

CINCY ON TRACK

Critical Infrastructure Plan

October 3, 2023

Agenda

- **Overview**
- **Project Eligibility and Infrastructure Trust**
- **Cincy On Track**
- **Other Financial Implications of Proposed Sale**

Overview

On November 7, 2023, at the General Election, the electors of Cincinnati will decide whether to approve the sale of the Cincinnati Southern Railway (CSR) for an approximate \$1.6 billion.

In a recent assessment it was determined that the City's unmet need for existing infrastructure improvements is estimated to be nearly \$500 million.

Addressing deferred capital maintenance and increasing resources for it is one of the greatest financial and operational challenges faced by the City.



An aerial photograph of Cincinnati, Ohio, showing the downtown skyline with various skyscrapers, including the U.S. Bank Tower. The city is situated along the Ohio River, with a bridge visible in the distance. A semi-transparent white banner is overlaid across the middle of the image, containing the text "Cincy on Track".

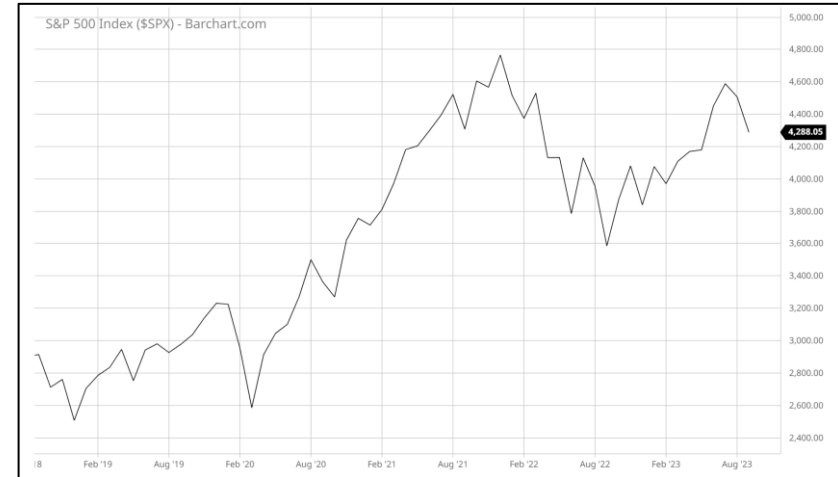
Cincy on Track

An aerial photograph of a dense urban neighborhood, likely Cincinnati, showing a mix of brick and multi-story buildings. A semi-transparent white rectangular box is overlaid in the center of the image, containing the main title text. The background shows a variety of architectural styles, including older brick structures and more modern buildings, with some trees visible in the foreground and between buildings.

Investing in Existing Infrastructure Means Investing in Equity

Infrastructure Trust Structure

- State law requires that all \$1.6 billion in sale proceeds are placed in an infrastructure trust to be invested to generate returns that will fund payments to the City for existing infrastructure projects.
- **Purpose of this trust is to balance the City's dual interests of the present and future**—receiving large payments now and preserving a trust balance to continually generate payments for future generations.
- Basic strategy for balancing those interests and preserving the trust balance is to allow for pulling more money out when returns are good and pulling less money out when returns are bad.
- Additional growth in the trust balance will allow for larger payments over time to offset construction cost increases.



Eligible Use of Funds

State law dictates funds received by the City from the infrastructure trust can only be spent “on the rehabilitation, modernization, or replacement of existing infrastructure improvements.”

Existing Infrastructure means public facilities owned by the City, including:

- Streets
- Bridges
- Municipal buildings
- Police and Fire Stations
- Parks & Green space
- Recreation Facilities
- Parking facilities

The funds cannot be used to pay debt or on new infrastructure and cannot be used to pay operating expenses of the City.



Infrastructure Trust Structure

Board of Trustees

- Public body appointed by the Mayor with approval of City Council.
- Fiduciary duty to manage the trust assets efficiently and to preserve them in perpetuity.
- Will hire a financial advisor and other professional advisors to assist in managing the trust.
- City's Finance Director has collaborative role with trustees in establishing investment and management policies for the trust.

Annual Payments to the City

- Annual payment amount will vary from year to year—based on investment returns.
- State law grants trustees the discretion to set annual amount to balance need for payments to the City but protect the trust balance for future years.
- Minimum annual payment amount limits this discretion—starting at \$26.5 million a year and escalating annually with inflation.
- If the trust balance drops by more than 25% in a single year, a moratorium on payments is required until balance recovers.

Capital Maintenance Needs and Existing Resources

Capital Needs:

- Current estimate is \$500 million in deferred capital maintenance for existing infrastructure.
- Recent survey of residents had 72.1% of respondents identify the greatest need by the City was maintenance of city streets, sidewalks, and infrastructure.
- City has consistently been unable to meet the 100-lane mile per year goal with existing resources.

Existing Capital Resources:

- City's General Capital Budget is typically about \$60 million per year and is primarily funded from income tax capital revenue, property tax supported debt revenue, and the existing lease proceeds from the CSR.

Program	Resources:	
	General Capital Resources for the Approved FY 2024 Budget total \$76.5 million, which is a 39.8% (or \$50.6 million) decrease from the Approved FY 2023 Budget Update amount of \$127.1 million.	
		Income Tax Capital Revenue (18.3%) \$14.0 M
Property Tax Supported Debt (36.4%) \$27.8 M	Southern Railway Note Proceeds (34.1%) \$26.1 M	Southern Railway Tax Credit Note Proceeds (7.8%) \$6.0 M

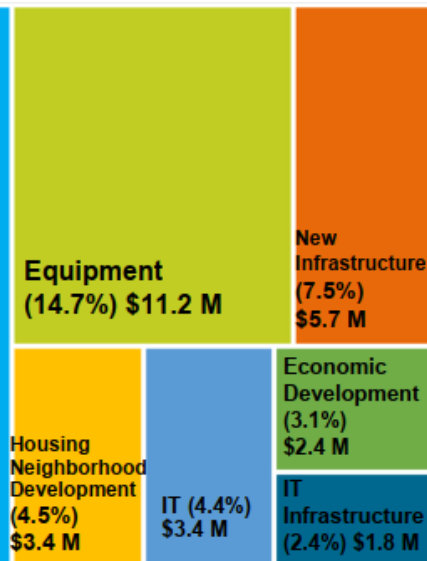
Not shown: Reprogramming, 3.0%, \$2,300,000. Miscellaneous Other Revenue, 0.3%, \$250,000.

Existing General Capital Uses

The City has historically committed the majority of general capital funds to addressing existing infrastructure—but the available resources have proved inadequate to keep up with the demands.

Program Expenses: The General Capital Budget is utilized by the City to cover expenditures such as transportation infrastructure, City buildings, fleet vehicles, recreation facilities, and parks. Many aspects of City assets, ranging from fire stations to park areas, have aged beyond their useful life. Although facility replacement is often economically infeasible, proper care and maintenance remains a City priority.

**Infrastructure (Smale Commission) (63.4%)
\$48.5 M**



Not shown: Environment, 0.1%, \$51,000.

Note: Software and Hardware (IT) is denoted as "IT"

Cincy On Track – A 10-Year \$250 Million Spending Plan

City Administration conservatively projects that the sale of the CSR will **generate at minimum \$25 million a year in additional capital resources each year.**

The plan serves to reinforce the City's investment in the future among five major program categories:



Parks



Recreation



Streets & Sidewalks (Transportation Infrastructure)



Public Services



Health

Project Guiding Principles

An integral part of the Cincy on Track plan is leveraging existing infrastructure investments to improve the livability and equity of our City.

- **Infrastructure Condition** | Repair or replace existing infrastructure that is at or beyond its useful service life.
- **Equity** | Distribute investments Citywide with particular focus on underserved communities.
- **Cost Effectiveness** | Spend less without sacrificing the impact that quality infrastructure brings to communities.
- **Project Readiness** | Ability to repair, replace, or improve assets on schedule without disruptive delays.

Equity is a Priority – Equitable Infrastructure Investment

The City Administration plans to prioritize impact at every step of the deployment of the additional \$25 million per year and will incorporate this approach into the deployment of remaining general capital resources.

- The **beneficiaries** of each project will be identified and documented.
- Projects that will most benefit the City's historically underserved minority and low-income residents will be prioritized for funding.
- This approach recognizes that geography or neighborhood location for infrastructure investment does not necessarily equate to the people that will directly benefit from that investment.

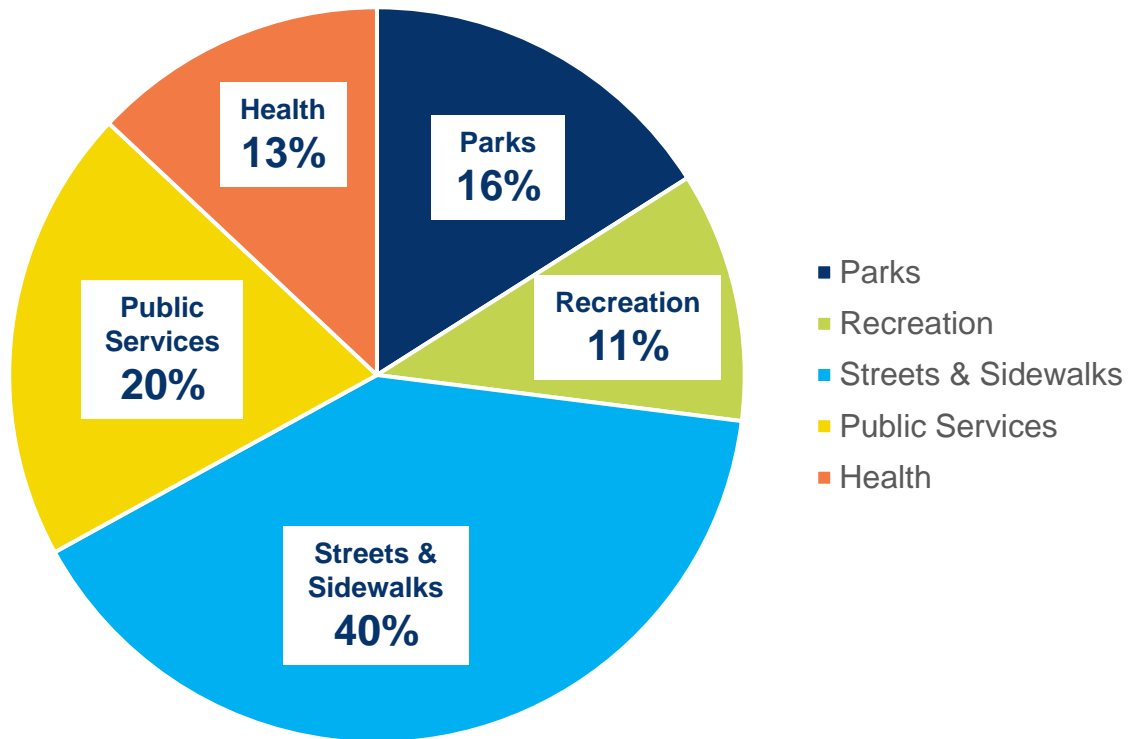
Equity is a Priority – Economic Inclusion

Through the City's MBE/WBE and SBE programs, an additional \$250 million in capital spending will drive significant benefit to these programs and their beneficiaries:

- **Women Business Enterprise (8%):** \$20,000,000
- **Minority Business Enterprise (12%):** \$30,000,000
- **Small Business Enterprise (30%):** \$75,000,000

These amounts will escalate if the City receives more than the projected \$250 million over ten years.

Proposed Funding Breakdown | \$250M





RECREATION
\$27.6M

The \$27.6 million in Recreation improvements is proposed to provide funding for:

- Major improvements to two recreation facilities: Dunham & Pleasant Ridge
- Riverside Sports Complex Boat Dock Facilities rehabilitation
- Improvements to three aquatic facilities (Leblond, Winton Hills, Mt. Adams)
- Improving outdoor courts, playgrounds, and lighting at multiple ball fields



PARKS

\$40.7M

The \$40.7 million in Parks improvements is proposed to provide funding for:

- Major improvements at multiple parks to include parkwide lighting, help box, safety improvements, and cameras
- Mt. Echo Park Pavilions Restoration and Maintenance Garage Restroom improvements
- Smale Riverfront River's Edge Stabilization
- French House Grounds Improvements, Culvert and Turf replacement
- Fairview Park Overlook Stabilization
- Ault Park Cascade and Pavilion renovation



STREETS &
SIDEWALKS

\$101M

The \$101 million in Transportation and Engineering improvements is proposed to provide funding for:

- Mill Creek Road (*Central Incinerator*) Bridge Rehabilitation
- Street Rehabilitation
- Convert electric lights to LED
- Improve traffic signals (*Citywide*)
- Street Traffic Calming – Asphalt Speed Hump Reconstruction (*Citywide*)
- Street Lighting Replacement in Central Business District
- Replace pavers in the crosswalks and sidewalks in Central Business District



**PUBLIC
SERVICES
\$49.6M**

The \$49.6 million in Public Services improvements is proposed to provide funding for:

- Major improvements to fire stations
- Cormany Garage renovation
- College Hill Town Hall renovation
- 801 Linn Street Renovation (Police)
- West Fork Incinerator Demolition and Site Reuse Project

Of the \$49.6 million, \$26.6 million will be used for Public Safety (Police & Fire) facility improvements.



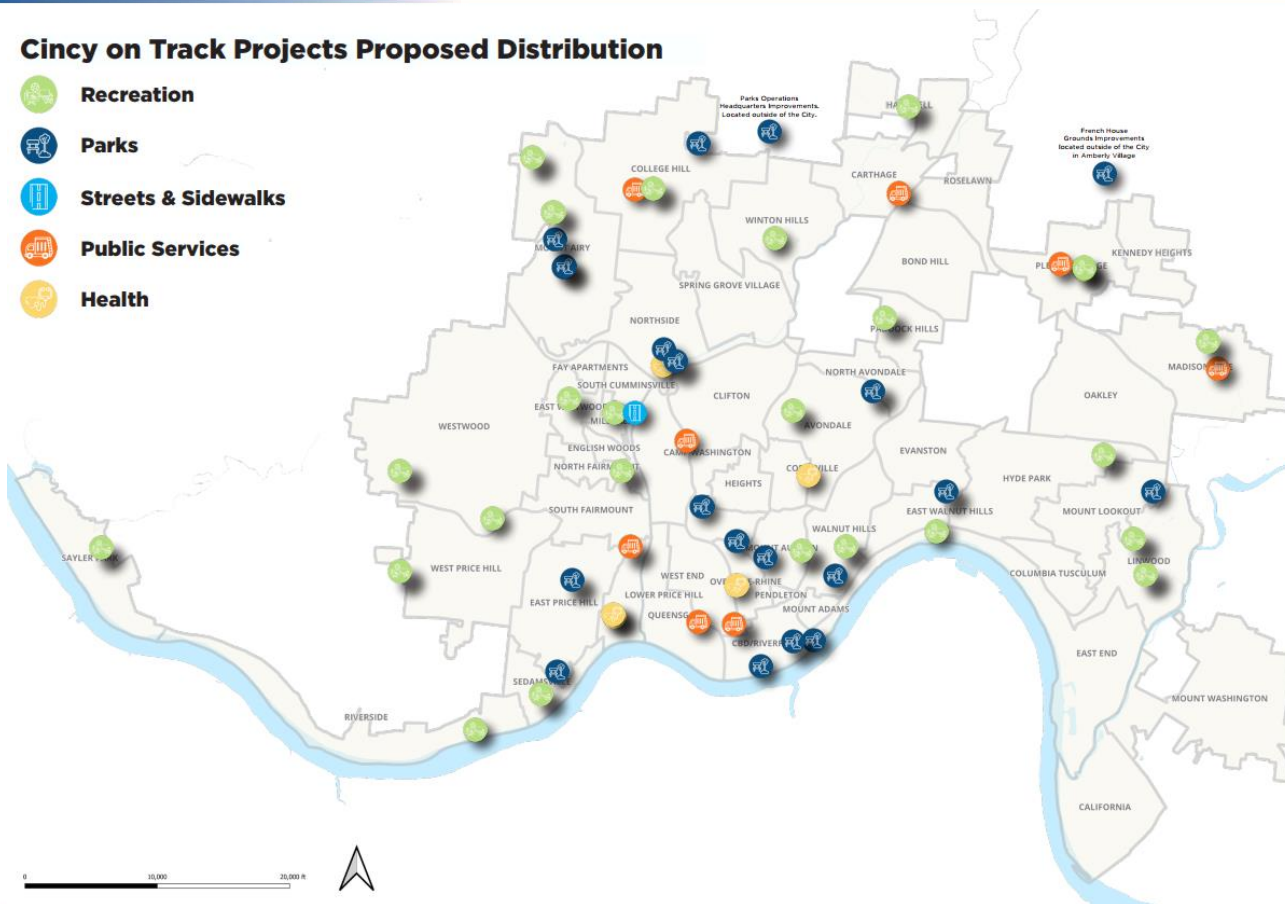
HEALTH
\$31.1M

The \$31.1 million in Health Center's improvements is proposed to provide funding for:

- Replacing the Bobbie Sterne Health Center
- Replacing the CHD Administration Building
- Replacing the Northside Health Center
- Price Hill Health Center interior remodel
- Parking lot improvements, and generators at various centers

Cincy on Track Projects Proposed Distribution

-  Recreation
-  Parks
-  Streets & Sidewalks
-  Public Services
-  Health



List of Projects

- Citywide**
- Parks Operations Headquarters Improvements (located outside of the City)
 - Parade Lighting, Security, Helmets and Safety Improvements, Cameras
 - Accelerated Playground Restoration
 - Citywide Traffic Upgrade
 - Convert all electric lights to LED
 - Health Facility Generators
 - Health Facility Parking Lot Improvements
 - Infrastructure Community Budget Requests (CBQR)
 - Minor Street Traffic Calming - Asphalt Speed Hump Installation
 - Quit! the Facility Maintenance Team
 - Rearroom / Comfort Station Restoration
 - Street Rehabilitation
- Avondale**
- Replace Playground Equipment and Amenities
- Camp Washington**
- Comany Garage Renovation
 - HB Creek Road (Central Incentive) Bridge Rehabilitation
- Carthage**
- Fire Station 2 Replacement
- College Hill**
- College Hill Town Hall Renovation
 - McEvoy Park Renovation
 - Replace Playground Equipment and Amenities
- Columbia Tusculum**
- Columbia Parkway Landscaping Remediation (Below Alms Park)
- Corryville**
- Replace the CHD Administration Building
- CUP**
- Bellevue Pavilion Stabilization
 - Fairview Park Overlook Stabilization
- Downtown**
- Central Business District Street Lighting Replacement
 - Central Business District Traffic Signal System Replacement
 - City Hall HVAC/ Cooling Tower Replacement
 - Remove any components for Downtown Lighting Circuits from Duke Mansions
 - Replace pavers in the crosswalks and sidewalks in CBD
 - Snake Divertment Overly Street Stabilization
- East End**
- Lebanon Aquatic Facility Renovation
 - Renovate Athletic Fields (5)
- East Price Hill**
- MT. Carmel Park Pavilion Renovation and Maintenance Garage Renovation Improvements
- East Westwood**
- Replace Playground Equipment and Amenities
- Hartwell**
- Replace Playground Equipment and Amenities
- Hyde Park**
- Replace Playground Equipment and Amenities
- Kennedy Heights**
- French House Grounds Improvements, Culvert and Turf replacement (located outside of the City in Amberly Village)
- Linwood**
- Lupton Tennis Courts (8)
 - Replace Playground Equipment and Amenities
- Lower Price Hill**
- Price Hill Health Center (PHHC) Air Handler
 - Price Hill Health Center (PHHC) Interior Remodel
 - Price Hill Health Center (PHHC) Parking Lot Expansion
- Madisonville**
- Fire Station 49 Displacement
 - Renovate Athletic Fields (5)
- Milbake**
- Milbake Recreation Center Building Code Issue
 - HB Creek Road (Central Incentive) Bridge Rehabilitation
- MI Adams**
- Renovate Athletic Fields (5)
- MI Adams**
- Renovate Athletic Fields (5)
 - MT. Adams Aquatic Facility Renovation
- MI Airy**
- Replace Playground Equipment and Amenities
- MI Auburn**
- Replace Playground Equipment and Amenities
- MI Lookout**
- Aut. Park Cascade and Pavilion Renovation
- North Fairmount**
- Replace Playground Equipment and Amenities
- Northside**
- Replace the Northside Health Center
- Over-the-Rhine**
- Replace the Bobbie Sterne Health Center
 - Renovate Athletic Fields (5)
- Paddock Hills**
- Renovate Athletic Fields (5)
- Pleasant Ridge**
- Fire Station 8 Replacement
 - Pleasant Ridge Recreation Center Renovation
 - Renovate Athletic Fields (5)
 - French House Grounds Improvements, Culvert and Turf replacement (located outside of the City in Amberly Village)
- Queensgate**
- 801 Lane Street Renovation
- Sayer Park**
- Renovate Athletic Fields (5)
- Sedamville**
- Replace Playground Equipment and Amenities
 - Riverside Sports Complex Boat Dock Facilities Renovation
- South Cumminsville**
- West Park Incinerator Demolition and Site Reuse Project
 - HB Creek Road (Central Incentive) Bridge Rehabilitation
- South Fairmount**
- Replace Playground Equipment and Amenities
- West Price Hill**
- Durham Recreation Center Renovation
 - Replace Playground Equipment and Amenities
- Westwood**
- Durham Recreation Center Renovation
 - Replace Playground Equipment and Amenities
- Winton Hills**
- Winton Hills Aquatic Facility - Replace Pool

Operating Budget Impacts

The CSR Sale is not expected to have material impacts on the City's operating budget—especially in the short-term.

Long-term savings may be derived from:

- Reduced annual operating budget maintenance costs
- Improved energy efficiency in City buildings
- Increased existing City staff time devoted to managing capital projects (which can be reimbursed from the capital budget).

City Council will dictate how any savings are deployed in the approval of future operating budgets but uses could include addressing operating deficits or other operating expense investments—like increased employer pension contributions.

Additional Equity Opportunity: Community and Economic Development Investments

If approved, the sale will cause an unprecedented increase in capital resources for existing infrastructure. The increased funding for existing infrastructure will provide additional flexibility in the City's other general capital resources—primarily income tax and property tax sources.

If the sale is approved, the Administration proposes that at minimum \$3 million per year from other capital resources be committed to community and economic development projects. If annual payments exceed the additional \$25 million per year estimate, this amount could be revisited and increased.

The City's elected officials will decide on how to deploy these funds, but this is another opportunity from the sale to further drive equity, investment, and economic opportunity in the City's historically underserved minority and low-income communities.

Conclusion