

**FY2020 City of Richmond Proposed Budget Speech**  
**Remarks As Prepared for Delivery**  
**Mayor Levar M. Stoney**  
**March 6, 2019**

President Newbille, Vice President Hilbert, honorable members of City Council and members of the School Board, dedicated fellow city employees and residents of the great City of Richmond, good afternoon.

I'm pleased to be with you today to share my vision for Richmond and my hope that you will join me in investing our resources in the areas that reflect our shared priorities.

Before I begin, I would be remiss if I did not acknowledge the incredible hard work and dedication of our team -- Chief Administrative Officer Selena Cuffee-Glenn, Deputy CAO for Finance and Administration Lenora Reid, Budget Director Jay Brown, Finance Director John Wack and their teams, as well as my chief of staff, Lincoln Saunders and his team -- all of whom worked diligently to prepare the budget plan I present to you today.

I would also like to thank all of our hardworking and dedicated city employees who serve the residents of this great city.

When I took office, I said I didn't want to be just a caretaker, a de facto steward of the status quo. I wanted our time leading this city to be one of progress and growth for all.

In just two short years, we have come a long way toward meeting the goals we set for this city and achieving our vision of building One Richmond - more inclusive, more competitive, and more equitable.

With your support, and working together, we have prioritized our children, expanded access and opportunity for working men and women, and improved the efficiency and responsiveness of city services.

And lest anyone forget, last year we worked together to invest in our students, and thanks to the commitment we made, we were able to break ground on three new schools in December!

Today, our economy is strong, with \$1.5 billion in new investment over the last two years.

Our unemployment rate is below three percent, our household median income is up five percent and our bond credit rating is AA+, making us one step below our goal of Triple-A.

But ladies and gentlemen, what I said two years ago is also still true: Behind the “best of” lists and despite the positive changes we have made, we still have a long way to go.

In short, Richmond is certainly on the rise, and I am confident we are poised to move forward into the top echelon of American cities – but only if we continue to invest in our future.

As I said last year, budgets are never easy – and this one is no exception.

Starting with our Utilities:

As is the case nearly every year, the costs of maintaining infrastructure and compliance with regulatory requirements will necessitate adjustments in our rates.

My budget proposes a rate increase of 3.5% for natural gas, 4% for water and wastewater, and 4% for storm water to be effective on July 1st.

These adjustments are necessary in order to adequately fund our operations and capital projects. We estimate that the combined increase in cost for all utilities will be \$5.82 per month for residents.

Within our general operations, a strong economy has yielded growth in real estate values, increases in permits, licenses and fees associated with expanded business activity, as well as higher revenues from lodging and prepared foods.

But, alongside these increases in revenues in some categories, we are also projecting declining revenues within other areas of our budget, from sources such as motor vehicle

licenses, the planned reduction in the payment in lieu of taxes from our utilities, and aid from the Commonwealth of Virginia and the Federal Government.

Additionally, our budgets for the past two years have been bolstered by an increase in collections of delinquent personal property taxes, thanks to the diligence of DCAO Lenora Reid and the Finance team.

But as we have worked hard to bring those dollars in, it means that there is less available to collect, and we are adjusting our budget accordingly, reducing the projected collections by \$1.6 million.

Recent changes in the city's tax delinquent property sale program, approved by council, will also require we adjust projected collections down by \$2 million.

Those of you who have been around awhile know that most things don't get cheaper over time; they get more expensive.

The costs of doing business as a city government are going up – adding additional burdens to our already tight budget.

This year alone, the costs of health insurance and retirement benefits for city employees will increase by \$3 million.

Our share of the state mandated salary increases for employees in our constitutional offices will require an additional \$900,000.

Our obligation to cover the rising costs of medical care and food services for inmates in the city jail will require an additional \$1.2 million be appropriated in our budget.

The rising costs of contracts for core services within our Department of Public Works, will also cost an additional \$1.2 million.

I applaud this Council's recent expansion of our tax relief program for the elderly and disabled that will help residents living on a fixed income to stay in their homes, an essential goal that I share, but the fiscal reality is that it will require we budget \$1.9 million in additional funding to support the program.

After crunching the numbers, it's clear that our net \$12 million in revenue growth barely covers the nearly \$10 million we face in rising costs from non-discretionary obligations.

To put it simply, we only have enough dollars to maintain the status quo.

Madame President, I do not believe that the status quo will advance our city into the upper echelon of American Cities.

I do not believe we can continue to build our budgets on deferred maintenance or delayed investment.

The budget I present to you today, which fulfills all of our legal requirements and mandates, is designed to build on our successes and address the challenges we face as a city in a meaningful way.

Madam President, I believe that providing improved, consistent service to our residents requires sustained investment in the human capital that is required to support our citizens and keep them safe...

We must acknowledge that we have the lowest-paid government workforce in Central Virginia. That's just a fact.

That is why my budget provides a 3% cost of living adjustment for our general employees - the first increase of this kind in 15 years.

Additionally, my budget also maintains the planned step-increases for public safety officials that were included in the FY2020 budget approved last year, and raises the starting salary for police officers to \$43,000. For the third straight year, we will follow through on the commitment we've made to the men and women who put their lives on the line each and every day.

We can no longer treat employee compensation as an afterthought. Investing in our employees so that we can recruit and retain our talent is simply one of the costs of doing business, and we must budget accordingly.

My budget also supports increased staffing for our Citizen Service and Response Department, which runs RVA311, so that we can reduce wait times and provide a higher level of customer service to our residents.

But it's simply not enough to just take the calls.

For those who call to report a paving need or to request a sidewalk repair, we are simply years behind and millions of dollars short of what we need to resolve their issues.

Today, we find the priorities that matter the most – our schools and our neighborhoods – are struggling the most.

Despite repairing 175 miles of road, 2600 alleys, 3,200 sidewalks, and 50,000 potholes over the last two years, our streets are in a state of disrepair.

Additionally, we also know that too many of our children are not getting the education they need.

Our students are in classrooms with outdated technology, inadequate curricula, and lacking the additional support from school counselors, reading specialists, and other support programs.

Our children's schools are ill-equipped to provide the pathways to opportunity they deserve.

And all of these insufficiencies are contributing to the achievement gap.

This is simply unacceptable.

In a city doing so well economically, how did we get here?

To answer that important question I think it's helpful to review what we've done historically – and haven't done -- to get to where we find ourselves today.

The recession that hit just over 10 years ago was preceded, in 2006 and 2007, by tax cuts that took the city's real estate tax rate per \$100 of assessed value from \$1.29 to \$1.20, where it has remained for the last 11 years.

Just 15 years ago, that tax was \$1.38; and 30 years ago it was \$1.53!

Regardless of the reasons for these cuts, one thing is certain – this began a period of disinvestment in Richmond, made worse by the recession, and from which, despite our growth, our core infrastructure has not been properly maintained.

Our annual budget for streets and sidewalks for the past decade has been a fraction of what we needed to adequately maintain our aging infrastructure.

We can blame the weather, but it's our budget that drives our ability to keep up.

Additionally, and perhaps most critically, during the recession, we saw a significant cut in both state and local investment in our city's schools.

I have been vocal this past year about the fact that the Commonwealth of Virginia is failing to fulfil its constitutional obligation to fund the true cost of public education, which has financially devastated schools like those in Richmond.

We have done our best to fill the gaps left by the state.

But at the end of the day we have asked our schools and our neighborhoods to sacrifice, and to wait, for years, as we climbed out of this hole of a recession, and in turn we have deferred our maintenance and investments.

Madam President, it's time for us to have the tough, honest conversations about what it will take to build the city we want.

It's time for we, as elected leaders, to demonstrate we have the courage and the vision to take the actions required to make Richmond not just a Top 10 place to visit, but a Top 10 place to live – for all of us.

And that begins today.

Ladies and gentlemen, this budget marks a new beginning.

With this budget we have an opportunity to invest in our children, our families, and our neighborhoods to build the city we all deserve.

As a city, we only have so many places to turn to meet our needs.

I firmly believe that we can no longer cut corners, and punt our challenges to future city leaders – we've done enough of that.

Additionally, the state has proven, once again, its unwillingness to meet its obligations to localities and school divisions like ours.

And while I will do everything in my power to encourage future economic growth that will increase and expand our tax base, we cannot wait to invest in ourselves today, and failing to do so will only make it harder for us to be competitive tomorrow.

For these reasons, I have included in this budget a restoration of our real estate tax rate to its pre-recession level of \$1.29 per \$100 of assessed value -- the same rate it was in 2006.

I am also proposing that the City of Richmond impose its first ever tax on cigarettes of 50 cents per pack.

These investments finally put the future of our city in our own hands.

They will yield an additional \$21.1 million and \$3 million in annual revenue, respectively.

With this new revenue, I am proud to announce that my budget provides \$16.2 million for street paving and sidewalk maintenance.

From Church Hill to Westhampton, from Worthington Farms to Providence Park, these investments will allow us to support our neighborhoods in an equitable and sustainable way, not just this year, but every year.

Additionally, and most importantly, my budget will also fully fund Richmond Public Schools' budget request for \$17.8 million in new funding to implement the Dreams 4 RPS strategic plan AND provide much-deserved salary increases for our teachers.

My budget also provides \$284,000 for the RPS school crossing guard program and an additional \$373,000 to support transportation needs for after-school programs.

These investments total \$18.5 million in incremental funding for Richmond Public Schools!

My Capital Improvement Program budget for this year also fully funds the eligible RPS maintenance needs at \$19 million.

Ladies and Gentleman, this is what it means to provide meaningful investment in our kids and neighborhoods.

Let me back up for a minute to explain why these investments are more crucial now than ever.

In August and September of 2018, we administered a citizen survey for the City of Richmond. Out of the questions related to the maintenance of the city, 73 percent of Richmonders were dissatisfied with the maintenance of our neighborhood streets and sidewalks. 73!

I am proud of the hard work of our public works employees who fixed 3,200 sidewalks and filled 50,000 potholes over the last two years.

But, the fact that we had 50,000 potholes to fill just goes to show that we aren't paving our streets in a responsible and consistent way.

These are the investments our citizens have been asking us to make – not just in our streets, but in them.

This will make it safer for every single one of our citizens to drive our roads or walk on our sidewalks.

Safe and passable streets are not a luxury, they are a core necessity.

Each person on this dais before me know this – because it's consistently the top issue you bring to my attention when we meet, or that your constituents raise when we stand together in our community.

We all have Bobby Vincent on speed dial, but it's time to give him what he needs to do more than play whack-a-mole with potholes.

As I mentioned in my State of the City address, we are also submitting to you today a 20-year Capital Improvement Plan that will guide our investments in streets and

sidewalks, our community centers, police and fire stations, and our city fleet, among other priorities.

The \$96.9 million CIP plan for the coming fiscal year 2020 makes a number of investments, including renovations to Powhatan and Southside Community Centers, and upgrades to Blackwell Playground and Chimborazo Park, so that we can enhance programming for youth and senior citizens alike.

We are also assigning additional dollars to restore bridges, thoroughfares, and to continue our progress towards Vision Zero.

As we make these capital investments to ensure we restore and maintain our infrastructure, I believe we must also continue to expand access to public transportation and housing opportunities in our city.

My budget provides an additional \$965,000 to the Greater Richmond Transit Corporation for increased service and route frequency to those communities that need it the most.

Additionally, using existing funding, GRTC has committed to building new bus shelters where they are needed and don't exist today.

My budget also proposes raising our contribution to the Affordable Housing Trust Fund to \$2.9 million, and proposes a commitment of \$485,000 to our Eviction Diversion Program, the first of its kind in Virginia.

With these investments, we can increase access to housing that is affordable, and provide stability and support to our most vulnerable residents struggling to stay in their homes.

As we are asking our residents to sacrifice, and contribute to the success of our schools and the strength of our communities, these investments in public transportation and housing will help us to do so in an equitable and responsible way.

I owe everything I am today to the love of my father and grandmother, and their commitment to raise me in a supportive environment and to send me and my brother to

a public school that allowed me to receive a quality education, which gave me the opportunity to succeed.

There is no investment more important, or worthwhile, than the investment we make in our children.

Their future is our future.

And for too long, we have failed many of our children by not providing them access to the high quality education they need to succeed.

Yes, money cannot and will not solve all the ills in our school system, but the lack of funding for the past decade has only compounded the challenges to provide our children the quality education they deserve.

As a result, according to UVA's Weldon Cooper Center for Public Service, just 73 out of 100 babies born in our city, are eventually enrolled in first grade in Richmond Public Schools.

White and black families alike have been fleeing to the counties, or simply choosing private schools if they can afford it.

While our families without those same resources to move, have been left to live with the consequences of years of disinvestment and indifference – merely surviving, when they should be thriving.

They've had to navigate a system where more than half of our schools are not accredited. A system with the lowest graduation rate in the state. A system where the dropout rate for English Language Learners is 74%!

We cannot be an inclusive and equitable city if we allow this to continue.

Last week, the School Board approved a budget that makes it clear that bold action is required, and real dollars are necessary, in order to fund the strategic investments that will enable our schools to become engines of opportunity for ALL of our children.

The \$18.5 million in my operating budget for RPS will fund critical initiatives such as:

- An equitable literacy plan to ensure all third graders are reading at or above grade level;
- New and engaging English and Math curricula
- Increasing the number of school counselors and nurses available to our students;
- Increasing the performance of the RPS bus system; and,
- Pay increases for the hard-working teachers and staff that are the life-blood of our schools

Let me be clear: This is an investment. A long-term investment.

And like any investment, we have a right to expect a return on that investment – no excuses.

Alongside this increase in funding, we will insist on accountability by proposing an amendment to the Education Compact we all agreed to in 2017, that will commit the school board to an annual scorecard from RPS to track progress and performance and a date certain to deliver their plan for the rezoning of city schools.

On the city side, we will commit to annual revenue sharing so that as our city grows, our schools will share in that growth.

I believe this amendment to the Education Compact will provide the framework that many of you have asked for to put an end to the finger pointing and infighting over funding for schools.

But it first requires us to acknowledge that we need to raise the bar.

Believe me, I know what I am proposing in this budget is not the easy thing to do. But ladies and gentlemen, it's the right thing to do.

The fully balanced, \$758 million budget I described to you today is designed to build on our successes and address the years of disinvestment in our city.

This budget is an investment in the future of Richmond.

One that will pay dividends for generations to come.

As the great American poet Langston Hughes said: a dream deferred is a dream denied.

So, whether it's the dream of strong and thriving neighborhoods, or the Dreams 4 RPS strategic plan – We cannot allow these dreams to be deferred OR denied any longer...

I urge you to embrace this bold opportunity to change the course of our city for its residents and children.

Thank you.