



THE HEART OF CUYAHOGA COUNTY

**6800 Brecksville Road
Independence, Ohio 44131
216.524.4131**

MEMORANDUM

To: Mayor Gregory P. Kurtz
Members of Council

From: Finance Director Vernon Blaze

Date: Friday, November 10, 2023

Re: Finance Office and Related Topic Updates

2024 Annual Appropriations Ordinance and 2024 – 2028 Five-Year Capital Improvement Plan (CIP)

Most/All directors should have met with Mayor Kurtz by now to review and discuss proposed 2024 Operating Budgets for each department.

A number of them have been submitted to the Finance Office already. As soon as the remaining departments' proposed 2024 Operating Budgets get submitted to the Finance Office, we will compile and integrate all of them into a document that can be used when 2024 Budget Meetings with Council are scheduled and held.

Some form of a 2024 Annual Appropriations Ordinance needs to be in place by January 1, 2024, and will therefore need to be adopted by Council prior to year-end.

The Finance Office will also have a final Amendment to the 2023 Annual Appropriations Ordinance to be placed before Council either at the December

2024 Annual Appropriations Ordinance and 2024 – 2028 Five-Year Capital Improvement Plan (CIP) - Continued

12, 2023 Council Meeting or at a Special Council Meeting to be scheduled sometime between December 12 and December 29.

As part of the upcoming 2024 Operating Budget Meetings or in addition to them, the Five-Year Capital Improvement Plan (CIP) will also need to be discussed, debated and updated.

The current version of the CIP was adopted by Council in August of last year – 2022.

It should now be updated to reflect the years 2024 – 2028.

That updating process will be complicated by three factors:

1. Years 2023 and 2024 on that 2022 CIP version listed millions of dollars more in capital acquisitions and infrastructure projects than could be funded with internally generated funds.
2. Inflation since 2021 has significantly increased the cost of capital purchases and infrastructure projects. Many amounts currently listed will likely have to be updated to reflect more accurate, higher costs.
3. Supply-chain issues since 2021 have extended purchasing lead times so that oftentimes large expenditures of funds have to be committed to in one fiscal year (and available when that commitment is made) but won't be paid out until subsequent ones.

Economics is sometimes referred to at least in part as “*the allocation of scarce [finite] resources.*” Even in the most profitable private sector enterprises, although “*plentiful,*” financial resources are still not “*infinite.*”

Both upcoming 2024 Operating and 2024 – 2028 Capital Budgeting processes will play out exactly as the one quote from above states – the process of “*allocating scarce [finite] resources.*”