



# FLAGEL HUBER FLAGEL

Certified Public Accountants | Business Advisors

## SPOTLIGHT: R.K. HYDRO-VAC, INC.

### OWNERSHIP TRANSITION TO ESOP BUILDS VALUE

*With hard work, grit, and a belief that the future of the company should belong to their employees, R.K. Hydro-Vac, Inc. (RK) worked with Flagel Huber Flagel (FHF) to transition ownership to an ESOP.*

Rocks on a flat roof are a necessary component for ballast roof systems. When a new roof is needed, the old rock needs to come off first. When R.K. Hydro-Vac, Inc. was founded in 1981, wheelbarrows and shovels were used by the two original owners to remove roof rock the old-fashioned way. As the business grew, the founders developed the vac-truck to automate rock removal. Growth continued, and today RK is a multi-million-dollar company with 160-employees and regional offices in Ohio, North Carolina, and Pennsylvania.

Nicole Doseck, Controller for RK, says, "Our founders created such a great business and an amazing culture. In 2017, when they decided to move on from the business, they didn't want to sell to a random company who would not appreciate what they had created. They decided an ESOP was the best path forward to ensure RK would always belong to the people whose hard work built the company."

Accounting partner, FHF, helped them make the transition. Derek Koester of FHF, shares, "It needed to make financial sense, but for the founders it wasn't just about the money. They wanted to make sure that the company they created stayed local, and that the employees would be taken care of and have good jobs well into the future."



RK Fleet



Roof Vac In Process

Koester continues, "At the time of the transition, there were six owners overall. ESOP transitions can be complicated on their own, but with six owners it was even more complex to structure a deal that made everyone happy."

In 2019, R.K. Hydro-Vac, Inc. officially became 100% employee owned.



- *Founded in 1981 with just a few shovels and wheelbarrows, R.K. Hydro-Vac, Inc. has grown into a roof vacuuming & preparation leader.*
- *For 15+ years Nolan Giere & Company (who merged with FHF in 2021) has worked as RK's accounting partner.*
- *Beginning in 2017, FHF worked to help RK transition ownership to an ESOP.*
- *In 2019, RK is fully employee owned, ensuring it will always belong to the people whose hard work built the company.*



Vac Truck

- *Today, RK is a multi-million-dollar business with 160 employee-owners and regional offices in OH, NC and PA.*

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### CREATING AN OWNERSHIP MINDSET

From an accounting perspective, some things are new. Says Doseck, “ESOPs are just different than anything else. We were so green - we had no idea how much we had to learn. They (FHF) saw the path that we needed to go – and they led us. They were always one step ahead.”

“We have to do our valuation statements every year. Derek and the team at FHF do amazing work. Their prelims are so good that it speeds up the valuation process. For 2022, we’ve had our ESOP statements done since mid-April – which is amazing. It speaks super highly of the job they do for us.”

The move to an ESOP is having the effect the founders intended. Says Doseck, “Being owners gives you a different drive. We have been able to maintain the same amazing culture that our founders built, but everyone is even hungrier now. The ESOP has given us a unique opportunity to have ownership in RK while we honor the vision to solidify RK as a leading employer in our communities and the nationwide leader in roof vacuuming and preparation services. We couldn’t have done this without the expertise of Derek and the team at FHF.”

Koester adds, “From our perspective, the employees we’ve worked with at RK have always behaved like owners. With the ESOP transition, the founders were hoping to instill that ownership culture in every employee throughout the organization, and it is exciting that it is becoming real.”

*NOTE: FHF and Nolan Giere & Company merged in 2021. Even prior to the merger, both Nolan Giere (RK’s accounting partner) and FHF (RK’s ESOP auditor) were key partners to RK. Says Doseck, “When we found out they were merging, we actually high-fived! We are thrilled that these two companies of hard-working experts are now one.”*

*Between them, FHF and Nolan Giere have over 150 years of demonstrated success in helping businesses and individuals build lifelong prosperity in SW Ohio.*



**Are you considering an ESOP as an ownership transition option?**

**FHF’s Derek Koester, says, “Give us a call. We’d love to talk about how we might be able to help.”**

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