

City of Independence, Ohio

"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, July 16, 2021

Re: Finance Department Updates

American Rescue Plan Act (ARPA) of 2021

By filing the application for funding quite early in the process, the City was notified earlier this week that its registration has been approved by the Ohio Office of Budget and Management and that \$375,794.43 in ARPA funds should be received by the end of July. If all stays on track, a similar amount will be received sometime in 2022.

This is a little over half of the \$1.4 million originally projected to be received by Independence, but it's still funding that wasn't expected, similar to the 2020 CARES Act funding received.

The use of the ARPA Funds is limited, but five (5) broad categories of uses are identified in the Act as permissible:

- To support public health expenditures
- Addressing the negative economic impacts caused by the public health emergency
- To replace lost public sector revenue
- To provide premium pay for essential workers
- To invest in water, sewer, and broadband infrastructure

The Finance Office will ultimately apply the funds as agreed to and directed by Council and Mayor Kurtz.

Finance Department Staffing

Renee Krysiak, who has worked for the City in a number of capacities, most recently and the longest in the Finance Department, is going to reduce her hours while she trains Anissa Hansen on some of the particulars of her position.



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Finance Department Staffing

Anissa has most recently worked part-time in the Service Department, and will work a relatively similar amount of hours here in the Finance Department.

Once Anissa is “up-to-speed” on everything and is comfortable with her knowledge of the position, Renee will then begin to enjoy more time with her children and grandchildren.

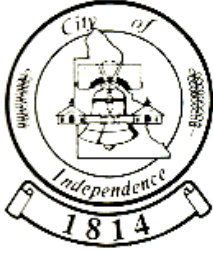
We thank Renee for her service to both the City and the Finance Department over those 18 ½ years. Renee was very reliable and consistent, which is appreciated from a management standpoint.

Finance Department Focus – Second Half of the Year

With one half of 2021 behind us already, the second half of 2021 comes more into focus. The following is not an all-encompassing list, but it does provide a broad outline of some of the issues that the Finance Department Team will be focused on these next six months:

- Updating the 2021 – 2025 Five-Year Capital Improvement Plan (CIP)
 - Adding the year 2026 to create the 2022 – 2026 CIP
 - Work with the Administration and Directors to update
 - Present to Council for deliberation and adoption

- Make a decision on what direction to go in regarding some long-term debt that is eligible for pre-payment without penalty later this year
 - Present options to the Administration and Council
 - Just pay the debt due in 2021
 - “Refinance” the debt and lower the interest rate on it
 - Use Cash to pay off the amount eligible for pre-payment without penalty
 - Given the City’s current cash position, this option still has the most appeal
 - The City is receiving no more than a 0.60% yield on its investments right now, with much of the investment portfolio earning much less than that
 - The debt eligible for pre-payment without penalty is costing the City in excess of 3.50%
 - An argument can then be made that the best use of the City’s cash right now is to pay off higher interest rate debt as current investment yields aren’t anywhere close to the interest rate on the debt



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Finance Department Focus – Second Half of the Year Continued

- Assist Mayor Kurtz and Council with deciding how to allocate the \$375,000 in American Rescue Plan Act (ARPA) funds
 - These should be direct deposited into one of the City's accounts with Independence Bank by the end of this month
- Keeping a watchful eye on Municipal Income Tax Revenue (MITR), pending bills introduced in the Ohio General Assembly and related court cases as this issue of how and where local income gets taxed gets sorted out
 - The City goes into this time period with a strong cash position, but the forward-looking uncertainty is reason to keep a watchful eye on how various aspects of this issue develop
- Commence work on the 2022 Annual Appropriation Ordinance
 - Work with Mayor Kurtz and Department Directors on staffing and other operational needs going forward
 - Prepare a draft of an outline of a 2022 Budget/Appropriation
 - Present to and discuss with, Council and the Mayor
 - Make any necessary revisions
 - Place on a Legislative Agenda for Adoption
 - The timing of this event later this year is predicated on the outcome of the November election
 - If the 2022-2023 Council consists of anyone different than the current members of Council, they will be intimately involved in the process in November and December
 - The vote on the 2022 Annual Appropriations Ordinance may not be held until the Organizational Meeting right after January 1, 2022