

MEMORANDUM

To: Mayor Gregory P. Kurtz
Members of Council

From: Finance Director Vernon Blaze

Date: June 26, 2020

Re: Finance Department Updates

CARES Act Funding

The City should be receiving its just under \$120,000 allocation (\$119,818.82) in CARES Act funding from Cuyahoga County next week. This funding flowed from the US Treasury to the individual states, and Ohio chose to disseminate it to local governments via the 88 counties in Ohio.

Initial indications were that there were only three primary criteria that expenditures related to the COVID-19/Coronavirus had to meet for this relief funding to be able to qualify. However, as is typical when it comes to government funding, the “strings” attached to this relief funding seem to have grown both in number and complexity.

In fact, in this week’s Mayors and Managers Association conference call that Mayor Kurtz and I participated in, there was a real sense of concern amongst the mayors and city managers that participated in it regarding the many restrictions and technicalities surrounding how this relief funding can be utilized and spent by local municipalities.

So much so that the take-away action item was for the association to quickly and collectively mobilize and reach out to the Auditor of State’s Office and the State of Ohio Office of Budget and Management via local elected state representatives and senators. The goal is to get guidance from these two entities that is not only easier to understand, but more definitive too.

Municipalities are being told that all of them will be audited regarding how the relief funding received was used, and mayors, city managers and finance directors would like a little more assurance on the front end that they will be utilizing these funds correctly, and not find out during a 2020 audit in 2021 that they didn’t comply with some of the more complicated technical requirements or ones that were not clear.

The Mayor’s Office and the Finance Department will keep Council abreast of how Independence’s \$120,000 allocation ultimately gets utilized. I suspect that Mayor Kurtz will likely wait to see if more definitive guidance is obtained from the Auditor of State’s office and the Office of Budget and Management before making any major decisions on how these funds will be allocated.

Municipal Income Tax

The other major topic of concern on this week's Mayors and Managers Association conference call was the current laws surrounding how local cities and villages tax residents and people who work in those municipalities but don't live there.

There is a real concern amongst local mayors and city managers regarding how the past model worked from both practical and legal standpoints vs. what that model might look like going forward given what has transpired over the last few months – many office-type positions being performed from remote locations and not in dedicated physical offices.

The take-away action item from this discussion was that instead of sitting back and “waiting to see what happens,” the local mayors and city managers are again going to collectively mobilize and pro-actively meet with the appropriate Columbus decision makers to begin a discussion on how this local taxing issue can be addressed.

As has been written here a number of times since March, this issue could have a material impact on local governments and their largest revenue stream – municipal income taxes.

Initial Look at July Council Meeting Legislation

Looking ahead to the July Council Meeting, the Finance and Economic Development Departments will likely have a number of ordinances or resolutions on the Legislative Agenda, including, but not limited to, the following:

- Legislation on First Reading authorizing the sale of Bond Anticipation Notes (BANS)
- Legislation on First Reading authorizing the conversion of the City's current BANS to Bonds
- Legislation authorizing the creation of a Coronavirus Relief Fund to receive the almost \$120,000 that will be received as noted above
 - The establishment of this fund is one of the CARES Act requirements
- Legislation authorizing the retention of CBIZ to act as an insurance broker and risk management advisor for the City's property and casualty insurance
 - The city's primary insurance policy expires annually in mid-late August
 - During July, CBIZ will be able to obtain renewal quotes from various insurance providers
 - Legislation will follow for the August legislative Agenda to accept the most competitive quote
 - During July, a Finance Committee Meeting or Council Workshop will likely be scheduled to discuss the insurance renewal process
 - Included as an agenda item at this meeting will also be a discussion similar to last year about the pros and cons of the City obtaining a General Liability Insurance policy as well
- Legislation proposing a job relocation/creation grant for a business proposing to relocate part of its operations to Independence