

**FINANCE COMMITTEE MINUTES
SEPTEMBER 19, 2023**

The Finance Committee meeting was held on September 19, 2023, 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; **Council:** John Nickell, Joanne Krejci, Jeremy Dietrich, Heidi Webber; **Administration:** Mayor Larry Antoskiewicz, Fire Chief Robert Chegan, Police Chief Keith Tarase, Finance Director Jenny Esarey, Law Director Tom Kelly; **Other:** Joel Spatz, Rick Esarey, Kathy Esarey, Kathryn Semo.

Mr. Marnecheck moved to excuse Ms. Barath from the September 19, 2023 Finance Committee meeting, seconded by Mr. Vos. Vote: Yeas: 2 Nays: 0. **Motion carried.**

Approval of July 18, 2023 Finance Committee minutes. Moved by Mr. Marnecheck, seconded by Mr. Vos. Vote: Yeas: 2 Nays: 0. **Motion carried.**

UNFINISHED BUSINESS

1. Monthly Finance report including tax collections status

Ms. Esarey reported that some collections were a little lower, however she is not concerned. This can occur at times, where one month may be a slightly down from last year, but then picks back up. She went on to say that we are still up 6% where we were last year. Even though we made a budget amendment for over \$200,000 to offset for expenses that were unknown, when we were doing the original budget, we are still over what our collections were. For the end of September, we should have been at 75%. Even with that budget amendment, we were at 77.7% for the General Fund. We are still doing very well for income tax as a whole. Another positive note was our year-to-date budget reports, whereas revenues are operating within what the budget was, and everyone is doing a great job with their budgets in operating within expenses. Through August, she felt we were doing really well. For September, we will see where we are for the first three quarters. She felt that everyone was trending in the right direction.

2. Overtime

Ms. Esarey advised that overall, we are doing well. We should be at 66% at the end of August, whereas we are at 52% overall. There were some departments that are slightly over. The departments are doing a great job at managing overtime.

3. Buckeye Institute's lawsuit – Kilgore case

No update.

4. Opioid Settlement

Mr. Kelly spoke to our outside counsel recently, who advised him that there is one small settlement coming. A group of pharmacies have arrived at a settlement; therefore, we have some anticipation on the small amount coming our way. Ms. Esarey added that to date, we received \$22,094.82. She recapped that Chief Tarase was still reviewing potential spending, which it would come back to Council for approval. We have not spent any monies to date.

5. Taxes for remote workers – news article

Ms. Esarey explained that House Bill 121 discusses the apportionment for remote employees. It still has not been finalized yet. She was unable to find that any verbiage has been changed. On a positive note, we have

seen some increase in our withholding due to our residents working from home; this may benefit us. Our net profit is not our largest source of income tax. She believed this would be a positive, or not a huge impact to us.

NEW BUSINESS

1. State Auditor Award

Mayor Antoskiewicz introduced Kathryn Semo from State Auditor Keith Faber's office, the Northeast Regional Liaison. Ms. Semo presented the State Auditor Award to the City of North Royalton, also to Jenny Esarey for all of the hard work that has been done for fiscal year 2022. They have roughly 6,000 entities in the state of Ohio, which very few are eligible for this award. She was pleased to be able to present this and wanted to recognize Ms. Esarey's hard work, along with the entire City. She congratulated Ms. Esarey.

Mayor Antoskiewicz added that approximately two years ago, Ms. Esarey was able to come in when things were chaotic and she did a lot of hard work to get things in the right order; she closed up many nights at City Hall. He expressed his gratitude for her hard work.

Ms. Esarey thanked the Mayor, especially her staff's efforts, and everyone's efforts in order to continue the success we have had. Also, in having nice, clean audits in moving forward.

2. Rumpke contract

Mayor Antoskiewicz explained that Rumpke is been experiencing some issues in the City that we had not experienced in the past, however we are having them now. He went on to say that we met with Rumpke last week, whereas the issues were different than what we had anticipated. Their problem is issues with their maintenance, their truck fleet; they are not short on drivers. They are having a tough time when trucks break down. Many things are still sixteen weeks out to receive parts, which is a big problem. They are also having a tough time finding qualified diesel mechanics; they are not able to find enough of them to do the work. They are looking to rent additional trucks to increase their fleet, and they are starting to rotate their mechanics in all of their different operations, so they can hopefully get work done properly.

The Mayor indicated the big issue is that Rumpke are missing one or two streets, which seems to be happening daily. They are out there; however, they miss streets and we receive phone calls. Basically, because of not having enough trucks, they are putting less trucks out that are required for the routes; they are not coordinating well. Rumpke is looking to start sending out supervisors or operations management to start checking on the routes throughout the day, to ensure the streets are getting done and if anything is being missed. We will schedule another meeting with them next week to receive updates. The Mayor felt this week has perhaps, been better. Many people are calling the Rumpke number; however, he would advise that Council tell residents to call the Service Department between 7:00 a.m. - 4:30 p.m., and also to leave a message if you must. That is the best way to address any issues. He noted that Ms. Andrasak (Amanda) is great about keeping the company informed directly and helps them stay on top of things.

Ms. Krejci commented that when she has issues, she always calls Ms. Andrasak herself, and she has always done a very good job. Often times, Ms. Andrasak has already addressed it, because someone else may have called her about it. She has been able to get answers from them quickly. Mayor Antoskiewicz mentioned that Rumpke also stated they have a lot of trucks on order. As we have witnessed, places do not have them yet. We are still waiting on three more plowed trucks, which they keep informing us it will be October now. The Mayor noted that he will probably put something out tomorrow on Facebook, so that people have been aware of what is going on. Ms. Krejci asked about renewing the contract with Rumpke for this year, she wanted to know when it comes up again, whether it is annually. Mayor Antoskiewicz indicated it would be renewing in the spring; May. The

hope would be that later this year, we would probably put out the RFQ's for bids and get started early to see what it is.

Mr. Dietrich offered a direct supervisor's contact information from Rumpke, as a backup if needed. Mayor Antoskiewicz noted it is probably the same individual that got a promotion, which we have a new contact person. He stated it is easier if everyone is contacting the same person, Ms. Andrasak, to keep from getting the same issues called by several people.

Mr. Wos wanted to know if we provided Rumpke with any problem areas to focus on, because in Ward 6 there is a specific stretch that they constantly miss. The Mayor noted if they are short one driver, it is probably that same area. He hopes that sending out the supervisors will alleviate the problem. We will find out next week if it is improving when we meet with them again. They are planning to bring in more mechanics from another location to assist them as well. Mayor Antoskiewicz concluded they are aware of the issues and are working on them.

3. Proposed legislation: Repealing Resolution 16-171 – Blanket Purchase Orders

Mr. Marnecheck explained that this is legislation 23-109, which is on the Council Agenda tonight. Mr. Kelly stated that the ordinance is intended to repeal 16-171, which established a sealing on super blanket purchase orders of \$40,000. Our Wastewater Department and our Service Department, with regard to chemicals and concrete, are regularly in excess of those numbers. Mr. Kelly commented that we are seeing that this limitation is just hamstringing our own people. It does not serve the purpose that may have been intended; whatever that might be. When Council approved the budget annually, the limit was set at the time, therefore there would be no reason in continuing to have this limitation in the way. He stated that Ms. Esarey discovers a lot of things, such as this. Apparently, it was in the audit, which they recognized we were not adhering to it according to the budget anyhow. He advised that this is a practical matter; housekeeping. He stated that we hope Council will see the merit to repeal Resolution 16-171.

Mr. Nickell asked if we are establishing a new limit. Mr. Kelly indicated that Council established the limit in the budget already; the limits are there when the budget was established. Mayor Antoskiewicz explained that at the beginning of the year when a purchase order is put in, they will usually give Ms. Esarey a PO for that blanket amount. Therefore, when they go throughout the year to get asphalt or concrete, they just use that purchase order; they do not have to keep writing up another one. He continued that Ms. Esarey would keep track of that number. Once they hit that limit, they would have to come back and we would have to do an amendment.

As discussion ensued, Ms. Esarey explained there are different policies in place with bidding and having our own internal purchasing policy. However, the bidding limit just got extended from \$50,000 to 75,000, from the state of Ohio, which would go into effect October 2, 2023. That is what our ordinances have in place and we follow the state rules. This entails different type items, for example the chemicals, the asphalt, and concrete for road repairs are different. If it is something that requires a bid, those will still come to Council. We are going to seek to update our policy as well. If it is under that bid amount, then we still want to make sure we have competitive pricing for other things.

Mr. Marnecheck stated that he believed this came about in 2016 for the finding in the audit. He expressed that he was not in a position where he was comfortable voting on this tonight. He believed the last time it was on our agenda was in 2016, which went three readings. He was not ready to remove that limit at this time. He desired to have a little more time on this.

Mr. Nickell wanted to clarify the state of Ohio recently changed their recommendations or their policy from \$50,000 and \$75,000. Ms. Esarey agreed. Mr. Nickell questioned if she was likely going to propose something to Council anyhow. Ms. Esarey clarified not in this circumstance. Our purchasing policy will be updated. She was working with the Law Department on updating that, and going over it with the Mayor to present it. Ms.

Esarey stated the current ordinance says that any department within one account number cannot issue one PO or multiple POs to the same vendor, for the same purchase, in an excess of \$40,000. At this time, our Service Department is being held up, because they bought enough asphalt that their multiple POs are now at \$40,000, therefore, she cannot issue them another PO. Wastewater is at the same limit with their chemicals; therefore, we cannot purchase more chemicals, because their PO's will exceed \$40,000; if we were to issue any more.

Mayor Antoskiewicz expressed that costs of everything have gone way up. He spoke of the State of Ohio. They have implemented where you do not have to technically bid it. He reiterated that bidding numbers have gone up, because everything has gone up. Almost all projects have gone up when we bid them out. He went on to say this falls in line with that. Mr. Nickell questioned who signs off on PO's, which would be Ms. Esarey and the Mayor.

Mr. Marnecheck stated if this piece of legislation were to be approved, the department could continue to come to Ms. Esarey for purchase orders until they reach the limit that their budget is. Ms. Esarey agreed. Mr. Marnecheck commented hypothetically, if their budget is ½ million dollars, they could continue to come for PO's up to that amount. Ms. Esarey concurred; for certain items. For other items, we would have to come to bid. For example, the sludge in Wastewater that came to Council last year, because that was something that needed to have further approval. Mayor Antoskiewicz reiterated that Council approved the budget at the beginning of the year. Council is approving that number that you are allowing them to go up to. Mr. Dietrich stated if Ms. Esarey has to sign off on it, he has no issue.

Mr. Kelly stated there are a couple of things involved here. The one thing that the auditor's office wants to make sure of, and also Ms. Esarey, is that we are not avoiding the bid limit or the bid requirement. Therefore, you can split a job into three different portions with the idea being that you can avoid the bid limit. We do not do that and we have never done that; we are not going to allow it. However, there are instances with vendors where we cannot order more concrete than we are going to use in one day. Without the ability to buy in installments as needed, we cannot function. Wastewater cannot function, Service Department cannot function effectively as well, without those opportunities. That is why we are trying to repeal this. Without repealing this, we end up in a circumstance where we are going to have to go back, revisit the ordinance, and fix a higher limit; which you have already set by the budget. He reiterated that the limit is already built into the budget. As long as nobody is attempting to avoid the statutory bid requirement, and nobody has been, we just buy concrete as we need it, or we buy chemicals where needed. There would be no reason why we should not recognize the limitations that Council has already placed by approving the budget.

Mr. Dietrich stated that as long as there is a cap, he did not see an issue at all; it is just an operating thing. He wanted a little more clarification, in which Mr. Kelly explained with the way it is written now, they have already reached their limits. Currently, Wastewater cannot buy any more chemicals. If they cannot buy the chemicals, they cannot treat the water. Mr. Dietrich pointed out that there is an urgency. Mr. Kelly concurred. Ms. Webber agreed, stating that it is a city functioning issue. They cannot manage and finish city projects, which is part of city functioning. Mr. Kelly agreed, to some degree. This has been ignored for the last four to five years. The auditor picked it up recently, which is why we are here. The fact is, Wastewater is going to get treated and we must have those chemicals. We want to do this in compliance with our ordinances to the degree that we are able to do so. Without approval, we are not going to be able to do that. Mr. Dietrich felt it was necessary to move forward on this. Ms. Webber was in agreement.

Mr. Marnecheck indicated he had sent Ms. Esarey an article on House Bill 263, which is the 70/70 plan. Mr. Marnecheck moved to add this bill to tonight's Finance Agenda, seconded by Mr. Wos. Vote: Yeas: 2. Nays: 0. **Motion carried.**

ADD HOUSE BILL 263 TO TONIGHT'S FINANCE AGENDA

Ms. Esarey reported that this was just presented on September 12, 2023, which we do not have a lot of information. However, they are looking to freeze property taxes for any residents that have lived in their homes

for 10 years or more, have an annual income of \$70,000 or less, and are at least 70 years of age; it is very specific. At this time, she was not able to provide how this may impact us, because we do not receive this type of data from Cuyahoga County. She was unsure if there would be traction; however, it has just been introduced into the House. This has not even been referred to committee as of yesterday. She will continue to monitor this and make sure we revisit this during Finance meetings. It could potentially impact us; however, she was uncertain.

Mr. Nickell wanted to know if Mr. Marnecheck was making any recommendation for 16-171. Mr. Marnecheck stated that he would like it to stay in committee. Mr. Dietrich inquired whether just the Chairman could make that call, if another member of the Finance Committee was interested in recommending this to Council. Mr. Wos agreed, stating that he would like to make the motion.

Mr. Wos moved to recommend Ordinance 23-109 to Council for approval. Mr. Marnecheck stated there has been a motion to recommend Ordinance 23-109 to Council for approval. He stated that hearing no second from a Committee Member, the motion does not carry.

ADJOURNMENT

Moved by Mr. Marnecheck, seconded by Mr. Wos to **adjourn the September 19, 2023 Finance Committee meeting**. Vote: Yeas: 2. Nays: 0. **Motion carried.**

Meeting adjourned at 6:37 p.m.