



CLEVELAND HEIGHTS

Monday, March 14, 2022 Minutes

CITY COUNCIL

6:33 – 6:50 p.m.

Vice President Cobb presiding

Roll Call: Present: Cobb, Cuda, Larson, Mattox, Moore, Russell
 Absent: Hart

Also Present: Hanna, Himmelein, Niermann-O'Neil

FINANCE COMMITTEE REPORT

RESOLUTION NO. 29-2022 (F), *First Reading*. A Resolution authorizing the Mayor to execute a contract with Guidehouse Inc. for consulting services related to the use of American Rescue Plan Act State and Local Fiscal Recovery Funding; and declaring the necessity that this Resolution become immediately effective as an emergency measure.

Legislation Introduced

Councilor Larson stated Council was advised, in the first presentation regarding the contract, that the payments to Guidehouse would be 2-3% of the total ARPA funds expended (not to exceed \$250,000) and she asked Finance Director Himmelein if the City would be invoiced by Guidehouse as the funds are distributed or if there would be a different arrangement for payments. Finance Director Himmelein stated the contract is a time and materials contract, so Guidehouse will bill them as their time is used. If the City doesn't end up using their services, they won't be billed.

Councilman Cuda asked Director Himmelein what amount of the ARPA funds would Guidehouse be overseeing. Director Himmelein stated about \$10.8 million, at the moment. He asked why there is a variable rate on the percentage (2-3%). Director Himmelein stated that was the quote she was given prior to the Statement of Work discussion she had with Guidehouse. She said the rate ended up at 2.5% based on Guidehouse helping oversee \$8 million. Councilman Cuda stated he feels uneasy when he sees a government grant and then these 'cottage industries' pop up. He said their job is to spend the money as wisely and as impactfully as they can. Guidehouse's job is to see if they can make money from it, they are for-profit. He would like to meet with someone from Guidehouse to interview them and get some information, citing the scant information on their websites. He wanted more of a comfort level with understanding why this is potentially worth \$250,000 and what the interactive process between Guidehouse and Council would be as they make

decisions about how the money is spent. Director Himmelein stated she has the proposal from Guidehouse that has a lot of the background information Councilman Cuda is seeking. She stated Guidehouse is also providing the same services to the cities of Akron and Dayton; Dayton is the city who bid out the service on behalf of the state. She will check with Guidehouse to see if someone will meet with Council. Councilman Cuda tried getting in touch with someone in Dayton who has worked with them but hasn't heard back yet. Director Himmelein noted she believes Guidehouse hasn't started work with either Dayton or Akron yet, as they just signed the contract.

Councilwoman Russell asked Director Himmelein if Guidehouse is overseeing \$10.8 million, why doesn't the resolution reflect that amount? Director Himmelein stated they took out the part regarding Guidehouse overseeing sewer projects because the City doesn't believe they need help with that. Also, if Council agrees with the allocation of \$10 million revenue replacement, that amount comes out as well. There has also been an ask by Public Works to allocate \$2 million more to sewer projects. The amount was not put in the legislation because the final number hasn't been established yet by Council. Councilwoman Russell asked about the \$5 million allocated to the Noble/Taylor area and Director Himmelein stated those would be included and Guidehouse would help oversee those funds. Councilwoman Russell asked if there would be a final number eventually of what they will be overseeing. Director Himmelein stated the number also depends on if there is a program that Council doesn't want Guidehouse's help with, then Guidehouse won't help.

Councilor Moore asked what would happen if they didn't have a consultant. If they were to allocate some funds and spend them, and the federal government later deemed the spending as not in compliance, what would be the consequences? Director Himmelein stated the federal government could ask for the money back and they would have to repay it, but that would be worst case scenario. She also stated they could have some audit findings if it's audited, which could have future implications for future grants. Councilor Moore asked if the consulting firm offers any type of guarantee or safeguard so that doesn't happen or are they only providing expertise? Director Himmelein stated that it's more about providing expertise, Guidehouse doesn't offer any type of guarantee, however, Director Himmelein believes she would provide the oversight for them and she has an audit background and experience with grants and she feels competent to oversee their work.

Vice President Cobb asked if it would be possible if they could have someone from Guidehouse attend a Zoom interview at the next Committee of the Whole Meeting on the 21st. Director Himmelein stated she would ask but it might be short notice. Vice President Cobb asked when they are voting on the legislation. Director Himmelein confirmed the expectation was to vote on the legislation next week.

Councilman Cuda asked if the \$10 million revenue replacement was what was accumulated over the last two years. Director Himmelein stated the United States Treasury, which oversees the grant, came out with their final guidelines that changed the rules. Previously, the city was not eligible because they didn't lose any money over the past two years. Now, she stated the City doesn't have to prove they lost \$10 million, the government will give them \$10 million as a standard amount. Councilman Cuda asked how the money will be budgeted. Director Himmelein stated that, after discussing with President Hart, she believes it will be similar to what was done for the sewer project, where Council will allocate a standard deduction for revenue replacement. She stated the money is not in the general fund, it still has to be reported to the auditors and it is still audited as

federal money, it's just in a different program. She also stated the guidance she has to follow for the money is less restrictive. She stated the money is in an ARPA fund, a local fiscal recovery fund. She confirmed it can be spent more like general fund money. Councilman Cuda stated he is feeling in the dark about this money. He said if they take the money, there needs to be a conversation about how to spend it. Director Himmeltein stated those details have not yet been worked out because Council hasn't yet created allocations. Councilman Cuda asked when would they actually get the \$10 million dollars. Director Himmeltein stated part of it is already sitting in the bank, waiting to be allocated, and they would get the remainder in May.

Councilor Larson asked Director Himmeltein if they would be able to get periodic reports to see where the funds are going. Director Himmeltein said she can easily print out a report to show where the money has gone.

Councilwoman Russell asked if Guidehouse would help with the \$1 million allocated for business owners. Director Himmeltein confirmed they would help with that as well. Director Himmeltein confirmed that Council would approve what programs the money would be used for and Guidehouse would help develop guidelines to run the programs.

Councilwoman Russell stated the Noble/Taylor meeting yesterday was a huge success. Councilman Cuda was there. The residents broke up into groups and they came up with their wish lists for the ARPA funds and they will be ready to report once she gets a date from President Hart for the finance committee. She stated they also had a person from the county at the meeting who could tell the residents and business owners what would actually fit in the ARPA guidelines and what wouldn't. The residents also want to present a full wish list so Council knows what they want in their community for the next four years and guidelines for how Council can achieve those things.

Councilwoman Russell stated she thinks Council needs to come up with a code of conduct in reference to what happened to her last Monday. She wanted to make sure Council treated each other with respect, as well as the residents of Cleveland Heights. She wanted to make sure all of Council respected one another.

Law Director Hanna raised a point of order and stated Councilwoman Russell's discussion about yesterday was related enough to the topic of this special meeting but everything else is outside the scope.

NEXT MEETING OF COUNCIL: MONDAY, MARCH 21, 2022

Respectfully submitted,



Melody Joy Hart
President of Council

Amy Himmeltein

Amy Himmeltein
Clerk of Council