

THE HEART OF CUYAHOGA COUNTY

**6800 Brecksville Road
Independence, Ohio 44131
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MEMORANDUM

To: Mayor Gregory P. Kurtz
Members of Council

From: Finance Director Vernon Blaze

Date: Friday, April 16, 2024

Re: Finance Office and Related Topic Updates

First Quarter Departmental Operating Budget Results

First Quarter (Q1) Departmental Operating Expense results were provided this week to Mayor Kurtz, Members of Council and Department Directors.

Directors were encouraged to compare Q1 Actual Results to budgeted/appropriated amounts to ensure that operating accounts within their departments are tracking as planned and projected.

On a macro level, Q1 Departmental Operating Expenses were almost \$7.25 million.

If those expenses tracked linearly through the rest of the year, they would then be on track to total approximately \$29 million (\$7.25 million times four).

Some departments and accounts within those departments incur costs and expenses at a fairly linear rate all year. But others experience significant swings between a “high” season of expenses (for example, the Recreation and Community Services Departments during the summer months due to a large

First Quarter Operating Budget Results - Continued

number of summer seasonal employees) and a “low” season of expenses (for example, no outdoor pool expenses over the winter months or no road salt expenses during the summer months).

\$34.8 million was budgeted/appropriated by Council in 2024 for these Departmental Operating Expenses.

Therefore, a current projection of that figure totaling approximately \$29.0 million by the end of 2024 means that the City is tracking approximately \$5.8 million under budget for these Departmental Operating Expenses through the First Quarter of 2024.

Macro Economic Trends

The challenge that Mayor Kurtz and Economic Development Director Hyser have in attracting new businesses to Independence is highlighted by a recent Moody’s Analytics/Wall Street Journal assessment.

That assessment studied “Job Growth” in metro areas across the country from 2021 through 2023.

Three of the top four job growth markets in the country were in Florida and most of the Top Ten were in the south and west (The first sentence in the article actually reads “*Follow the mountains and sunshine for the best job markets in America.*”)

The best Ohio showing was the Columbus region, coming in tied for 33rd. Cleveland? Tied for 49th.

This highlights that companies moving to Independence, while a gain for our city itself, are generally moving here from within the Northeast Ohio region, for no new “net” gain of jobs within the region.

It’s substantially just a “re-shuffling of the same deck,” not substantial new job growth to the Northeast Ohio region as a whole.