



City of Richmond Operational Turnaround Plan For Organizational Strengthening



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Richmond Administrators Begin Next Step in Organizational Strengthening

*~Mayor Proposed Internal Controls Assessment in March, City Council Endorsed in May~
~Progress Affirmed by City's First-Ever AAA Bond Rating, Earned Last Month~
~Administrators Preparing for Seamless Transition to New Mayor & City Council~*

RICHMOND – City of Richmond administrators said today that they are beginning the next steps in the City’s three-year operational turnaround, as the City continues systematically putting in place the foundational building blocks of a highly-functioning city government. The steps are yielding clear results, as demonstrated by Richmond earning its first ‘AAA’ bond rating last month after years of working to achieve the country’s highest financial standard.

City leaders said the administrative turnaround is designed to continuously improve operational performance, aiming to ensure a seamless transition as residents elect a new Mayor, City Council, and School Board in November.

“Richmond residents have long called for improvements in basic city services. We want to make this government better than it has ever been,” said Mayor Levar Stoney. So, when Mayor Stoney appointed Lincoln Saunders as Chief Administrative Officer three years ago, Richmond began taking action to improve service delivery.

This reform was designed to make it possible for elected leaders to focus on charting the City’s future, confident that the operational foundation is solid. This plan began three years ago, and the work is ongoing. Saunders said the plan has included ongoing performance assessments. External advisors have begun updating the assessment of City operations that Dr. Jim Burke and Linda Pierce conducted when Mayor Levar Stoney took office in 2017. Internally, Saunders has directed Deputy Chief Administrative Officer Sabrina Joy-Hogg to begin the “Procurement Services Assessment,” which is authorized by the City’s FY 2025 budget that took effect on July 1:

PROCUREMENT SERVICES

FY 2025 ADOPTED BUDGET ADJUSTMENTS

Update Personnel Expenditures	FTE: 1.00	\$717,907
<ul style="list-style-type: none">• Technical adjustment to support personnel costs. Changes reflect updates in staffing due to administrative actions, creation, consolidation, reorganization efforts, and includes the addition of a Contracting Officer position. It also includes updates for the required contributions to the Richmond Retirement System (RRS), Virginia Retirement System (VRS), FICA, MedFICA, group life, and healthcare premiums. These are routine actions which occur at the beginning of each budget cycle.		
Improve Strategic Sourcing	FTE: 4.00	\$244,650
<ul style="list-style-type: none">• Add three Procurement Analysts and one Operations Analyst to address backlog of procurement requests and increase deliverables, drive cost savings, mitigate, and increase strategic purchasing efforts.		
Support Employee Salary Increase	FTE: 0.00	\$97,731
<ul style="list-style-type: none">• Provide a four percent salary increase for general employees.		
Conduct Procurement Services Assessment	FTE: 0.00	\$90,000
<ul style="list-style-type: none">• Support an independent assessment of the current business practices and procedures of the Department of Procurement Services. It is expected that recommendations to improve efficiency and oversight will result from this assessment.		
TOTAL	FTE: 5.00	\$1,150,288

Mayor Stoney included this provision in the budget he presented on March 27, and City Council voted unanimously on May 13, 2024, to authorize the review.

“Large organizations require continuous improvement, and Richmond is now a \$3 billion organization. That’s why we put performance assessments into our budget,” Saunders said. “Make no mistake: These foundational reforms are enabling Richmond to increase school funding by 58% since 2017, without raising taxes. We continue to execute the plan that we laid out, and it is delivering results for Richmond.”

Executing Richmond’s Administrative Turnaround

Saunders became Chief Administrative Officer in October 2021, in the middle of the pandemic. He began after two longtime administrators departed within just a few months.

Three years ago, it became clear that key City offices were vastly understaffed, administrative processes were outdated, and hiring was slow, which prevented improvements in customer service and delivery of basic services.

Significant vacancies and insufficient staffing hampered the backbone of City operations—the departments of Budget, Finance, Human Resources, IT, and Procurement. Even worse, the departments’ employment levels had been significantly cut during the Great Recession of 2008 and were never right-sized—even though the city’s population has grown by 13% since then. There simply were not enough people to do the work.

Chief Administrative Officer Lincoln Saunders launched a 4-step turnaround plan:

1. Hire more professional administrators,
2. Create competitive hiring practices,
3. Establish modern internal controls, and
4. Continuously monitor progress, to adjust performance as necessary.

The plan began by recruiting Sabrina Joy-Hogg to serve as Deputy Chief Administrative Officer for Administration and Finance. She brought three decades of professional managerial experience to Richmond, having previously served as Chief Deputy City Manager of Norfolk and Deputy City Manager of Charlotte, North Carolina. She worked with U.S. Treasury as a technical advisor to the Ministry of Finance, Planning, and Economic Development in Uganda, and for the Commonwealth’s Department of Planning and Budget. Joy-Hogg oversees the Finance, Budget and Strategic Planning, Human Resources, Procurement, and Information Technology Departments.

“When I began this job, it was clear that City operations were suffering and we were experiencing high turnover in leadership positions,” said CAO Lincoln Saunders. “Richmond simply did not have enough people to do the work of a growing city, and too much turnover was hurting operations.

“So first, we brought in experienced, senior-level professionals. Then, we made our first bold move to improve the organizational management by basically replacing the entire human resources department. This reorganization enabled us to begin the cultural shift. Next, we began creating compensation packages that would enable Richmond to compete for talent. That enabled us to right-size key departments. We knew this would require both time and continual reform, so emphasized a culture of continuous improvement. Now, we are executing the next steps in the plan.”

Saunders promoted Sabrina Joy-Hogg to Senior Deputy Chief Administrative Officer effective July 1, 2024. Saunders and Joy-Hogg highlighted numerous operational improvements.

Achievement: Attract, Retain, and Motivate Highly Skilled Workers



The entire Human Resources department was replaced in 2023. Today, the department is staffed by credentialed industry professionals, who are empowered to help City departments identify qualified professionals and fill job openings quickly.

To accomplish this, Richmond's current budget:

- Right sizes the Departments of Finance, Procurement, Social Services, and the City Attorney's Office with additional positions
- Sets the minimum wage at \$20/hour for all employees (one of the highest in the Commonwealth and certainly higher than the state's minimum wage of \$12 and the federal minimum wage at \$7.25)
- Provides an average of 7.0% increase for Sworn police and fire personnel
- Increases starting pay of Step 1 police officers and firefighters from \$53,470 to \$58,076
- Continues salary competitiveness for eligible General Employees with a 4.0% increase
- Begins a multi-phased plan for market adjustments
- Supports citywide short and long-term disability insurance as of January 2025
- Supports the new employee health clinics operated by Marathon health

Achievement: Right-Sizing Departments

Richmond had suffered for too long with under-staffed departments unable to deliver basic services. For example, the Procurement Services Department had just 20 team members in 2022. Today the department is staffed by 32 professionals—a 55% increase.

PROCUREMENT SERVICES

FISCAL SUMMARY*

Budget Summary	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2025 Adopted
Personnel Services	\$1,637,840	\$1,738,515	\$2,579,366	\$3,639,653
Operating	49,261	90,969	64,105	154,105
Total General Fund	\$1,687,101	\$1,829,485	\$2,643,471	\$3,793,759
Total Summary	\$1,687,101	\$1,829,485	\$2,643,471	\$3,793,759
Per Capita	\$7.36	\$8.07	\$11.65	\$16.56
General Fund Staffing	17.00	15.00	24.00	29.00
Other Funds Staffing	3.00	3.00	3.00	3.00
*Total Staffing	20.00	18.00	27.00	32.00

*See Personnel Complement/Position Control table for detailed personnel including General Fund, Special Fund, Capital Improvement Program, and Other Funds, if applicable to Department.

The Budget & Strategic Planning Department had just 13 team members in 2022. Today the department is authorized to employ 17 professionals—a 31% increase.

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

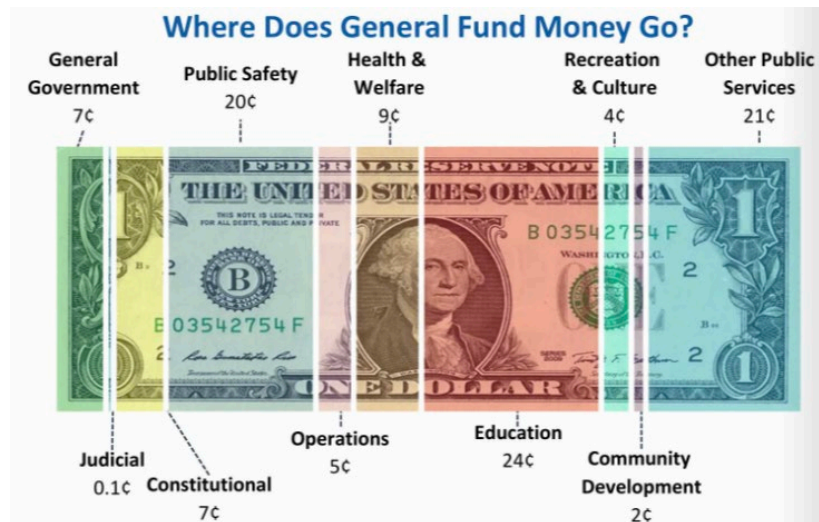
The Finance Department had 101 team members in 2023. Today the department is authorized to employ 151 professionals—a 50% increase.

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

The Human Resources Department is authorized to hire 50 professionals today, down slightly from 2022. *The difference: City administrators replaced the entire H.R. staff, restructured the office, and hired a completely new team of HR professionals.*



Timeline

City of Richmond's Administrative Accomplishments June 2021 - Today

Date	Action
2021	
June 30, 2021	Virginia's 17-month 'State of Emergency' ends.
September 1, 2021	Former Interim CAO retires.
October 12, 2021	Permanent Chief Administrative Officer Swearing in (Lincoln Saunders). Interim/Acting leaders filled the role since 2019.
2022	
January 11, 2022	Permanent Deputy CAO for Finance and Administration appointed (Sabrina Joy-Hogg). Role had been vacant since 2019.
March 2022	Under-staffed team drafts Mayor's budget for introduction to City Council. Salary scales adjusted. \$17/hour minimum wage introduced.
May 2022	City Council approves budget.
July 1, 2022	Budget takes effect. Department of Emergency Management created.
Throughout 2022	New administrators review departments, assess performance. Identified major shortcomings in Human Resources.
July 25, 2022	City Council approves collective bargaining.
2023	
December 19, 2023	Rene Almaraz, Director of Procurement featured in <i>CPOstrategy</i> —a globally trusted resource for procurement professionals, leading transformation strategies within their organizations: https://bit.ly/CityofRichmondBrochure .
February 3, 2023	City completely restructures Human Resources, begins replacing entire team.
February 27, 2023	Permanent HR director hired.

Date	Action
March 2023	Mayor introduces budget to City Council. Budget begins to right-size departments. Salary scales adjusted. \$18/hour minimum wage introduced.
May 2023	City Council approves budget.
June 2023	City Center project advances. Diamond District project advances.
July 1, 2023	Budget takes effect. Office of Intergovernmental Affairs created. Office of Strategic Communications & Civic Engagement created. First time investment of \$50 million in bond funding for affordable housing.
July 19, 2023	Permanent Police Chief hired.
September 25, 2023	City Council approves transition to Virginia Retirement System (VRS), making Richmond a more attractive place to work.
2024	
FY 2024	City earns <i>Distinguished Budget Presentation Award</i> – earning 34 annual honors over the years.
January 17, 2024	City opens Marathon Health Clinics for employees and dependents.
March 2024	Mayor introduces budget to City Council. Proposes further right-sizing HR, Finance, IT, Procurement, Planning & Budget departments. Salary scales adjusted. \$20/ hour minimum wage introduced—highest in the region, and a 54% increase from FY 2022.
April 2024	Following through on the commitment to continuous improvement, Finance Department begins the Committee on Sponsoring Organizations (COSO) internal control assessment.
May 2024	City Council approves budget right-sizing key departments.
May 9, 2024	City Council approves Diamond District financing plan.

Date	Action
May 23, 2024	'Game-changer for Richmond': City earns its first coveted AAA credit rating from Fitch Ratings.
June 27-28, 2024	City invests in large scale programming in southside.
July 1, 2024	Budget takes effect. Department of General Services created. Department of Neighborhood & Community Services created. Provides for significant investment in southside.
July 1, 2024	Citywide procurement included in the internal control COSO assessment. Evaluation of current processes against industry best practices authorized in the FY 2025 Budget.
July 20, 2024	City earns <i>2024 Achievement of Excellence in Procurement® Award</i> from the National Procurement Institute.

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