

Impact of a Real Estate Tax Rate Reduction

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City Council

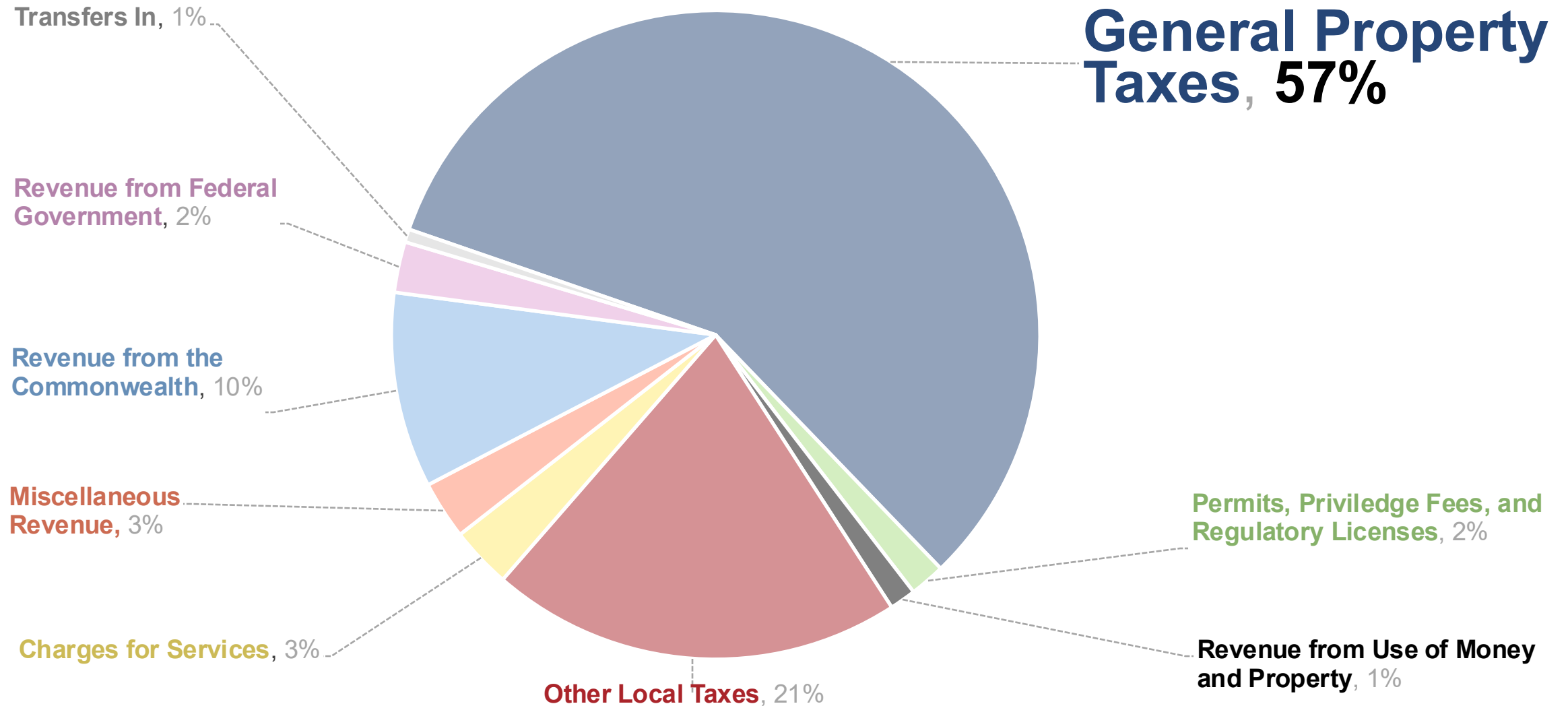
September 22, 2025



REVENUES



Where does our revenue come from?



Real Estate Tax is our largest revenue source

Real Estate Tax revenue comprises the single largest source of local revenue in the General Fund. A reduction in Real Estate Tax Revenues will have an impact on the City budget and the ability to support:



Commitments to employee salaries



Richmond Public Schools



Level of service across departments



Capital Improvement Program



A one-cent reduction means a loss of...

\$4.3 million in revenue

A four-cent reduction equals \$17.2 million

**\$50 million in capital
project support**

CHALLENGES



Facing a future of economic uncertainty



Rising costs of services, both contracts and personnel



Escalating costs of materials and labor shortages



Natural disasters or infrastructure emergencies

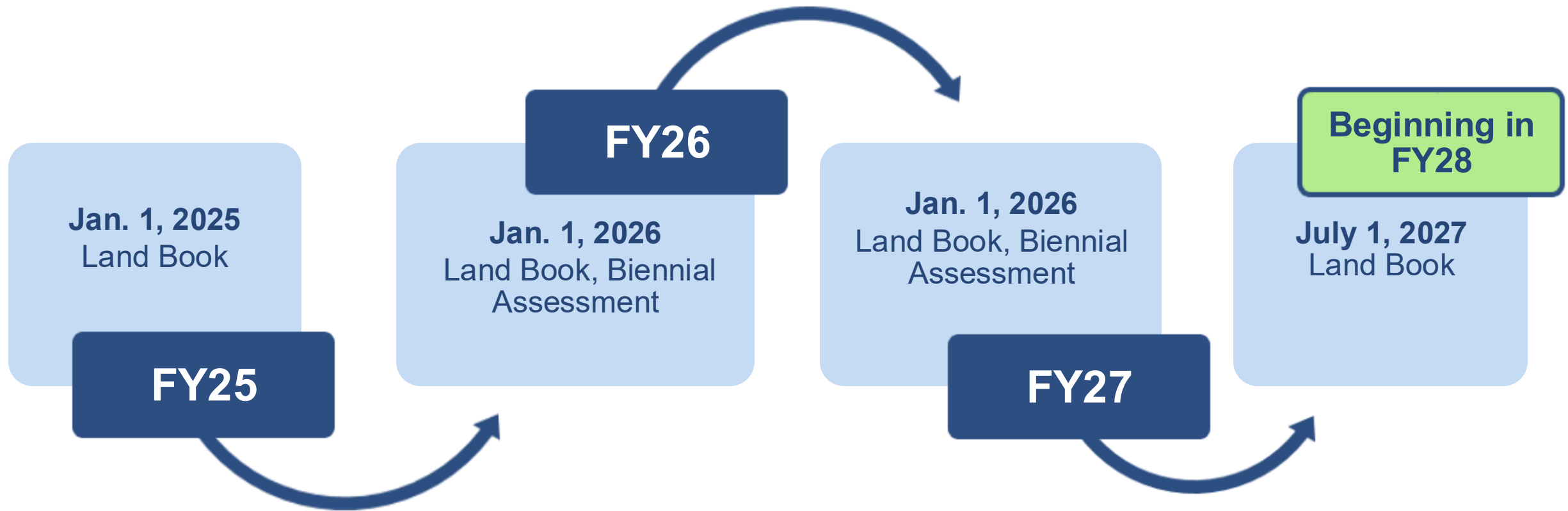


Housing affordability, supply shortages, and high costs

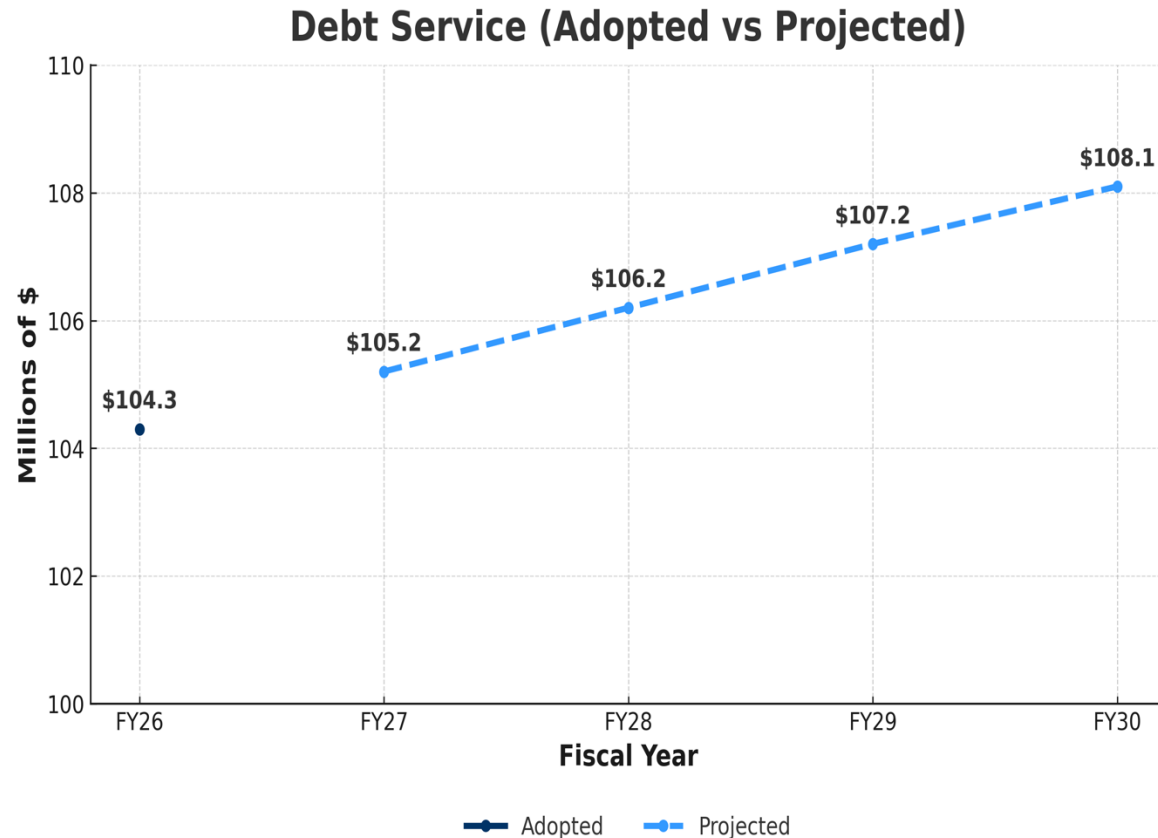


Cybersecurity

The assessment freeze is coming!



Rising Debt Service Obligations

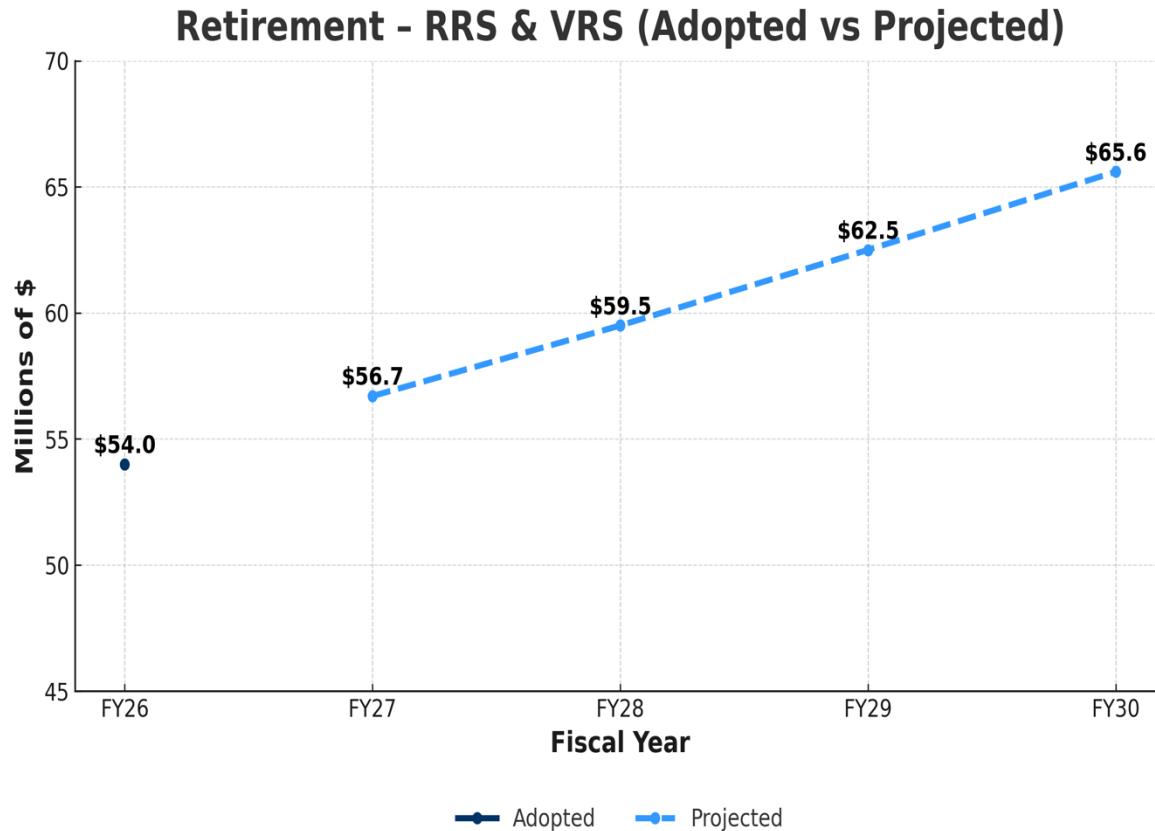


Annual debt service is projected to increase by **\$3.8M** from FY26 to FY30, limiting budget flexibility.

Growth driven by scheduled repayments and borrowing for major capital projects.

Rising debt costs reduce the City's ability to fund new initiatives without additional revenue.

Retirement – Future Economic Impact



Retirement costs projected to grow 5% annually → **\$65.6M** by FY30

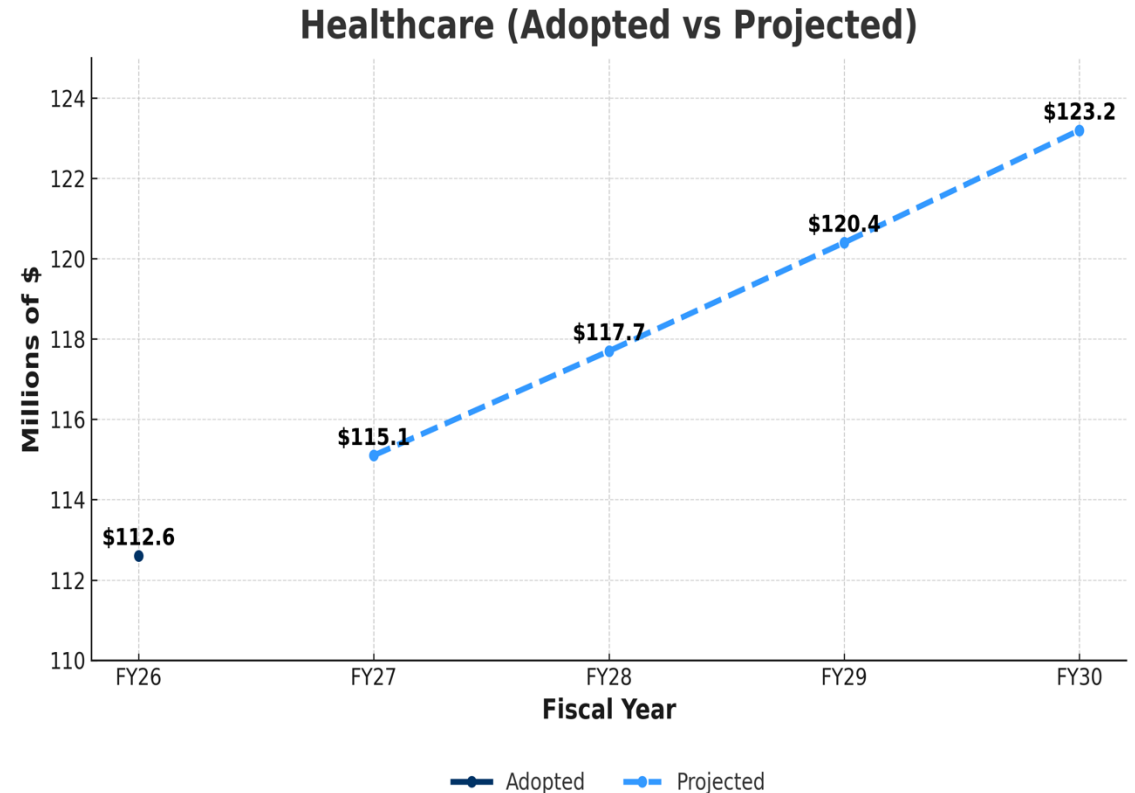
RRS previously used a rate-based formula before shifting to a lump sum; VRS rates vary by employer match, influencing annual cost projections

Rising Healthcare Costs

Healthcare costs are projected to grow by **2.5% annually** from FY26 to FY30.

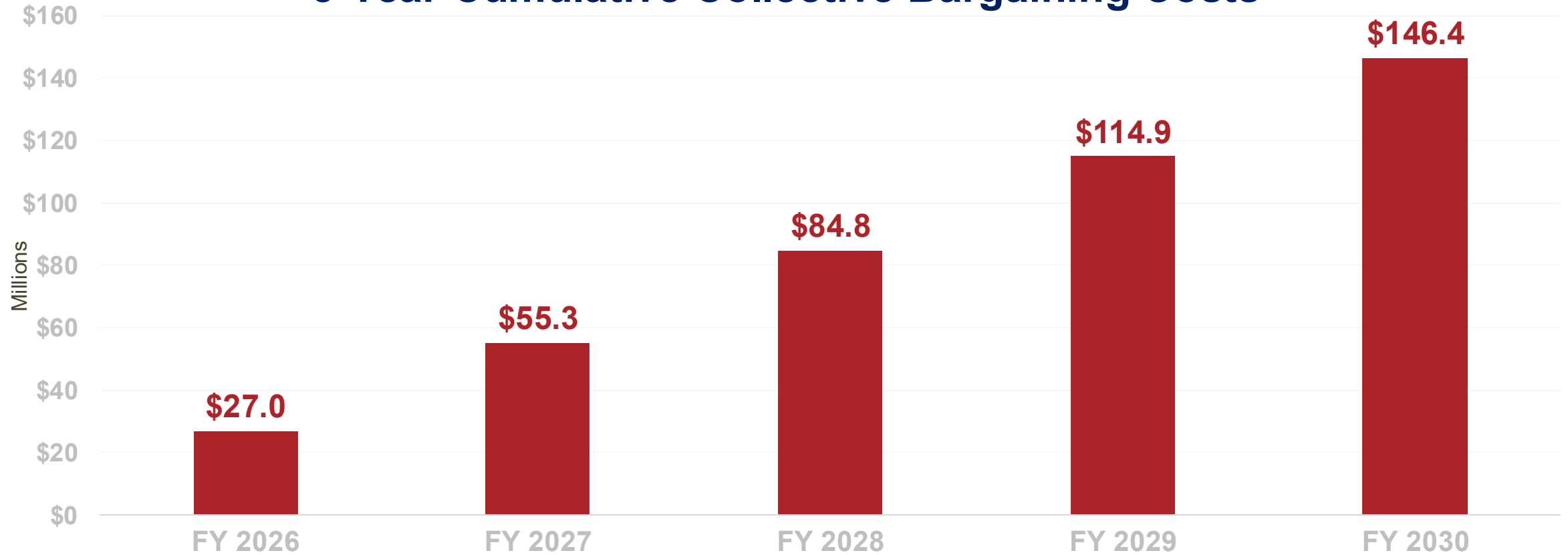
Total expenses are expected to rise from \$112.6M in FY26 to **\$123.2M** in FY30.

Increasing healthcare obligations will place added pressure on the city's operating budget and limit flexibility for other priorities.



Collective Bargaining Average Yearly Cost About \$29 Million

5-Year Cumulative Collective Bargaining Costs



Upcoming CIP challenges

\$300 million

John Marshall Court
Building Replacement

\$100+ million

Bridge replacement

\$64 million

Main Library Renovation

\$40+ million

Floodwall, levee, and
dam maintenance

\$10.5 million

amenities for parks,
buildings, and trails

A lower tax rate will not support our services

- Undermines essential services
- Reduced funding for education, public safety, and collective bargaining
- Potential elimination of positions, including frontline workers
- Reduce services to the community
- Impacts Long-Term Growth
- Insufficient resources for sustainable development and community programs
- Hinders investment in critical infrastructure
- Risk of a credit rating downgrade and the city's reputation

This chart illustrates the estimated annual, monthly, and daily savings for residents across a range of property assessment values. As shown, reductions in the tax rate provide the greatest dollar savings for properties with higher assessments.

Note: The average residential assessment for 2026 is \$426,000, per the City Assessor’s Office

			Resident Savings		
Real Estate Assessment	Tax \$1.20	Tax \$1.16	Annual Savings	Monthly Savings	Daily Saving
\$100,000	\$1,200	\$1,160	\$40.00	\$3.33	\$0.11
\$200,000	\$2,400	\$2,320	\$80.00	\$6.67	\$0.22
\$250,000	\$3,000	\$2,900	\$100.00	\$8.33	\$0.27
\$350,000	\$4,200	\$4,060	\$140.00	\$11.67	\$0.38
\$426,000	\$5,112	\$4,942	\$170.40	\$14.20	\$0.47
\$500,000	\$6,000	\$5,800	\$200.00	\$16.67	\$0.55
\$1,000,000	\$12,000	\$11,600	\$400.00	\$33.33	\$1.10
\$3,000,000	\$36,000	\$34,800	\$1,200.00	\$100.00	\$3.29

Q+A?

