



# 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: July 24, 2020

Re: Finance Department Updates

### **Capital Improvement Plan (CIP)**

The Finance Department took the current version of the Five-Year Capital Improvement Plan (CIP) (2020 – 2024) and:

- Added Calendar Year 2025 to it
- Added a line/section for “Property Acquisition”
- Noted some overall dollar-limit guidance on it to initially frame the discussion as to how many capital items can be funded/purchased and infrastructure projects completed with either cash-on-hand or funds available from a given year’s projected revenue

Each Department Director was provided a copy of their respective department or building(s)/properties they are responsible for. Each will:

- Review what capital items got purchased or will still get purchased or funded in 2020
  - Note which 2020 capital items did not get purchased or funded and likely won’t
- Review what infrastructure projects got completed/funded or will be completed/funded in 2020
  - Note which 2020 infrastructure projects did not get completed and likely won’t
- Review current requests for Calendar Years 2021, 2022, 2023 and 2024
  - Amend, adjust and modify as needed based on any changed circumstances since 2019
- Develop a list and associated costs for projected Calendar Year 2025 capital purchases and infrastructure projects



## City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

Department Directors will work on the above with the Finance Department as needed, and were asked to have this initial review and update completed by late August.

After that initial round of modifications and amendments is completed, the Finance Department will compile all of the submittals into an initial Draft 2021 – 2025 CIP.

That initial Draft version will then serve as the focal point for discussions between Mayor Kurtz and individual Department Directors in September+-. They will be able to discuss in detail all of the requested capital purchases and infrastructure projects for Calendar years 2021 – 2025, and narrow those requests to what can reasonably be funded.

That last part is important, as the current 2020 – 2024 version of the CIP appears to contain multiple millions of dollars more in capital purchases and infrastructure projects than can be completed and purchased with either cash on hand or anticipated available revenue.

Based on the cash-flow statements developed for the last few years, it is clear that the City can internally fund in the \$9 - \$10 million/year range of capital purchases and infrastructure projects. Anything above that general range would have to either be borrowed or paid for with cash on hand, and not funds derived in a respective year.

The current 2020 – 2024 version of the CIP notes between \$18 and \$24 million in capital purchases and infrastructure projects in 2020, 2021 and 2022. Therefore, its usefulness as a reliable planning document has been diminished somewhat since that range is well above what can reasonably be funded with internally generated cash.

Unless all eight of you (Mayor Kurtz and Council) decide that you want to engage in another round of significant borrowing to fund all of the capital items and infrastructure projects listed in the current 2020 – 2024 version of the CIP, the 2021 – 2025 version needs to have a sharpened pencil taken to it.

That is the Finance Department's goal – to present to Council sometime in October or early November, a 2021 – 2025 CIP that is more realistic and therefore can be relied upon and actually utilized, instead of it being more of a "wish list" type document.

If we can stay on that schedule, that will allow Council enough time to discuss and debate the 2021 – 2025 CIP and still be able to adopt it at the December 2020 Council Meeting.