City of Cincinnati

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*Vice Mayor*

October 19, 2023

**Motion to Ensure Equity in the Disbursement of Proceeds from the Sale of the Cincinnati Southern Railway (CSR)**

WE MOVE that the City of Cincinnati take the following actions to ensure equity in the disbursement of the proceeds of the sale of the Cincinnati Southern Railway so that our underserved neighborhoods benefit from the proceeds from the sale in terms of both existing infrastructure and new economic development opportunities:

1. The City shall analyze the demographics of the beneficiaries most directly affected by each proposed project and identify those projects that can deliver the most benefit to historically underserved minority and low-income communities.

2. The City shall create a dashboard on the City's website to create transparency with the spending of the proceeds from the sale of the Cincinnati Southern Railway, and that dashboard shall track each project, including but not limited to providing information on neighborhood, demographics served, and amount invested.

3. **The City shall create two funds** to ensure that our 15 most underserved neighborhoods (the "Rising 15") benefit from the proceeds of the sale of the CSR as follows:
   a. Demographic and socioeconomic data information for Cincinnati's neighborhoods was used to create the "Rising 15": the 15 neighborhoods most in need of economic benefits, as shown by the Attachment attached hereto. The Attachment also includes Tax Increment Financing (TIF) information to show availability or lack thereof of current neighborhood resources for economic development in the Rising 15 neighborhoods.
   b. **FUND 1 ("Rising 15 Railroad Fund"):**
      1) In addition to inclusion in the infrastructure plans across all neighborhoods, the City will allocate at least 10% of the annual return on investment on the proceeds from the sale of the CSR to the Rising 15 Railroad Fund. *The population of the Rising 15 neighborhoods comprises approximately 20% of the City's population. The 10% minimum is based on the fact that some of the infrastructure projects, such as renovation of healthcare centers, directly affect residents of the Rising 15 neighborhoods although the residents do not live in those neighborhoods.*
      2) Rising 15 Railroad Fund expenditures must be restricted to projects that meet the statutory criteria for the use of proceeds from the sale of the CSR.

c. **FUND 2 ("Rising 15 Economic Development Fund")** to create economic development opportunities for new infrastructure projects in our underserved neighborhoods, given that state law restricts the proceeds of the sale of the CSR to existing infrastructure:
    1) The Rising 15 Economic Development Fund shall be an allocation of $25 million including at least $3 million annually from the funds "loosened" from the City's general capital budget due to proceeds from the sale of the Cincinnati Southern Railway supplementing funding on existing infrastructure.
    2) The Community Advisory Committee shall make recommendations to the City Manager on economic development projects for the Rising 15 neighborhoods after community engagement on the projects.
    3) When the $25 million allocation to the Rising 15 Economic Development Fund is realized, the Community Advisory Committee shall make recommendations to the City Manager on further funding, including continuation of an annual contribution of $3 million.
    4) City Council shall vote on the Community Advisory Committee's recommendations that involve City funding or other City resources.

4. **The City Manager shall establish a Community Advisory Committee:**
    a. The City Manager shall create, recommend and manage a transparent public application process for the Community Advisory Committee.
    b. The City Manager shall appoint seven (7) community members to a Community Advisory Committee.
    c. The appointed Community Advisory Committee's purpose shall be as follows:
        1) review efforts across the country to repair the damage done by slavery and race discrimination and use that research and study to improve efforts to close the wealth gap in Cincinnati.
        2) make recommendations to the City Manager on economic development projects for the Rising 15 neighborhoods.
    d. The Community Advisory Committee shall meet with the City Manager at least semi-annually to give updates on economic development projects as well as progress on closing the wealth gap.
    e. City Council shall vote on the Community Advisory Committee's recommendations that involve City funding or other City resources.

5. **Economic Inclusion:** City Council adopted an equitable development model in February 2023 as a pilot for the Convention Center. This model shall apply to projects funded through the sale of the railroad, including:

a. A minimum inclusion of 20% MBE and 10% WBE businesses annually in projects funded with the railway sale dollars.
b. Joint ventures with developers that include minority-owned or women-owned developers shall be encouraged to meet the diversity & inclusion goals.
c. The City administration shall create a plan for access to capital for minority-owned and women-owned businesses.
d. The City shall proactively work to assist minority-owned and women-owned businesses to overcome the barrier of first-time bonding.

6. **Annual Report:** The City will provide an annual report to City Council on the results of the expenditures in the Rising 15 neighborhoods.

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| Vice Mayor Jan-Michele Lemon Kearney | Councilmember Scotty Johnson | President *Pro Tem* Victoria Parks |
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**STATEMENT**

Equity is one of the City Manager's main criteria for allocating Cincinnati Southern Railway sale proceeds to neighborhood infrastructure projects across the City. This motion is to further ensure that the most underserved neighborhoods equitably benefit from the railway sale proceeds. The provision of a dashboard showing ongoing allocations of the railway sale proceeds with information such as amounts, demographics, and neighborhoods, provides transparency to the public.

In addition to equitable allocation of the railway sale proceeds, this motion includes applying the equitable development model passed by City Council in February 2023 as a pilot for the Convention Center to projects funded through the sale of the railroad.

The Attachment to this motion shows socioeconomic data on the most underserved neighborhoods in Cincinnati (the "Rising 15") for the purpose or ensuring that these neighborhoods receive substantial benefits from the proceeds of the sale of the Cincinnati Southern Railway both in terms of repair or replacement of existing infrastructure (Fund 1) and new infrastructure projects (Fund 2).

There is a great need in the Rising 15 neighborhoods for funds (Fund 2) for economic development – that is, new infrastructure projects that under state law cannot be funded by railway sale proceeds. As shown by the Attachment, several of the Rising 15 neighborhoods have zero dollars in Tax Increment Finance funds (TIF). TIF Districts, created through TIF District Ordinances, take increases in property tax revenue from new development and use the funds to finance public improvement projects in the designated districts. The increment collected in these districts can be used to make public improvements that benefit the neighborhood/district in which the increment was collected.

Fund 2 dollars are from the funds "loosed" or saved in the City's general capital budget due to the use of railway sale proceeds. While not a part of this motion, it should be noted that a plan is underway with the City and Homebase for neighborhoods lacking a community development corporation (CDC) to have the assistance of an existing CDC to create and execute new infrastructure projects which the Rising 15 Economic Development Fund (Fund 2) could help to fund.

The City Manager, through a transparent process, would appoint seven community member to a Community Advisory Committee. The Committee would ensure community engagement and manage the process by which Fund 2 dollars are allocated for economic development in underserved neighborhoods. The Community Advisory Committee also would assist with ongoing research and recommendations for closing the City's racial wealth gap.

| Rising 15 Neighborhoods | Black or African American alone or in combination with one or more other races | Median household income (dollars) | TIF balance as of 9/29/23 |
|---|---|---|---|
| Villages at Roll Hill | 90 percent | $11,327 | $ - |
| Millvale | 92 percent | $12,272 | $ - |
| English Woods | 89 percent | $14,309 | $ - |
| Lower Price Hill | 52 percent | $15,987 | $ 4,094,945.45 |
| Queensgate | 52 percent | $15,987 | $ 11,141,506.37 |
| Winton Hills | 86 percent | $17,949 | $ - |
| South Fairmount | 62 percent | $19,343 | $ 67,997.66 |
| West End | 82 percent | $19,499 | $ 1,598,868.68 |
| East Westwood | 83 percent | $20,929 | $ - |
| Avondale | 85 percent | $24,250 | $ 21,800,733.42 |
| Roselawn | 86 percent | $24,575 | $ 354,575.67 |
| Mt. Airy | 65 percent | $27,920 | $ 639,236.51 |
| East Price Hill | 39 percent | $30,112 | $ 5,151,893.29 |
| South Cumminsville | 89 percent | $31,288 | $ 81,992.17 |
| North Fairmount | 78 percent | $33,882 | $ 35,854.28 |

**Source for Columns B & C: Cincinnati Office of Performance and Data Analytics (OPDA)**

**Source for Column D: Cincinnati Dept. of Finance**