

Remarks as prepared for delivery:

Mayor Levar M. Stoney

Introduction of City of Richmond FY18 Budget to City Council March 6, 2017

President Hilbert, Vice President Newbille, Members of City Council, members of the Richmond School Board, fellow city employees, fellow residents, good afternoon. It's been a little over two months since I first stood here to outline my vision for our City, for One Richmond – a city that works for all of its residents.

Since that time we have taken a number of steps toward fulfilling this promise -- this idea of what our City should be, what it needs to be, and what it can become.

In just two months, we, together, took the first steps towards a shared agenda to address the needs of the whole child by this body unanimously voting to support a resolution in favor of working together to form an Education Compact that will institutionalize collaboration and communication between the Administration, City Council, and Richmond Public Schools.

As a city, we took a strong stand in the face of intolerance and divisiveness from Washington to reaffirm our policies of inclusion for all of Richmond's residents -- from those living here without legal status to those targeted for discrimination in our thriving LGBTQ community.

We recruited and welcomed a Fortune 500 company, Owens & Minor to our downtown, bringing the promise of 300 new, homegrown jobs.

And we have taken important steps to restructure our transit network to produce faster commutes and less waiting at the bus stop – without increasing fares.

Just as importantly, I've kept my commitment to be a hands-on, visible Mayor. I've enjoyed the opportunity to engage with our community by visiting schools and churches, touring city departments to meet our hard-working employees, and walking with many of you and our first responders through business districts and neighborhoods to hear the concerns of Richmonders.

My pledge was to be engaged and to listen, and to work with you, and that is what we will continue to do.

We are deep into a performance review of all city agencies and departments to identify what works and what doesn't, and from Day 1, I have been engaged in assessing the needs of the city and identifying the spending priorities needed to move Richmond forward.

My administration and senior staff have worked diligently and conscientiously to devise the budget proposal that I present to you now for the coming fiscal year.

I would be remiss if I did not acknowledge the incredible hard work and outstanding job of my Deputy CAO for Finance, Lenora Reid, Budget Director Jay Brown, Finance Director John Wack, and their teams, to prepare this budget, all under the supervision of our CAO Selena Cuffee-Glenn.

Today, I am pleased to inform you that our proposed budget is fully balanced and all expenses are in line with our current revenue projections. This budget meets all our legal requirements and mandates, while continuing to fund city services and our core priorities.

This is a fiscally responsible and lean budget, *that does not raise taxes*, but makes targeted investments in our most pressing priorities – education, public safety, core services, and poverty mitigation.

Ladies and gentlemen -- the city today is thriving and strong -- and I remain energized and excited at the opportunity before us to grow and prosper as One Richmond.

But let me be clear. This is a budget that is built on very limited resources.

Our brief time in office has unearthed a stark reality -- that for years, we have not provided for the true needs of our city.

It runs the gamut, from deferred investments in infrastructure and capital improvements, to the funding for the retention, training and hiring of key city personnel.

Some of the neglect has been unavoidable -- the byproduct of a recession, which has led to deep cuts in support from the state and federal government in areas like education and human services.

But in other cases, the responsibility lies within our own ranks -- a willingness to point fingers or pass the buck, coupled with an unwillingness to make the hard choices -- opting instead to overpromise services that drive us deeper in the hole.

Too often there has been a reluctance or fear to speak plainly to the people – to explain the gap between the reality of the resources at our disposal and the real costs of certain services.

That avoidance doesn't get us to the standard we desire for our city government - excellence.

That is why we need – all of us – the Administration, Council, School Board, and residents of Richmond -- to have an honest conversation.

Let's start that today.

Here are some simple truths:

We are four years behind in sidewalk maintenance.

We don't have the resources to repair all the potholes.

Or our roads.

Let alone address the 3,000 requests for maintenance in the alleys that connect them.

During the snowstorm that hit during my first week in office, I was shocked to learn that we have 60 primary snow routes... *but we only have 42 plows!*

And because our outstanding debt has doubled over the previous 8 years to more than \$800 million dollars, our credit limit – our ability to borrow – is effectively maxed out.

There are not enough resources and new revenues to address the needs and challenges before us. Although I am able to propose increases in some of those areas today, they will still remain funded well below their true needs. Many departments and non-government programs are facing significant cuts.

Some of these challenges have dogged us for years, and they will take years to fix.

If we were the federal government, we could easily print more money.

But in Richmond, Virginia, we have to run our city the way our residents run their homes – with a balanced budget.

We have to pay our bills.

We have to prioritize our spending.

We have to make sure that we are doing everything we can to save money and become more efficient as a government.

And we have to determine the real costs of services and make sure everyone pays their fair share.

This budget reflects those hard choices, and a disciplined, strategic approach toward new investments in our core priorities.

Embedded in this fiscal plan are cuts, as well as modest fee increases, and an acknowledgment that while the problems that have been years in the making cannot be fixed overnight, we must begin today to move in the right direction -- to develop a long-term plan that fully articulates our needs and develops strategies to address them.

To aid us in that process, I am proposing an annual, rather than a biennial budget.

Prior to FY 2000, the City of Richmond proposed and adopted its City budget annually.

And there are several reasons why a return to this practice makes sense now.

Basing revenue forecasting models on a 12-month cycle is more predictable and reliable than basing operations on a 24-month cycle.

It also offers our city greater flexibility to respond faster to economic changes.

We are also working to do more to collect the taxes that we are owed and to make sure that everyone is paying their fair share.

We will increase our real estate tax collection rate from 96 percent to 97 percent in the coming year, with the help of Lenora Reid and her team, increasing revenues by roughly \$2.4 million dollars.

We will also be offering a tax amnesty period, during which those who are late paying past real estate and personal property taxes will have a limited opportunity to come forward and pay up without facing additional fees and interest.

We estimate this amnesty period will help us collect an additional \$2.4 million dollars in taxes currently owed to the city.

Now - while I believe in grace - *as we are showing through this amnesty* - I want to take this moment to put all delinquent taxpayers on notice.

Our tax revenues fund our schools, public safety, and our city services - and I will not tolerate you shortchanging our children, first-responders and every one of our neighbors. Everyone needs to do their part, and if you don't, well... don't say you weren't warned!

In the long-term, as you know, we have committed to filing our annual CAFR for 2017 on time this year, for the first time in three years. This is a sign to the bond rating agencies we recently visited in New York that Richmond is serious about its finances and wants to achieve the AAA rating that is the gold standard for local government.

Achieving this rating will lower our costs to borrow money and increase funds available for capital investment.

In keeping with our goal of instituting best practices in how we manage city government, this budget proposes the creation of two new internal service funds. One for Information Technology and another for Risk Management. This will provide services to other departments and agencies on a cost-reimbursement basis.

The creation of these two new internal service funds calls for the Department of Public Utilities to pay for their fair portion of the costs for information technology and risk management - costs that have been previously borne mainly by the general fund.

This, along with other factors, will result in slightly higher utility costs. So if you use the service, the **average** monthly residential bill for gas will increase by \$1.77...

Water by \$2.14...

Waste-water by \$2.65...

and, Storm Water by \$0.19.

But, Richmonders should not pay more for utilities than the folks we sell our services to - and this change will ensure that the costs for these services are borne equitably by ratepayers living in surrounding counties.

Now - let's talk about how we are choosing to invest our limited resources -- Starting with education.

On top of the funding increase proposed by City Council last year, this budget will include \$6.1 million dollars in additional school funding -- earmarked for investing in the teachers and staff of Richmond Public Schools.

This is the largest increase in school funding proposed by any mayor in their introduced budget under our current system - because education is my top priority, and this investment reflects that.

Right after my election, Former School Board Chairman Jeff Bourne and I visited with Governor McAuliffe to request an increase in state funding to support VCU's Richmond Teacher Residency Program, a highly selective program that helps cultivate a pipeline of extraordinary teachers who will help close the achievement gap for Richmond students.

I am pleased to report that the legislature supported \$500,000 dollars in additional funding for Richmond Teacher Residency in their final budget.

Let me tell you why I advocated for this funding - - It's because I would bet that **every one of us** can think of a teacher that made an impression, or even changed our lives - as they did for me.

The most critical step to a quality education is a quality teacher in the classroom, which is why I believe that we need to invest in retaining and recruiting the best and brightest. But I am also committed to making an investment in the retention of our police and fire personnel.

We simply can't afford to lose Richmond's finest and bravest to surrounding counties or state and federal law enforcement agencies because we fail to support the investment we made in training them -- and that means providing them the salary increases that reflect their rank and length of service.

My budget includes nearly \$1.3 million dollars for the police department and \$1 million dollars for the fire department to help retain those we train.

I will be the first to acknowledge that this is not enough.

But I could not accept allowing another year to go by without doing something. This is a down-payment on my commitment to further invest in our public safety officials so that our communities can reap the benefits of their continued service.

I am also pleased to say this budget provides funding to support the salaries and equipment for the previously approved Police recruit classes. And though I enjoy spending time with our city's police force, the executive security detail has been eliminated.

Additionally, we are proposing a one-time expenditure of \$235,000 to be taken from our projected FY 2017 surplus to fund new sonar technology that will enable officers to immediately identify and pinpoint the location of gunfire.

This technology is currently in use by cities across the country. Rather than waiting for someone to pick up the phone and call 911 - which we know doesn't happen often enough in the first place - this technology will allow our police force to know and respond immediately if shots are fired.

It will also help our prosecutors present evidence to lock-up individuals who are so brazen as to use guns to commit violent acts in our communities.

Additionally, the projected surplus of \$3.3 million dollars in the current fiscal year ending June 30 will also allow us to make a one-time investment of \$2 million dollars to finish installing the phone system at city hall.

I was shocked to learn during the transition, just days after my election, that the city had a phone system that was only half installed, and that the funding for the other half wasn't budgeted for.

I wish I could put this funding to other uses - but I have promised that this budget wasn't going to have any smoke and mirrors - it's going to be an honest assessment. We simply have no choice but to make this investment for city hall to function properly.

In addition to these investments in crime-fighting technology and a functioning city hall - I am also proposing using projected surplus funds to make one-time investments in equipment and temporary staff to support \$700,000 dollars in alley repairs, and \$400,000 dollars in grass cutting services to avoid the unpleasantness we all experienced last summer.

But - let me remind you of what I said earlier - there are over 3,000 requests for alley maintenance across our city - and there is no general fund allocation in the current year's budget - or in the one I am introducing today.

These investments will allow us to catch up on nearly 1300 alley repairs and - since we've had such an early spring - get ahead of this year's grass cutting, but it is essential that we work together on a long term strategy to address these needs moving forward. During the transition process, I asked interim-director of the department of public works, Bobby Vincent, like I asked every department head - what does your department do well?

He thought for a minute and said - "Well, we do a good job of picking up the trash."

I said - "Ok - you pick up the trash well - what don't you do well?"

He said "Everything else."

Now - this isn't because Bobby doesn't have a great team behind him - because he does! I've been out there with pothole crews and our refuse collectors and snow plow drivers and I've seen with my own eyes the dedication they bring to the job each and every day and the pride they take in their work.

But the simple truth is that we have failed to provide the funding they need to meet the commitments we, as policymakers, set for them.

We should not promise Cadillac service to our citizens and provide something that resembles a moped, puttering along in mediocrity -- which is exactly what we've been doing with both the current bulk and brush and the leaf collection programs. I don't get out of bed each morning hoping to be mediocre. I get out of bed striving to be excellent.

But we can't continue to overtask, under-fund, then pretend to be shocked when the daffodils bloom before the leaves are picked up in March.

So, in an effort to move beyond mediocrity, I am proposing a comprehensive reform to how we provide solid waste services, that will make the collection of bulk trash, brush and leaves, consistent and reliable.

By utilizing 8 new trucks and 15 new positions, plus additional equipment, we will now be able to pick up your bulk items, your brush, *and your leaves* every two weeks on the same schedule as your recycling.

To make this possible - everyone is going to have to do their part - and that means *every household* will be responsible for bagging their leaves if they want the city to pick them up.

Under this plan there will be no more couches sitting in your alleys for months or piles of leaves filling our streets in March.

I'm asking for a \$2.50 increase in the solid waste fee to support this enhanced and consistent brush and bulk service.

Let's finally give Bobby and his team the tools to deliver on what we have asked of him, and a plan to keep our city clean.

If we don't - we'll only have ourselves to blame...

Finally, I want to talk about an investment I'm making in our efforts to combat poverty.

When we met with the Bond Rating agencies in New York - the primary thing they mentioned as a barrier to our city attaining a AAA bond rating was our poverty rate.

The fact that 26% of our residents, and over 40% of our children, live under the poverty line, is the biggest challenge we face as a community - and everything we do has to be with the goal of lowering that percentage as quickly as we can.

We have a goal of moving 1000 residents out of poverty a year.

Accomplishing this ambitious goal will require sustained investments in a long term strategy to connect residents to meaningful employment and related support services.

This budget starts the process of expanding our ability to serve more in need by investing \$500,000 dollars in additional personnel and training dollars for the Office of Community Wealth Building.

My goal is to make additional investments in this strategy until we reach the capacity to move 1000 people out of poverty each year by the end of my first term.

And, because growing our economy is one of the best ways to increase our ability to provide quality jobs for our residents and to pay for the City's needs, we are also creating a Capital City Opportunity Fund and seeding it with an initial investment of \$200,000 dollars.

This fund is a competitive and transparent step to enable us to better retain and attract business to Richmond.

Mr. President, I want us to get to the point where we are cutting ribbons rather than cutting services...

Everyone plays a part in our future success and everyone needs to help. So, as I close this presentation, let's continue to have honest conversations about our needs and our resources.

Let's commit to long term solutions to our long-term problems, and resist the easy fixes that at best, make us look good in the moment, and at worst, forestall true progress and change.

Let's move forward with accountability and a clear vision of making the city better as a whole. This is not the job of one person, or one neighborhood or one district – it is a responsibility we all share.

There are no quick fixes, so whether it is this body or the School Board, we must have a shared commitment in making the hard choices, the right choices that will put us on track to make a real difference in the lives of city residents.

My team and I look forward to working together with you in the coming weeks on this proposed budget.

This is a solid and responsible plan that meets our obligations and leverages our limited additional resources into our shared priorities. It is a first step on the road to One Richmond, and many more will be necessary in the coming years.

Our goal is building a city that does not just look nice on magazine covers and in restaurant reviews -- but creating a Richmond that is fundamentally, and fiscally, sound. I am excited to get to work. Together, we can, and will accomplish our goals.

Let's Make It Happen.

THANK YOU!