



## ADMINISTRATIVE IMPACT STATEMENT

**Date: October 19, 2021**

**Ordinance/Resolution: ORD. 2021-286**

**Patron: Council Woman Trammell**

**Legislative History:**

**Administrative Staff Presenting: Jason May**

**Staff Position: Budget would not recommend Council adopt Ordinance 2021-286**

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**Impact Statement Summary:** Financial goals for the city need to be planned, strategic, and allow the City Of Richmond to continue producing structurally and financially balanced budgets. Long range financial planning is the backbone of any well run organization; government or private sector. The Administration is on the verge of producing a five year financial model for the City Of Richmond; assisting the city with both revenue and expenditure issues and providing long range views of the impact of current financial decisions. Reducing the tax rate at this time, may not create any immediate financial hardships or difficult budget decisions; however, given the immediate needs of the city, capital maintenance (\$192M in immediate deferred capital maintenance needs), public safety salary adjustments (\$60M over the next five years), and best financial practices (\$265M in OPEB, Retirement, and Risk), the reduction will make funding these core areas of the City of Richmond's financial needs much more difficult. Any reduction in revenues should have a corresponding expenditure cut. The proposed rate decrease will reduce the City Of Richmond's property tax revenues by \$70.8M over the next three years; \$126.8M over the next five years; and over \$300M over the next 10 years.

|  |                      |
|--|----------------------|
| <b>Revenue loss - Over the next 3 years</b>  | <b>(70,863,010)</b>  |
| <b>Revenue loss - Over the next 5 years</b>  | <b>(126,758,118)</b> |
| <b>Revenue loss - Over the next 10 years</b> | <b>(304,542,937)</b> |

**Fiscal Impacts and Opportunities**

|  | <u>FY 2022</u>        |                      |                      |                      |                      |                      |                      |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | <u>Budget Figures</u> | <u>2023 Forecast</u> | <u>2024 Forecast</u> | <u>2025 Forecast</u> | <u>2026 Forecast</u> | <u>2027 Forecast</u> | <u>2032 Forecast</u> |
| <b>Taxable (Reassessment) - Tax Base - 7% growth in 2023</b> | 29,978,722,860        | 33,910,857,300       | 36,284,617,311       | 38,824,540,523       | 41,542,258,359       | 44,450,216,445       | 62,343,728,004       |
| <b>Tax Rate at \$1.20</b>                                    | 359,744,674           | 406,930,288          | 435,415,408          | 465,894,486          | 498,507,100          | 533,402,597          | 748,124,736          |
| <b>Tax Rate at \$1.135</b>                                   | 340,258,504           | 384,888,230          | 411,830,406          | 440,658,535          | 471,504,632          | 504,509,957          | 707,601,313          |
| <b>Loss of Revenue if rate lowered to \$1.135</b>            | (19,486,170)          | (22,042,057)         | (23,585,001)         | (25,235,951)         | (27,002,468)         | (28,892,641)         | (40,523,423)         |

# Summary of Deferred Capital Maintenance

| CAPITAL MAINTENANCE NEED                              | AMOUNT               |
|---|----------------------|
| Fleet replacement liability                           | \$142 million        |
| Bridge capital maintenance                            | \$105 million        |
| Immediate deferred capital maintenance for facilities | \$281 million        |
| <b>TOTAL*</b>   | <b>\$515 million</b> |

| Facilities Deferred Maintenance<br>NEEDED FUNDING |                              |                   |  |
|---|------------------------------|-------------------|--|
| Timeframe   | Timeframe<br>corresponds to: | Construction Cost | Total (with direct and<br>indirect cost) |
| Immediate   | FY 19 - 23                   | \$ 192,242,000.00 | \$ 280,673,320.00                        |
| 5 Years   | FY 24 - 29                   | \$ 9,928,000.00   | \$ 14,494,880.00                         |
| 10 Years  | FY 30 - 34                   | \$ 20,822,000.00  | \$ 30,400,120.00                         |
| 15 Years  | FY 35 - 38                   | \$ 37,790,000.00  | \$ 55,173,400.00                         |
| Total (B):  |                              |                   | \$ 380,741,720.00                        |

| Facilities Deferred Maintenance<br>PROPOSED FUNDING |                     |
|---|---------------------|
| Category  | City Facilities     |
| FY19-23   | \$ 10,616,044       |
| FY24-29   | \$ 9,890,722        |
| FY30-34   | \$ 11,000,000       |
| FY35-38   | \$ 11,926,101       |
| <b>Total Funded</b>                                 | <b>\$43,432,867</b> |



\*Does **not** include the following facilities: Richmond Coliseum, DPU assets for the water, wastewater, electric, natural gas and stormwater utilities, Haxall and lower Kanawaha canals, Northside and Southside Floodwalls, Levees, associated buildings, parking management facilities, cemetery facilities, Richmond Public Schools facilities, fleet assets, PRCF assets, and RBHA locations