



June 11, 2025

FOR YOUR INFORMATION

To: Mayor and Members of City Council

From: Sheryl M. M. Long, City Manager *SM*

Subject: Recommended FY 2026-2027 Biennial Budget – Q&A #2

This memo includes responses to questions that the Office of Budget and Evaluation has received regarding the Recommended FY 2026-2027 Biennial Budget. The content is for your information. Follow-up questions can be directed to Andrew Dudas, Budget Director, at extension 1562 or Andrew.Dudas@cincinnati-oh.gov.

1. What is the total number of fleet units that meet 2 of 3 replacement criteria? What is the estimated cost to replace the units?

Currently, there are 331 pieces of equipment for General Fund departments that meet two of the three replacement criteria. The cost to replace these vehicles is estimated at \$42.5 million. As part of planning for FY27, the Administration is planning to provide a more comprehensive replacement and financing plan to Council towards the end of this calendar year to address the concerns related to fleet replacement. This will be presented in the context of the FY25 Carryover and the FY27 Cincinnati Southern Railway Trust disbursement, which will both be available this fall.

2. What is the City's debt capacity?

Debt capacity is generally considered the maximum amount of debt that can be legally incurred by an entity. For municipalities, it is a measurement of the ability to borrow money while still maintaining an ability to meet current financial obligations as well as future financial obligations including debt repayment within statutory limits in place for the municipality.

The City has a sophisticated debt portfolio managed by the Treasury Division of the Finance Department, with the support of a Municipal Advisor and two Bond Counsels. There are several levers affecting the debt financing available for a specific need:

- Types of Debt, outlining the pledge/repayment source(s) available based on allowable sources/uses.
- Amortization Period, which is partially determined by the useful life of the asset.
- Interest Rate, which is a function of the market, credit rating, etc.
- Cost of Issuance, which is a function of Bond Counsel, underwriter's discount, etc.

With these considerations in mind there are a number of limiting factors to navigate:

Statutory General Obligation (GO) Debt Limitations (per the Ohio Revised Code (ORC)):

- Principal of un-voted GO debt service may not exceed 5.5% of 35% of market valuation (or 5.5% of assessed valuation), less exemptions.
- Principal of both voted and un-voted GO debt service may not exceed 10.5% of 35% of market valuation (or 10.5% of assessed valuation), less exemptions.
- Total principal and interest in any year may not exceed 3x the principal in any year, less exemptions.

Debt Service Millage (Hamilton County Budget Commission):

- Currently 7.5 mills.

Debt Service Coverage:

- Identification of a repayment source that will provide 1.25x debt service coverage ratio.
- Maintaining a minimum balance of one year's debt service in the bond retirement funds.

City Policy:

- Total long-term tax supported governmental debt service shall not exceed 12.5% of governmental revenues.
- The ratio of total long-term tax supported governmental debt to the full valuation of taxable property shall not exceed 4.5%.
- The 10-year payout ratio shall not be less than 60% in the aggregate.
- The ratio of the portion of the City's tax supported debt service that has a pledge of income taxes shall be no more than 75% of projected revenues from the 0.15% portion of income tax.
- Equity or cash funding of the City's Capital Improvement Program (CIP) should be no less than 20% over a rolling 5-year CIP period.

Credit Ratings:

- S&P Global
- Moody's

With a new Director of Finance onboarded earlier this calendar year, the Administration is evaluating the City's various financial policies, including [Administrative Regulation No. 66: City of Cincinnati Debt Policy](#), the City's

[Stabilization Funds Policy](#), and the City’s most recent bond rating agency reports. Any recommendations for changes to existing policies will be presented to the City Council during FY 2026.

The Administration does not recommend additional borrowing for FY 2026, beyond what has already been recommended.

3. CORRECTION: Q&A Memo #1 Issued May 23, 2025:

The Administration’s initial Q&A Memo contained an error in relation to the Neighborhood Catalytic Capital Investment Program (NCCIP). The original memo stated that the NCCIP was funded with \$1.0 million in capital and \$500k in the operating budget; however, due to other economic development capital priorities and limited resources, the NCCIP was only able to be funded with \$500k in operating resources in the City Manager’s Recommended Budget.

4. What has been spent on pothole repairs in recent fiscal years?

The following tables outline the investments made in pothole repair services from FY 2022 through FY 2025 to date*.

Contracted Pothole Repair Expenses FY22 - FY25					
Sum of PSTNG_AM	Fiscal Year (FY)				
Vendor	FY 2022	FY 2023	FY 2025	Grand Total	
ADLETA, INC.		\$ 1,032,414.54	\$ 1,299,898.68	\$ 2,332,313.22	
Pavement Partners Cincinnati LLC			\$ 100,000.00	\$ 100,000.00	
PRUS CONSTR CO	\$ 158,478.42			\$ 158,478.42	
Grand Total	\$ 158,478.42	\$ 1,032,414.54	\$ 1,399,898.68	\$ 2,590,791.64	
City Department	FY2022	FY2023	FY2024	FYTD2025	Grand Total
PUBLIC SERVICES/TROD	\$ 1,168,119.72	\$ 1,089,899.80	\$ 1,333,433.06	\$ 1,809,608.42	\$ 5,401,061.00
Summary of City and Contracted Pothole Repair Expenses FY22 - FYTD25*					
Provider	FY2022	FY2023	FY2024	FYTD2025	Grand Total
PUBLIC SERVICES/TROD	\$ 1,168,119.72	\$ 1,089,899.80	\$ 1,333,433.06	\$ 1,809,608.42	\$ 5,401,061.00
Pavement Partners Cincinnati LLC	\$ -	\$ -	\$ -	\$ 100,000.00	\$ 100,000.00
ADLETA, INC.	\$ -	\$ 1,032,414.54	\$ -	\$ 1,299,898.68	\$ 2,332,313.22
PRUS CONSTR CO	\$ 158,478.42	\$ -	\$ -	\$ -	\$ 158,478.42
Grand Total	\$ 1,326,598.14	\$ 2,122,314.34	\$ 1,333,433.06	\$ 3,209,507.10	\$ 7,991,852.64
*as of 6/3/2025					

cc: William “Billy” Weber, Assistant City Manager
 Cathy B. Bailey, Interim Assistant City Manager
 John Brazina, Interim Assistant City Manager
 Andrew Dudas, Budget Director