



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

TO: The Honorable Mayor Levar M. Stoney

THROUGH: Selena Cuffee-Glenn
Chief Administrative Officer

THROUGH: Lenora Reid
Deputy Chief Administrative Officer, Finance & Administration

FROM: Jay A. Brown, Ph.D.
Budget & Strategic Planning Director

DATE: December 19, 2018

RE: Proposed Multi-year School Capital Funding Plan

This memo serves as a supplemental attachment to the Resolution from Mayor Levar Stoney that provides a capital funding plan for Richmond Public Schools (RPS) per City Charter 6.15:3.

The city’s financial advisors, Davenport & Company LLC, worked with the aid of city staff to perform the fiscal analysis and funding strategy for the Proposed Multi-year School Capital Funding Plan. Richmond Public Schools identified \$800 million of capital funding needs and this plan accomplishes that request. This funding plan identified a methodology to fund RPS’ \$800 million in capital funding needs over a 20 year period, whereby funding is recommended at the onset of each of the listed five-year periods. See the table below, which was extracted from Davenport’s study, for additional details.

Figure 3

Period	RPS Facilities Report Needs	Debt Capacity Allocated to Schools	Debt Capacity Allocated to General Fund	Total
FY 2019-2023	\$225.0	\$150.0	\$122.8	\$272.8
FY 2024-2028	209.0	200.0	200.1	400.1
FY 2029-2033	189.0	212.2	212.3	424.4
FY 2034-2038	177.0	237.8	238.5	476.3
Total	\$800.0	\$800.0	\$773.6	\$1,573.6

Amounts in \$millions.

1 Initial funding amount completed.

2 Approximately 50% of projected Debt Capacity allocated to Schools. These monies are actually available in total to the City/RPS at the beginning of each 5 year interval (i.e. \$200.0 Million is available in FY 2024, etc.)

Source: Richmond Debt Capacity Model

To ensure that (1) this plan is implemented, (2) both the Mayor and City Council's priority of funding public education are met, and (3) that this is a transparent process (for citizens, elected officials, and city staff) it is my intention to facilitate the execution of this plan by ensuring that the recommended funding is earmarked within future capital budgets in accordance with the Proposed Multi-year School Capital Funding Plan. Of course, the execution of this plan is contingent upon no significant changes in the plan's assumptions or changes in economic or other conditions that may arise.

Specifically, the upcoming FY2020 – FY2024 Proposed Capital Budget, which will be introduced on March 6, 2019, will include a recommendation for the second allocation of funding for Richmond Public Schools, in the amount of \$200 million in the FY2024 planned fiscal year. Note the first allocation of \$150 million was approved in FY2019. Per the funding plan, an additional allocation of \$212.2 million will be allocated in the planned FY2029 fiscal year and \$237.8 million will be allocated in the FY2034 planned fiscal year – both in subsequent capital budgets requests. The combination of these recommended allocations meets Richmond Public School's \$800 million request and addresses the City Charter requirement that the Mayor shall present a fully funded plan, without raising taxes, to modernize the City's K-12 educational infrastructure consistent with national standards.

Keep in mind, per the Davenport analysis, that the City's General Fund debt service is projected to increase by 2% each year, beginning in FY2024, to cover the costs associated with this plan. This must be factored in future budgets.

Please do not hesitate to contact me should you have any questions.