

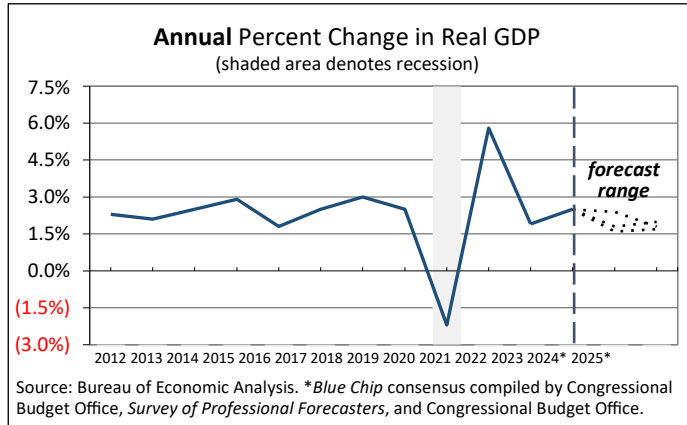


Budget Overview

Fiscal Year 2025

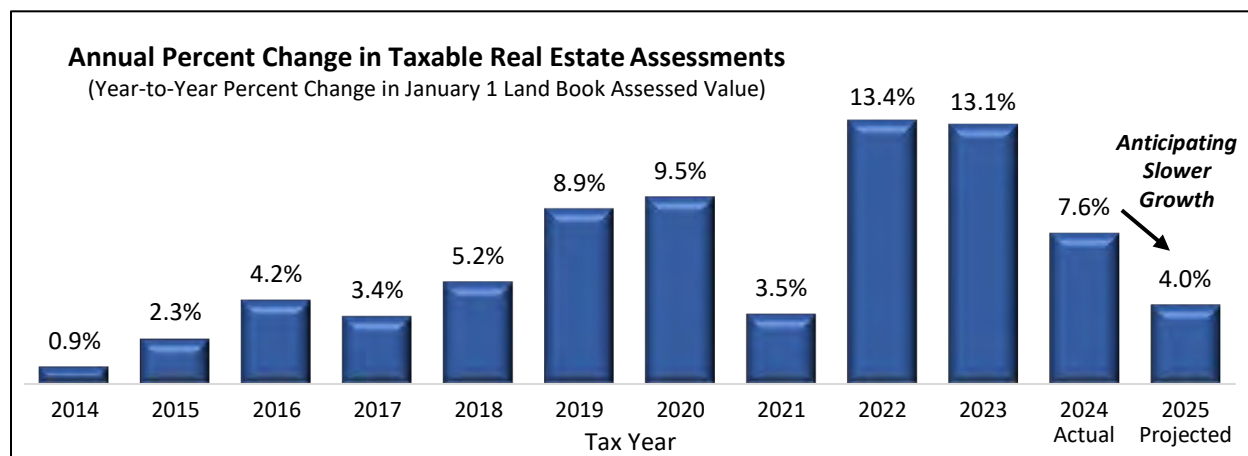
DEVELOPING THE FY 2025 BUDGET - FINANCIAL BACKDROP

When we began developing the FY 2025 budget, we took stock of our resources. I must admit, the past few years have been unpredictable given the impact of the COVID-19 pandemic. However, we as an organization are beginning to stabilize and with the addition of qualified city economists and data driven analytics, we are better able to project revenues. As a result, you will notice the FY 2025 revenue projections are projected at a rate higher than in the past few years.



The national economy grew faster in 2023 than in 2022. Real gross domestic product (GDP), which is the broadest measure of economic activity, increased 2.5 percent (second estimate) from its annual level in 2022, which outpaced the 1.9 percent growth in 2022. Consumer spending on goods and services; business investment in structures and intellectual property products (such as software and research and development); federal, state, and local government spending and investment; and increases in exports and decreases in imports contributed to the real GDP annual growth (second estimate). Offsetting part of the growth were declines in business investment in equipment and inventory and residential investment. While the forecast of a recession in 2023 did not materialize, there are reasons for caution. Although consumer spending contributed to over half of the real GDP growth in 2023, consumer spending grew at a slower pace than in 2022. Job growth in the nation, state, and region also grew at a slower pace than in 2022. The consensus is the economy will grow at a slower pace over the next two years.

With the economy projected to grow at a slower pace, General Fund revenues are also anticipated to grow at a more moderate pace in FY 2025 than in FY 2024. Like the FY 2024 budget, the major driver in the FY 2025 revenue growth is real estate taxes. The FY 2025 budget reflects projected real estate assessments to grow by 4.0 percent from the 2024 land book value. This growth is below the 7.74 percent growth we budgeted in FY 2024 and is closer to the average growth we saw in the eight years prior to the double-digit increases that occurred in FY 2022 and FY 2023.



Similarly, we are expecting admissions, lodging, and meals (ALM) taxes and sales tax to grow at a slower rate in FY 2025 than in the FY 2024 budget. ALM taxes are anticipated to grow by \$9.8 million (16.2

percent) compared to \$11.6 million (23.7 percent) in the FY 2024 budget, while sales tax growth of \$4.9 million (10.0 percent) in FY 2025 is well below the \$9.1 million (22.5 percent) increase we budgeted for FY 2024. Other key local revenues contributing to the FY 2025 growth include interest income, Planning and Development Review permit fees, and solid waste fee increases. We are also anticipating an increase in revenues from the Commonwealth. The increase comes from: annualizing the salary increase for state-supported local employees (Constitutionals) approved during 2023 Special Session that went into effect in FY 2024 on December 1; the salary increase for state-supported local employees (Constitutionals) in FY 2025 is based on the 2024 General Assembly’s Conference report; and state reimbursement of Department of Social Services’ personnel and operational expenses.

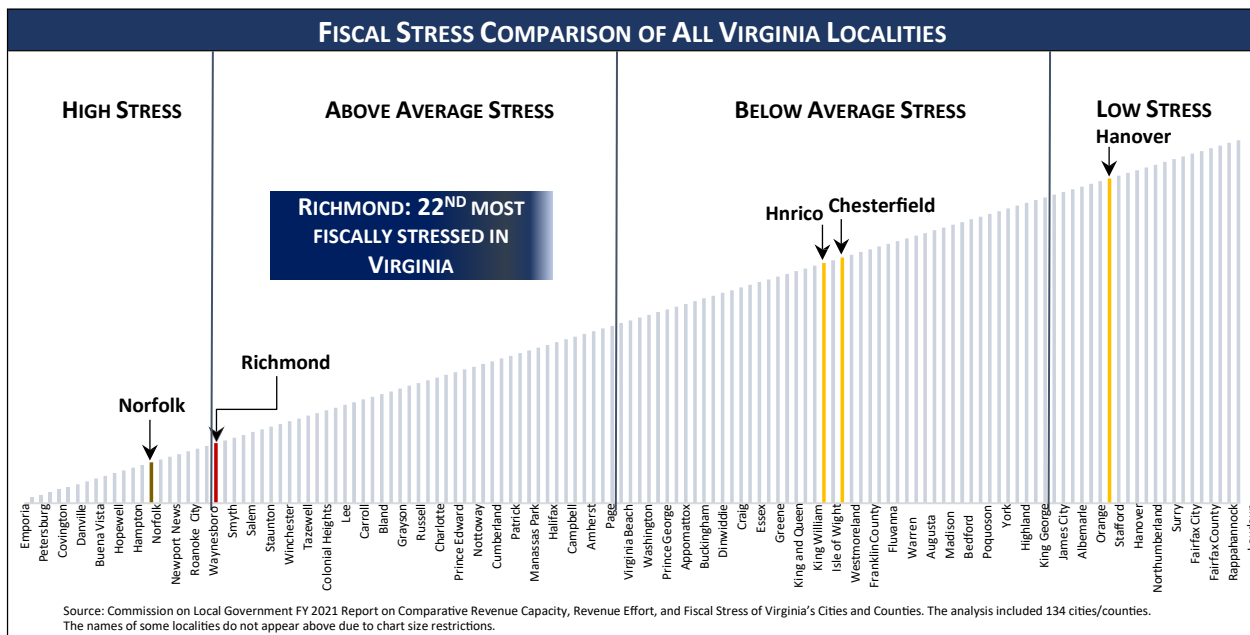
It is important to remember the revenue growth in the FY 2024 budget reflected in large part, the rebound of revenues after the pandemic. The good news is that our revenues are back to where they were before the pandemic. However, Richmond is still at an above average of fiscal stress as identified in the Commission on Local Government’s most recent report as the 22nd most fiscally stressed locality out of 134 localities in the Commonwealth. 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 three components of the Fiscal Stress Index are:

1. Revenue capacity per capita (the theoretical ability of a locality to raise revenue)
2. Revenue effort (the amount of the theoretical revenue capacity that the locality collects through taxes and fees)
3. Median household income

The following chart shows Richmond’s fiscal stress index ranking relative to other Virginia localities. The chart shows Richmond is more fiscally stressed than our neighboring counties. Richmond is not alone. According to the report:

- The average fiscal stress index value for Virginia’s cities is significantly greater than the average for its counties, and
- Virginia’s cities are continuing to experience more of a financial burden than its counties.



Despite our current fiscal stress ranking, I am optimistic about our continued local economic stabilization post-pandemic. Our financial position will only strengthen further through responsible fiscal stewardship.

Credit Rating

A city's credit rating is an evaluation of its creditworthiness, an assessment of its ability to meet financial obligations on time. Credit ratings are indicators of risk associated with investing in bonds or lending money to the city. Factors that influence a city's credit rating include its financial management practices, budgetary performance, economy, debt levels, and the overall stability of its revenue sources.

Recently, Fitch Ratings, Moody's Investor Services, and S&P Global Ratings affirmed the city's ratings at AA+, Aa1, and AA+. The credit rating agencies praised the city's strong financial management, conservative budgeting practices, sustained improvement in reserves, strong economic growth, and expanding tax base. Moreover, S&P Global Ratings **upgraded** Richmond's credit rating outlook from "stable" to "positive". S&P noted the city's track record of strong financial results and strong reserves. The upgrade is a clear indication that the city continues to make progress and is headed in the right direction.

The city's credit ratings are just one notch below AAA, which is the highest possible credit rating. Having a favorable credit rating enables the city to borrow at lower interest rates, like an individual having a good credit score. City Council's support for good financial management, policies, and practices will continue to keep us on the path towards getting to AAA.



STRENGTHENING CUSTOMER SERVICE

Reinforcing the Framework

In the pursuit of enhancing customer service, sometimes the most effective strategy is the simplest: core essentials. This means focusing on fundamental principles such as attentiveness, responsiveness, and courtesy. Ensuring every interaction with our community is met with genuine interest and a willingness to assist can significantly elevate their customer experience. Emphasizing clear communication and active listening allows businesses to understand better and address customer needs promptly.



It has become increasingly evident that the strength of our internal service departments is paramount to the success and resilience of our community. Our Finance, Procurement, Information Technology, Human Resources, and 311 Call Center teams serve as the backbone of our operations, ensuring that essential services are delivered efficiently and effectively to all members of our community.

Like many organizations, we face significant challenges in maintaining and enhancing the capabilities of these critical departments. Nonetheless, we are committed to making internal improvements that streamline operations and enhance our overall efficiency and effectiveness. For too long we have understaffed, underfunded, and under resourced departments like Finance, resulting in manual

processes, elongated and complicated procedures, and processes that have not been automated, streamlined, or improved.

We must continue efforts to modernize and automate antiquated business practices and technology. We began the implementation of RVAPay over a year ago. This system will vastly improve our ability to process payments, collect revenue, allow customer account access, and distribute billings in a timely manner. A conversion of this magnitude



takes time and is done in phases. We recently implemented the first module, Personal Property Tax, in October 2023, and will continue with modules for Admissions/Lodging/Meals (ALM), Business, Professional, Occupational License (BPOL), Business Personal Property, Real Property taxes, and General Billing over the next year.

In support of these shifts and technology upgrades, the FY 2025 budget includes 35 additional positions that were approved during the year and \$2.3 million for the conversion to RVAPay for the Department of Finance.



Making services customer-centric is a priority as we continue to self-reflect, evaluate feedback, and identify areas for enhancement. A key component of our community interaction is our 311 Call Center. As a customer-facing service, it is important that we answer calls, provide accurate information, and support the community resource that everyone turns to when non-emergency help is needed. As our community grows, so does the need for enhanced 311 services. Over the next we year, we will invest in advanced call center technology and infrastructure to improve call routing, response times, and overall customer experience. For this effort, I am proposing \$1.0 million in FY 2025 to support technology and staffing needed to advance and improve service delivery and customer satisfaction.

INVESTING IN THE COMMUNITY

Department of Neighborhood and Community Services

Focusing on the fundamentals of public service means good neighborhood engagement and a robust civic capacity building effort. The Proposed FY 2025 Budget recognizes that strong neighborhoods are the cornerstone of a successful city, by creating the new Department of Neighborhoods and Community Services (NCS).



This department is being re-engineered from the existing Department of Human Services. It will help build neighborhood self-sufficiency and resilience by providing a more community minded approach though engaging with residents, businesses, neighborhoods, and civic leagues. The department will work to increase the capacity of community organizations, neighborhood, civic, and business associations through coordinated and comprehensive community services.

The Proposed FY 2025 Budget includes \$500,000 to establish this new department. Additionally, this department will now be the umbrella under which several Human Services offices are currently working

independently. NCS will oversee and coordinate efforts in the offices of: Neighborhood Engagement, Immigrant and Refugee Engagement, Aging and Disability, Equity and Inclusion, Children and Family Services, and Homeless Services.

The objectives of this department are to:

- Build a welcoming, accessible, compassionate, and equitable community that meets the needs and goals of residents
- Foster sustainable and resilient neighborhoods by providing services that help develop the capacity of community organizations, neighborhood associations, civic leagues, and business associations
- Improve health, education, and well-being indicators for residents across their lifespan - especially those in crisis - through comprehensive community services
- Lead the community in expanding a welcoming, accessible, compassionate, and equitable community that meets the needs and goals of residents
- Increase collaborative, integrated programs, and community solutions to safety, health (mental and physical), and social connection challenges



Building Sustainability

In the face of evolving challenges, we remain steadfast in our commitment to fostering a resilient and environmentally responsible city. The Proposed FY 2025 Budget reflects our unwavering dedication to sustainability measures that not only safeguard our natural resources but also promote economic vitality and social equity. Sustainability is not merely a buzzword; it is a guiding principle that informs every decision we make, ensuring that our actions today contribute to the well-being of generations to come.



Continuing our efforts to become green and resilient, I am proposing \$250,000 for the Neighborhood Climate Resilience Grant Program. This is a continuation of the \$1.5 million American Rescue Plan Act (ARPA) allocation that supported climate resilience efforts across the community which includes a citywide Climate Vulnerability Assessment, the Neighborhood Climate Resilience Grant Program (NCRGP), and support for Urban Forestry. The Vulnerability Assessment has been completed and included in RVA Green 2050, a new urban Forest Master Plan has been completed, and the neighborhood program is providing \$865,000 in small grants to 17 local organizations. These projects will be implemented this spring, with most being completed prior to the end of this calendar year. This program supports the work of non-profit organizations and partners in Richmond on the frontlines of climate change. The Neighborhood Climate Resilience Grant demonstrates the spirit of the newly adopted RVA Green 2050: Climate Equity Action Plan 2030, and the Equity Agenda.

Additionally, I have fought to ensure that Virginia remains in the Regional Greenhouse Gas Initiative (RGGI), which is a regional carbon cap and trade program. Since its inception in 2020, RGGI has funneled millions of dollars into the Community Flood Preparedness Fund (CFPF), including over \$8.7 million spent across a variety of flood-related projects in the community.

Supporting my commitment to achieve 50 percent renewable energy for municipal electricity, the Office of Sustainability created the city's new Energy Program. Led by the Energy Program Manager, this program achieved my goal and more. It also created the JET, or the Joint Energy Team. This interdepartmental team is rapidly advancing the city's internal processes and helping to drive down internal energy costs and reduce our greenhouse gas emissions. In addition to automating the city's utility tracking, the Energy program has supported the procurement of 10 new all-electric vehicles, reduced the city's carbon footprint by over 7.6 percent, and avoided over \$165,000 in costs.

Access to Affordable Childcare – Child Care and Education Trust Fund

Establishing a Child Care and Education Trust Fund is a strategic move aimed at addressing various societal needs and challenges related to early childhood development and education. Early childcare and education are critical for the well-being of individuals, families, communities, and economies. When children are healthy, safe, and learning in their early years, they enter kindergarten prepared for school and on a path to reach their full potential as adults. When parents and caregivers have access to reliable, affordable childcare, they are better able to maintain employment. When a workforce is unhindered by disruptions caused by inconsistent childcare, economic productivity increases.

I want these experiences for our children and families, which is why I am proposing an investment of \$500,000 in FY 2025 to support the needs in our community for affordable, quality childcare. This investment through our Child Care and Education Trust fund is a sustainable investment in our future, so our children have the early childhood support to help them thrive.

Improving Health Outcomes - Health Equity Trust Fund

Because strengthening families and neighborhoods are a key to our success, I am proposing we continue the investment of \$500,000 for the Health Equity Trust Fund with General Fund support. The proposed FY 2025 funds will be a continuation of funding for the program that was previously funded from the American Rescue Plan Act (ARPA) for \$5.0 million. The program supports and strengthens community-led efforts to address health disparities and the disproportionate burden of adverse health outcomes in certain focal areas of health, mental and behavioral health, substance use, maternal and child health, access to care, and underlying health conditions.

Creating Resiliency



Richmond Resilience Initiative

The Richmond Resilience Initiative (RRI) is the guaranteed income pilot that was started in 2020 to support our residents. Through a partnership between the Mayors for a Guaranteed Income and UpTogether, the Office of Community Wealth Building led the charge and worked with individuals and families who neither make a living wage nor qualify for state or federal benefits based on their household income. The funding for this pilot program was part of the funding the city received from the American Rescue Plan Act (ARPA). To date, we have assisted 94 participants with monthly stipends up to \$500 each with a total community investment of over \$750,000. To continue assisting families in need, I am proposing we continue the program for an additional \$500,000 in General Fund support for FY 2025.

Family Crisis Funding

In the wake of the COVID-19 pandemic many families continue to experience financial hardship due to job losses, reduced hours, or business closures during the pandemic. Family crisis funding provides financial assistance to help families cover basic needs such as rent, utilities, food, and healthcare expenses as they work to regain stability. To help families in need, the Proposed FY 2025 Budget includes \$1.0 million for the continuation of the family crisis funding that was previously funded from the American Rescue Plan Act (ARPA). This funding will be distributed to eligible individuals who have an emergency financial need which may include loss of income or benefits, childcare expenses, or emergency medical expenses.

Addressing the need for Accessible Housing

A Central Approach to Homelessness Services

This year we are dedicating over \$4.2 million of the General Fund budget to address homelessness. When I took office, there was no strategic vision to help our residents experiencing homelessness. Throughout my tenure, the city has diverted over 1,600 evictions through the Eviction Diversion Program, funded homeless service liaisons, invested millions of dollars into our Family Crisis Fund, bolstered our relationship with



the Greater Richmond Continuum of Care, and are partnering with Chesterfield and Henrico counties to create more permanent supportive housing. Most recently, we added 200 new shelter beds – 150 beds run by the Salvation Army, and 50 beds operated by HomeAgain.

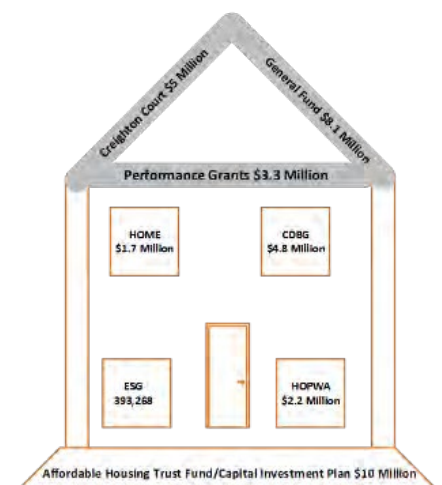
Eviction Diversion Program

We also know that evictions lead to housing instability, job loss, school mobility, and a breakdown of neighborhoods. The Proposed FY 2025 Budget also includes the continuation of the eviction diversion program with an investment of \$1.0 million and \$500,000 for preventive eviction services including legal and mediation aid. This funding will help our most vulnerable community by diverting evictions through financial resources, outreach, and education.

Affordable Housing

Last year we made a significant commitment of \$50.0 million over five years, or \$10.0 million a year for affordable housing projects starting in FY 2024. We have reaffirmed this commitment, and the Proposed FY 2025 Budget includes the second installment of \$10.0 million. However, this \$50.0 million is not the only investment we are making toward affordable housing.

We continue the support with another \$5.0 million in FY 2025 for the Creighton Court redevelopment project, led by the Richmond Redevelopment and Housing Authority. With this funding, we meet \$11.8 million of a \$21.0 million commitment. This project will result in 246 affordable housing units. Additionally, we provided over \$17.2 million toward the Highland Grove Development since FY 2017 and have planned for another \$1.8 million in FY 2026, bringing the expected total city contribution to \$19.1 million.



The city has prioritized affordable housing and has committed substantial funds towards the effort. Considering all sources, general fund, capital investment, grant funds, and federal allocations, the city has contributed more than \$45.4 million to the creation and preservation of over 4,800 units of affordable housing units from FY 2020 – FY 2025.

We are not stopping there. We are using every tool in our toolbox to address the affordable housing shortage. With the passage of House Bill 1194 in 2022, the General Assembly provided localities the authority to provide performance grants for the construction of affordable housing. Under the city’s new program authorized by the legislation, developers can receive a grant when they construct and designate a percentage of units at or below 80 percent of the Area Median Income (AMI). For each year following construction, if conditions are met, a grant payment equivalent to incremental increases in real estate tax liability is provided to the developer. In calendar year 2023, seven Affordable Housing Performance Grant arrangements were approved for the creation of 1,230 affordable multifamily housing units:

Affordable Housing Performance Grant Projects				
Awardee	Project Name	Council District	No. of Units	Estimated Grant Per Year* (Max. 30-year commitment)
7000 Carnation, LLC	7000 Carnation	9	217	\$561,900
Afton Avenue Apartments, LLC	Afton Avenue Apartments	8	150	\$436,656
2100 Bainbridge, LLC	Bainbridge Street Senior Apartments	5	84	\$268,831
Oak Grove Multifamily, LLC	Oak Grove	8	243	\$242,605
700 West 44, LP	700 West 44 th Apartments	5	144	\$400,578
The View at Belle Isle Apartments, LP	The View at Belle Isle Apartments	6	116	\$710,316
Walmsley Gardens, LLC	Walmsley Gardens	9	276	\$734,981
Total			1,230	\$3,355,866

**Estimated Grant Per Year based on total development cost, real estate tax base amount, real estate tax rate of \$1.20, and special assessment district rates where applicable. Does not account for changes in assessed value.*

ECONOMIC DEVELOPMENT AND COMMUNITY CAPITAL INVESTMENTS

Interest in our city as a top destination to live, have a business, and visit has remained strong. In fact, because of our strategic business location on the East Coast, including proximity to the Washington D.C. area and exceptional talent and quality of life, the buzz about Richmond continues to grow. Since FY 2020, the city has announced \$3.6 billion in capital investment and 4,500 new jobs created through its business attraction, expansion, and economic redevelopment projects. In the past twelve months, the Richmond metro area was named in the top ten areas for corporate headquarters by Business Facilities Magazine; in the top ten areas for black-owned businesses by LendingTree; and in the top 50 best places to live in the U.S. by the U.S. News and World Report. With the award of nine Excellence in Economic Development Awards from the International Economic Development Council to the city and its partners, Richmond has firmly established itself as a recognized leader in economic development. Projects announced and underway throughout the city point a spotlight on our city’s economic vitality and prosperity.

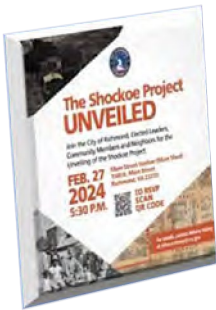


Generating Urban Vibrancy - Amphitheater Groundbreaking

We celebrated the official groundbreaking of the Richmond Riverfront Amphitheater in January 2024. This landmark project, with its prime spot overlooking the James River, is set to become a major draw for the region. The 7,500-person amphitheater will host almost 30 major acts annually, serving as a quality-of-life asset for the region and attracting new tourism dollars from outside Richmond. The project’s development team, led by Red

Light Management (one of the nation’s largest music management companies and the developer and operator of popular outdoor venues in Charlottesville and Nashville) and Live Nation (the nation’s largest promoter of live events), will make an estimated \$30.5 million capital investment to build the project.

Honoring our History - The Shockoe Project



Given Shockoe Bottom's history as a center of the domestic slave trade, the Shockoe Project presents an opportunity for truth-telling, healing, and reconciliation. By acknowledging and confronting the city's past, the project promotes social justice, racial equity, and healing, contributing to a more inclusive and equitable future for Richmond and its residents.

The project seeks to preserve and celebrate the area's historical and cultural heritage, stimulate economic development, promote tourism and recreation, engage local communities, and advance social justice and reconciliation. By revitalizing Shockoe Bottom, the project will create a vibrant, inclusive, and thriving urban district that reflects the values and aspirations of the people of Richmond.

For this, I am proposing \$13.0 million in FY 2025 and an additional \$10.1 million in FY 2026-2029 for the planning, designing, land acquisition, and construction of a multi-use enslaved African cultural and heritage park-like campus that will surround the future National Slavery Museum in Shockoe Bottom.

Generating Urban Vibrancy - Improvements to Brown’s Island

Brown’s Island serves as a focal point for outdoor recreation, cultural events, and is a popular destination for tourists in Richmond. In 2012, City Council adopted the Richmond Riverfront Plan, which included recommendations to transform Brown’s Island into a daily destination for recreation, exploration, socializing, and experiencing the beauty of the James River, as well as music and cultural events. While the 2016 opening of the T. Tyler Potterfield Memorial Bridge has dramatically increased visitation to the island—approximately 500,000 crossings per year—the rest of the island also needs improved amenities to accommodate the increased usage. The Brown’s Island improvement plan includes river and canal terraces, play spaces for children, and other pedestrian improvements.



Venture Richmond is a crucial partner in the improvement plan. The total investment for all improvements is estimated at \$30.0 million. With the commitment of Venture Richmond to raise \$15.0 million in private funds for the project, I am proposing a total of \$10.0 million over the next two years (FY 2025 and 2026) as a match for the implementation of the Brown's Island Improvement Plan.



Expanding the James River Park System - Acquisition of Mayo Island

Our city is known for its historic charm and vibrant urban culture. As such, the preservation and expansion of outdoor green spaces are essential for maintaining livability, attractiveness, and sustainability for current and future generations. Creating a vibrant, walkable, attractive environment, means having accessible outdoor green space for recreational activity. That is why, in FY 2024 we made a historic investment with the purchase of Mayo Island. Known as the 'green jewel' of the City of Richmond, for years the city has been eyeing the property with the goal to turn it into an outdoor space for the public. In early 2024, the city purchased the property for nearly \$15.0 million. Richmond is the only urban city in the country with class IV whitewater rapids. Now, with the purchase of Mayo Island, we can expand the city's footprint of the James River Park System and provide additional outdoor space for the public.



Connecting the City

Replacing Arthur Ashe Bridge

Improving transportation infrastructure creates better connectivity between neighborhoods and communities on both sides of the river. A new bridge with modern design features can provide better access for pedestrians, cyclists, and public transit users, promoting alternative modes of transportation and enhancing mobility for all residents. Arthur Ashe Boulevard and the bridge hold cultural significance for Richmond, honoring the legacy of the renowned tennis player and civil rights activist Arthur Ashe, who was a native of the city. The replacement of this 100-year-old bridge provides an opportunity to uphold Ashe's memory while modernizing and revitalizing the infrastructure named in his honor. This project is vital for ensuring safety, improving traffic flow, enhancing accessibility, stimulating economic development, preserving cultural heritage, and promoting environmental sustainability in the city.

Our continued investment in the Arthur Ashe Bridge Replacement is proposed for \$1.2 million in FY 2025. The replacement bridge provides a critical connection between the city's urban and commercial centers and regional transportation infrastructure, including interstate highways I-95 and I-64. The total project cost estimate is \$23.0 million, with \$18.4 million funded through a Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant. The 20.0 percent local match (\$4.6 million) will be funded through local funding. CSX will provide half of the match (\$2.3 million) and the other half will be provided by the city.

Fall Line Trail

Continuing with connecting our city, investments in the Fall Line Trail serve as a vital link between our neighborhoods within Richmond. By providing a safe and accessible route for pedestrians and cyclists, the Fall Line Trail enhances transportation connectivity, reduces reliance on automobiles and promotes



alternative modes of travel that are eco-friendly and sustainable. The trail follows the path of the Fall Line, a geological feature that separates the coastal plain from the Piedmont region.

The Fall Line Trail provides residents and visitors with opportunities for outdoor recreation, including walking, jogging, cycling, and nature exploration. It serves as a recreational corridor that connects various parks, green spaces, and cultural attractions throughout the city, promoting physical activity and well-being.

For this Trail, I am proposing the city's portion of the regional commitment of \$6,184,000 million in FY 2025 and \$52.2 million in FY 2026-2029 for the design and construction of the Trail. The Trail will span 43 miles and seven Virginia localities, connecting rural, suburban, and urban landscapes and a multitude of places of interest and use.

Safe and Complete Streets (Complete Streets)

Complete streets are roadways designed and operated to enable safe, comfortable, and convenient access for all users, regardless of age, ability, or mode of transportation. These streets are designed to accommodate various users, including pedestrians, cyclists, public transit users, and motorists, by incorporating features such as sidewalks, bike lanes, crosswalks, transit stops, and traffic calming measures. They are essential for creating safer, more accessible, sustainable, and livable communities that prioritize the needs and well-being of all users. Complete Streets also incorporates Vision Zero efforts to eliminate all traffic fatalities and severe injuries while promoting equitable mobility. By adopting both approaches, we can promote safety, equity, health, sustainability, and economic vitality while fostering vibrant and connected urban environments.

In support, I am proposing an investment of \$21.0 million in FY 2025 and a planned \$84.0 million for FY 2026-2029 for street improvements within the public right-of-way. These projects include traffic calming measures, pedestrian safety crossing improvements, sidewalks, Americans with Disability Act (ADA) compliance, streets, alleys, traffic control devices, and resurfacing/paving. This project exemplifies good transportation policy that require streets to be planned, designed, operated, and maintained to enable safe, convenient, and accessible roadways.

Enhancing Outdoor and Gathering Spaces through Playgrounds and Community Centers

Outdoor and community gathering spaces play a significant role in enhancing the quality of life and overall well-being of residents in urban cities like Richmond. In the last several years there has been a focus on building, improving, upgrading, and replacing playgrounds throughout the city as well as improving existing community centers. Some of the work that occurred over my tenure as Mayor include:

- Construction of new Broadrock Basketball Courts
- Renovations to Ann Hardy Community Center
- Construction of new Pickleball and provided improvements of Tennis Courts at Broadrock, Bryan Park, Hotchkiss, Bill Robinson, Powhatan
- Construction of new Southside Skate Park
- Renovations at Abner Clay Park



- Renovations to Powhatan Community Center
- Extension to Reedy Creek Trail
- Construction of new Fulton Memorial Park
- Renovations to Markiya Dickson Imagination Zone
- Improvements at Grayland Tot Lot and Basketball Court
- Construction of new Charlie Sydnor Basketball Courts
- Improvements to Hotchkiss Skating Rink
- Renovation of Oakgrove Playground
- Renovation to Southside Community Center

But we are not done yet. As part of FY 2024 and FY 2025, I am proposing that an additional \$3.7 million, from a combination of FY 2024 additional revenue, American Rescue Plan Act (ARPA) funding, and the FY 2025 CIP, be used to further this effort. The \$3.7 million is anticipated to support the following:

- Improvements to Humphrey Caulder Playground
- New Little John Playground
- New Riverview Playground
- Improvements to Battery Park Playground
- New Hotchkiss/Whitcomb Playground
- Improvements to Holly Street Playground
- Improvements to Montross Playground
- Improvements to Mashore Playground
- Warwick Road Playground
- Renovations Hickory Hill Community Center

PROVIDING CITY SERVICES

Department of General Services

As we continue our internal evaluation, we are re-engineering our organization to meet the demands of our changing environment. An area that is better served by more focused attention is in the delivery of capital projects. To address this need, I am proposing to establish a Department of General Services (DGS).



This new department will provide centralized management for special capital projects, real estate, parking, and fleet management services. These divisions are being transferred from Department of Public Works and Economic Development. With dedicated staff and resources, DGS can focus on improving service delivery and customer satisfaction. By implementing best practices, adopting innovative technologies, and prioritizing customer needs, the department will enhance the quality and

responsiveness of the services it provides. Included in the Proposed FY 2025 Budget, I am adding a total of \$500,000 in new funding for a director, administrative support, and operational needs.

City Facility Maintenance

The city is not immune to aging infrastructure. Investing in city facility maintenance is essential for ensuring safety, longevity, operational efficiency, asset preservation, public perception, regulatory compliance, employee morale, and community engagement. It is not an expense that can be avoided. Investing in the enhancement of our municipal infrastructure is not just a matter of convenience; it is a fundamental necessity for fostering a thriving, resilient, and equitable community. Regular maintenance ensures that city facilities remain safe for residents, employees, and visitors.

I propose a critical investment of \$14.0 million for city facilities in the CIP for FY 2025 for a total of almost \$70 million over the five years. This funding will be used for maintenance and improvements to existing city facilities, including office buildings, parks, fire and police stations. Individual projects which comprise the Generalized Capital Maintenance project include, but are not limited to:

- Major Park Improvements
- Neighborhood Park Improvements
- City Facilities – Electrical/Generator Replacement
- City Facilities – Roof Replacement
- City Facilities – Security Upgrades
- Improvements to the Richmond City Justice Center

Public Safety



Many public service buildings, such as police precincts and fire stations, are outdated and no longer able to effectively support modern public safety operations. Replacing them with newer facilities improves efficiency, functionality, and safety for police officers, firefighters, and the community. We have invested \$25.0 million to date for the replacement of the First Police Precinct building, located at 2501 Q Street, and the replacement of Fire Station 21, located at 2505 Richmond Highway. I

am thrilled to report that both projects had their respective ground breakings in February 2024. The design of new police precincts and fire stations prioritize community engagement spaces, accessibility features, and neighborhood integration to foster positive relationships between public safety agencies and the communities they serve. The replacement of these facilities was long overdue.





Fleet Replacement

To keep the city safe and clean, our dedicated public service professionals need reliable vehicles. \$10.0 million in cash funds will be dedicated to fleet replacement in FY 2025. This funding supports the purchase of vehicles and equipment for Fire, patrol vehicles for Police, and refuse trucks for Solid Waste services. Over the next five

years, \$62.0 million in CIP funds is proposed for new fleet purchases.

FY 2025 planned fleet purchases include:

- Police Department – 85 patrol vehicles
- Fire Department – Two engines and ten administrative vehicles
- Solid Waste – Six refuse trucks

COMMITMENT TO EDUCATION



The funding for Richmond Public Schools (RPS) is a critical component of our budget, reflecting the city's commitment to providing quality education for our children. Richmond Public Schools serve a diverse student population and plays a vital role in shaping the future of our community.

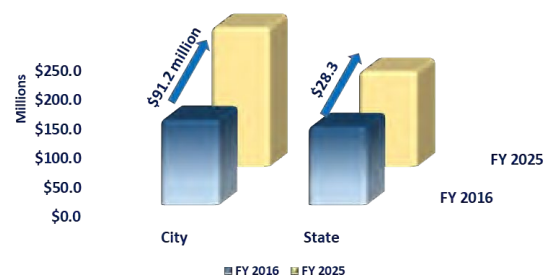
The City of Richmond recognizes the importance of adequately funding education to ensure that every child has access to a high-quality learning environment. Investments in Richmond Public Schools not only benefit individual students but also contribute to the overall prosperity and vitality of our city by nurturing a skilled workforce, fostering innovation, and promoting social mobility.

The budget process for RPS involves a collaborative approach that aims to identify strategic priorities, allocate resources effectively, and maximize the impact of public investment in education.

While funding for Richmond Public Schools represents a significant portion of the city's budget, ensuring equitable distribution of resources and addressing systemic disparities in educational outcomes remain ongoing challenges.

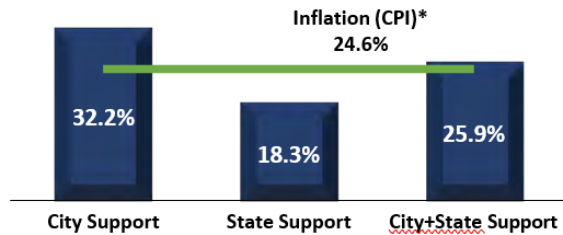
Support for Richmond Public Schools in FY 2025 is based on the revenue allocation formula established in the prior year. This amount totals over \$15.8 million for RPS in FY 2025, which represents a 57 percent increase since FY 2017. This funding also represents a 7.1 percent increase over the previous year and a total of \$85.7 million since I took office. However, while city funding has increased, state funding is expected to only grow by \$34.6 million or 27 percent since last year.

City and State 10-Year Funding History



Source: COR Proposed FY 2025 Budget and RPS FY 2025 Proposed Budget.

Percent Increase in RPS Support vs. Inflation (from FY 2017 to FY 2023)



*Bureau of Labor Statistics. CPI percent change from June 2017 to June 2023.

However, looking back over the last 10 years, we have provided **almost \$100.0 million** to schools in comparison to the state contribution of \$28.3 million. From FY 2017 through FY 2023, when we look at inflation (CPI) data, state support has not kept up with inflation while our contribution has exceeded inflation. Because our contribution exceeded inflation, the combined city and state support was able to keep up with overall inflation.

School Construction and Maintenance

Richmond Public Schools identified \$800.0 million in capital funding needs. In response, we have committed to providing \$800.0 million of capital investment over 20 years. The first \$200.0 million was provided in FY 2024 and the next \$200.0 million is programmed in the Proposed CIP Budget for FY 2029.

Additionally, I am proposing capital maintenance funds the Proposed CIP Budget, for \$2.5 million in FY 2025 and a total of \$10.0 million from FY 2026-2029 for a total of \$12.5 million to address maintenance needs throughout the school system.

Pathways Program – Great Aspirations Scholarship Program



Since 2017, I have been committed to supporting children throughout their journey from infancy to adulthood. The Pathways Program, established in 2023, serves as another tool to support and provide new RPS graduates the opportunity for success by establishing a lasting career. In collaboration with the Great Aspirations Scholarship Program, Inc. (GRASP) and Reynolds Community College, the pilot program provided a traditional scholarship paired with a monthly cash allowance, mentorship, and additional supports. Through this program, more RPS graduates can achieve postsecondary success—whether that translates to career-specific or skilled-trades credentials, or credits transferred to a four-year college. Based on the ongoing work on this initiative, I am proposing an additional \$250,000 in FY 2025 to sustain the momentum.



Higher Education and Continued Workforce Development

This budget continues the city’s ongoing dedication to higher education and life-long learning. In a long-term partnership with J. Sargeant Reynolds Community College, “Reynolds”, in addition to our annual jurisdictional funding commitment, this year we joined together for the City of Richmond’s first ever ongoing workforce development program that provides city employees with the opportunity to work with the college to obtain new certifications and training opportunities, such as, but not limited to, customer service certification programs, commercial driver licenses (CDL) training, and business/accounting courses.

As much as the city has benefited from our partnership with Reynolds through these new employee certification and training programs, it’s also time for the city to invest in a new venture that Reynolds is developing: a first-of-its kind biotechnology learning lab and classroom. Inspired by the substantial growth in the advanced pharmaceutical manufacturing (APM) industry and the region’s recent designation as a APM Tech Hub by the U.S. Department of Commerce and the Economic Development Administration, this opportunity will provide a training facility that will afford accessible education and training leading to high-demand careers and job growth for our city.

I have expressed to City Council my desire to assist in this effort by appropriating \$1.0 million in one-time FY 2024 funds. Let me assure you, we do not want to miss out on partnering with Reynolds to grow this job sector of our city.

EMPLOYER OF CHOICE

Our partnership with Reynolds is only one aspect of the work we are doing to become an Employer of Choice. With the adoption of the FY 2024 budget, I also announced a compensation reform and established our “Employer of Choice” vision and strategy. Employees are the heart of our organization. Without them we cannot deliver our services. This involves cultivating a workplace environment where employees feel valued, supported, and motivated to contribute their best efforts to the organization’s mission and objectives. FY 2024 has seen implementation of these ideals and initiatives to establish the city as an Employer of Choice, and FY 2025 will continue the organizational shift.

Becoming an Employer of Choice requires a multifaceted approach. By prioritizing areas that are important to employees and investing in the well-being and professional growth of employees, we can attract, retain, and empower a talented workforce dedicated to serving the needs of the community and achieving organizational excellence. This is why I am announcing our Attract, Retain, and Motivate (ARM) initiative.



ARM (Attract, Retain, and Motivate)

In 2023, a comprehensive assessment of the city’s compensation structures and a comparative market analysis were conducted, focusing on the nearby localities of Henrico County, Hanover County, Chesterfield County, and the City of Norfolk.

All General Employees were invited to complete a questionnaire about their current job duties, of which 40 percent responded. Employees were asked to describe the scope of their job duties, essential job functions, reporting relationships, education and experience requirements, and the knowledge, skills, and abilities required to perform their job duties. Each response was evaluated against their current job classification description to ensure city job classifications match the actual job duties performed.

Next, Richmond’s compensation by job classification was compared to peer localities. We found the city’s average actual wages were generally higher than comparison localities. On the other hand, some of our job classification salary ranges were not aligned with our peers. As such, we will be adjusting them.

Additionally, to move individuals further up the scale and stay competitive, we are prioritizing market adjustments for the lowest paid in the grades in a phased, multiyear approach. Phase I will begin in FY 2025 and will focus on those positions that are the least competitively paid.

As a result of the analysis, I propose the following for FY 2025:

- A \$20.00 per hour minimum wage (\$41,600 annualized) to position Richmond as a leader in the local market. This minimum wage is one of the highest minimum wages of municipalities in the Commonwealth of Virginia. With this increase, the city will pay 67 percent more than the Commonwealth of Virginia’s minimum wage of \$12.00 per hour, 176 percent higher than the federal minimum wage of \$7.25, and 72 percent higher than when I became Mayor in 2017 when our minimum wage was \$11.66 per hour.



- A total of \$14.9 million in salary adjustments for Sworn and General Employees:
 - Sworn police officers and firefighters will receive an average 7.0 percent increase over current wages, which accounts for the adjustment made in January 2024 for the increase in retirement contributions. Overall, this is an average 11.2 percent increase over July 2023 salaries.
 - With this change, a Step 1 Sworn Employee will increase from \$53,470 to \$58,076.
 - All eligible General Employees will receive a 4.0 percent pay increase.
- Set aside of \$2.0 million to implement the Phase I of compensation market adjustments for General Employees.

By implementing the salary increase, the \$20.00 minimum, grade adjustments, and reclassifications, we will achieve the following:

- 658 eligible General Employees will receive a compensation increase to at least 15 percent of their associated pay range.
- Grade ranges will increase by at least 10.0 percent for General Employees. This increase is reflective of the proposed 4.0 percent increase in July 2024 and the adjustment needed to account for employee required contribution for retirement made in January 2024. The increase in grade ranges puts us more in line with our neighboring localities.
- 81 jobs will be moved to a higher grade level, impacting 312 General Employees. The compensation study identified these job classes as being underpaid in comparison to peer localities. Moving them up a grade level helps us stay competitive.
- Eight new job classifications will be created for those General Employees whose job duties were found not to match their current classification.
- 76.0 percent of eligible General Employees will receive a 4.0 percent pay increase.
- 24.0 percent of eligible General Employees will receive an increase of 4.1 percent to 20.0 percent.

Employee Professional Development Opportunities

With the restructuring of the Department of Human Resources in 2023, we now offer a diverse array of development programs to ensure employees have the skills and knowledge necessary to excel in their roles. Current offerings include competency training in growth mindset, conflict resolution skills, emotional intelligence, interpersonal conversations, resilience, managing difficult conversations, and unconscious bias. Also, there are workshops for learning how to become a foundational leader, such as effective performance management, leading a diverse workforce, leading change, and manager as coach.

Employee Health Clinics

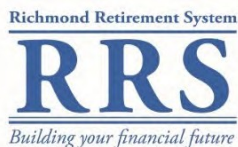


Employer-sponsored health centers or clinics are emerging as an innovative model of comprehensive care and proactive wellness, the City of Richmond now offers health clinics for employees. We cut the ribbon on our first health clinic located at 7012 Marlowe Road, operated by Marathon Health on January 12, 2024. A second City of Richmond location is set to open at 626 E. Broad Street, in April 2024, just a few blocks from City Hall.

Marathon's health clinic model offers a holistic and convenient alternative to traditional primary care. From fostering a healthier workforce to driving cost savings and boosting productivity, the city's new health clinics are providing high-quality primary care to accessible locations for employees and their families who participate on the city's health plan, while reducing the overall cost of healthcare for both the employee and employer. Clinics prioritize individualized care, savings and efficiency in time and financial investment, and improved outcomes for a healthier workforce. They offer a range of services, from preventive and acute visits, which are either free or have a nominal charge for employees and their dependents on the city's health insurance plan.

The newly opened Hioaks clinic, the largest in the Marathon Health network, provides resources for mental health in addition to physical health. A behavioral health specialist is available to employees either in-person or virtually. Physical therapy can be accessed onsite without needing a referral. The clinic conveniently provides occupational health services for Sworn police and fire personnel. An onsite pharmacy, laboratory services, certain specialized tests, and referrals are services provided by the clinic at no cost to most employees. Finally, the clinic promotes convenient and customer-friendly access, offering appointment booking and provider communication through its mobile app. These clinics are a game changer!

Transition to the Virginia Retirement System



After decades of discussion and exploration, on January 1, 2024, we became a Virginia Retirement System (VRS) employer. From this day forward, new qualifying employees are automatically entered into VRS, and existing employees have been given twelve



months to decide whether to stay in the Richmond Retirement System (RRS) or transition to VRS.

The transition analysis revealed three areas of concern with our retirement offering: low employee contributions, various employee contribution requirements, and the high unfunded liability of RRS. Because of these findings, each eligible employee is now required to contribute a minimum of 5.0 percent to their retirement plan whether they remain in RRS or move to VRS. In January, the city implemented a one-time salary adjustment to cover the employee contribution increase. Requiring employee contributions encourages employees' investment and active participation in their own retirement planning.

The choice to adopt VRS as the city's retirement plan was part of a holistic strategy to increase the stability and health of city-offered retirement options. As part of the transition, the issuance of \$120.0 million in Pension Obligation Bonds (POB) and other financial strategies were approved to bring and maintain RRS' funded status at 80 percent.

Short and Long-Term Disability Insurance

Currently, the city offers short-term disability insurance through a vendor. Employee participation is voluntary and buying the coverage can be expensive. As part of our Employer of Choice strategy, offering citywide short- and long-term insurance to employees at no cost is the way to go.

It should also be noted that employees who enroll in the VRS Hybrid plan will receive short-term disability benefits under the Virginia Local Disability Program (VLDP) as of January 2025. To ensure equity in our benefit offerings for all employees, I am proposing \$1.3 million be set aside for disability coverage and to better administer certain leave allowances such as Family Medical Leave Act leave, parental leave, and ADA accommodation services for all employees. We anticipate this new benefit to be effective January 2025.

RECOGNITIONS

The past year has been a landmark year for economic development activities and excellence in public service, which has been recognized through distinguished awards and honors as follows:

Ranked as the #1 Best Place to Live in Virginia by Travel + Leisure magazine. In September 2023, Travel + Leisure magazine ranked the City of Richmond as the top place to live in Virginia. The city received its #1 position thanks to its well-paying jobs, affordable housing, and leisure opportunities, such as cultural institutions, culinary scene, outdoor recreation, festivals, and historical landmarks.

Nine International Economic Development Awards. The City of Richmond and its partners received nine Excellence in Economic Development Awards from the International Economic Development Council (IEDC). The awards recognize the best economic development programs, partnerships, and marketing initiatives for their efforts to create positive change in communities. Winning programs included the city's Strategic Plan for Equitable Economic Development (SPEED) and the Commercial Area Revitalization Effort (CARE) Program.



**2023 EXCELLENCE
IN ECONOMIC
DEVELOPMENT
AWARDS**

Strategic Business Location by Site Selection Magazine. The city continues to be recognized for its strategic advantages as a business location. It was ranked as a top ten location for corporate headquarters by Site Selection Magazine in January 2024.



**ParkScore[®]
index**

City of Richmond ParkScore[®] Ranking of 39th Nationwide in 2023. The Trust for Public Land ParkScore[®] index is a national comparison of park systems across the 100 most populated cities in the U.S. In its most recent 2023 publication, the City of Richmond ranked 39th with a score of 55.7. The city's ranking has improved from 45th in the previous report and 58th in 2018 thanks to continued investment in the park system. Richmond particularly excelled in its access and equity scores – 80.1 percent of the overall population, 83 percent of low-income residents, and 78 percent of people of color can access the city's 2,755 acres of parkland within a ten-minute walk.



Distinguished Budget Presentation Award by the Government Finance Officers Association. In November 2023, the city received a Distinguished Budget Presentation Award presented by the Government Finance Officers Association. The award represents a significant achievement by the city and commitment of the governing body and staff to meeting the highest principles of government budgeting.

Flagship Climate Funding Pilot Program with Community-Based Organizations (CBOs). The Office of Sustainability (OOS) led the first-in-the-nation model of convening CBOs to collectively seek funding through the Inflation Reduction Act (IRA) to ensure that Richmond becomes *the story* about how the IRA can transform a community. The Case Study outlining this process is being shared across the nation as a model of how cities can engage in equity-centered approaches to ensure funding is driven into communities on the frontlines of climate change.

Gold Award for Water Treatment. In June 2023, the Virginia Department of Health awarded the Department of Public Utilities Water Treatment Plant a GOLD award for excellence in water treatment. This significant achievement recognizes the variety of needs that the water treatment plant has with many of the city's systems.

2023 U.S. Environmental Protection Agency's AQUARIUS award. The Department of Public Utilities received the EPA AQUARIUS award for the Lead Service Line Replacement Grant Program for Excellence in Creative Solutions.

The 2023 SOAR (System Operational Achievement Recognition) Silver Award. The city's gas utility received the SOAR Silver Award from the American Public Gas Association.

2023 National Environmental Achievement Award. The RVAH2O Green Infrastructure Master Plan received the 2023 National Environmental Achievement Award from the National Association of Clean Water Agencies, Operations and Environmental Performance.



American Public Works Association Project of the Year. The Main Street Station Shed received the 2022 Project of the Year award from the American Public Works Association (awarded in 2023).

2023 New DEAL National Ideas Challenge Winner. The Pathways Program was named the 2023 New DEAL National Ideas Challenge Winner under the "Creating Economic Opportunities and Lowering Costs for Families" category. The competition had over 80 entries across the country and was judged on the best proposal that would improve American's well-being and overall quality of life.