



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, June 24, 2022

Re: Finance Office and Related Topic Updates

2022 – 2026 Five-Year Capital Improvement Plan (CIP) Update

Mayor Kurtz and Engineer Ramm met recently and were able to review infrastructure projects that are currently listed in the 2022 – 2026 Five-Year Capital Improvement Plan (CIP).

As a result of that meeting, some material modifications can be proposed to the current CIP draft.

By year, financial implications of the draft modifications are as follows:

<u>Year</u>	<u>Financial Implication</u>	<u>Cumulative Financial Implication</u>
2022	- 2,865,000	- 2,865,000
2023	- 8,850,000	-11,715,000
2024	+7,765,000	- 3,950,000
2025	- 2,150,000	- 6,100,000
2026	- 1,200,000	- 7,300,000
2027	+1,200,000	- 6,100,000

Being able to reduce the cumulative infrastructure financial needs by \$6.1 million over six years is an excellent start.

Being able to reduce the cumulative infrastructure financial needs for 2022 and 2023 by \$11.7 million is even better – for the near-term.

The cumulative impact of these proposed modifications is that the CIP is now closer to being “balanced” without having to seek additional financing sources outside of internally generated cash flow – at least for 2022 and 2023. “Closer,” but not quite there yet.



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2022 – 2026 Five-Year Capital Improvement Plan (CIP) Update – Continued

Based on Mayor Kurtz's and Engineer Ramm's recent review of the current draft of the CIP, it appears that the near-term goal will be to get years 2022 and 2023 "Balanced" so that listed infrastructure projects in those two years can be completed without any need for additional financing sources outside of internally generated cash flow.

If that can be accomplished, the 2022 – 2026 CIP can then be placed before Council for its review, discussion and approval, with the knowledge that the future years beyond 2023 (2024 and out), likely feature more infrastructure projects than can be funded with projected internally generated cash flow.

Since 2023 is an Election Year, years 2024 and out can be firmed up after November of 2023 when the 2024 – 2025 Leadership Team will have been chosen by the electorate.

In Summary:

- Material modifications to the current draft of the 2022 – 2026 CIP have been roughed in.
- Some additional review of it is still required – namely for 2022 and 2023 in the near-term.
- When that process is completed, that draft of the CIP can be presented to Council for its review, discussion and ultimate approval.
 - The near-term goal appears to be to get years 2022 and 2023 so that there won't be any need for additional financing sources outside of internally generated cash flow in those two years.
- Mayor Kurtz and Council can acknowledge at the time of the adoption of the 2022 – 2026 CIP that although progress was made in reducing the financial implications of infrastructure projects in years 2024 and beyond, significant additional work on the 2024 – 2028 CIP will be needed by the Mayor and Council elected in November of 2023.

Some Final Quotes From a Recent George Will Column In the Washington Post

- *"Napoleon was a war savant who understood the perils of tentativeness."*
- *"...the military and diplomatic dangers of hesitancy are mounting."*
- *"But the battlefield matters first and most in determining – and defining – victory."*
- *"There is no substitute for victory."*