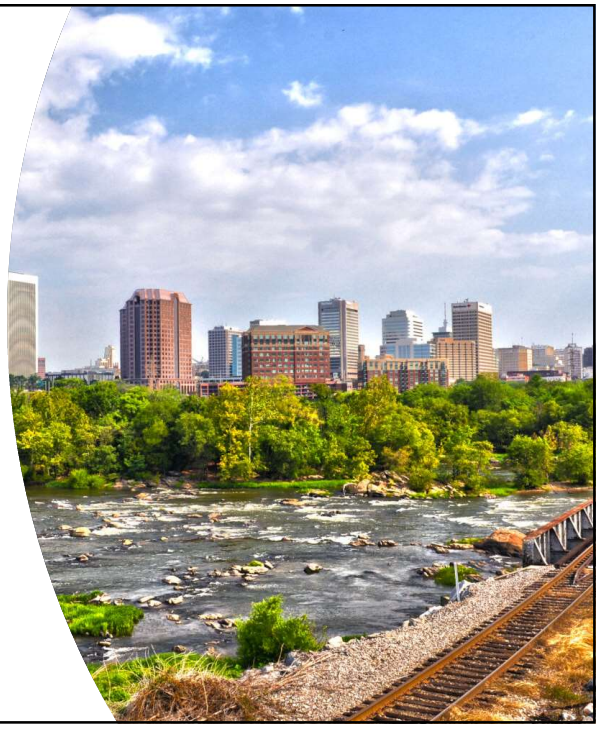
Briefing for Mayoral Candidates

City of Richmond

August 2024



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Today

I. Introductions & Background

II. Ground Rules

III. City Governments Around the Country

IV. Issues for Today: Money, People, Planning

V. Discussion

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About S.I.R.

- Born in 1964 as the Southeastern Institute of Research
- Celebrating 60 years
- One of the country's most experienced research-based consultancies.

S.I.R.
Improving Tomorrow

Strategies. Insights. Results.

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We work with local governments around Virginia and around the country.

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Why we are here today…

Why we are here today…

Transition planning happens at the Presidential level:

'It's very important for candidates for president to have…a rough understanding of the main threats to the country…

'It's even more important that you don't say something during the campaign that undermines the national security of the United States.

The briefing helps candidates in both of those ways.'

—Center for Presidential Transition

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Why we are here today…

And at the State level:

National Governors Association recommends:

- Create uniform briefings to transmit essential information.
- Brevity is critical.

Observations

- 'The effectiveness of a state's chief executive also hinges on others, especially the top team: cabinet officials and the heads of departments.'
- 'Though their work is central to delivering government services and achieving the administration's strategic priorities, these officials too often start their new roles without a clear strategy.'

Ground Rules

- This is Richmond's first briefing like this.
  It is modeled on best practices.
- Everyone gets the same information:
  - Today's briefing
  - Printed materials
  - Website
- When one person asks questions, everyone gets the answers.

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Today is NOT…

An in-depth review of department operations.

A deep-dive into the people, personalities, or positions.

This will come immediately after Election Day: Much greater depth about specific issues & operations.

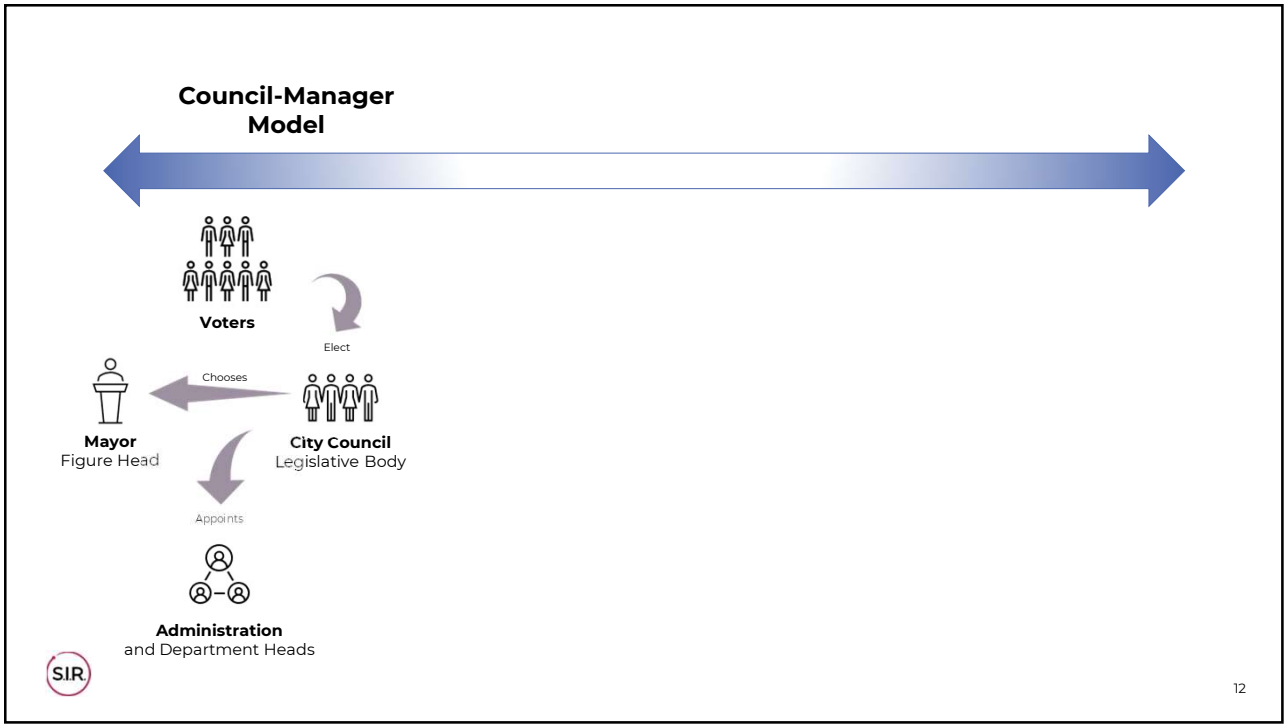
Today IS...

An analytic briefing.

A focus on the foundations.

Today is about providing you tools to succeed when you become Mayor.

City Governments Around the Country


Council-Manager Model
Voters
Elect
Chooses
Mayor
Figure Head
City Council
Legislative Body
Appoints
Administration
and Department Heads
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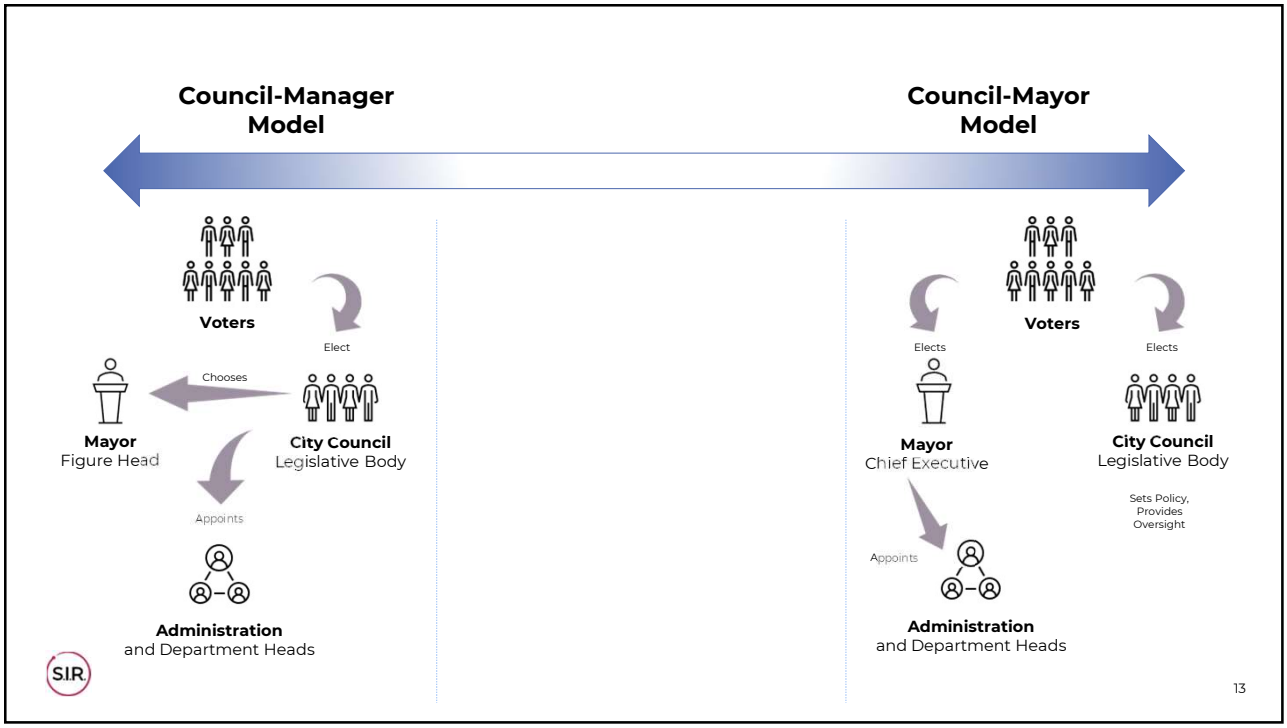
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Elects
Voters
Elects
Mayor
Chief Executive
City Council
Legislative Body
Sets Policy, Provides Oversight
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Administration
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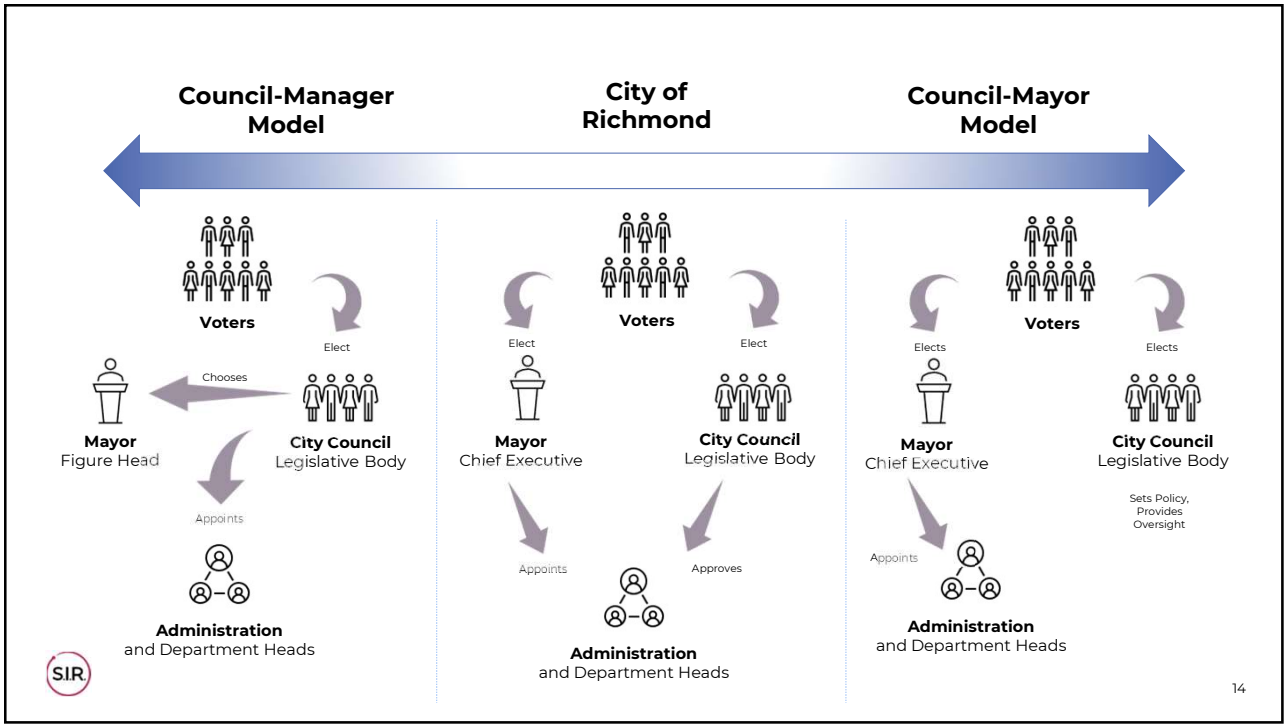
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Whatever the Structure, the Foundations Are the Same

- Establish long- and short-term objectives & priorities
- Review and approve the annual budget
- Oversee performance of the local public employees
- Oversee effectiveness of programs
- Establish tax rates
- Enter legal contracts
- Borrow funds
- Pass ordinances and resolutions
- Modify the city's charter (Dillon rule implications)
- Regulate land use through zoning laws
- Regulate business activity (licensing and regulations)
- Regulate public health and safety
- Exercise the power of eminent domain
- Communicate policies and programs to residents
- Respond to constituent needs and complaints
- Represent the community to other levels of government

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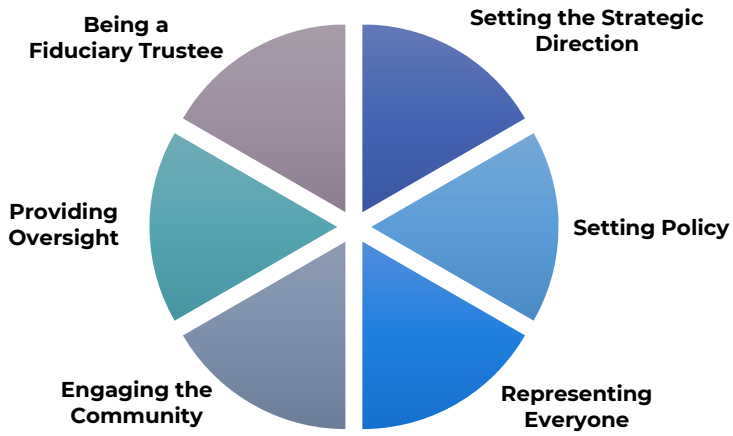
6 Roles That Make Local Elected Officials Effective



Source: Bob O'Neil, SVP Public Finance, Davenport & Company

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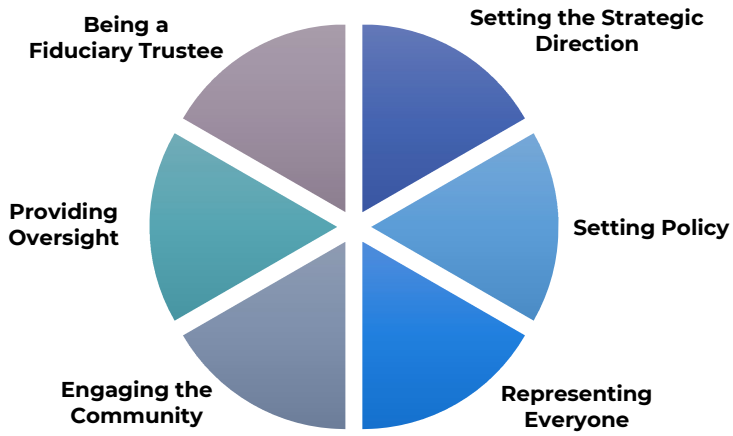
6 Roles That Make Local Elected Officials Effective



Source: Bob O'Neil, SVP Public Finance, Davenport & Company

Bottom Line: Mayor Decides

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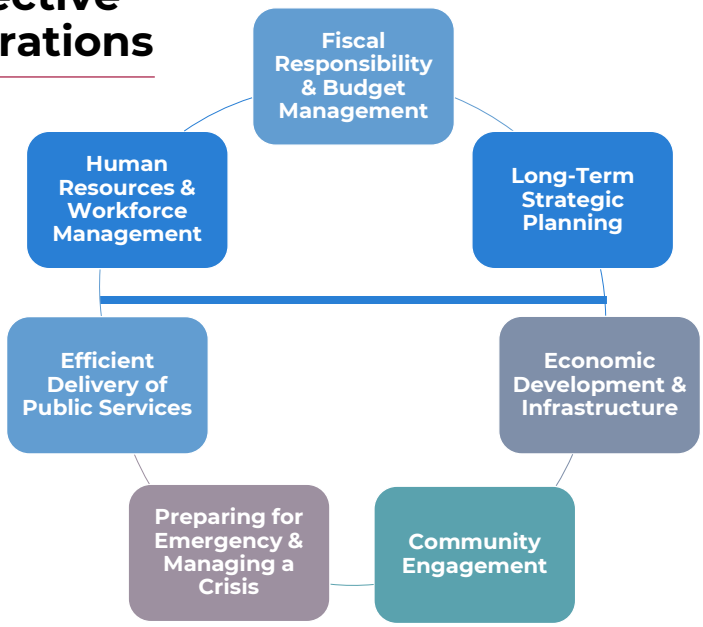
7 Roles of Effective City Administrations



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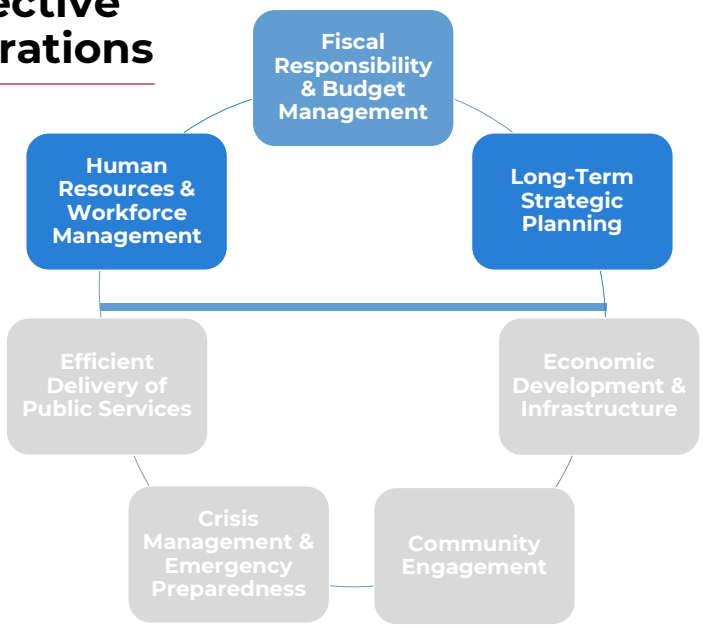
7 Roles of Effective City Administrations



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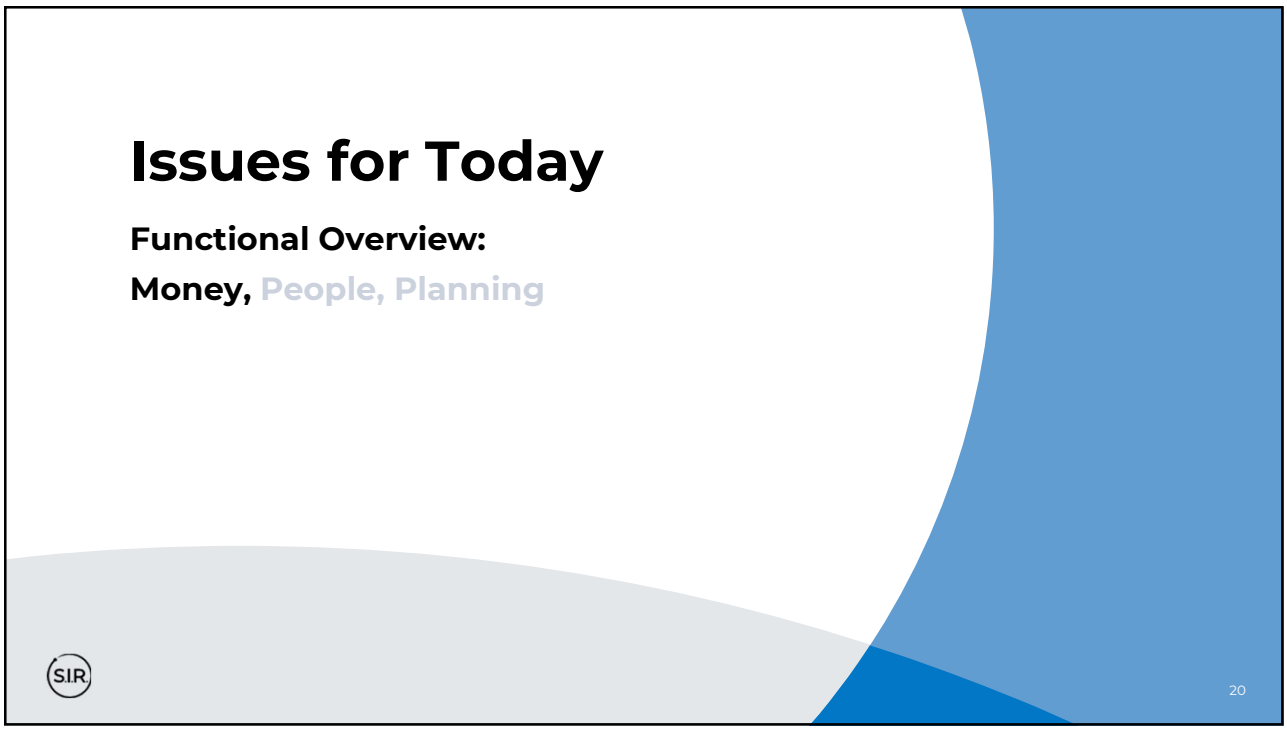
Issues for Today
Functional Overview:
Money, People, Planning
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What is Fiscal Stress?

City's ability to generate its own revenue to pay for services it delivers.

Lack of revenue-generating capacity will lead to "fiscal stress":

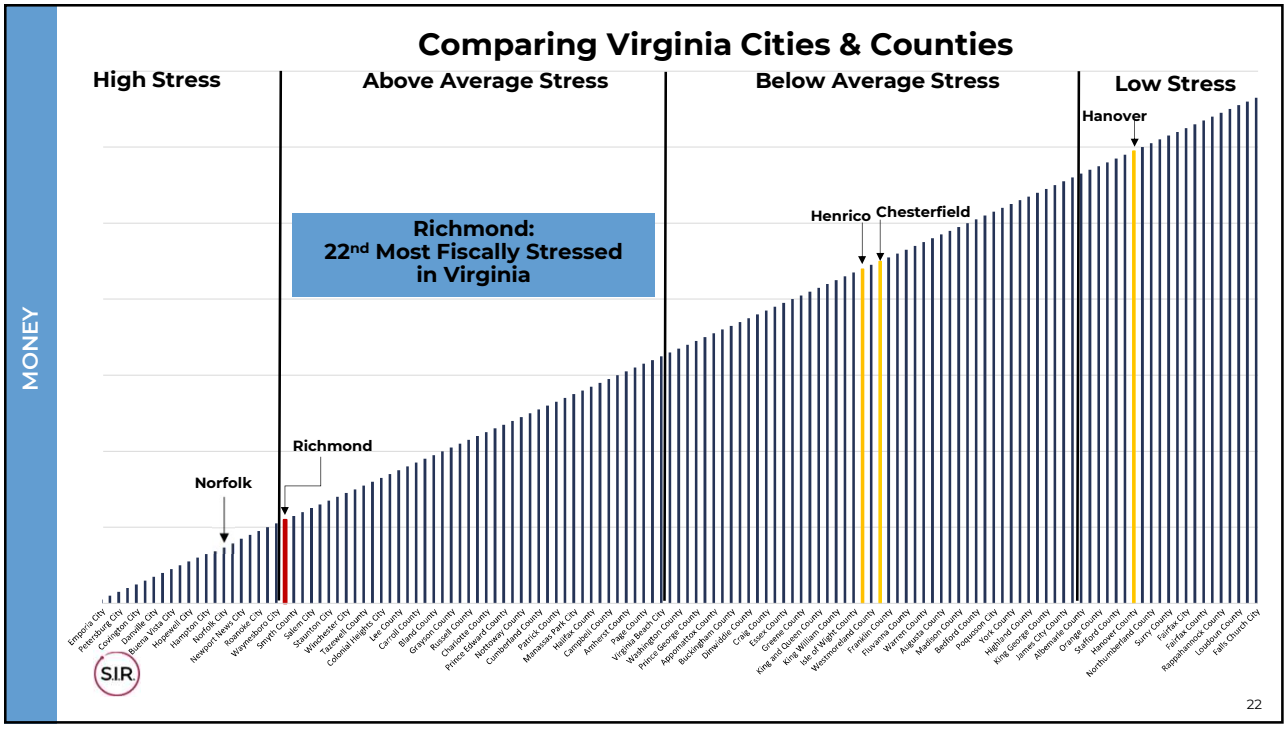
1. A shrinking budget, or
2. A gap between revenues and expenditures.

Fiscal Stress Index: Compares this across Virginia cities

It has three components:

- Revenue capacity per capita (the theoretical ability of a locality to raise revenue)
- Revenue effort
- Median household income

Source: Commission on Local Government FY 2021 Report on Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Cities and Counties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Comparing Virginia Cities & Counties
High Stress
Above Average Stress
Below Average Stress
Low Stress
Richmond:
22nd Most Fiscally Stressed
in Virginia
Norfolk
Richmond
Henrico
Chesterfield
Hanover
S.I.R.
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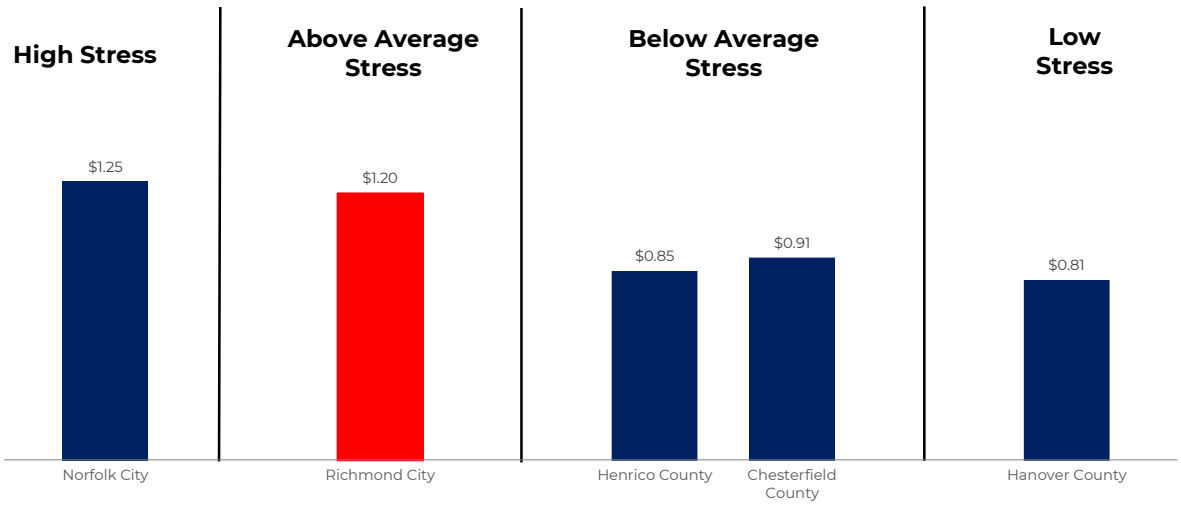
Comparing Real Estate Tax Rates & Fiscal Stress



Source: CY 2023 tax rates and FY 2021 Report on Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Cities and Counties

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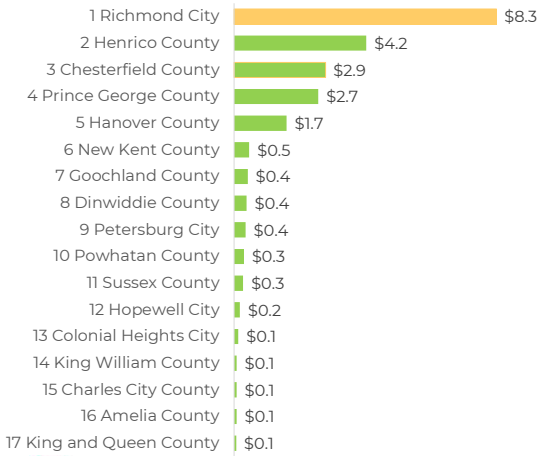
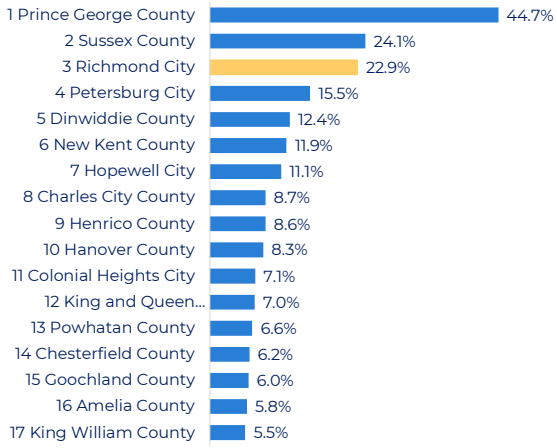
Richmond: #3 for Tax-Exempt Real Estate

Richmond has Highest Assessed Value of Tax-Exempt Real Estate (2021)



Richmond has 3rd Highest Percentage of Tax-Exempt Real Estate (2021)



Source: Virginia Department of Taxation Annual Report FY 2022 (Table 6.3)

Amounts are in billion $

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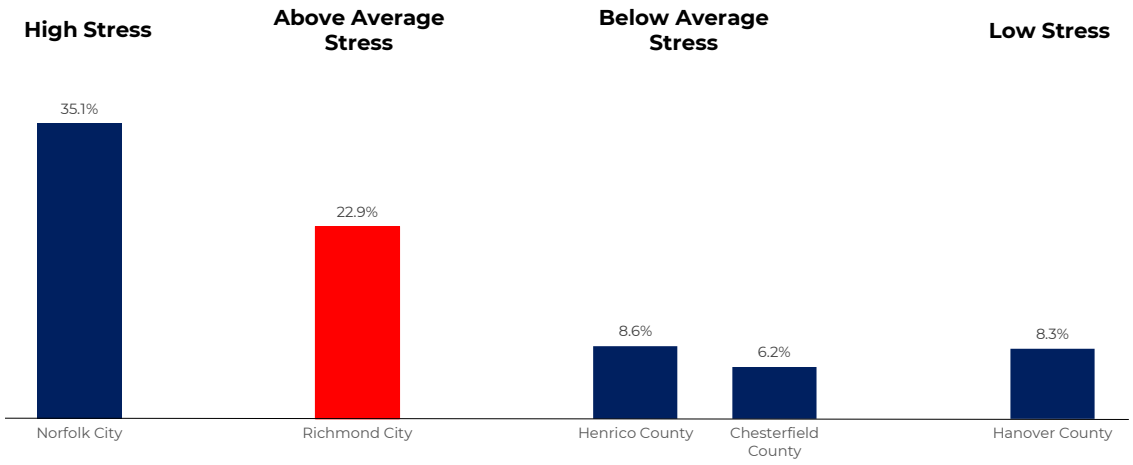
Percent of Tax-Exempt Real Estate & Fiscal Stress



Source: Virginia Department of Taxation Annual Report FY 2022 (Table 6.3) and Commission on Local Government FY 2021 Report on Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Cities and Counties

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Value of 1¢ Real Estate Tax (FY 2024)

Real Estate tax is Richmond's largest revenue source: 46% (almost half)

= $3.7 million

= $50.0 million G.O. bonds in Capital Improvement Projects

$50.0 million CIP = $4.0 million yearly debt payment

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When Things Go Wrong

Billions in Debt, Detroit Tumbles Into Insolvency

The New York Times
July 18, 2013

City on the brink: Petersburg can't pay its bills, and time is running out

The Washington Post
Sept. 6, 2016

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How Richmond Spends Money

Where Does General Fund Money Go?

- **$3 Billion Organization**
- **AAA Bond Rating**
- **Earned *Distinguished Budget Presentation Award***

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Department of Budget & Strategic Planning

What We Found

- An under-staffed department
- No economist to forecast revenues.

How to plan a budget?

What We've Done

- Grew the staff from 13 to 17 positions – 31% increase
- Hired a professional economist

What's Next

- Continue the progress, continue professional development

BUDGET & STRATEGIC PLANNING

FISCAL SUMMARY*

Budget Summary	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Adopted
Personnel Services	$957,805	$1,320,532	$1,973,221	$2,356,703
Operating	118,890	261,064	358,098	145,365
Total General Fund	$1,076,695	$1,581,596	$2,331,319	$2,502,068
Total Summary	$1,076,695	$1,581,596	$2,331,319	$2,502,068
Per Capita	$4.70	$6.98	$10.27	$10.92
General Fund Staffing	13.00	15.00	17.00	17.00
Other Funds Staffing	–	–	–	–
*Total Staffing	13.00	15.00	17.00	17.00

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Department of Finance

What We Found

- An under-staffed Finance Department
- Excessive turnover at all levels
- Outdated, paper-based systems

What We've Done

- Grew the staff from 101 to 151 positions – 50% increase

FINANCE

FISCAL SUMMARY*

Budget Summary	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Adopted
Personnel Services	$6,968,724	$8,013,410	$9,633,518	$13,263,880
Operating	7,409,344	7,054,907	5,076,553	5,146,576
Total General Fund	**$14,378,068**	**$15,068,317**	**$14,710,071**	**$18,410,456**
Special Fund	1,089,914	–	2,875,341	3,461,118
Capital Improvement Plan	–	10,000,000	–	1,700,000
Total Summary	**$15,467,982**	**$25,068,317**	**$17,585,412**	**$23,571,574**
Per Capita	$67.52	$110.62	$77.48	$102.92
General Fund Staffing	113.00	97.00	112.00	147.00
Other Funds Staffing	4.00	4.00	4.00	4.00
*Total Staffing	117.00	101.00	116.00	151.00

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What's Next?

What We Found

- Under-staffed Departments
- Excessive turnover at all levels
- Outdated systems

What We've Done

- Hired strong leaders
- Grew the staff
- Updating systems

What's Next

- Become even more data-driven
  - Continue developing Policy & Planning arm in Budget Department
- Continue to streamline outdated processes
  - Automation *everywhere*

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Issues for Today

Functional Overview:

Money, **People,** Planning

PEOPLE

Staffing City Teams: The National Challenge

Amid Strong Labor Market, State And Local Governments Struggle To Hire

By **Christian Weller**, Senior Contributor. Professor, Public Policy, University of Massachusetts Boston

Follow Author

Feb 09, 2023, 06:00am EST

Forbes

PEOPLE

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Feb 09, 2023, 06:00am EST

Forbes

PBS NEWS HOUR

American cities, states can't find enough workers despite an influx of federal funding

Aug 18, 2022 6:25 PM EDT

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PEOPLE

Staffing City Teams: The National Challenge

A Road Map for Dealing With Government's Workforce Crisis

It has put the ability to deliver essential services at risk, and when government fails, people can die. There are real solutions that will make the public sector more competitive to attract and retain talent.

OPINION | March 2, 2023 • **Robert J. Lavigna**

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PEOPLE

Staffing City Teams

What We Found

- A broken system: Under-staffed, under-resourced HR department
- Urgent need: To attract, retain, and motivate skilled workers

What We've Done

- Analyzed compensation structures and comparative market
- Rebuilt HR with new team of credentialed industry professionals
- Made salaries & benefits competitive
    - Launched ARM: Attract, Retain, & Motivate
    - Opened employee health clinics
    - Transitioned to Virginia Retirement System
- Right-Sizing departments then became possible:
    - HR, Finance, IT, Procurement, Budget & Planning

What's Next

- Continue cooperation, continue training, remain vigilant

PEOPLE

Compensation & Job Study (FY 23-24)

Scope:

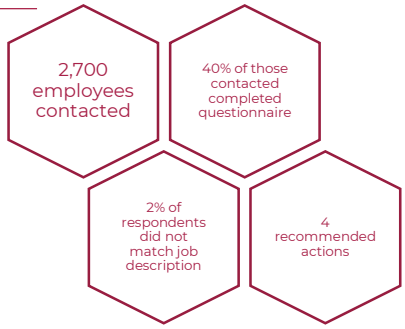
Position description questionnaire

Benchmarking to neighboring localities and peer cities

- Match job titles, descriptions, salaries Richmond jobs to peer city jobs.
- This analysis included Henrico, Chesterfield, Hanover, and Norfolk

Compensation comparative analysis

- Benchmarked jobs to determine City of Richmond's pay and pay range competitiveness



Actions:

✓Grade range increase of at least **10%**

✓Moving **80** jobs to a new grade level, impacting **312** employees

✓**8** new job classifications created, providing additional career ladders

✓Review job classifications of employees whose job duties do not match their classification

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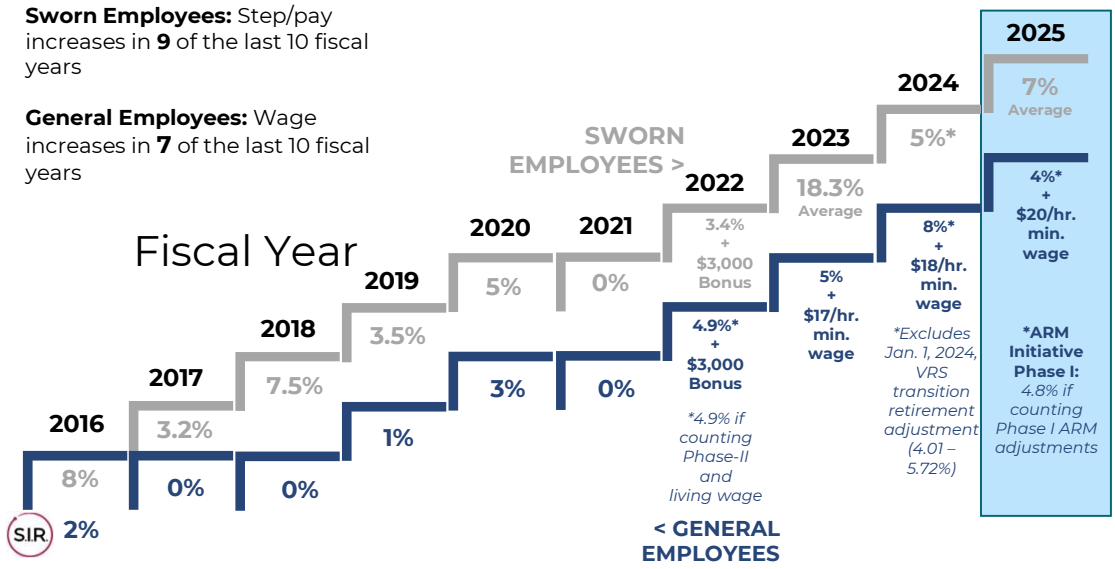
Sworn Personnel Received More Increases than General Employees in the Last 10 Years

Sworn Employees: Step/pay increases in **9** of the last 10 fiscal years

General Employees: Wage increases in **7** of the last 10 fiscal years



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ARM ATTRACT, RETAIN, & MOTIVATE

1. ARM provides a fiscally sound approach to a new compensation strategy:
2. To attract and retain high-quality employees, we need to accelerate employee compensation increases
3. Phase 1 moves existing employees at the bottom of a pay range to at least 15% from the minimum of the range
4. In annual phases, additional compensation increases move employees deeper into the pay range

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PEOPLE

What's Next?

What We Found

- Under-staffed Departments
- Excessive turnover at all levels
- Outdated systems

What We've Done

- Grew the staff

What's Next

- Continue to increase the quality of candidates we Attract, Retain, and Motivate
  - Drive culture change: Create a fun, healthy, productive working environment
  - Remain competitive

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Issues for Today

Functional Overview:

Money, People, **Planning**

PLANNING

Planning for the Future

What We Found

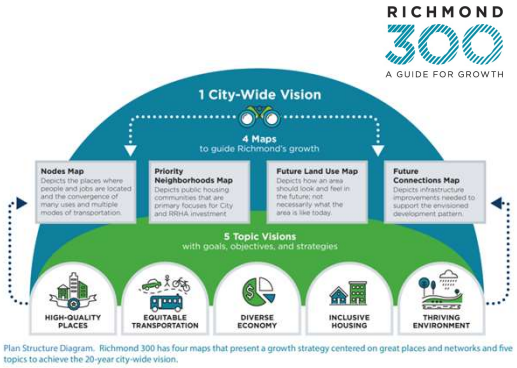
- Very strong plans, processes
- Examples: ***RVA Green***, ***Richmond 300*** (national award), ***Richmond Connects***, ***SPEED***

What We've Done

- Continued to promote strong community engagement in planning

What's Next

- Zoning re-write
- Parks Master Plan
- Continually align with Budget & Strategic Planning
  - Annual Fiscal Plan that Supports the City's Mission, Vision, and Values

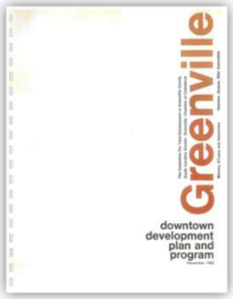


Plan Structure Diagram. Richmond 300 has four maps that present a growth strategy centered on great places and networks and five topics to achieve the 20-year city-wide vision.

PLANNING

Best Practices: Greenville, South Carolina

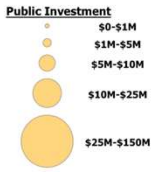
Greenville, SC Stands Out as Urban Development Success, Serving as a Growth Model for Other Cities

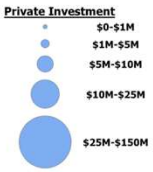


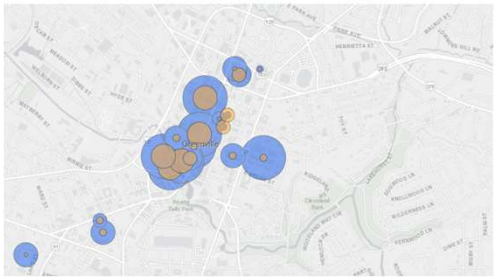
Greenville, SC Showcases Exceptional Urban Development, A Model for Growth

Skyrocketing as an exemplar of urban planning

Return on Investment: Public Dollars Attract Private Dollars







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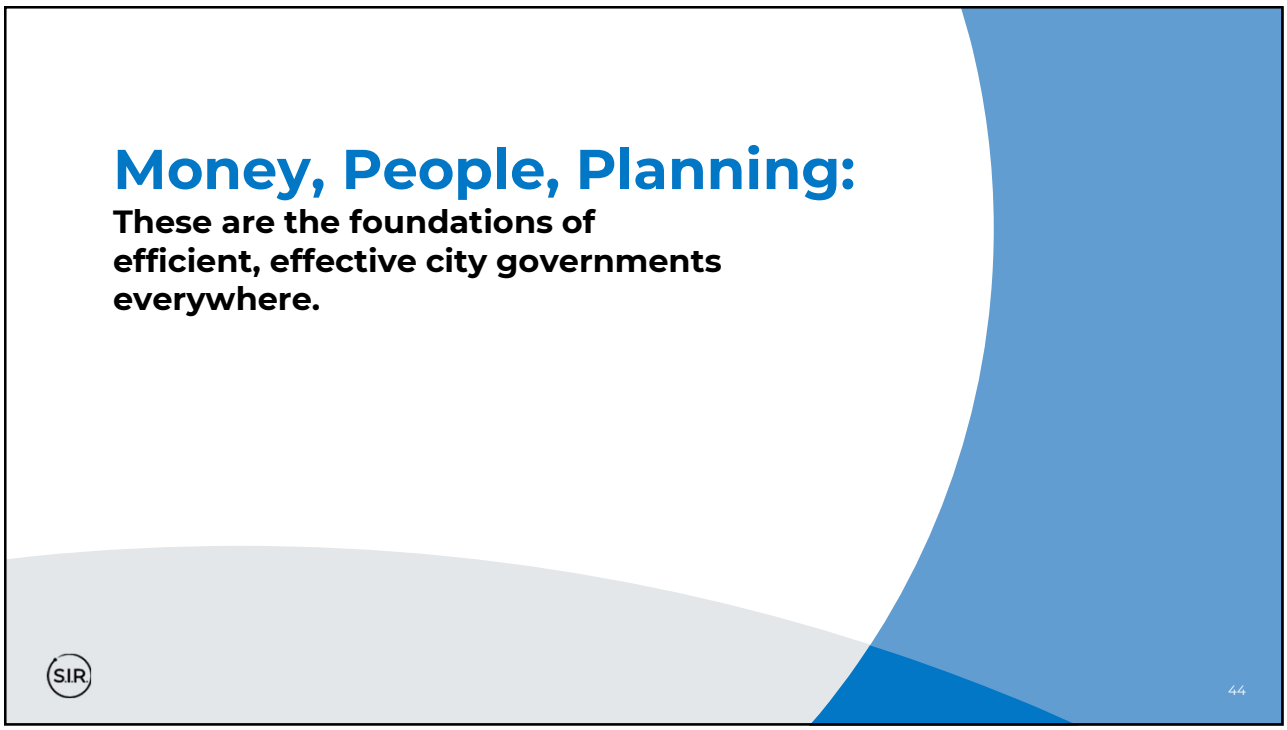
Money, People, Planning:
These are the foundations of efficient, effective city governments everywhere.
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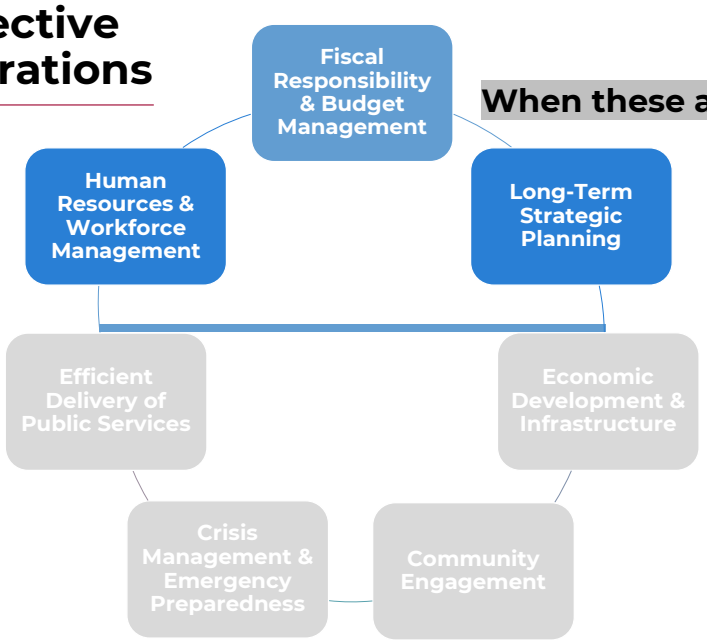
7 Roles of Effective City Administrations



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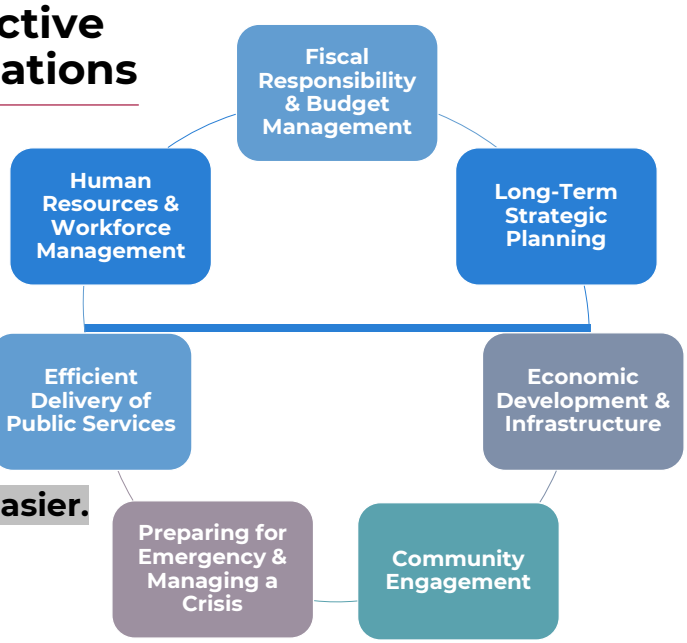
7 Roles of Effective City Administrations



Everything else is easier.

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Delivering Services

What We Found

A workforce reeling from COVID crisis

What Is Underway

- Implementing a Customer-first approach
  - Providing Accurate Information
  - Enhancing Citizen Service and Response (311)
  - RVA Pay
  - Turned around permitting process
  - Reynolds: Customer service training for employees
- Establishing Dept. of General Services
- Hired new Police Chief in 2022
- Modernized Procurement Department

What's Next

- Culture change: High touch, customer-friendly service delivery
  - Continue to drive throughout all departments

Community Engagement

What We Found

A need to engage directly with the community

What We've Done

- Created the Dept. of Neighborhood & Community Services

What's Next

- Build neighborhood self-sufficiency and resilience
- Coordinate & connect
- Foster safe and healthy communities

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Economic Development & Infrastructure

Diamond District

City Center Innovation District

Richmond Amphitheater

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Preparing for Emergency & Managing a Crisis

What We Found

A system that works – for natural disasters ("traditional emergency")

- Strong local, state, federal state cooperation
- Threats are constantly growing

What We've Done

- Investing in public safety infrastructure
- Created Dept. of Emergency Communications Preparedness and Response (2022)
  - Merged Office of Emergency Management & Dep' t of Emergency Communications–more coordinated, seamless response

What's Next: URGENT

- Artificial Intelligence is changing everything.
- Systems must adapt—FAST
- Path is NOT CLEAR anywhere

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Discussion

Thank You!

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