



**THE HEART OF CUYAHOGA COUNTY**

**6800 Brecksville Road  
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**MEMORANDUM**

To: Mayor Gregory P. Kurtz  
Members of Council

From: Finance Director Vernon Blaze

Date: Friday, March 1, 2024

Re: Finance Office and Related Topic Updates

**Finance Committee 2024 Budget Meetings**

Operating Budget

Council's Finance Committee continued with its more detailed review of the 2024 Budget (Appropriations Ordinance) at this past Tuesday's meeting.

The Directors that did not present on Thursday, February 22 presented at Tuesday's meeting. Mayor Kurtz, Council and the various Directors reviewed departments' 2023 and previous years' Actual Expenditures (*"Where we've been"*) as well as their 2024 Operating Budgets (*"Where we hope to be"* this year).

A few more various Operating Budget related expenditures will be reviewed the next time the Finance Committee meets, and then it will be on to the Five-Year Capital Improvement Plan (CIP).

## Five-Year Capital Improvement Plan (CIP)

The Five-Year Capital Improvement Plan (CIP) is a very important document as it is a roadmap for how the City intends to invest in the neighborhood of \$50-to-\$60 million+ over the next five (5) years in departmental capital purchases (eg. Police cars, ambulances, fire trucks, snow plows, garbage trucks, etc.), departmental capital projects (eg. The Community-Civic Center kitchen renovation project; The outdoor bocce ball courts/pavilion renovation project) and infrastructure projects (Roads, sidewalks, sanitary sewers, storm sewers, water lines, drainage issues, etc.).

Directors are now commencing the task of updating the capital plans for their respective departments for the years 2024 – 2028.

When those updates have been roughed in, the various Directors will meet with Mayor Kurtz to review their projected capital needs and infrastructure projects (Engineering/Don Ramm).

After that process is completed, Council's Finance Committee will be ready to schedule meetings to have the various Directors appear once again like they did with their Operating Budgets, and review, discuss, debate and prioritize their capital and infrastructure needs going forward.

This will be a very important process, as in 2021, 2022 and 2023, the City internally generated between \$12.4 million and \$15.0 million/year to allocate for capital purchases/projects and infrastructure projects.

That is a very solid range of internally generated funds to be able to allocate for these purposes – for sure. But the outstanding issue is that the latest version of the CIP contains \$21.2 million and \$26.0 million of capital/infrastructure requests in just 2023 and 2024 respectively, alone.

That has left a multi-million dollar “gap” between what was and is hoped to be done as far as capital and infrastructure and what can be paid for with internally generated funds without borrowing.

### Five-Year Capital Improvement Plan (CIP) - Continued

That is why it is not only important for this CIP *update* process to take place, but even more important will be the *prioritization* process that will take place after that *update* process.

Decisions have to be made as to priorities, needs and wants, and whether or not the City wants to delay/defer various purchases/projects? Or borrow to make up the gap and complete some of these purchases/projects sooner?

Serving in a public and/or elected office oftentimes consists of the “blocking and tackling” basics of sound budgeting, but also prioritization and making the difficult decisions about how to allocate the City’s financial resources.

Economics has sometimes been defined by the simple phrase “*Allocating scarce resources*,” and that’s exactly the task ahead in this CIP process.

While Independence is blessed financially, its financial resources are not “unlimited.” Some would say that Independence’s financial resources are not “scarce” either, but the use of that word in the definition of Economics simply means that those “scarce” resources are not “unlimited.”

### Municipal Income Tax Case

From the Regional Income Tax Agency (RITA):

The Ohio Supreme Court issued its opinion in the Schaad v. Alder case on February 14<sup>th</sup>, 2024, related to Tax Year 2020 work from home withholding and refunds.

The Ohio Supreme Court ruled that the temporary law enacted by the General Assembly in response to the Covid-19 pandemic that permitted employers to withhold municipal tax for employees’ workplace municipalities while employees worked from home, *was constitutional*.

Therefore, Ohio taxpayers who sought a refund of the municipal tax paid to their workplace municipalities in 2020 while working from home will *not* be eligible for refunds (For 2020).