00. Mr. Marnecheck wanted to clarify if the window has closed for that. Ms. Esarey concurred. She went on to say that people can always file an amended return. Ms. Esarey concluded that we would not need to put any money aside, especially because all of the impacts will be positive. Mr. Wos brought up cities such as Cleveland, indicating they are making it very challenging for people who have to provide a lot of documentation. It may be difficult for some to get their refunds he felt; this year will be different.

Ms. Barath asked whether it requires the employer to withhold for the suburb, in terms of where the responsibility lies. Ms. Esarey stated that for July 1, 2021, to December 31, 2021, it was the employee's discretion. As of January 1, 2022, it is a requirement. This gave them time to implement the changes.

#### 5. **RITA: Non-Filing Delinquency Program**

No new updates.

#### 6. **Opioid Settlement**

No new updates.

#### 7. **American Recovery Act Funds**

Ms. Esarey advised that we are waiting for our second tranche to come, hopefully in May. Mr. Marnecheck asked about the amount. She indicated it is \$1,574,826.00; approximately \$1.5m. Mr. Marnecheck asked whether we may get that in May. Ms. Esarey concurred, that is when they told us we would receive it; at the same time as last year.

#### 7. **WWTP B Conversion**

Mayor Antoskiewicz shared that what we have on the agenda is the approval of the loan. He believed it was approved once before, whereas some adjustments were made within the contract. He recapped that Council decided to let us move forward with the project, therefore hopefully they will allow to move forward with financing the project. This is one of the first steps and one of the lowest loans we could obtain with good interest. The first step is to get the design and everything on its way, which is part of the financing.

Mr. Dietrich inquired about the timeline as to when the Mayor felt all would be finalized. Mayor Antoskiewicz estimated 12 months, roughly 12-16 months to get it out to bid. There would probably be a better idea once they get started and get an idea of what all is involved. There are different components to the entire project. Mr. Dietrich pointed out that last time we discussed this and Council gave the okay, he believed we were talking about fall of this year. Mayor Antoskiewicz was hoping we would get the bid out by the end of the year. This would be years before everything is done. His preference was that they get the sewer line working first. Although things can be done in conjunction too, more than likely this project is going to be bid out. The sewer line is one of two projects and is separate. The Mayor indicated that we are going to bid those two projects out separately when we get to it.

Mr. Dietrich inquired about the developing aspect, since it is connected to the Industrial Parkway. He wanted to know if we would have the lines in for developers to come and be able to start promoting those properties. Mayor Antoskiewicz stated that we are waiting to get a better timeline from the people that are going to design them. Mr. Dietrich asked if we can start working on the development part. Mayor Antoskiewicz concurred. He commented that there were already some inquiries about that property. With any developer, they want time lines also and we do not have those yet.

Mr. Jordan spoke about the infrastructure that is necessary to build up the Industrial Park, whereas we can start planning and designing around the time frame provided by the design engineer on the wastewater treatment plant conversion. If you are going to do the Industrial Park, you would need a road and a land assembly done around that road project. We can do that, certainly on a planning stage. He is hopeful that if we have a better understanding on the time line, we could tie the sewer project into it with the new road etc. These are all multi-million-dollar projects; the largest single expansion of the sewer system in its history. He continued that the road is going to be over \$2m. We will be bringing some of those to Council within the next few months on the planning level and then move towards it. He pointed out that with the sewer project and the industrial project, the funding is from outside sources; it is very involved and complicated. We are moving forward with both the planning and the funding of the expansion of the Industrial Park. Once we have the plan in place to finish out, there is a portion of the park in the back that is a stubbed-out road; on the east side of the ravine. We could develop that and get done independent of the Abbey Road development.

Mr. Dietrich questioned with that being said, whether we are still looking to connect. Mayor Antoskiewicz reiterated that we are going to come to Council with something in the next month or so. Mr. Dietrich commented that piece of the ravine was part of the problem, therefore he was wondering. Mr. Jordan stated that the design engineer has not been on the waste water treatment facility, he was just recently hired. They are discussing phasing and financing. The industrial development is doing some similar work, which he would share when it is appropriate. Mr. Jordan indicated we are not waiting until the end of the three years, and we were hoping to get some of the land online way before then. Some of it will have to wait until the end of the project, and there is some area in the west side of Abbey Road that can connect into some existing sewers. However, most of the land on Abbey cannot be fully developed until that sewer is in place.

Mr. Marnecheck moved to recommend to Council the approval of Ordinance 22-36. Mr. Wos seconded. All in favor. Motion passed.

## **NEW BUSINESS**

### **1. Ordinance No. 22-31: Amending Ord. 21-182 rates of compensation**

Mayor Antoskiewicz summarized that this entails some of our summer and part time help. When we reviewed everything, we felt that we needed to increase those rates. He spoke of last year when we had a difficult time in hiring. As we know with the way things are moving, it is easier to obtain jobs now at the higher rates. We need to raise those rates of compensation. Also included is a section pertaining to the second year and third year to try and have them remain; which is something we have not done in the past. That trend has changed and there is a need for us to be able to compete better.

Ms. Carbone-McDonald understood, however she wanted to know if the Mayor is concerned about approving such for 2023, not knowing what the budget is going to be. Ms. Esarey explained that the full-time rates have already been set. She is not concerned budgetarily. We are right on schedule for income tax; actually over. These are the part time wages, in which she has no concerns in raising these. Mayor Antoskiewicz expressed that if he cannot afford those increases in 2023, he would not hire those people. The increases are minimal. He reiterated that if he cannot afford the increases, then he cannot afford the people.

Mr. Marnecheck moved to recommend to Council the approval of Ordinance 22-31. Ms. Barath seconded. All in favor. Motion passed.

**2. Ordinance No. 22-32 Amending Chapter 232, 10-103 Staffing and Classification and Ord. 21-182 rates of compensation of Assistant Director of Finance.**

Mayor Antoskiewicz advised that when Mr. Dean left, we realized we did not have any real back up for the Finance Department. We had the interim until we brought someone in. However, if something happened on a regular basis or if Ms. Esarey were to ever take time off, we would have some real issues. There is plenty of work and it is important to have a backup; part time Assistant Finance Director. Mayor Antoskiewicz stated that he saw the real value in this when Mr. Dean left. The transition was much tougher than we anticipated. Not having that other person there that had that knowledge during the transition put a burden on things. He would hate to see that happen again. Ms. Esarey added that the reason we discussed an Assistant Finance Director is the need for the knowledge and educational background; that would be important for the cross training.

Ms. Krejci inquired about the challenge of being able to find someone with those skills on a part time basis and asked about the rates. Ms. Esarey indicated that the hope would be to find someone that is near retirement, or perhaps someone who is starting a family but still wants to work. The hope is that we can find someone; there are definitely such people out there. Ms. Esarey indicated that they did review a lot of cities for the rates, whereas this is on the lower side; however, the surrounding communities were full time positions. Mayor Antoskiewicz concurred.

Ms. Barath asked if this would be the first time having someone extra in finance. Mayor Antoskiewicz clarified yes; as a backup. Ms. Carbone-McDonald inquired whether this would be factored into the budget in 2022. Ms. Esarey indicated that it is not included in the current budget and would be added.

Mr. Dietrich wanted to know if there is a dollar amount in mind. Ms. Esarey indicated that the range is \$37.25 per hour as entry, with the second year at \$40.10, and third year at \$41.51. Mr. Dietrich brought up other positions, whereas when Council was elected, we had discussed Mr. Beals getting an assistant. He is aware that Mr. Swim has lost several full-time employees and we have not replaced them. He understood the need and trusts the Administration, however, he felt there are other things and other people needing assistance too. He asked how this decision may affect those other things. Mayor Antoskiewicz indicated that it does not affect them at all. Also, that some of the things mentioned are being worked on. He went on to say it is about timing. Some of it is about trying to put things in place as we see the progression. We know some of the other departments definitely need the help and we are working our way toward that. There are plans to increase some of those numbers and we are trying to do it in a way that will keep us going. Mr. Dietrich mentioned a new City Planner, as well as past discussions about an assistant for Mr. Beals two years ago; which was put on hold because of Covid and finances. He expressed that now we have hired two other positions that are significant in pay, even if it is part time. Mayor Antoskiewicz clarified that Mr. Beals is looking at perimeters that he wants for that position. We are also looking at things in Recreation and this position will not prevent us from doing such.

Mr. Marnecheck moved to recommend to Council the approval of Ordinance 22-32 and 21-182. Ms. Barath seconded. All in favor. Motion passed.

**ADJOURNMENT**

Moved by Mr. Marnecheck, seconded by Mr. Wos to **adjourn the February 15, 2022 Finance Committee meeting**. Yeas: 3. Nays: 0. **Motion carried.**

**Meeting adjourned at 6:44 p.m.**



City of North Royalton  
City Income Tax Collections  
2/14/2022

**CURRENT MONTHLY RECEIPTS**

**Net Receipts**

	received in	
collections for the month of	January-2022	/ February-2022
	Regional Income Tax Agency	\$ 1,681,197.80
	Ohio Department of Taxation	\$ 109,474.28
		<b>\$ 1,790,672.08</b>

**Monthly Collection Detail**

	<b>This Year</b>	<b>Prior Year</b>		
	February-2022	February-2021	Difference	%
WITHHOLDING	\$ 1,043,261.41	\$ 824,417.32	\$ 218,844	27%
INDIVIDUAL TAXES	\$ 629,249.57	\$ 950,653.24	\$ (321,404)	-34%
NET PROFIT TAXES	\$ 170,907.08	\$ 51,787.90	\$ 119,119	230%
<b>TOTAL GROSS RECEIPTS</b>	<b>\$ 1,843,418.06</b>	<b>\$ 1,826,858.46</b>	<b>\$ 16,560</b>	<b>1%</b>
<b>3% withholding for collection</b>				
<b>fees</b>	(52,018.31)	(54,805.75)	\$ 2,787	-5%
legal fees/court costs	(727.67)	(1,055.44)	\$ 328	-31%
<b>TOTAL LEGAL FEES AND COLLECTION COSTS</b>	<b>(52,745.98)</b>	<b>(55,861.19)</b>	<b>3,115.21</b>	<b>-6%</b>
<b>TOTAL NET RECEIPTS</b>	<b>1,790,672.08</b>	<b>1,770,997.27</b>	<b>\$ 19,675</b>	<b>1%</b>

**Year to Date Receipts**

**Net Receipts**

Regional Income Tax Agency	\$ 2,946,804.78	
Ohio Department of Taxation	\$ 109,474.28	
Fiscal Year 2022	<b>\$ 3,056,279.06</b>	
Fiscal Year 2021	<b>\$ 2,725,159.46</b>	
Increase (Decrease)	<b>\$ 331,119.60</b>	<b>12%</b>



# City of North Royalton

Mayor Larry Antoskiewicz

**Jenny Esarey**

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**Finance Department**

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Date: February 11, 2022

To: Mayor and City Council

From: Jenny Esarey, Finance Director

Re: Working From Home and Income Tax Collection – Update

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President of Council, Paul Marnecheck, asked I provide The Finance Committee an update regarding Income Tax Collection with people working from home.

I was able to follow up with the City's Government Liaison from RITA, and following is the update provided:

- Information Provided to Eric Dean back in 2020 is still the information RITA is using for an estimate (for all cities)
- RITA recommended a Net Impact of 5% or 10% for the City of North Royalton
  - 5% Net Impact
    - Equates to 1.25% Increase or ~\$196,775
  - 10% Net Impact
    - Equates to 2.5% Increase or ~\$393,550
- Thankfully for North Royalton, RITA does not anticipate a loss at this time but a Positive Impact
- Calendar Year 2020 is still in Litigation (Including Buckeye)
  - RITA is not currently handling any litigation regarding these matters currently in litigation.
- The City of North Royalton has only 1 Pending Refund for 2020 and that totals \$359.67
- With regard to requirements for Employers for Withholding:
  - July 1, 2021 – Employers could make the adjustment and withhold for employees based on where they work
  - January 1, 2022 – Employers are required to withhold based on where the employees work

RITA said that until any refunds are filed, we won't know any actual figures, but RITA is estimating that this new requirement would be a positive impact for the City of North Royalton.

I look forward to our discussion at the Finance Committee Meeting.

Thank you!  
Jenny 😊