The seal of the City of Richmond is a circular emblem. It features a central figure of a person standing on a globe, holding a staff. The figure is surrounded by a blue field with white stars. The outer ring of the seal contains the text "CITY OF RICHMOND" at the top and "ESTABLISHED 1737" at the bottom. The seal is rendered in a light gray, semi-transparent style.

BUILDING A RESILIENT BUDGET PROPOSED FISCAL YEAR 2026 BUDGET

CITY COUNCIL BUDGET WORKSHOP

APRIL 7, 2025

PURPOSE

- Overview of revenues, economy, and forecast.
- Overview of operational changes.
- Overview of compensation changes.
- Overview of policy changes.



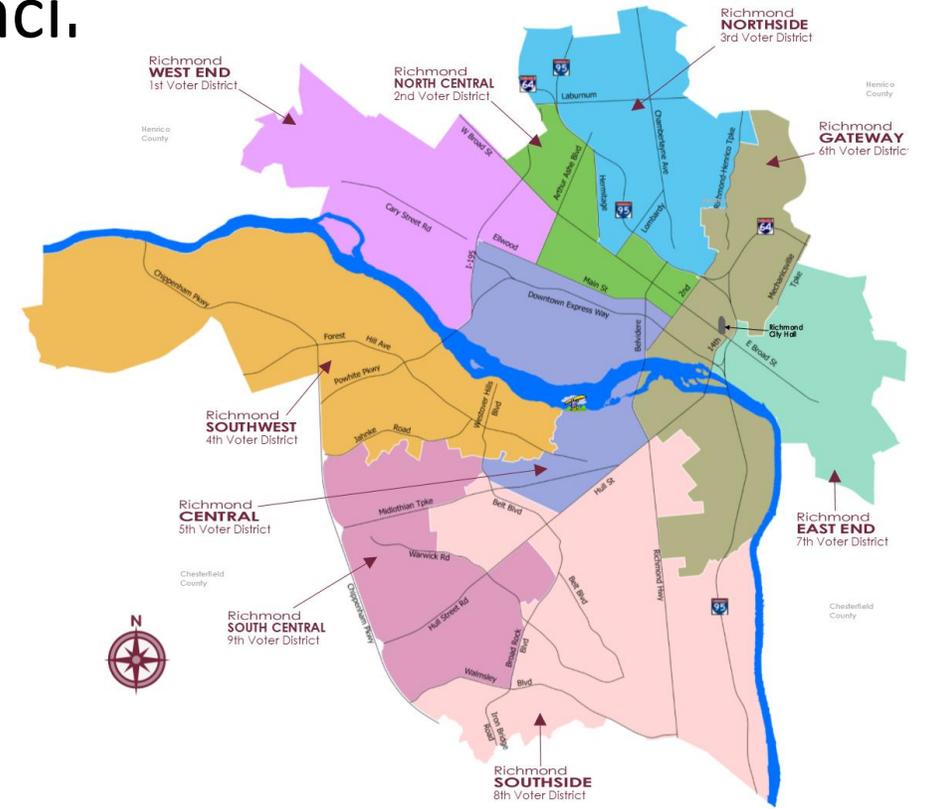
NAVIGATING RECOVERY AND TRANSFORMATION

- Navigating a significant historical shift, with long-term impacts from the pandemic still unfolding.
- Operations have transformed, with new businesses emerging to meet evolving needs and technological advancements.
- Service delivery is shifting, influenced by pandemic lessons and a push for greater flexibility and digital solutions.
- Essential services like healthcare, energy, water, and emergency services remain in high demand, though business models are adapting to new realities.
- National policy changes are reshaping priorities and impacting how industries evolve.



COLLABORATION FROM THE BEGINNING

- Engaged in ongoing collaboration with Council members.
- Balanced Council's priorities with fiscal responsibility and long-term goals.
- Made thoughtful trade-offs to ensure a balanced budget that reflects both Council input and organizational priorities.

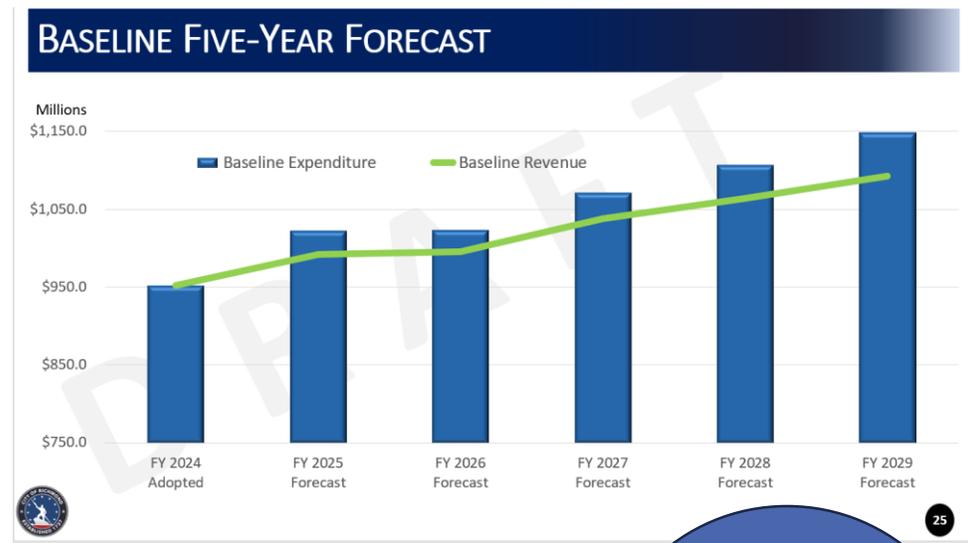
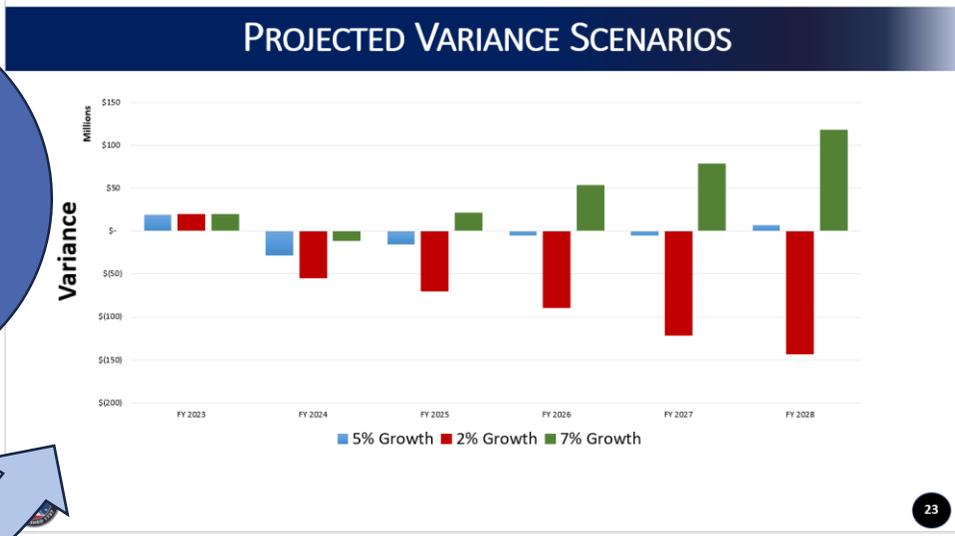




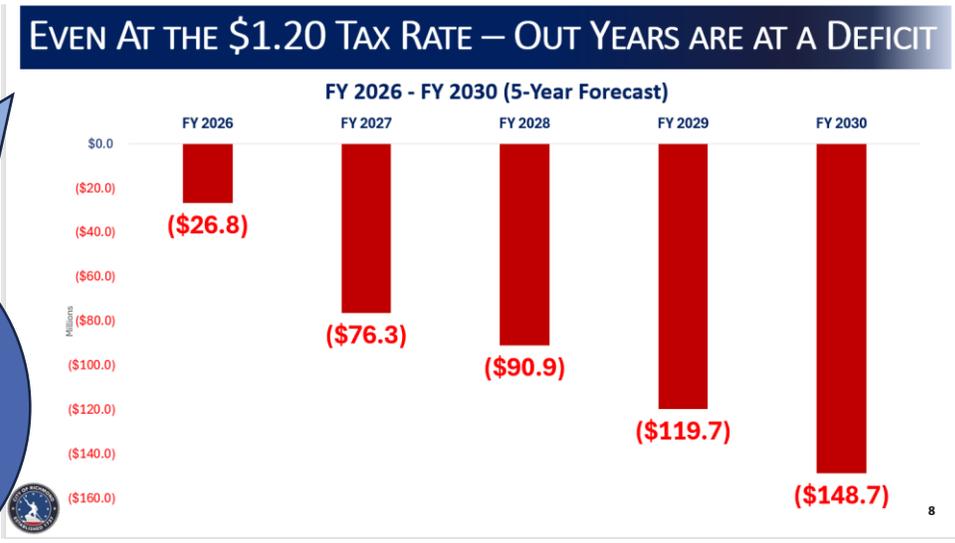
FIVE-YEAR FORECAST

LOOKING BACK

November
2022



November
2024

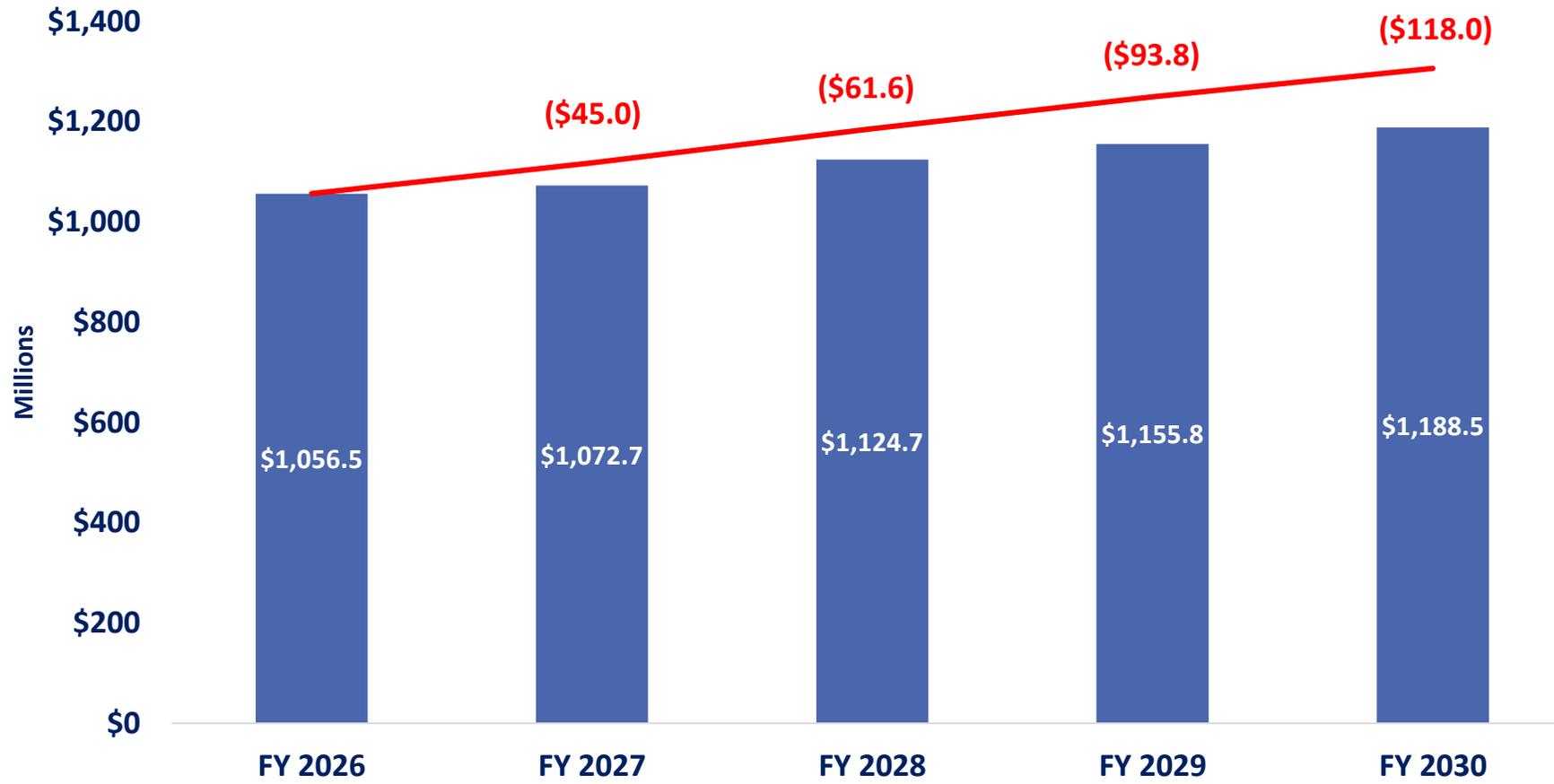


February
2024

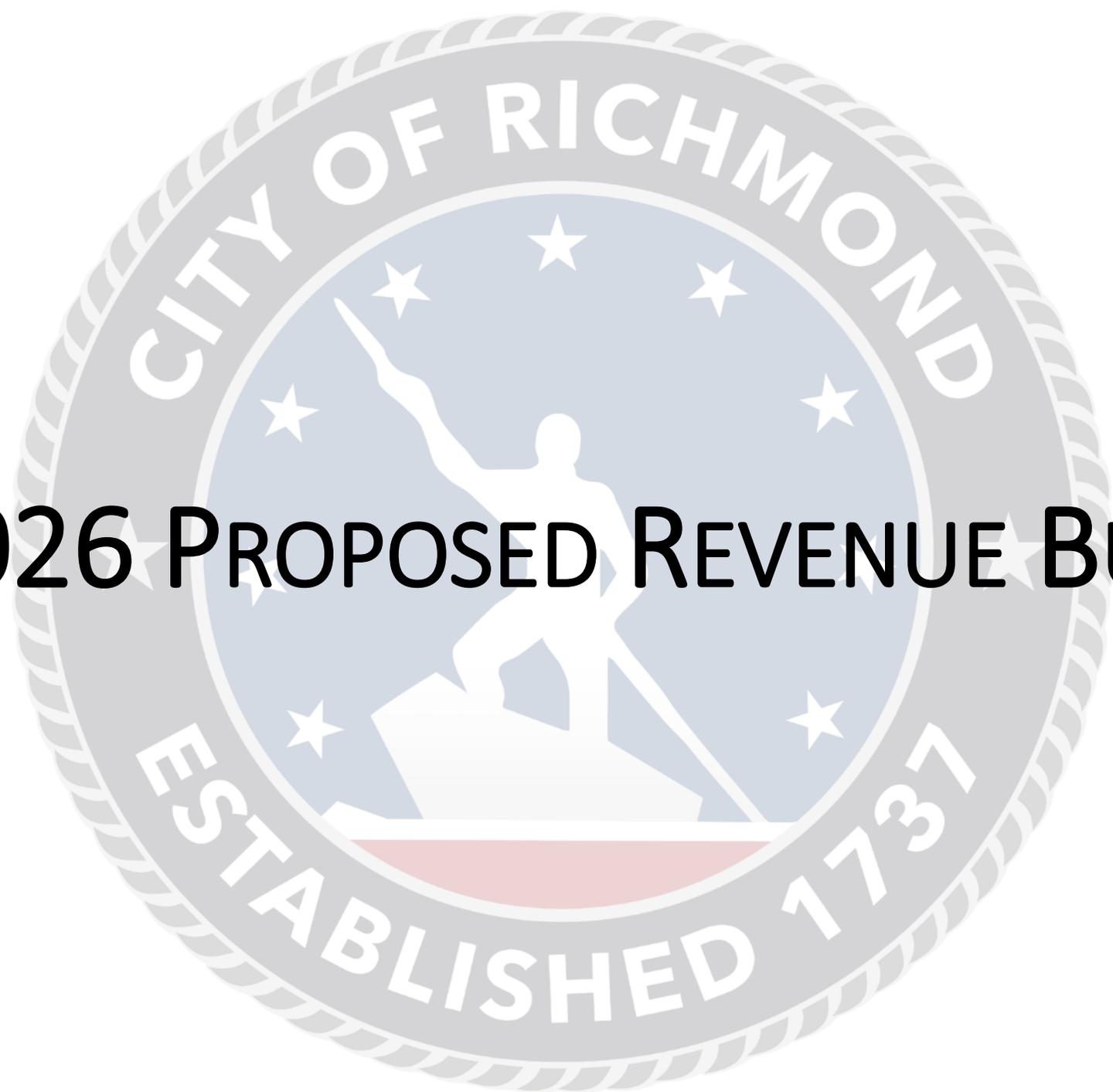


LOOKING AHEAD

FY 2026 - FY 2030
5-Year Forecast



■ Revenue — Expenditures



FY 2026 PROPOSED REVENUE BUDGET

LAYING THE FOUNDATION FOR A SUSTAINABLE FUTURE

- To build a stronger Richmond and improve quality of life for all citizens by...

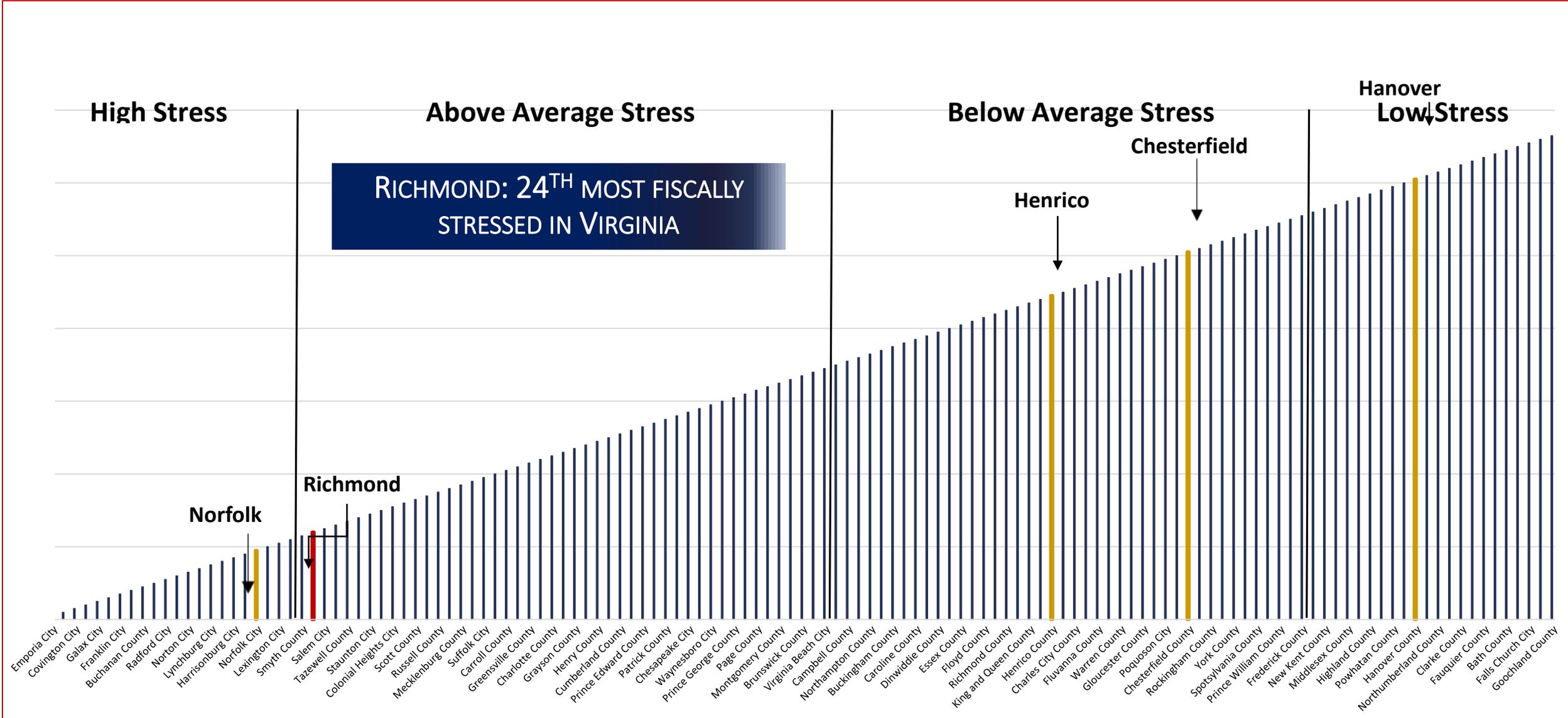


HOW DOES RICHMOND COMPARE TO ITS NEIGHBORS IN BEING ABLE TO RAISE REVENUE?

- The Fiscal Stress Index is annually reported by the Commonwealth of Virginia Commission on Local Government for Virginia's cities and counties.
- The Fiscal Stress Index illustrates a locality's ability to generate additional local revenues from its current tax base relative to the rest of the Commonwealth.
- The index is based on three components:
 1. Revenue capacity – calculation of how much revenue a local unit could generate if it taxed its population at statewide average rates
 2. Revenue effort – ratio of a local unit's tax collections to its revenue capacity
 3. Median household income – the income level at which half of the households earn more and half of the households earn less



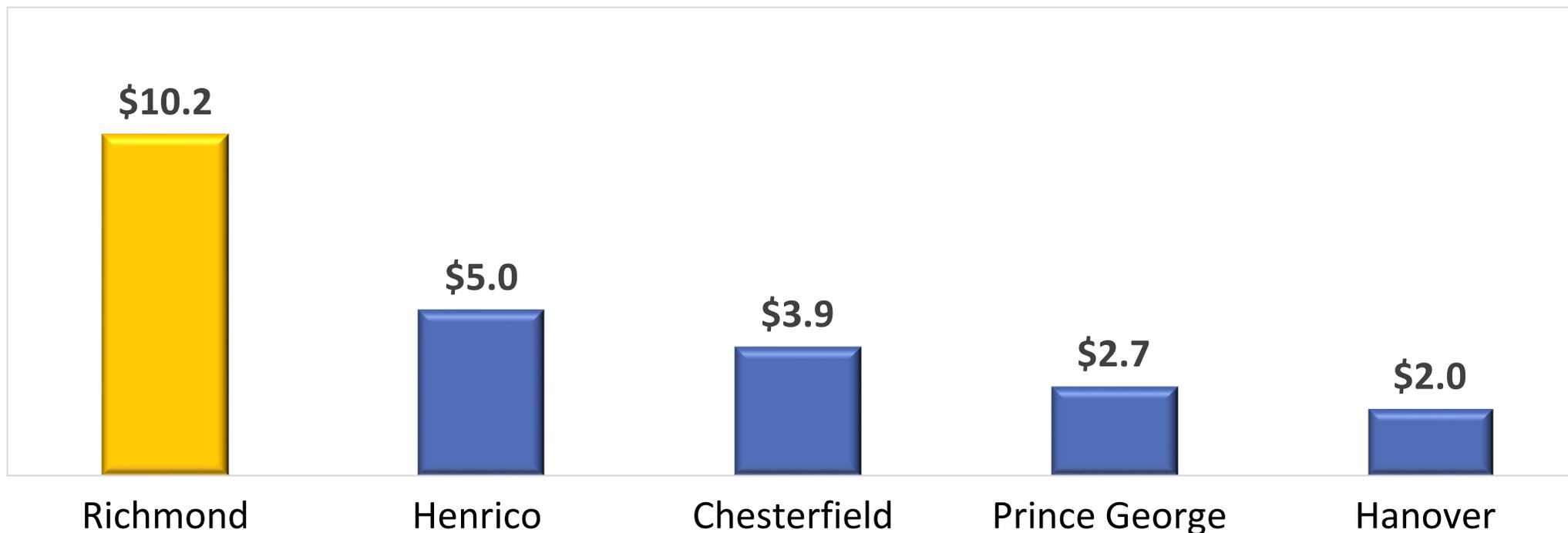
Fiscal Stress Comparison of All Virginia Localities



Source: Commission on Local Government FY 2022 Report on Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Cities and Counties. The analysis included 133 cities/counties. The names of some localities do not appear above due to chart size restrictions.

RICHMOND'S TAX-EXEMPT PROPERTIES EXCEED OUR NEIGHBORS

Assessed Value of Tax Exempt Real Estate in Tax Year 2023
(amounts are in billion \$)

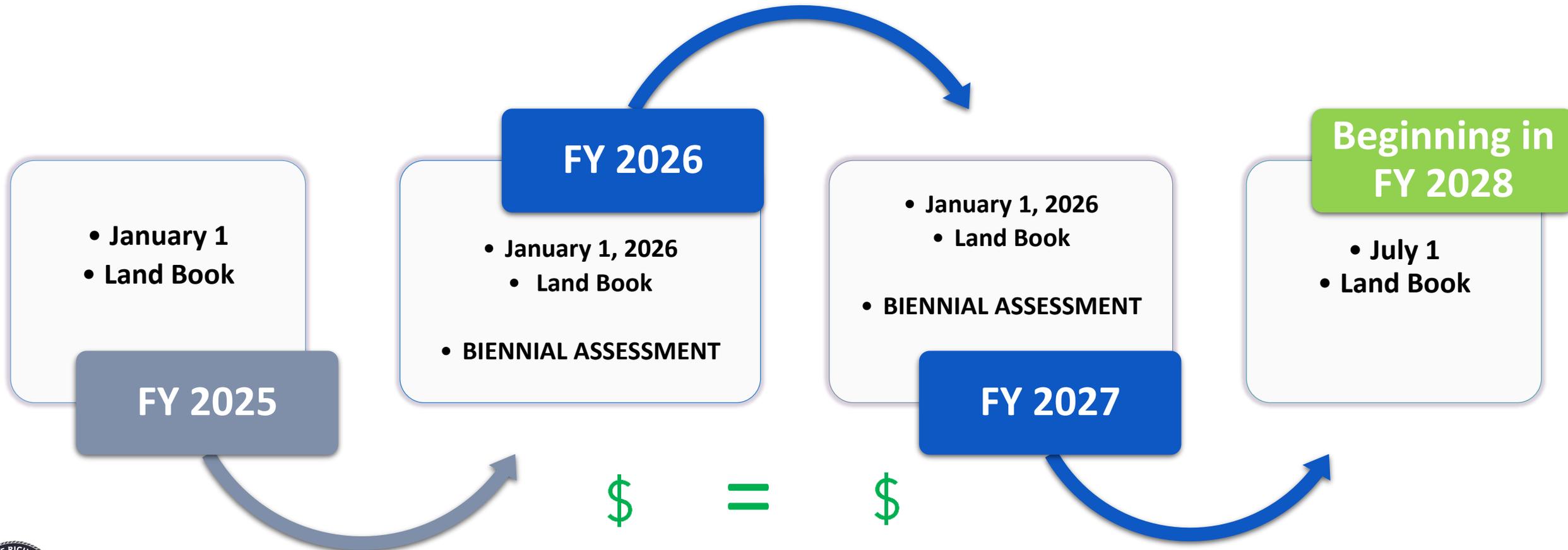


Source: Virginia Department of Taxation Annual Report Fiscal Year 2024. Note: Localities in the Richmond MSA with tax exempt real estate less than \$1.0 billion in assessed value are not included in the chart.



ALIGNING THE BUDGET AND ASSESSMENT CYCLES

JANUARY 1, 2026, LAND BOOK VALUES IN EFFECT FOR
TAX YEAR 2026 AND TAX YEAR 2027 BILLING



\$ are for illustrative purposes



THE VALUE OF ONE-CENT OF REAL ESTATE TAX IN FY 2026



\$4.2 million in revenue



\$50.0 million for capital projects support

HOW THE ECONOMIC CLIMATE IMPACTS OUR REVENUES

- We must look at the economic indicators:
 - Gross Domestic Product (GDP).
 - Employment and Unemployment.
 - Price trends and inflation.
- Key questions to industry leaders and economists last December:
 - What is the outlook for the economy over the next 6 to 24 months?
 - What are the economic trends impacting our region?
- However, the current outlook has become more uncertain than when we were developing the budget.

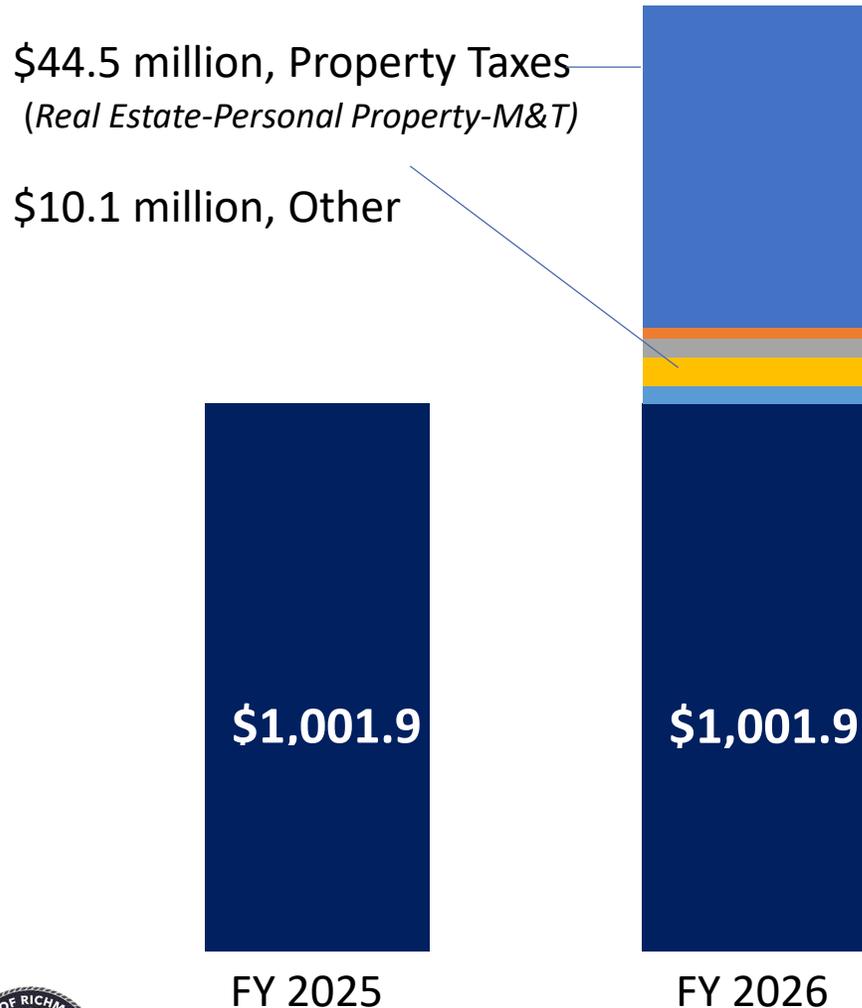


CITY SERVICES ARE NOT IMMUNE TO ECONOMIC CHANGES

- Richmond's population continues to increase.
- Employee recruiting and retention is extremely competitive.
 - Tight labor market
 - Higher expectations and competition for salary, benefits, and incentives.
- Inflationary increases
 - Energy (fuel, natural gas, electricity)
 - Contractual increases
 - IT, vehicles, insurance, goods and services, and construction costs.
- In FY 2026, we must be wise with allocation of revenues and resources.



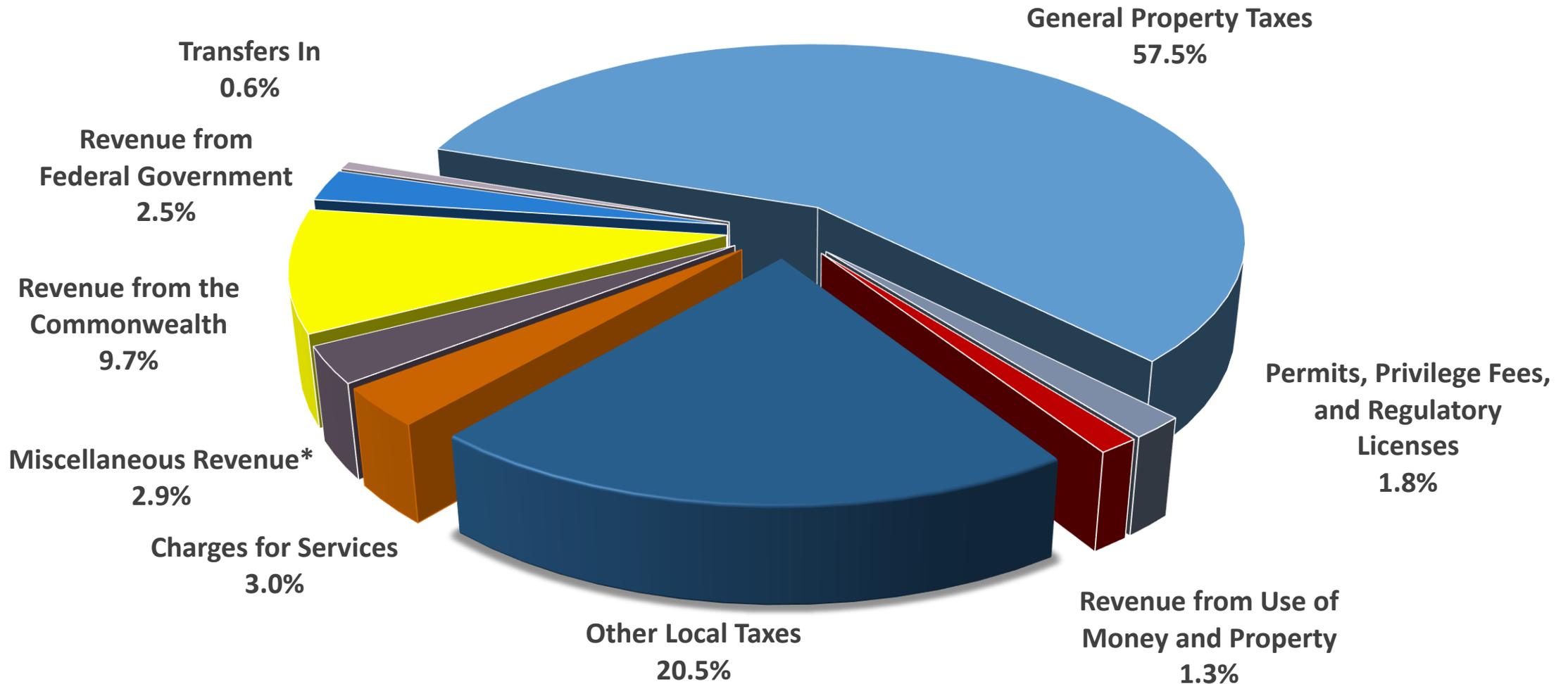
FY 2026 GENERAL FUND REVENUE \$1.1 BILLION (5.5% GROWTH)



- Real estate taxes (current and delinquent) account for \$41.3 million (76 percent) of the growth
- Business license tax is projected to increase 3.7 percent
- Prepared food (meals) tax is projected to increase 4.6 percent
- Sales and use tax is projected to increase 1.2 percent
- Transient lodging tax (lodging) is projected to increase 7.3 percent
- Charges for services are projected to increase 14.1 percent primarily from charges for sanitation and waste removal



WHERE DOES GENERAL FUND REVENUE COME FROM?

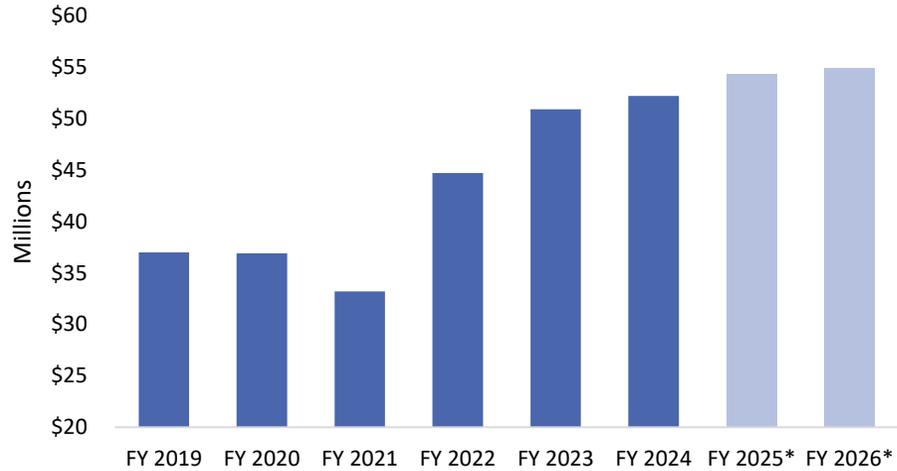


*Includes Recovered Costs - \$3,494,760 (0.3%), Fines and Forfeitures - \$8,000 (0.0%), Revenue from Utilities - \$55,000 (0.0%), etc.

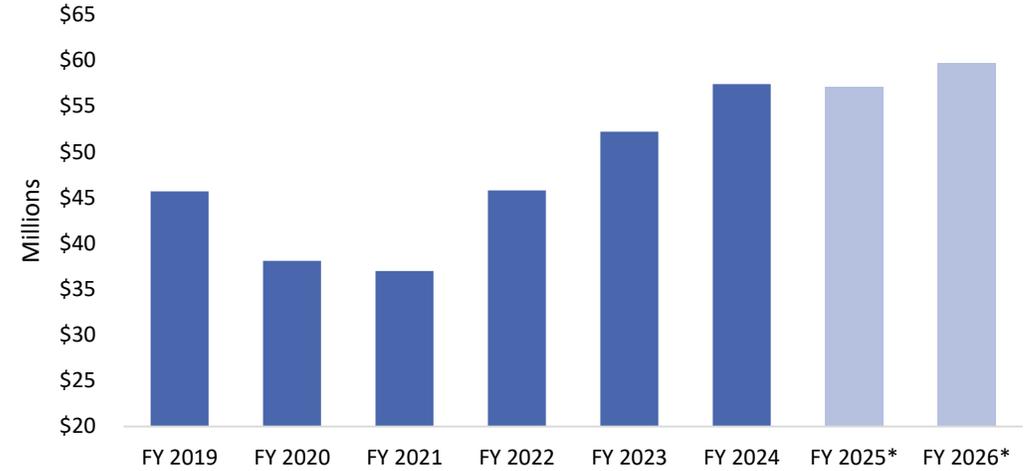


KEY LOCAL REVENUE TRENDS

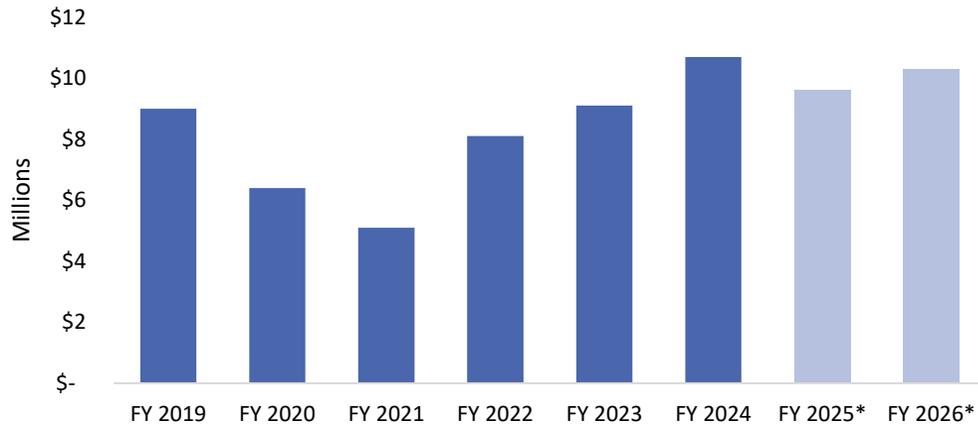
Sales & Use Tax, FY 2019 - FY 2026



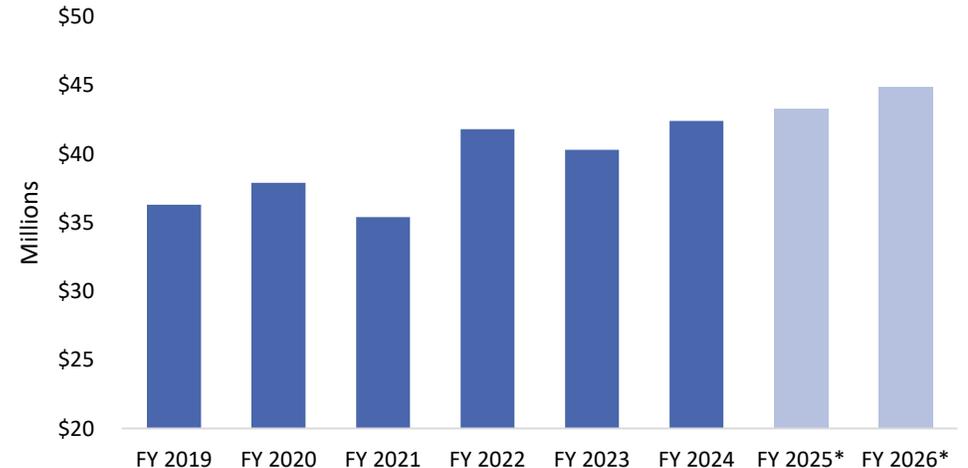
Meals Tax, FY 2019 - FY 2026



Lodging Tax, FY 2019 - FY 2026



Business Licenses Tax, FY 2019 - FY 2026

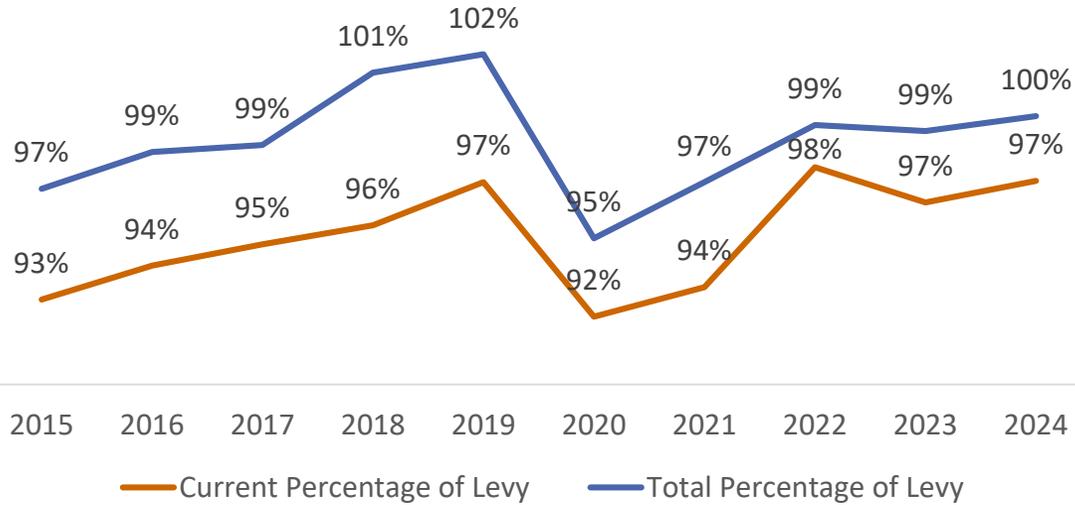


Note: FY 2019-2024 are actual. *FY 2025-2026 are budget amounts. Amount shown in millions.

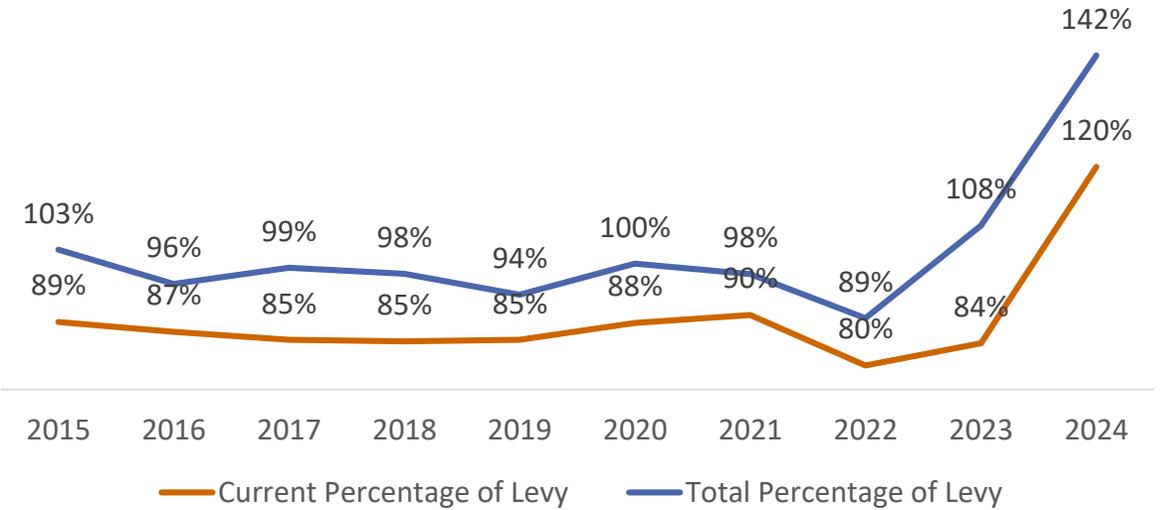


COLLECTION RATES ARE ON THE RISE

Richmond Real Estate Tax Collection Rates



Richmond Personal Property Tax Collection Rates



- The collection rates for the real estate tax and the personal property tax have increased over the last few years for both:
 - the current levy - currently owed tax
 - the total levy – includes the current levy and delinquent taxes or taxes in arrears
- The Department of Finance has stepped up enforcement actions, specifically sending delinquent notice letters to taxpayers, making payment arrangements, and utilizing external collection agencies to achieve higher collection rates.



GENERAL FUND REVENUE TIMELINE

January

- Real Estate Value Established
- Real Estate Taxes (1st Half)

March

- Business Personal Property Filing
- Business License Renewal

June

- Real Estate Tax (2nd Half)
- Personal Property Taxes

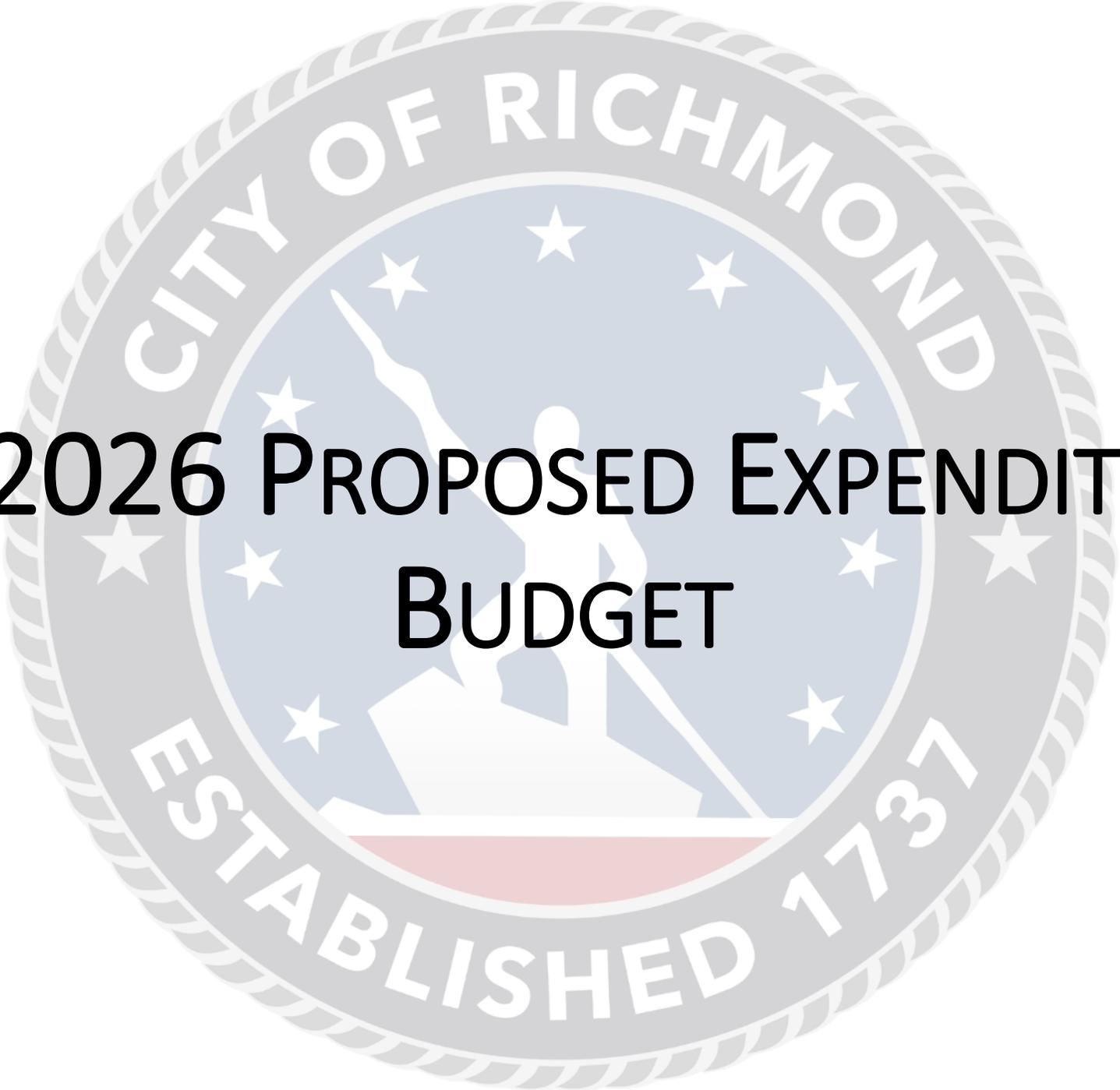
Monthly

- Local Sales/Use Tax, Admissions, Lodging, and Meals Tax



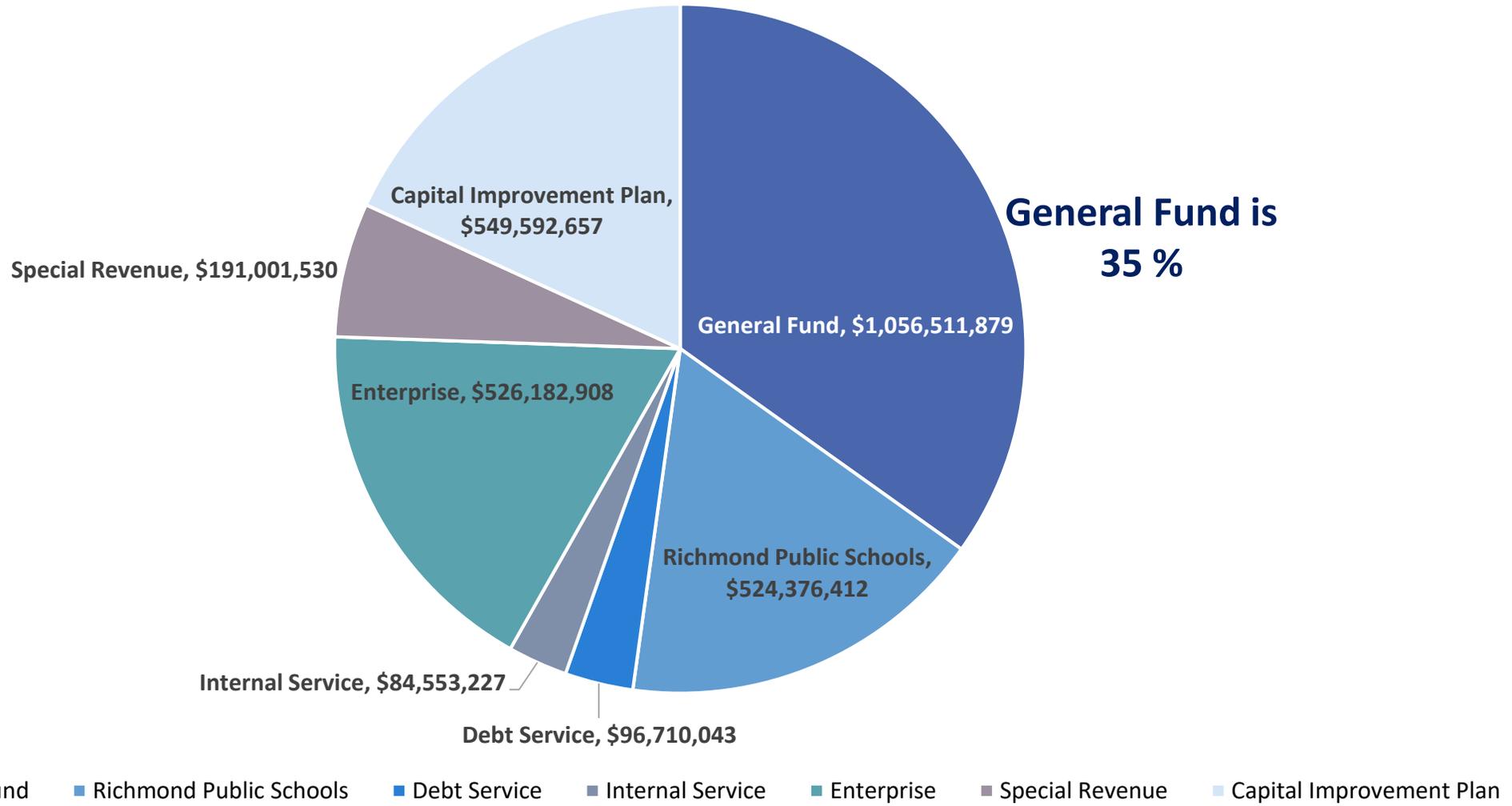


DISCUSSION

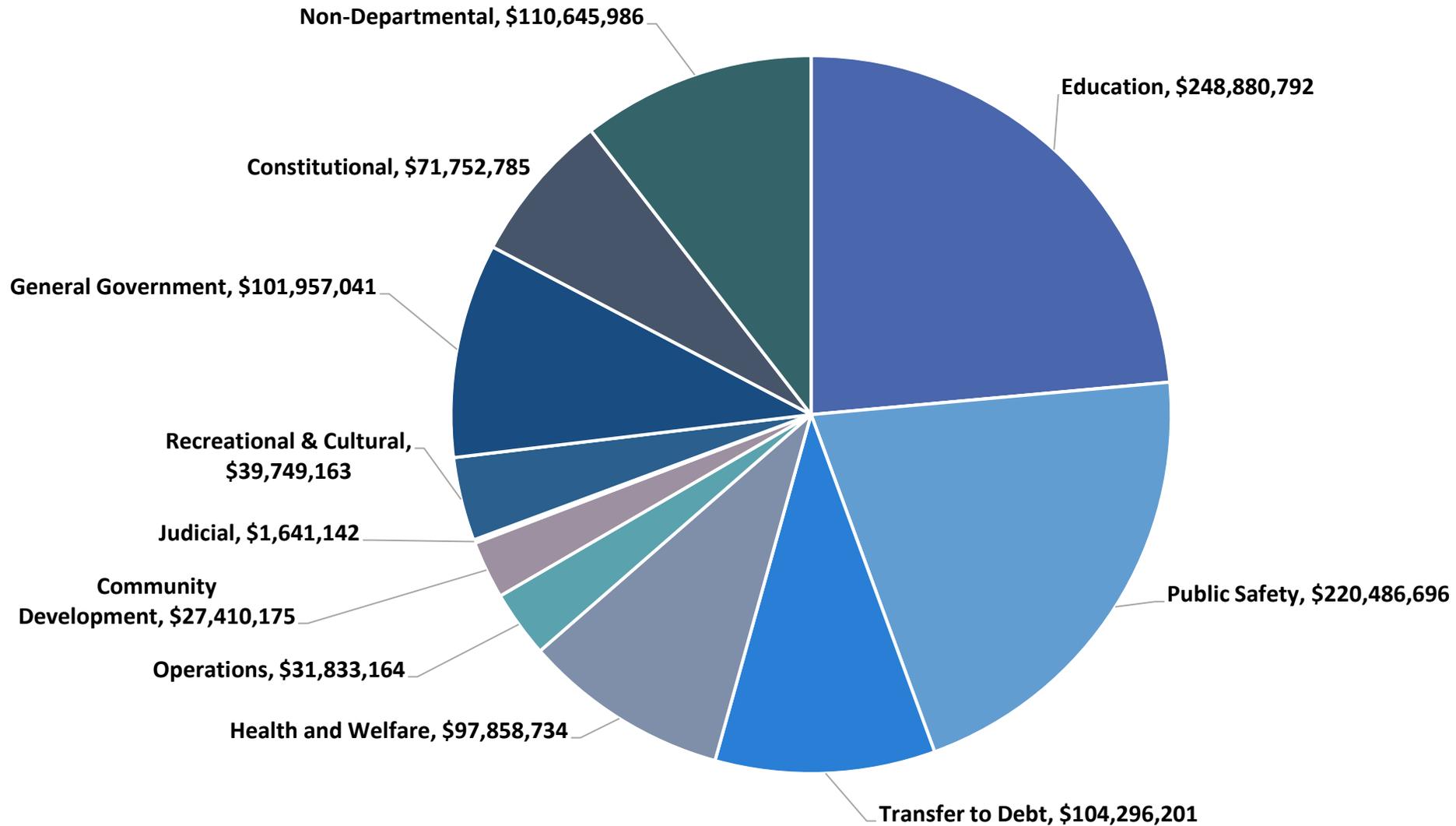
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**FY 2026 PROPOSED EXPENDITURE
BUDGET**

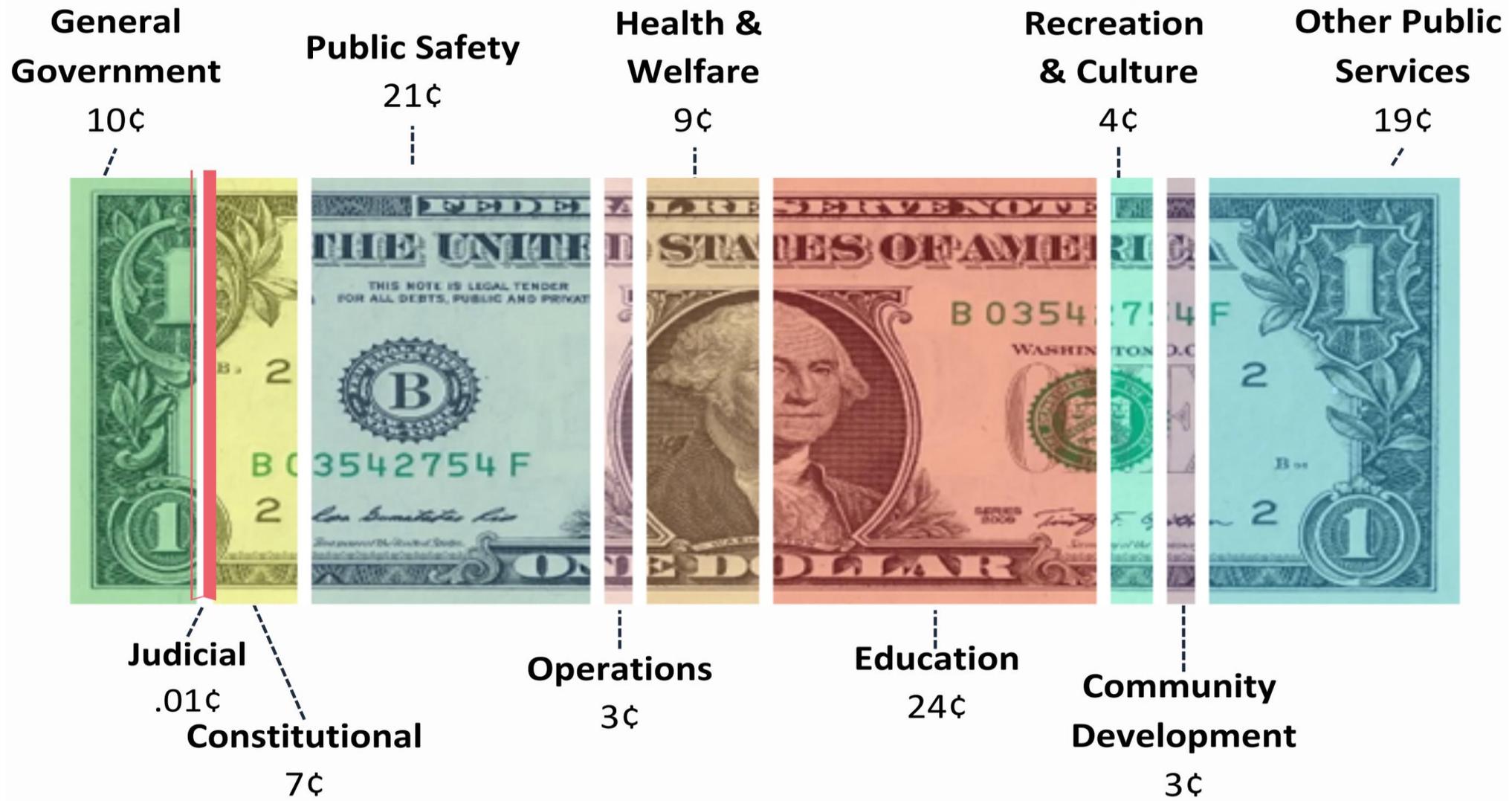
PROPOSED FY 2026 ALL FUNDS BUDGET IS \$3.0 BILLION



PROPOSED FY 2026 GENERAL FUND BUDGET IS \$1.1 BILLION



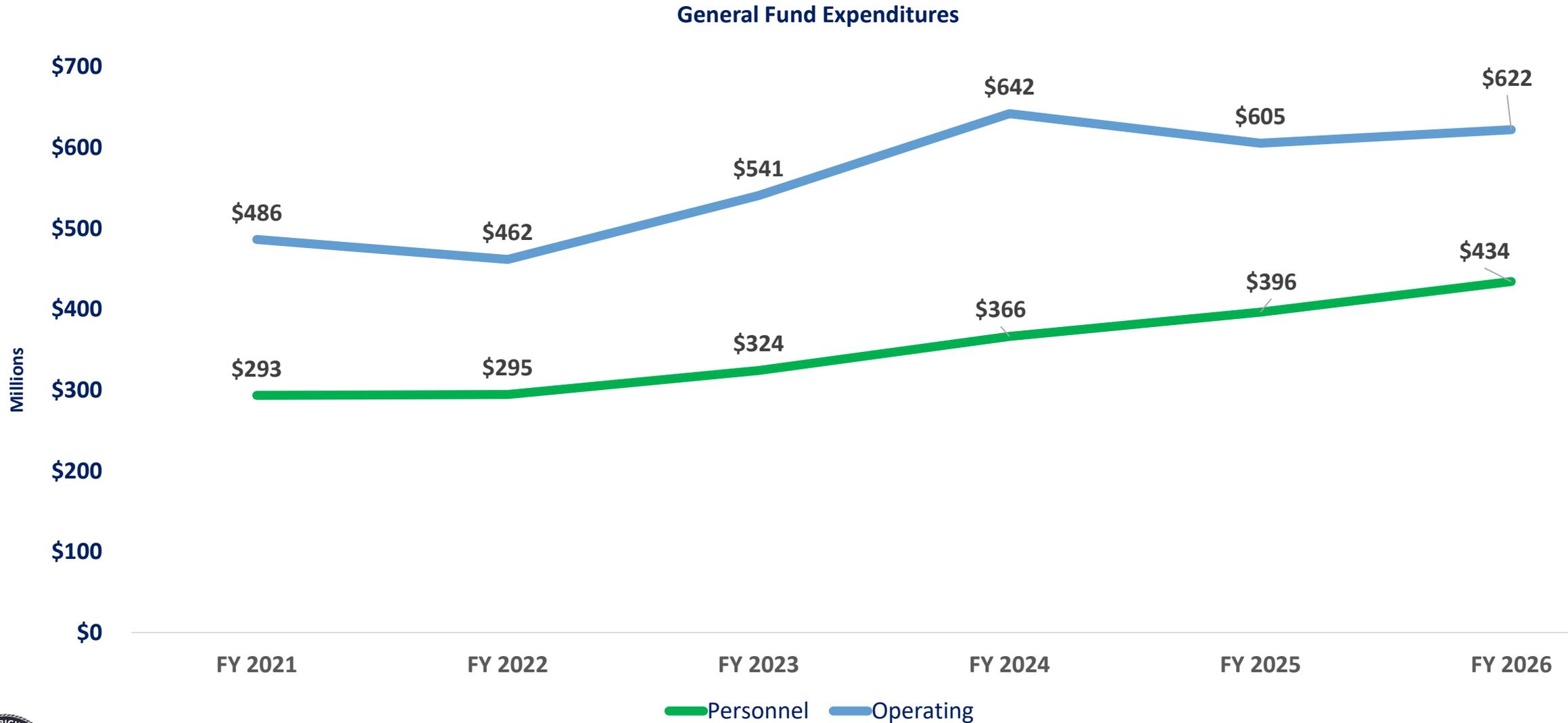
HOW A DOLLAR IS SPENT



Amounts shown in millions



GENERAL FUND EXPENDITURES

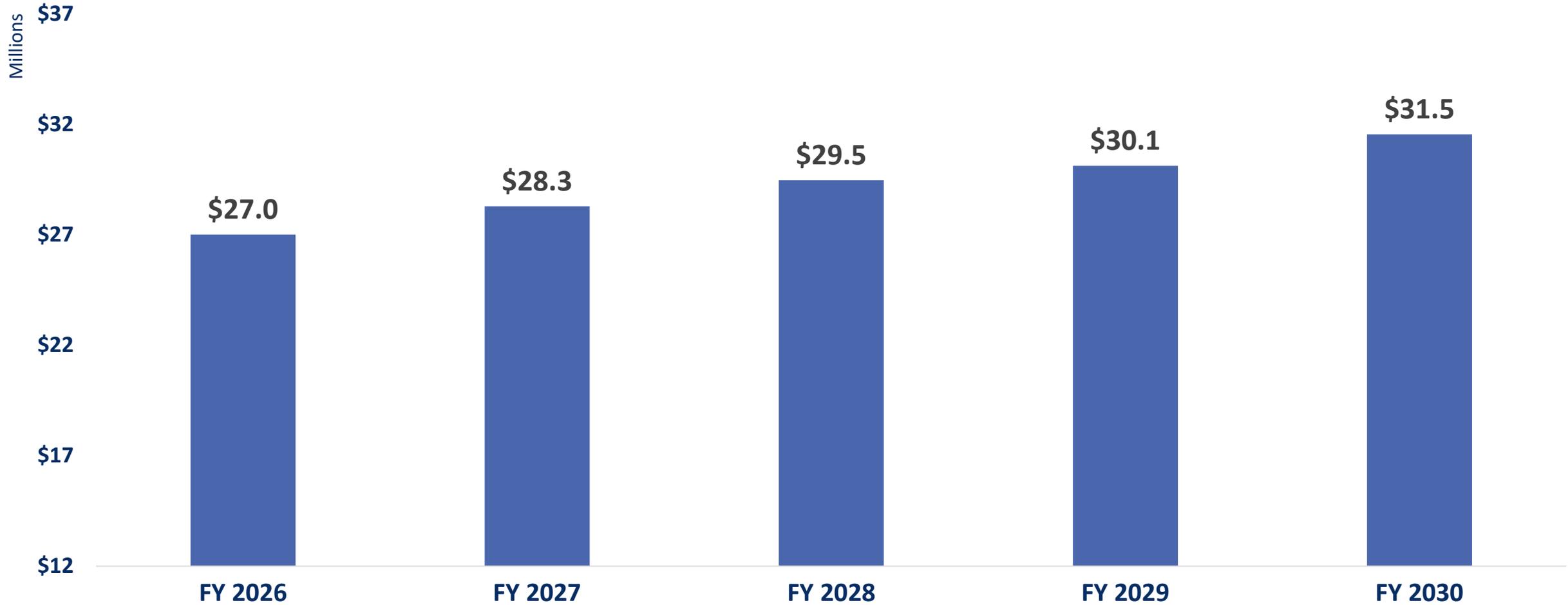


Amounts shown in millions. FY 2021 – FY 2024 are actual amounts, FY 2025 is the budgeted amount, and FY 2026 is the proposed estimate.



COLLECTIVE BARGAINING AVERAGE YEARLY COST ABOUT \$29 MILLION

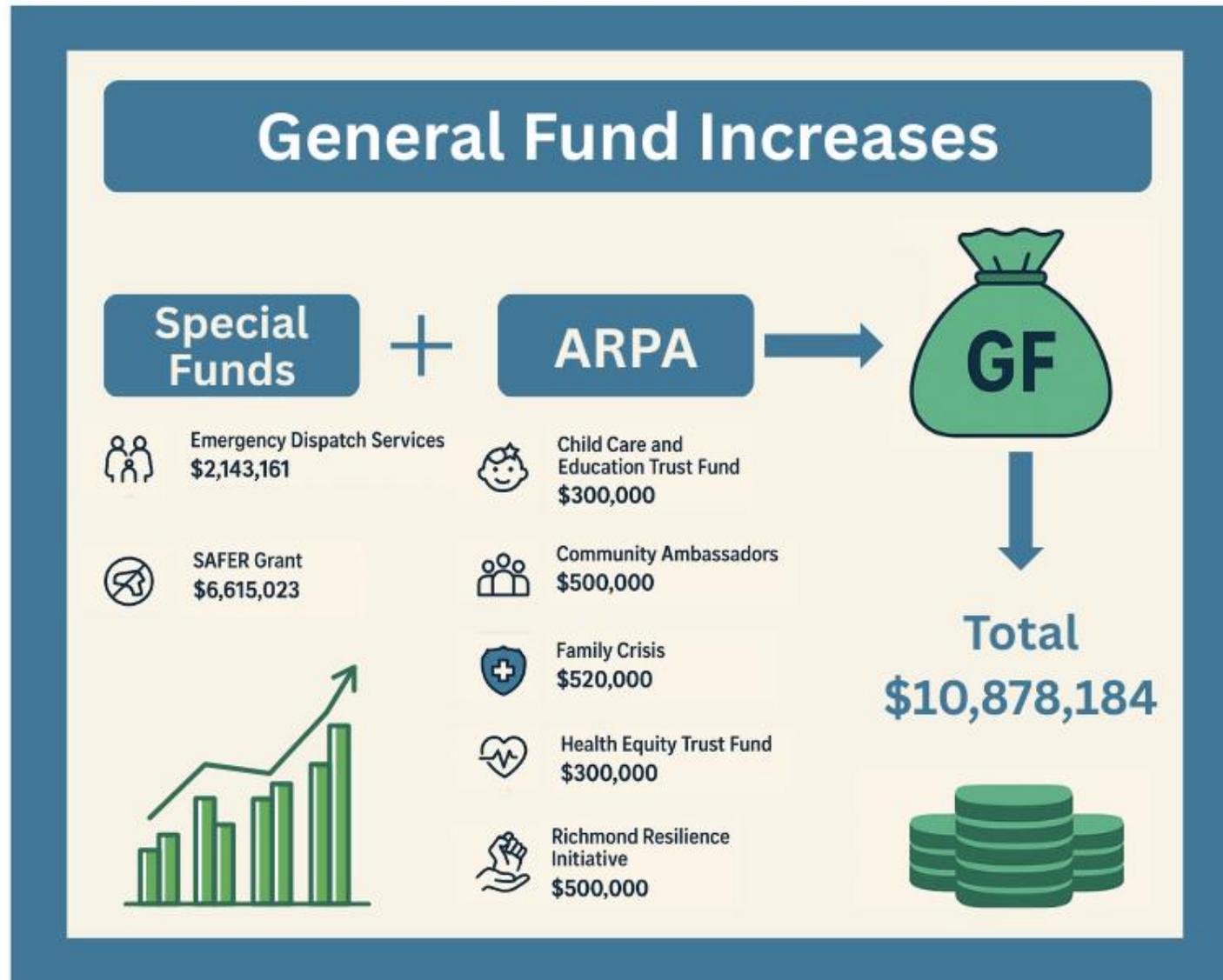
5-Year Incremental Collective Bargaining Costs



Amounts in Millions

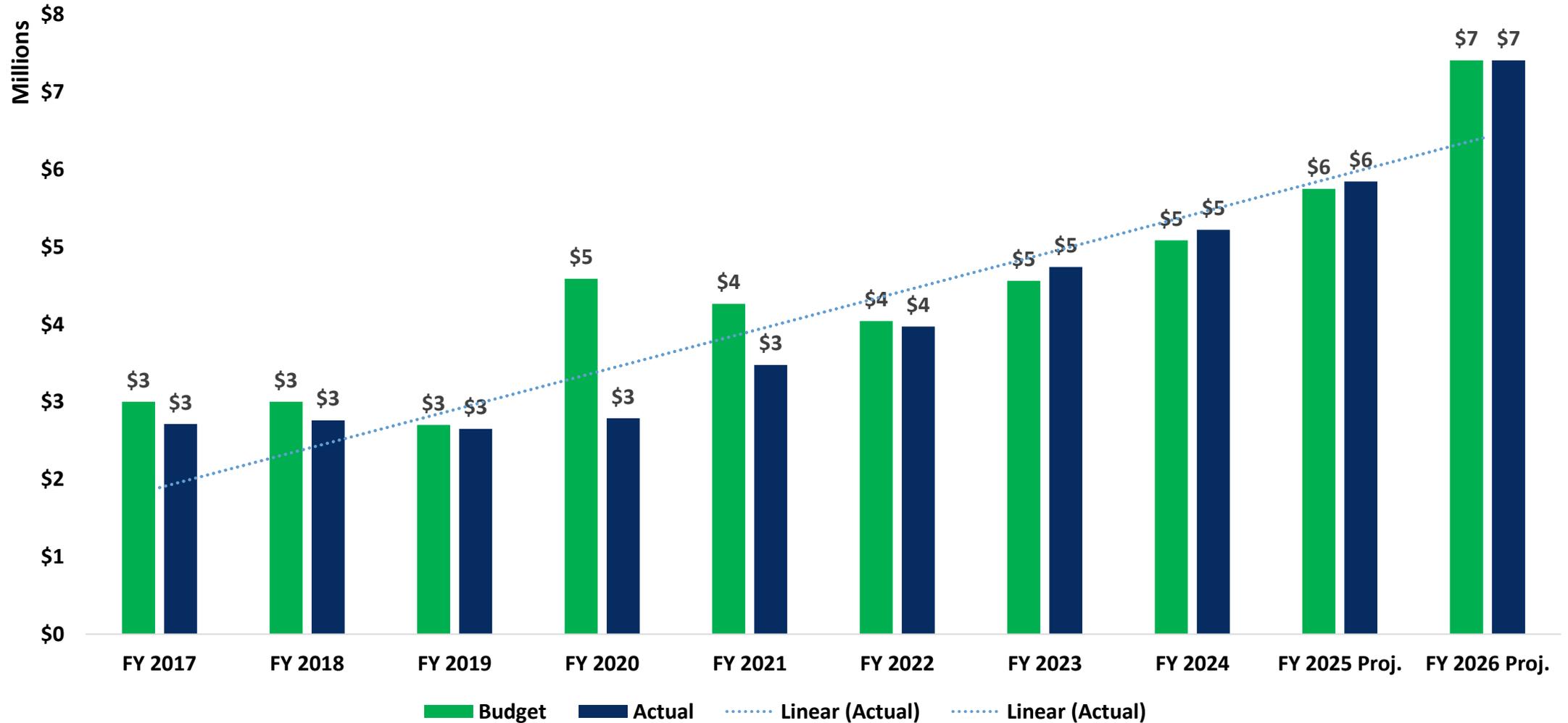


INCREASING COSTS FOR THE GENERAL FUND

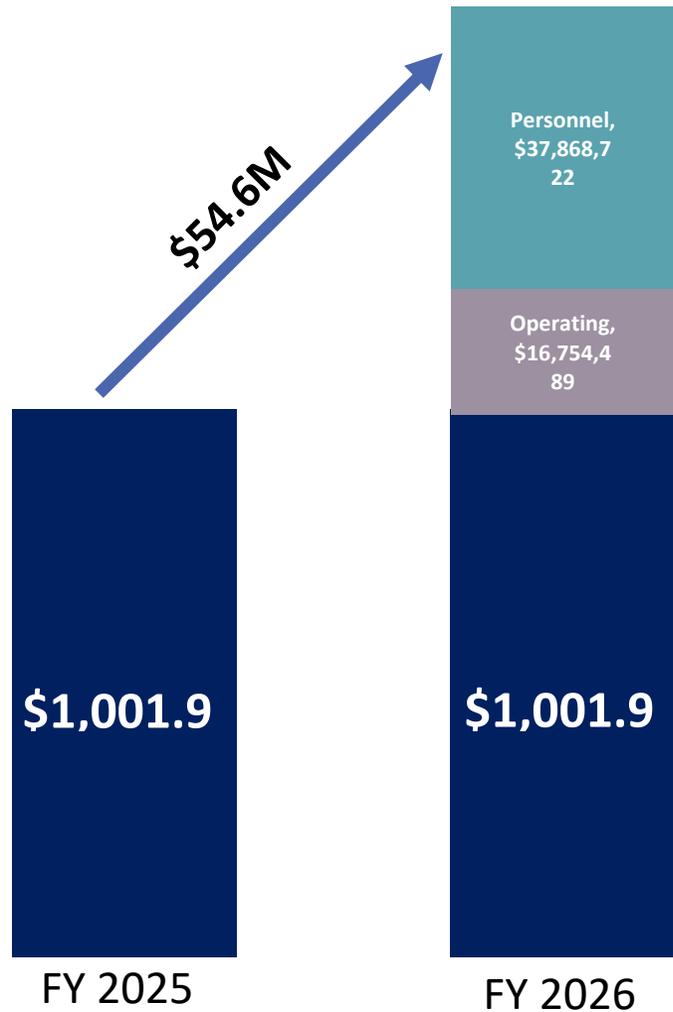


INCREASING COSTS FOR TAX RELIEF FOR OLDER ADULTS AND PERSONS WITH DISABILITIES PROGRAM

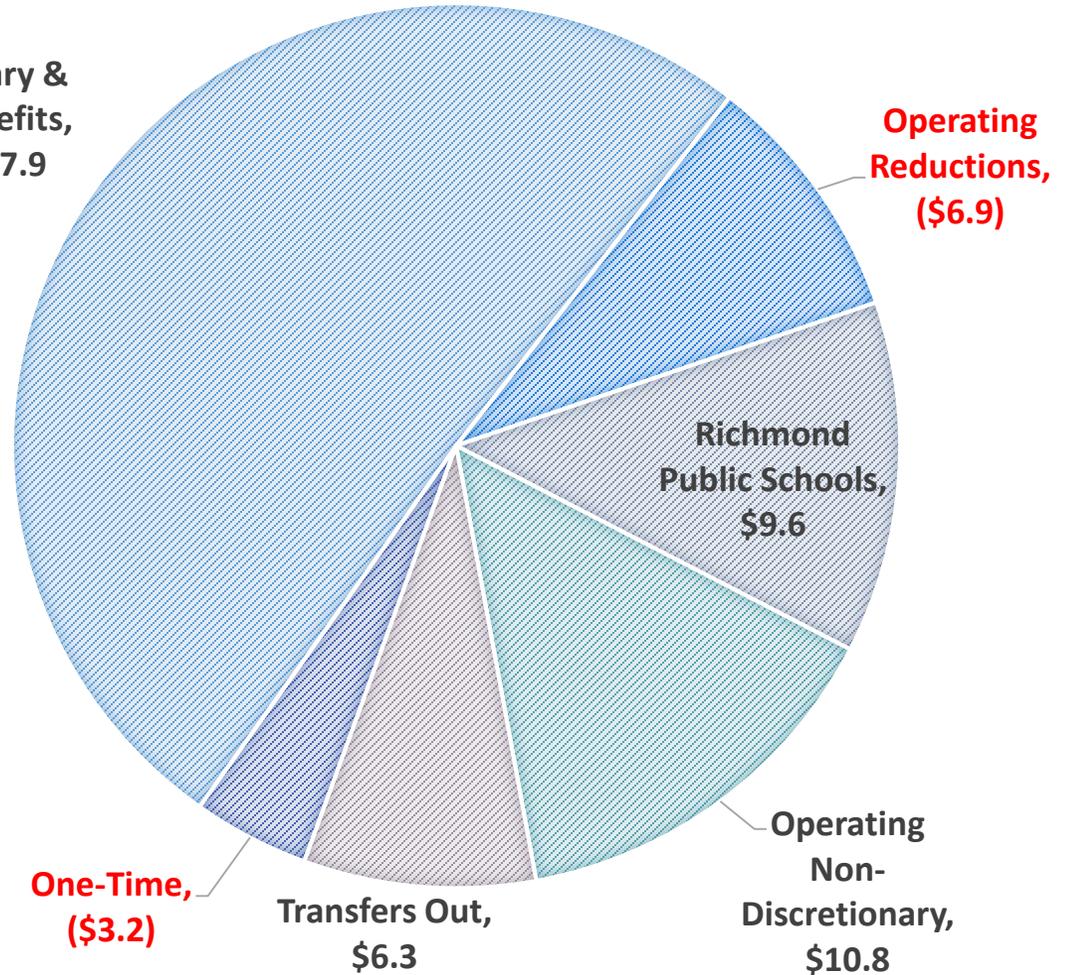
Older Adults and Persons with Disabilities Real Estate Tax Freeze Program



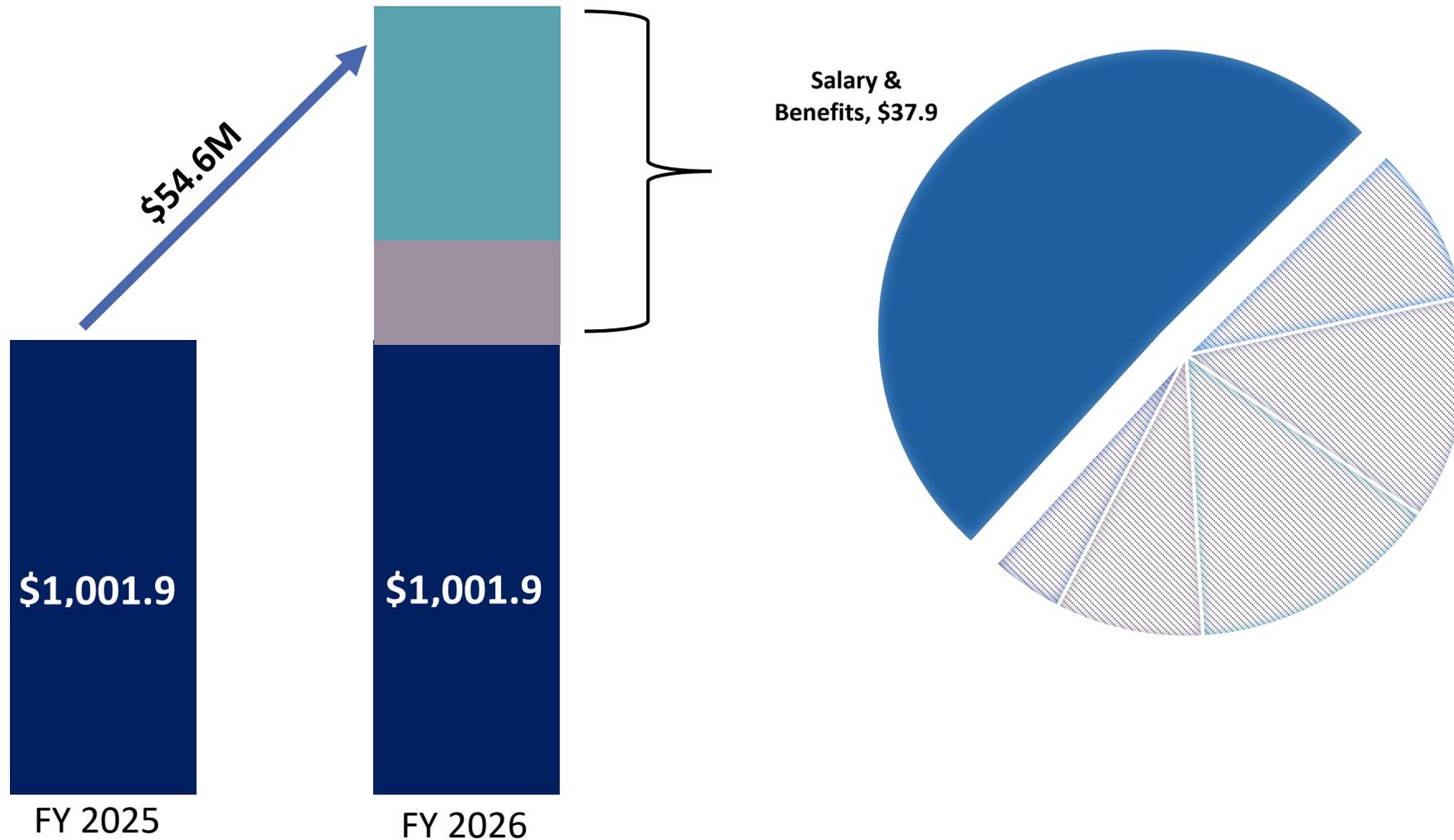
FY 2026 EXPENDITURE BUDGET INCREASE



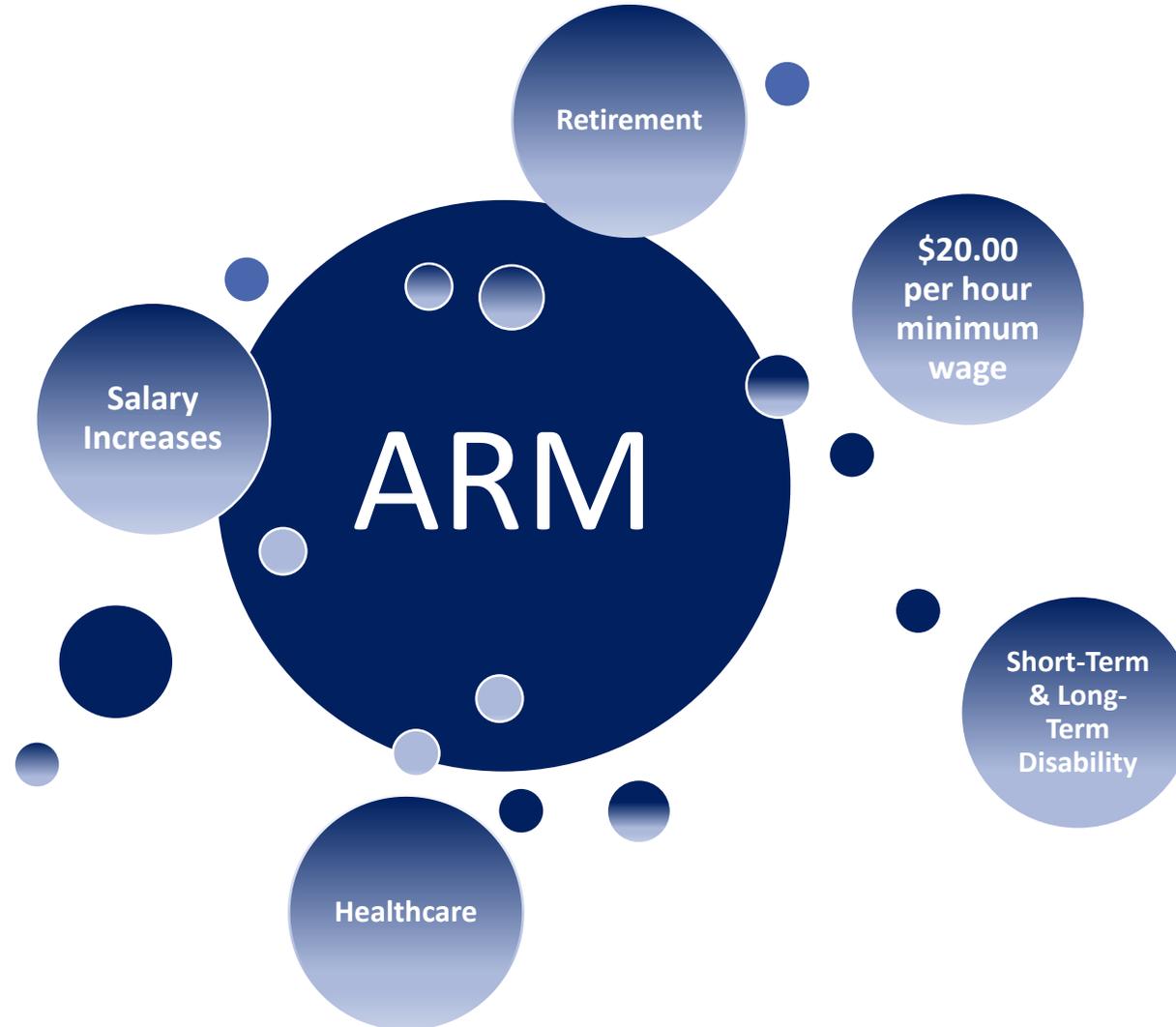
Salary & Benefits, \$37.9



FY 2026 PERSONNEL BUDGET INCREASE



ARM (ATTRACT, RETAIN, AND MOTIVATE)



OTHER COMPENSATION CHANGES

\$20/hr
MINIMUM WAGE



**MARKET ADJUSTMENTS
FOR CITY EMPLOYEES**



**HEALTHCARE
AVERAGE 8% INCREASE**

**SHORT- AND
LONG-TERM
DISABILITY
INSURANCE**



**Marathon
Health**
Over 2,300 unique
members served
Over 2,500 biometric
screenings completed

Pay Increases
3.25% General Employee
10.3% Average Sworn



INVESTMENTS IN PUBLIC SAFETY

S.A.F.E.R

Staffing for Adequate Fire and Emergency Response

- 2023 grant for Fire & Emergency Services
- Through Federal Emergency Management Agency (FEMA)
- 72 Firefighter positions
- \$6.6 million beginning FY 2026



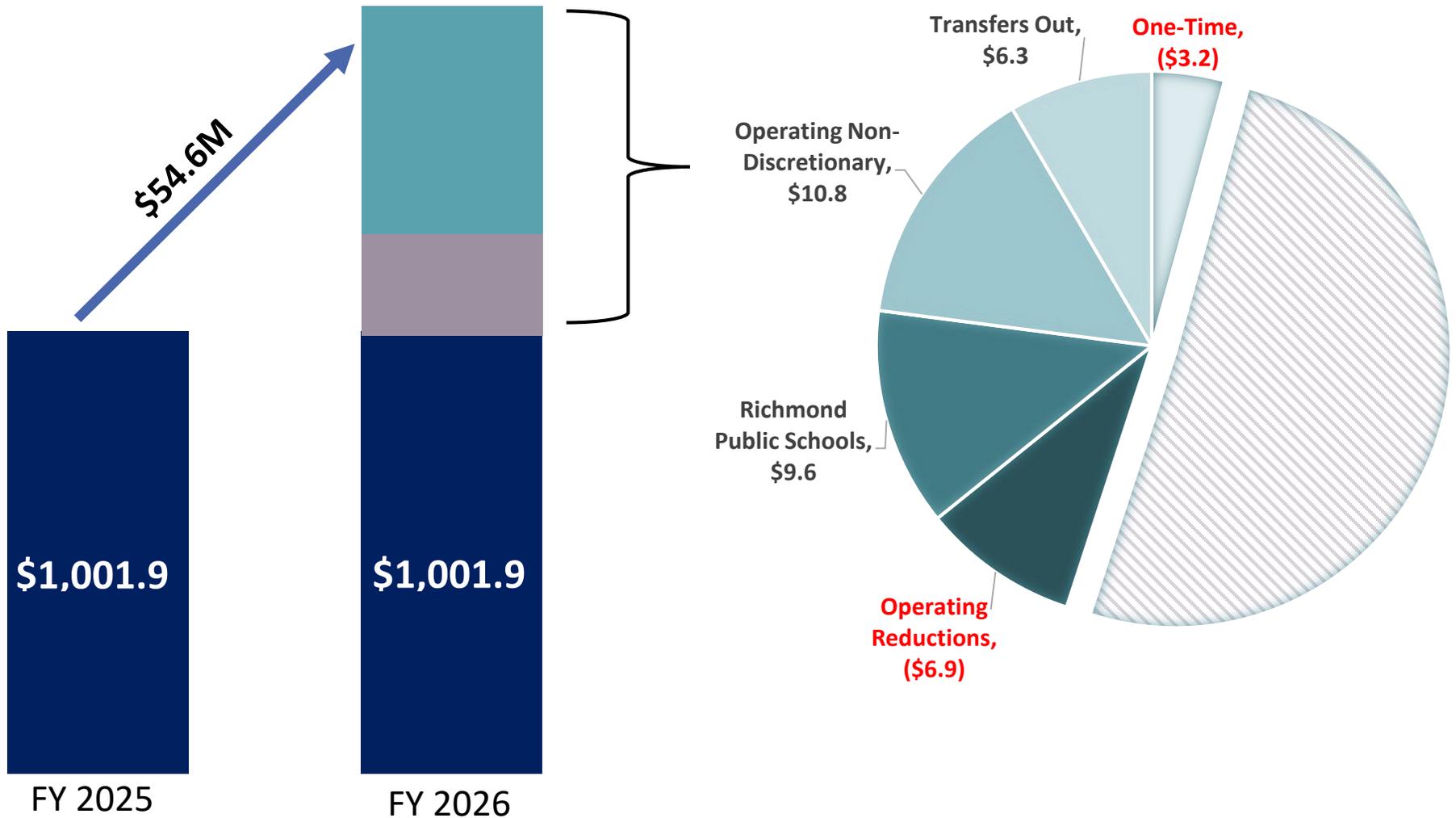
9-1-1

Emergency Dispatch Services

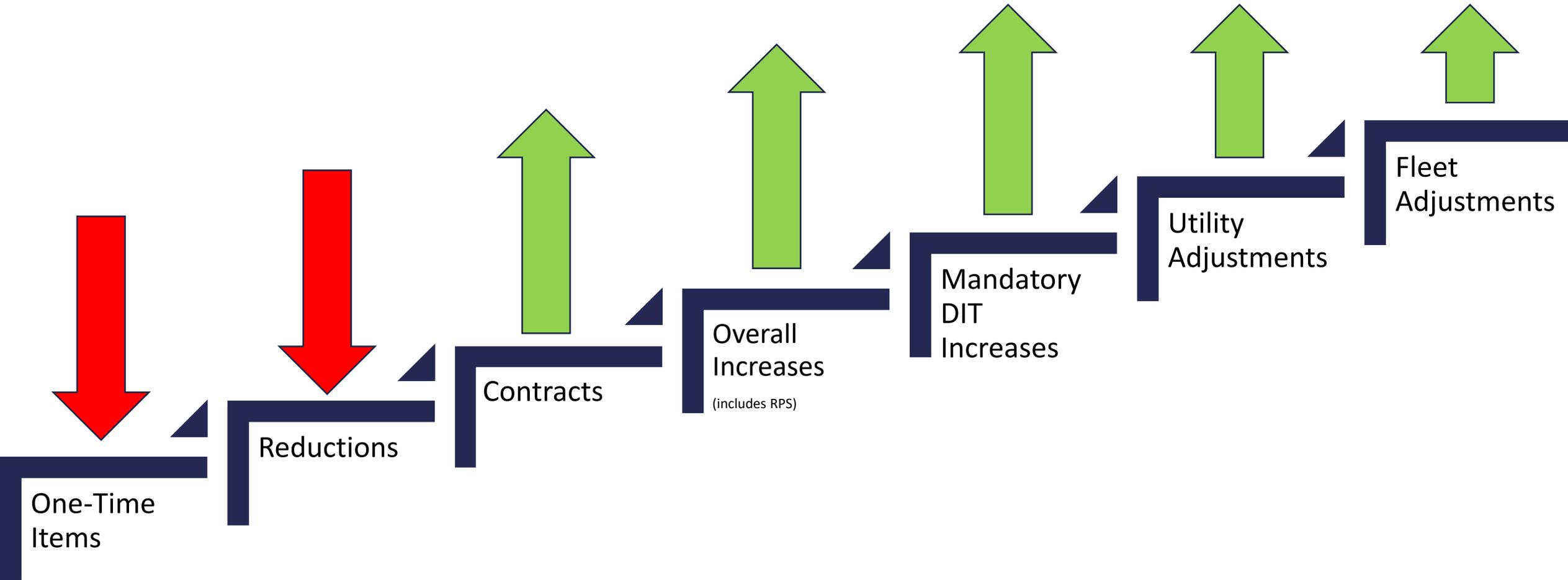
- 22 positions
- Previously funded by the Special Fund
- Annual personnel increases have caused costs for these positions to exceed the annual Special Fund contribution
- \$2.1 million



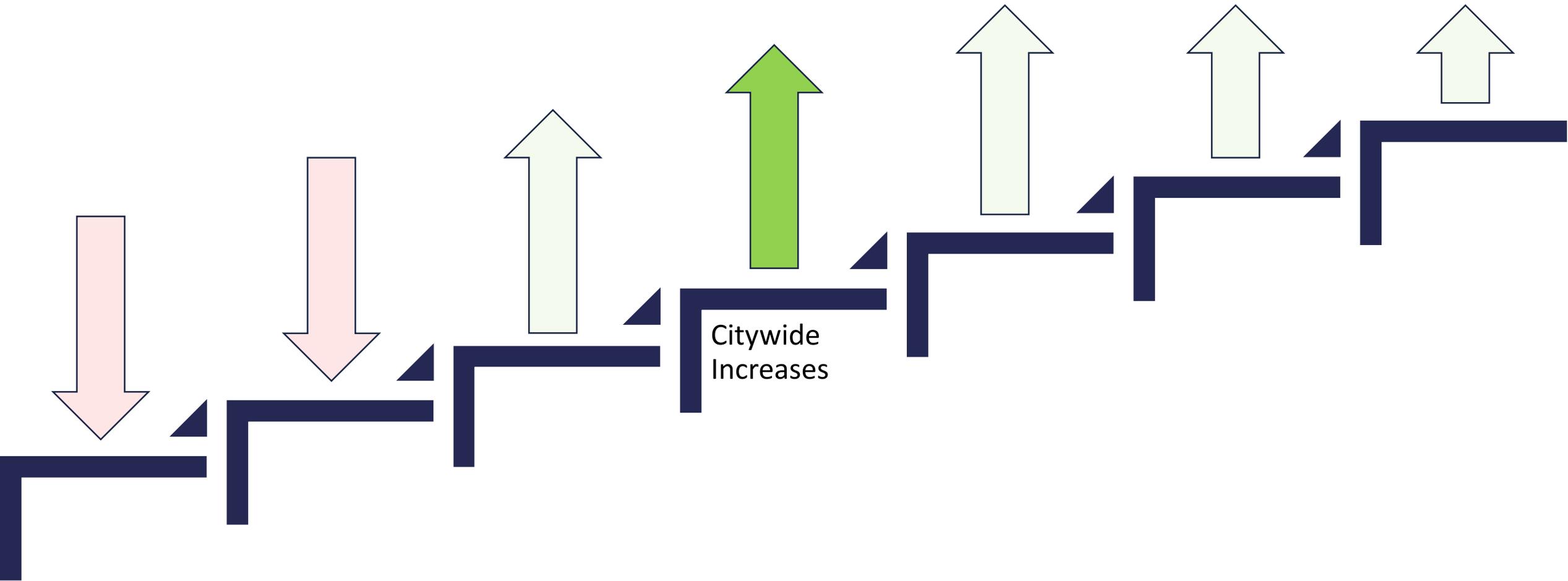
FY 2026 OPERATING BUDGET INCREASE



BREAKING DOWN THE OPERATING INCREASE



LARGEST OPERATING INCREASE



RICHMOND PUBLIC SCHOOLS SUPPORT

March 31 Average Daily Membership, or ADM, is the student enrollment count that drives most state funding.

ADM is the total days in membership for all students, grades K through 12, over the school year divided by the number of days school was in session.

School divisions receive state funding based on their students' ADM as of March 31 of the fiscal year.

The budget is based on a projected FY2026 March 31 student ADM of 20,149.

Source: Richmond Public Schools, FY 2026 School Board Approved Budget.



LOCAL FUNDING INCREASED 64 PERCENT IN TEN YEARS

Ten-Year Look at State and Local Funding for RPS FY 2017 to FY 2026

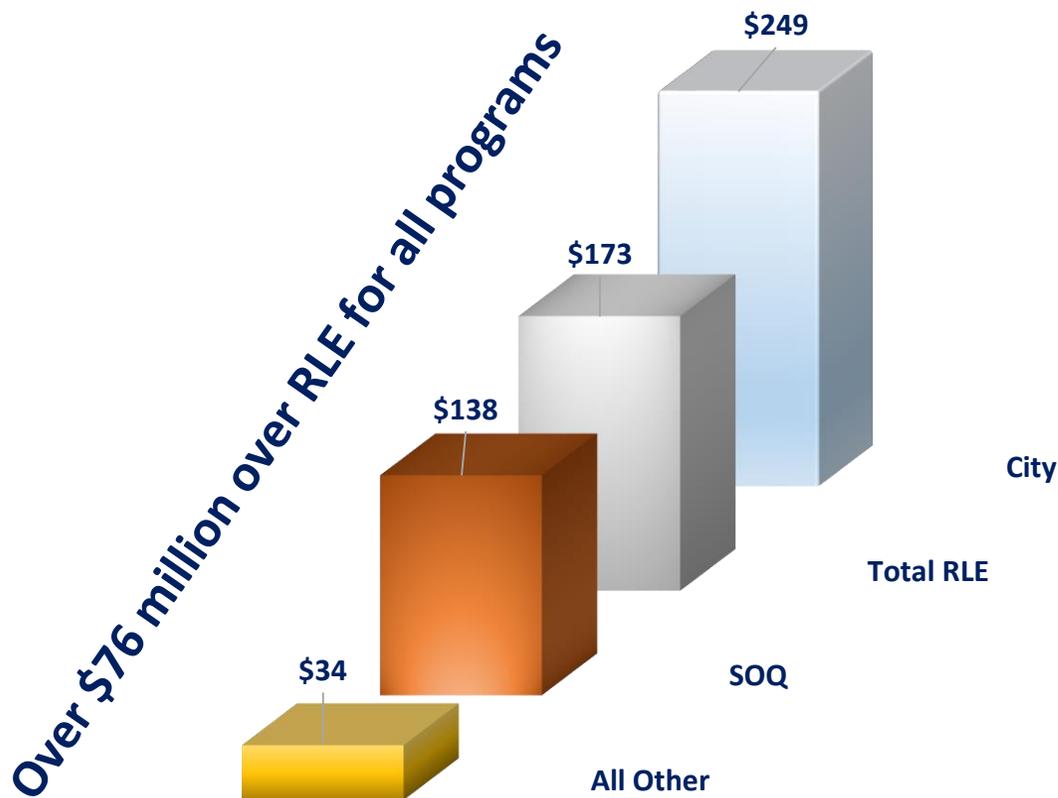


Amounts shown in millions. Source: COR Proposed FY 2026 Budget and RPS FY 2026 Proposed Budget and prior RPS budgets.



CITY PROVIDES MORE THAN THE STATE REQUIRED LOCAL EFFORT FOR STANDARDS OF QUALITY (SOQ)

Comparison of Required Local Effort (RLE) and City Contribution

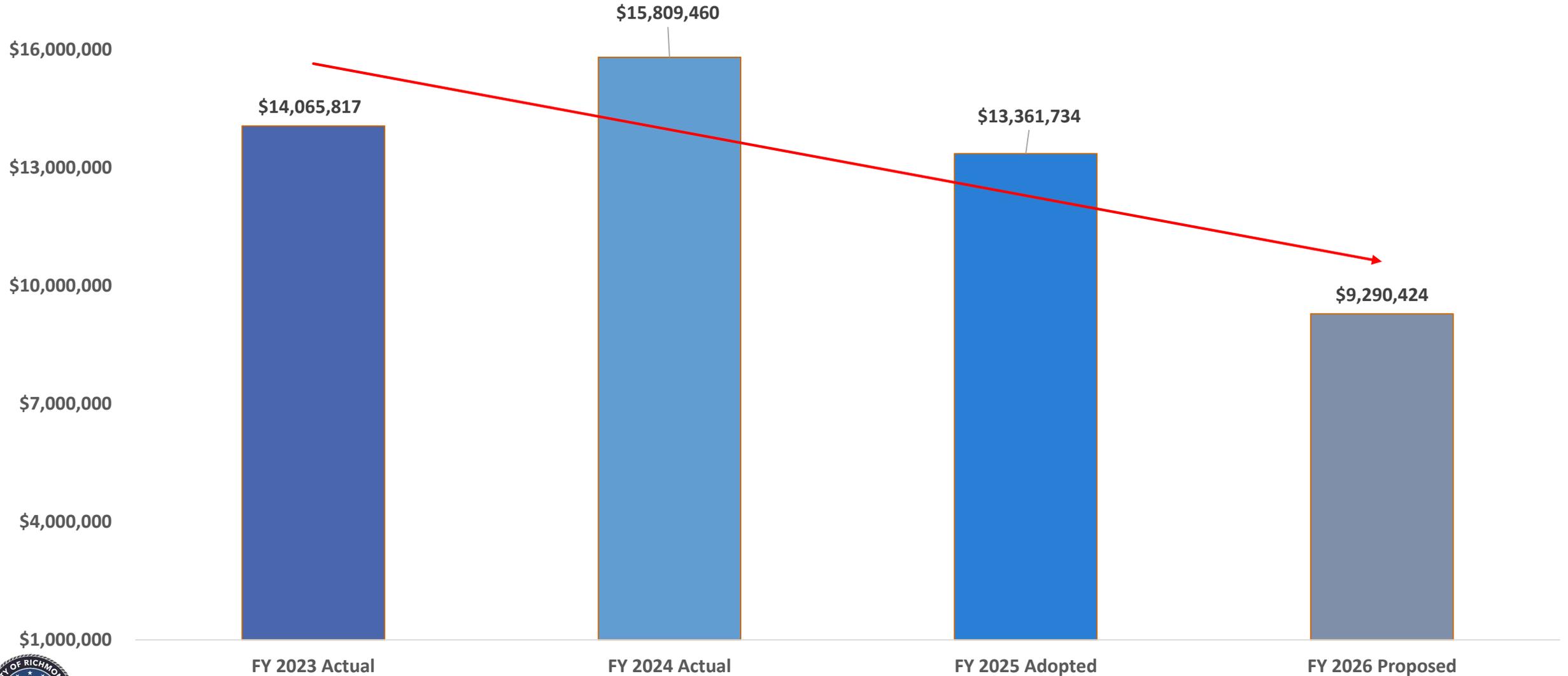


Amounts shown in millions. Source: VA Dept of Education's 2025 GA conference calc sheets using ADM of 20,149. Amounts shown in millions.



PARTNER AGENCIES

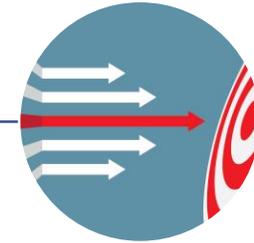
(FORMERLY CHARITABLE ORGANIZATIONS WITHIN NON-DEPARTMENTAL)



IMPROVING THE PROCESS FOR OUTSIDE AGENCIES



FY 2027



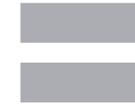
INVESTING IN YOUTH AND COMMUNITIES



Over \$2.5 million in Funded Programs



\$9.6 million Increase to RPS



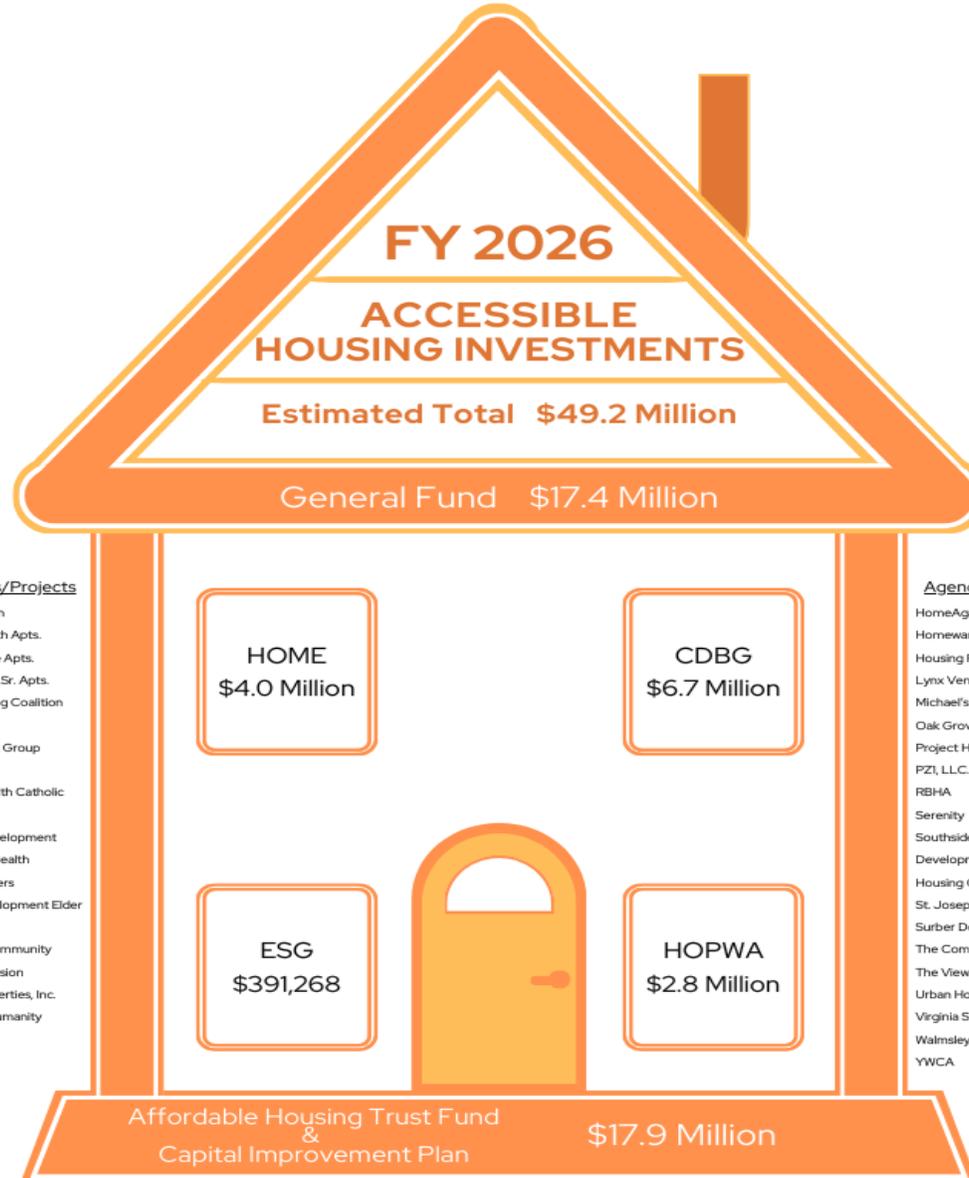
Over \$12 million Investment in our Children and Families

SUPPORTING OUR PUBLIC HEALTH PARTNERS



- Maintained FY 2025 Adopted level funding for **Richmond Ambulance Authority**
- Maintained FY 2025 Adopted level funding for **Richmond City Health District**
- Continued funding for **Richmond Behavioral Health Foundation** to support for the Trauma Healing Response Network
- Provided a slight increase due to the local match funding formula for **Richmond Behavioral Health Authority**

THRIVING NEIGHBORHOODS – INVESTMENT OF \$49.2 MILLION



Agencies/Projects

- 700 Carnation
- 700 West 44th Apts.
- Afton Avenue Apts.
- Bainbridge St.Sr. Apts.
- Better Housing Coalition
- Canterbury
- Development Group
- CARITAS
- Commonwealth Catholic
- Charities
- Crescent Development
- Daily Planet Health
- Dakota Partners
- Dodson Development Elder
- Homes Corp.
- Enterprise Community
- Eviction Diversion
- Genesis Properties, Inc.
- Habitat for Humanity
- Homes, Inc.

Agencies/Projects

- HomeAgain
- Homeward
- Housing Families First
- Lynx Ventures, Inc.
- Michael's Development
- Oak Grove
- Project Homes
- PZI, L.L.C.
- RBHA
- Serenity
- Southside Community
- Development and
- Housing Corporation
- St. Joseph's Villa
- Surber Development
- The Community Builder
- The View at Belle Isle
- Urban Hope
- Virginia Supportive Housing
- Walmsley Gardens
- YWCA

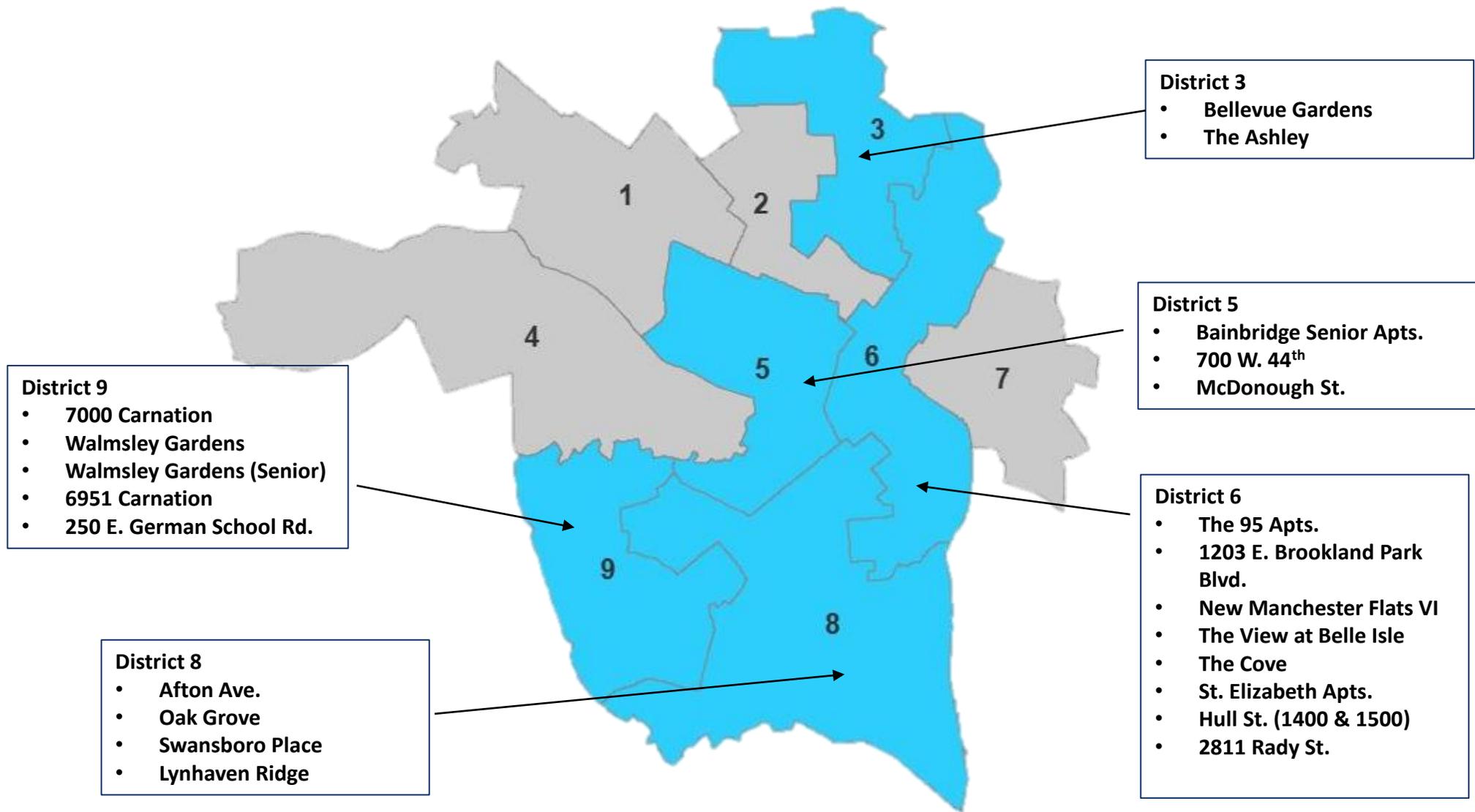


ADDRESSING HOMELESSNESS

- Over **\$4.2 million** to address homelessness
 - 206 city-funded shelter beds: 100 year around beds at Salvation Army and Home Again, and 106 Inclement Weather Beds at Salvation Army.
 - 301 other year around beds.
- **Diverted over 1,600 evictions** through the Eviction Diversion Program and funded homeless service liaisons
- **\$520,000 for Family Crisis** funding
- **\$410,000** for local partnerships to supply resources for the unhoused:
 - CARITAS, Homeward, Housing Families First, SupportWorks Housing, and Salvation Army Center of Hope.



AFFORDABLE HOUSING PERFORMANCE GRANTS



SUPPORTING OUR ECONOMIC DEVELOPMENT PARTNERS

\$2.5 Million Additional



GRCCA
\$1.8 million
Total =
\$10.3 million



GRTC
\$172,000
Total = \$9.4 million



Richmond Region
Tourism
\$400,000
Total = \$2.6 Total



Venture Richmond
\$55,000
Total = \$1.5 million



REALIGNING CITY SERVICES



**Director of
Transportation**



**Chief Transformation
Manager**



General Services

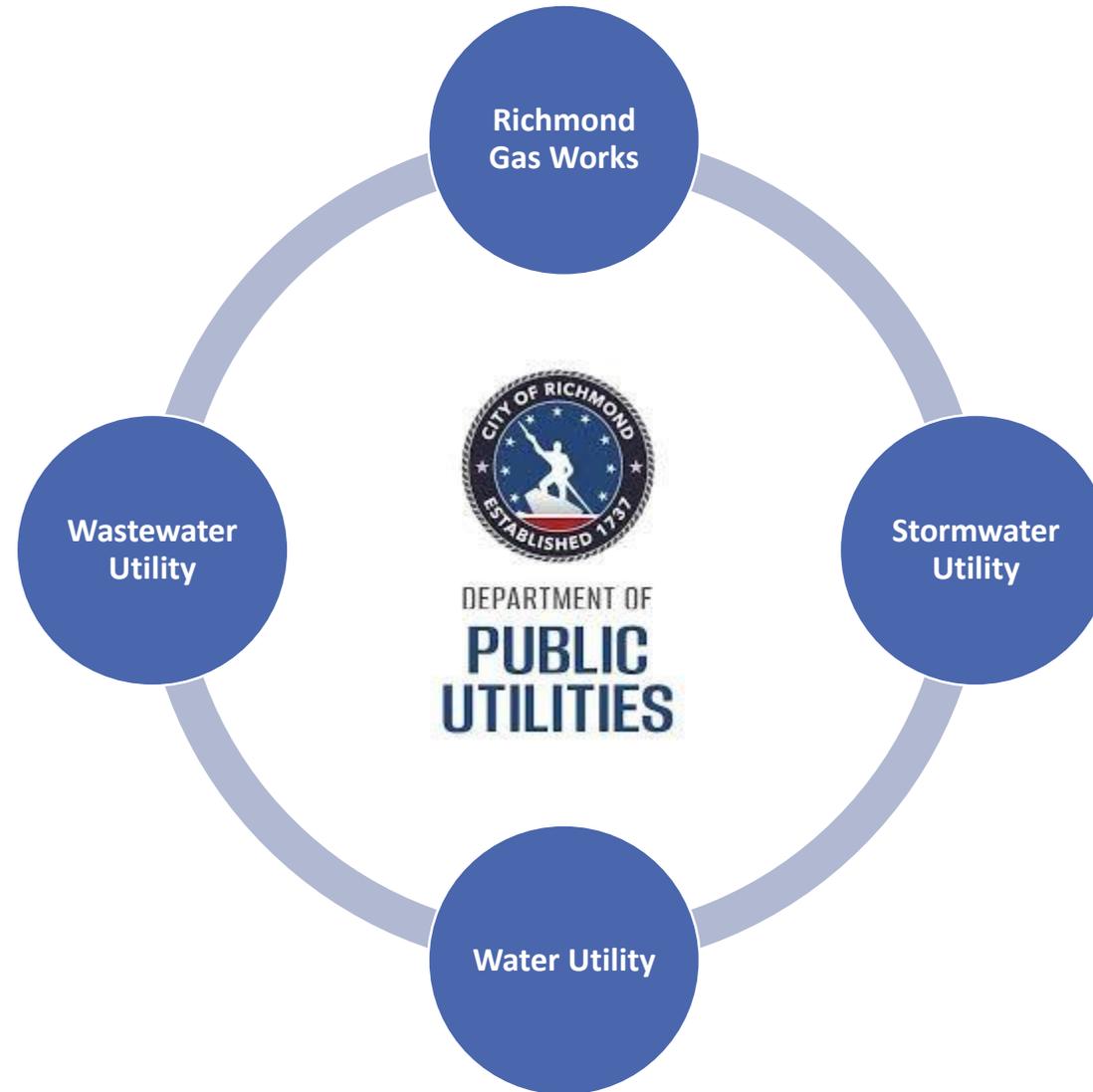
OTHER RELEVANT HIGHLIGHTS



FEE INCREASES

Fee Increases	
 <p>Solid Waste Fee Increase from: \$0.03 ¢ per day</p>	 <p>Recycling Fee Increase from: \$0.04 ¢ per day</p>
 <p>Parking Fee increases from: Monthly - \$5.00 Hourly - \$1.00 Maximum (4 hrs) - \$2.00</p>	 <p>Parks & Rec. Additional new rental space: Midtown Green</p>

ADDRESSING UTILITY INFRASTRUCTURE



NECESSARY UTILITY RATE ADJUSTMENTS

Proposed Average Increases



**Reduces
Borrowing
Needs!**



**Funding for
cash-financed
capital projects!**

Utility	Month	Day
Gas	\$4.88	\$0.16
Stormwater	\$1.04	\$0.03
Water	\$2.36	\$0.08
Wastewater	\$4.55	\$0.15
Total	\$12.83	\$0.42



**Improves
Bond Rating!**



**Maintain
sufficient
debt ratios**

POLICY CHANGES OVERVIEW

ORDINANCE No. 2025-057

To adopt the annual budget, which includes all the separate current expense budgets for the general operation of the City government and Richmond Public Schools and for each utility as defined in ch. 13 of the City Charter and provides for increases to certain fees for the fiscal year commencing Jul.1, 2025, and ending Jun. 30, 2026, and to appropriate the estimated revenues for such fiscal year for the objects and purposes stated in such budget.

**Deadline
for Budget
Submission**

**Non-
Departmental
Section**

**Refunds
of
Payments**

**Residency
Requirements**

**Advertising
Unclassified
Job Vacancies**

**Public
Access to
Legal
Opinions**





DISCUSSION