March 19, 2019

Mayor's FY2020 Budget: My Response

Here is my analysis and response to the Mayor's Proposed FY2020 Budget.

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Over the past two weeks, there have been much said and debated about Mayor Stoney's proposed FY2020 Budget. One point is clear, that the priorities laid out by the Mayor address many of the issues facing our City, from overdue raises for City employee's, funding the RPS Strategic Plan, fully funding the maintenance needs of RPS, and investing in our streets and sidewalks. The divisive point is how to fund these priorities at the same time, which was proposed as a $0.09 increase in our real estate tax and a $0.50 per pack of cigarettes tax. These combine to generate $21m in new revenue to fund these outlined priorities.

I am opposed to this tax increase.

This proposal highlights an oft-overlooked issue when it comes to funding key city needs. There is a large imbalance when it comes to how the State of Virginia funds localities for infrastructure and schools. A large topic during this General Assembly session centered around the State's support, or lack thereof, for school facilities. Richmond's schools would benefit greatly from an increase in the State's 'At-Risk School's' funding, however, that was not the option chosen through their budget funding. RPS also faces a challenge with our declining student population, which directly impacts our funding formula from the State. This combined with our large number of school buildings and lower-than-average students per school ratio. We have a tough road ahead to make our schools competitive, which will require consolidation and closing schools as we prepare for our future.

When it comes to our roads, there are many comparisons to Henrico and Chesterfield streets. To avoid going into too much detail, the City is only partially funded for our overall street maintenance needs.

Richmond has just under 2,400 lane miles in our City, yet we are only funded for around 1,300. Why? The formula for funding excludes on-street parking areas and turn lanes. When was the last time you parallel parked in Henrico or Short Pump? Exactly. You don't, thus from curb to curb, the entire street surface is included for the State funding formula. Henrico receives a sizable stipend each year for their street maintenance and Chesterfield County's streets are all maintained by VDOT. In the counties, most of the public utilities are buried underground beside streets and roads, making maintenance and access easier. In Richmond, all of our public utilities lay under our roads and sidewalks. With our aging infrastructure for water, wastewater, sewer, and natural gas along with electrical and internet cable, our city streets are frequently being dug into, further damaging their surface.

Both of these issues place an unfair burden on the locality to make up any funding gaps or needs.

The First District is a beautiful district with many distinct and attractive neighborhoods. The First District pays more than 20% of the City's annual real estate tax revenue (*this is almost double what the average would be if broken down equally). This proposed increase is an unfair burden to place on the back of all homeowning taxpaying residents in our city. Our tax rate is already the highest in the region. Our focus should be on attracting private investment to develop and build our city and generate new revenues. This includes non-tax generating areas such as the Boulevard, Coliseum, and around the Port.

Do not label my opposition as being 'Anti-Schools'. City Council has approved more funding to RPS during my tenure. There are a wealth of needs surrounding our schools and we have worked to support funding their needs over the past two years. I applaud and praise School Board's budget cuts and reductions for this year's budget and ask where the Mayor's cuts are from the City to match? The [Performance Review Report](#) was completed over a year a half ago, fulfilling the campaign promise from the Mayor, however, there are many key leadership positions vacant and few actions taken to implement the recommendations. These both need to be addressed prior to approving any budget increase.

Here are two possible ways forward:

	Mayor's Proposed	Option 1	Option 2
Streets & Sidewalks	$16m	$11m	$11m
RPS Strategic Plan	$17.8m	$11m	$17.8m
RPS Maintenance	$19m	$11m	$5m (+$10m)
Affordable Housing	$2.9m	$1m	$1m
TOTAL	**$55.7m**	**($21.7m)**	**($20.9m)**

In order to balance the budget, City Council must propose cuts that remove the real estate tax increase revenue, which is $21m.

Option 1: All three large priorities area funded equally at $11m each. Affordable Housing Fund is reduced to $1m as I believe that this can be supported through other means. These reductions combine to reduce the proposed budget by $21.7m, which covers the real estate tax increase amount. The Mayor can work within his proposed budget to make any adjustments and cuts to fully fund the priorities he submitted.

Option 2: The Streets and Sidewalks budget is again reduced $5m to $11m. The RPS Strategic Plan is fully funded at $17.8m. The RPS Maintenance budget is reduced to $5m. There are CIP, capital

improvement project funds, assigned for designing the new George Wythe High School. However, we cannot afford to build a new school until 2023. Leverage these funds for our most pressing need for school maintenance. These reductions combine to reduce the proposed budget by $20.9m.

I want to see the RPS Strategic Plan vetted for public-private partnerships, federal/nation/state grants, and other possible options to reduce the cost while bringing the RVA community further around the needs of our schools. I would also like to see the RPS maintenance schedule reviewed with our corporate leaders to explore ways we might be able to collaborate on our physical structure needs. The reduction in our streets and sidewalks budget might be addressed through the current budget surplus, as Council made funding this a priority when there is a year-end surplus.

Neither option is perfect. However, both options fund our most pressing priorities considerably. Richmond is not in a position to be able to afford to fund all of these large priorities at the same time and cannot risk potential damage to our future growth by raising taxes. Last year, many residents saw their home values increase by 8% as our assessments increased to match market growth. To place an additional financial burden on our home-owning residents immediately after this increase is unacceptable.

In closing, I am committed to working to find the best way forward for our City and our future. I believe we must address our most pressing needs. I stand-by my campaign commitment that "the best economic development investment we can make as a City is improving our public schools". I also believe we need to do this strategically and accountably, finding ways to make budget cuts before we raise taxes. We can do both together. I will work with my fellow Council members to achieve both goals within the current tax rate levels.

Sincerely,
Andreas Addison
First District City Council Representative

Mayor's Budget Meeting Announcement

Mayor Stoney will be hosting a Budget Meeting in the First District.

Wednesday March 27th
Thomas Jefferson High School Auditorium
4100 W Grace St.
Starting at 6:30pm

This meeting will replace the standing First District Meeting that is held on the fourth Wednesday of every month. Please attend to learn more about the budget proposal and ask any questions that you.

Separate event invite email will be sent and posted on the First District Facebook Page.