



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, October 29, 2021

Re: Finance Department Updates

Organizations on the Move

It was just in May that the City received word that an operations center of the Cleveland Clinic was going to permanently vacate the majority of its Independence office space across the street from City Hall.

Then came word this week that Kichler Lighting was going to vacate its significant warehouse and office space on East Pleasant Valley Road.

Both entities are significant Independence income tax payers – mostly through the withholding of it from employees – and both cited the success of the remote work model commenced in the spring of 2020 when COVID-19 sparked a “new way of doing business.”

In Kichler’s press release this week, some of what was said about remote work included:

- *“Changes include an employee-supported shift to a flexible work culture...”*
- *“Many Kichler Lighting employees have been working remotely with significant success since the start of the pandemic.”*
 - *“Productivity has remained constant, and employees have indicated a preference for this new way of working.”*
- *“The events of the past year have provided a unique opportunity to test remote work – and we’ve seen that the company operates quite effectively.”*
- *“We firmly believe making a permanent change to a flexible workforce will help Kichler Lighting attract and retain top talent locally and beyond, as well as increase our company’s competitive edge.”*

It’s not known if major announcements like these two will become more common-place going forward as leases get closer to expiration dates? Or if there will be occasional announcements



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Organizations on the Move - Continued

like these two, but most organizations decide to continue operations more like in the past, with most/all employees working out of a designated office?

No matter what happens, the City being able to adapt and adjust to the new "remote" model is imperative just in case there are more Cleveland Clinic and Kichler type decisions and announcements in the future.

Two significant adaptations that the City will have to prepare for are:

1. The possible need for less office space going forward.
2. The possible receipt of less income tax revenue going forward if it is deemed that local income taxes will be routed to where the work is actually being produced instead of where the employer is located.

So far, the bottom does not seem to be falling out of the local economy for Independence. Local building owners and the City have been successful in attracting new office-type tenants to Independence.

Welty recently announced a new corporate headquarters building for CBIZ, the space CBIZ will be vacating will be back-filled with a new business to Independence, and Welty was back before the City recently requesting approval for an additional floor to be added to the proposed building.

Council also approved the framework of a development proposal for Downtown Independence just today. If it comes to fruition, it would feature significant new office space complimented with some supportive retail uses, and rounded out with a significant residential housing component.

Change is the one constant in life. Change in the business and economic worlds has been material and fast for some time now, accelerated by technological advancements.

A recent observation by an Independence resident is 100% applicable to what is experienced in managing and leading a city during these dynamic times: *"The older I get, the faster time seems to go!"*