



AGENDA REPORT

Finance Department

DATE:	June 3, 2025
TO:	Mayor Martinez and Members of the City Council
FROM:	Shasa Curl, City Manager Nickie Mastay, Deputy City Manager, Internal Services LaShonda White, Deputy City Manager, Community Services Andrea Miller, Director of Finance Mubeen Qader, Deputy Director of Finance Antonio Banuelos, Accounting Manager Jerry Gurule, Accounting Manager
SUBJECT:	Budget Study Session on Proposed FY 2025-26 Operating Budget and FY 2025-30 Five-Year Capital Improvement Plan
FINANCIAL IMPACT:	There is no financial impact to receiving this report.
PREVIOUS COUNCIL ACTION:	May 6, 2025
STATEMENT OF THE ISSUE:	On May 6, 2025, the City Council received a draft of the FY 2025-26 operating budget and FY 2025-30 Capital Improvement Plan budget. The purpose of this item is to provide the City Council with an overview of the budget documents, discuss potential future revenue and expenditure adjustments, and receive direction from the City Council prior to final budget adoption.
RECOMMENDED ACTION:	RECEIVE the draft Fiscal Year 2025-26 Annual Operating Budget and Fiscal Year 2025-30 Five-Year Capital Improvement Plan Budget presentation; and PROVIDE DIRECTION to staff prior to final budget adoption – City Manager’s Office/Finance Department (Shasa Curl 510-620-6512/ Nickie Mastay 510-620-6609/ Andrea Miller 510-620-6790/ Mubeen Qader 510-412-2077).

DISCUSSION:

Budget Development Process

On May 6, 2025, in accordance with Richmond Municipal Code Section 2.61.010, the City Manager submitted the first draft of the Fiscal Year (FY) 2025-26 Operating budget, and the draft FY 2025-30 Five-Year Capital Improvement Plan budget. The purpose of this item is to provide the City Council with an overview of the budget documents, discuss potential future revenue and expenditure adjustments, and receive direction from the City Council prior to final budget adoption on June 24, 2025.

SUMMARY

The proposed FY 2025-26 Operating and Capital expenditure budgets total \$644,007,487, of which \$257,711,175 is from the General Fund and \$386,296,312 is from non-General Funds.

General Fund: The proposed FY 2025-26 budget comprises revenue amounting to \$306,211,175, which includes \$48,500,000 in limited-term revenue. The proposed expenditures are set at \$257,711,175, excluding the \$48,500,000 allocated under Option A, B, or C as detailed later in this agenda report.

As shown in Table 1, these estimates are an increase from FY 2024-25 Revised Budget revenue of 22.3 percent and a decrease of expenditures by 3.4 percent. This draft budget does not include the following:

- Additional payments towards Other Post Employment Benefits (OPEB)
- Additional payments towards Unfunded Actuarial Liability (UAL)
- Additional investments towards Capital Improvement Projects (CIP) (unfunded or with funding shortfall)

Table 1: General Fund Budget

GENERAL FUND	FY 2024-25 REVISED BUDGET	FY 2025-26 DRAFT BUDGET May 6, 2025	FY 2025-26 PROPOSED BUDGET June 3, 2025	CHANGE FY 2024-25 vs. FY 2025-26 June 3, 2025
TOTAL REVENUES	(250,327,835)	(306,211,175)	(306,211,175)	22.3%
TOTAL EXPENDITURES	266,672,389*	257,711,175	257,711,175	-3.4%
LIMITED-TERM REVENUE	-	48,500,000	48,500,000	
NET (-SURPLUS)/+DEFICIT	16,344,554*	-	-	-

*Includes \$16.3 Million One-Time Transfer Out for Several Capital Projects and Legal Costs. FY 2024-25 Revised Budget includes one-time appropriations from prior fiscal year unspent fund balance approved on October 1, 2024, and March 25, 2025

General Fund Revenue: The proposed FY 2025-26 revenue is estimated at \$306,211,175, which is an additional \$55.9 million in General Fund revenue in comparison to the current FY 2024-25 revised General Fund Budget. Utility Users Tax and Licenses Permits & Fees are estimated with the highest increases. The General Fund Revenue Summary is available below and in Attachment 1 - Draft Summary of Revenues and Expenditures, by Fund, by Type:

- Property Taxes (\$58.3 million)
- Sales & Use Tax (\$57.8 million)
- Utility Users Tax (\$64.9 million)
- Other Taxes (\$28.4 million)
- Licenses Permits & Fees (\$17.3 million)
- Operating Transfer-In (\$20.9 million)
- Other Revenues (\$50.2 million)
- Miscellaneous Revenue (\$8.4 million)

General Fund Expenditures: Estimated expenditures for FY 2025-26 are \$257,711,175. Major expenditure categories are listed below, and additional information can be found in Attachment 1 - Draft Summary of Revenues and Expenditures, by Fund, by Type:

- Salary/Wages and Fringe Benefits (\$168.4 million)
- Cost Pool (\$24.2 million)
- Professional and Administrative (\$24.4 million)
- Transfers Out (\$18.8 million)
- Other Operating (\$9.5 million)
- Utilities (\$7.3 million)
- Other Categories (\$5.1 million)

Multi-Year Position Listing: Currently, the draft budget includes 800 Full-Time Equivalent (FTE) positions, and an 11 percent vacancy rate city-wide, which can be adjusted if the economy stabilizes in the coming months (Attachment 4).

Non-General Fund: The total non-General Fund budget is proposed at \$386,296,312 and primarily includes funds dedicated to housing, debt service, enterprise funds, and other City operations. The Non-General Fund by Category summary of budget is included in Attachment 1 - Draft Summary of Revenues and Expenditures, by Fund, by Type.

Capital Improvement Plan (CIP): The CIP includes essential capital projects and has a total budget of \$170,727,786 spread across several funds (Attachment 3 – Capital Improvement Program Budget). The CIP lists several projects spread over a five-year planning period, some of which are unfunded. The first year of the Capital Improvement Plan is the proposed budget for FY 2025-26; funded projects are budgeted on an annual basis.

GENERAL FUND

The proposed FY 2025-26 budget includes revenue totaling \$306,211,175, including \$48,500,000 in limited-term revenue. The proposed expenditures are set at \$257,711,175, excluding the \$48,500,000 allocated under Option A, B, or C as detailed later in this agenda report.

Table 2: General Fund FY 2025-26 Proposed Revenue & Expenditures

GENERAL FUND	FY 2025-26 PROPOSED BUDGET
TOTAL REVENUE	(306,211,175)
TOTAL EXPENDITURES	257,711,175
LIMITED-TERM REVENUE	48,500,000
NET (-SURPLUS)/+DEFICIT	-

Revenues

The total proposed General Fund revenue for the FY 2025-26 budget is \$306,211,175. City staff are projecting an additional \$55.9 million in General Fund revenue above the current FY 2024-25 Revised General Fund Budget. Detailed information regarding revenue changes can be found in Attachment 1.

Property Tax – Increase of \$731,804 (1.3%): In preparing the FY 2025-26 budget, City staff forecasted Assessed Valuation (AV) growth of 4.0 percent. The estimate is based on the combination of the valuation change of properties sold during the last calendar year, the Chevron Refinery AV remaining flat, and all other properties increasing by two percent. Actual changes in AV will not be known until the Contra Costa County (County) Assessor's Office sends a valuation letter and the County publishes the Equalized Roll during the first week of July 2025. The Equalized Roll will list every property in Richmond, including the updated valuations. The AV change impacts the Secured Property Taxes stream within the larger Property Tax category. Additionally, the budgeted amount for the Successor Agency Surplus and Pass-Through revenue is estimated to decrease by approximately \$1.0 million or 8 percent of the FY 2024-25 budgeted amount. The proposed amount is based on the actual amount received in June 2024 for this revenue stream, plus a growth factor of 4 percent for each subsequent year. The City will not receive the FY 2024-25 amount until later in June 2025.

Sales Tax – Decrease of \$3,079,687 (-5.1%): This decrease is based on updated estimates provided by the City's sales tax consultants, Avenu Insights & Analytics. This decrease is in part due to a slowdown in the regional economy and some short-term sales tax revenues going away. In particular, the Bradley Burns one percent sales tax is projected to decrease by 6.6 percent, while the two voter-approved half-cent measures are expected to decrease by 8.8 percent in the coming year compared to the current FY 2024-25 revised budgeted amounts. Within the Sales Tax category, there is also the Vehicle License Fee Backfill Swap, which is tied to Assessed Valuation. Similarly,

Secured Property Taxes, the projected growth is 4.0 percent. Again, the projected overall decrease for the Sales Tax category is 5.1 percent.

Utility Users Tax (UUT) – Increase of \$2,851,311 (4.6%): UUT is an “excise” or usage tax imposed on a person or entity using utility services (i.e., electricity, gas, or communications). An increase of \$2.5 million is budgeted stemming from a forecasted increase in the UUT Cap Provision. The cap amount, paid by Chevron, is tied to the Consumer Price Index (CPI) for energy services in the San Francisco metropolitan area. This CPI through the December 2024 postings by the United States Bureau of Labor Statistics corresponds to a forecasted increase of over 7 percent. The actual amount will not be known until early July 2025. Other UUT streams, such as those for cable and telecommunications, will either remain flat or decrease while that for gas and electricity is expected to grow. The projected growth for the UUT category is 4.6 percent over the current budgeted amounts for FY 2024-25.

Other Taxes – Increase of \$4,994,262 (21.3%): This revenue category includes the Documentary Transfer Tax, which corresponds to the average Transfer Tax collected since the tiered structure approved by voters in 2018 went into effect. In accordance with the City’s Guiding Fiscal Policies, the prescribed formula yields an estimated \$13.6 million, which is \$6,211,202 more than the amount in the revised FY 2024-25 budget. Additionally, City staff is proposing a decrease of \$1,318,321 in the Gas Franchise Fee. Actual amounts received in April 2025 were lower than originally expected with the new franchise fee rates. Various items factored in the lower-than-expected amount including volume of the California Alternate Rates for Energy (CARE) accounts which are excluded from the new rate, and other items that are exempted from the Franchise Fee. The projected growth for the Other Taxes category is 21.3 percent over the current budgeted amounts for FY 2024-25.

Licenses, Permits & Fees – Net Increase of \$921,266 (5.6%): The increase is tied to Measure U Business Tax. In FY 2025-26, total Business Tax is estimated at \$14.9 million, a \$1,179,866 increase from the revised FY 2024-25 budgeted amount. This corresponds to an increase of 8.5 percent and stems from amounts collected year to date (or amount collected the previous year if the business had not yet paid at the time of the calculation) plus a conservative growth factor of 2 percent. As additional years of data accumulate, the forecast will be further refined. All other revenue streams that roll up to this category, i.e., Photocopy Fee and Tow Truck Permits, are estimated to have a net decrease of \$258,600 compared to the current year's revised budget. A significant part of the decrease, \$197,500, is from Code Enforcement fees. Proposed amounts are more in line with actual amounts received. The projected growth for the Licenses, Permits, & Fees category again is 5.6 percent.

Other Revenues (Includes Fines & Forfeitures, Use of Money and Property, Charges for Services, Other Revenues, Rental Income, Intergovernmental State Taxes & Grants, Proceeds from Sale of Property, and Loan & Bond Proceeds) – Net increase of \$51,879,827: The increase between proposed FY 2025-26 amounts versus the revised

budgeted amounts for FY 2024-25 equates to approximately \$52 million. Most of these adjustments are generated from revenues received year-to-date that were neither originally budgeted nor expected in the current fiscal year. In some cases, these are one-time revenue that cannot be anticipated, or the amount received year-to-year varies significantly.

- Increase to Fines & Forfeitures of \$23,562 (13.4%): Revised amounts are on par with current year trends.
- Increase to Use of Money & Property of \$1,234,124 (68.7%): This increase is based on cash on actual cash on hand and estimated interest rates.
- Increase to Charges for Services of \$468,792 (14.4%): The main items are revenues that total \$402,100 for Public Works related to Equipment Services.
- Increase to Other Revenue of \$50,024,670 (35,023.9%): The Other Revenue category is typically unpredictable with very few items included in the budget line item. However, for FY 2025-26, this revenue category will include the \$50,000,000 received per Resolution no. 98-24. The remaining budgeted revenue funds are estimated by various departments.
- Increase in Rental Income of \$13,679 (1.8%): Although various leases and rental agreements are changing, the net result is very modest growth for the General Fund properties. Most of the rental income is related to facility rental for the Recreation Department in Community Development.
- Increase in Intergovernmental Taxes of \$25,000 (20%): The increased amount is based on more recent historical trends that are expected to continue to next fiscal year.
- Increase of \$50,000 (38.5%) percent in Intergovernmental State Grants: The increase is tied to the State of California's Peace Officer Standards and Training (POST) reimbursements based on more recent historical trends that are expected to continue to next fiscal year.
- Increase of \$40,000 (16%) in Other Grants: This increase is tied to the State of California's Supplemental Law Enforcement grants and based on more recent historical trends that are expected to continue to the next fiscal year.
- No change to Proceeds from Sale of Property: This revenue stream is expected to remain flat next fiscal year.
- No change to Loan/Bond Proceeds: This revenue stream is expected to remain flat next fiscal year.

Operating Transfers In – Decrease of \$2,415,443 (-10.4%) in Operating Transfers-In from the Tax Override Pension Fund: Although the revenue that flows into the Tax Override Pension Fund is expected to increase at the same rate as Secured Property Taxes, the expenses in the fund that will be paid in accordance with the 2022 Pension

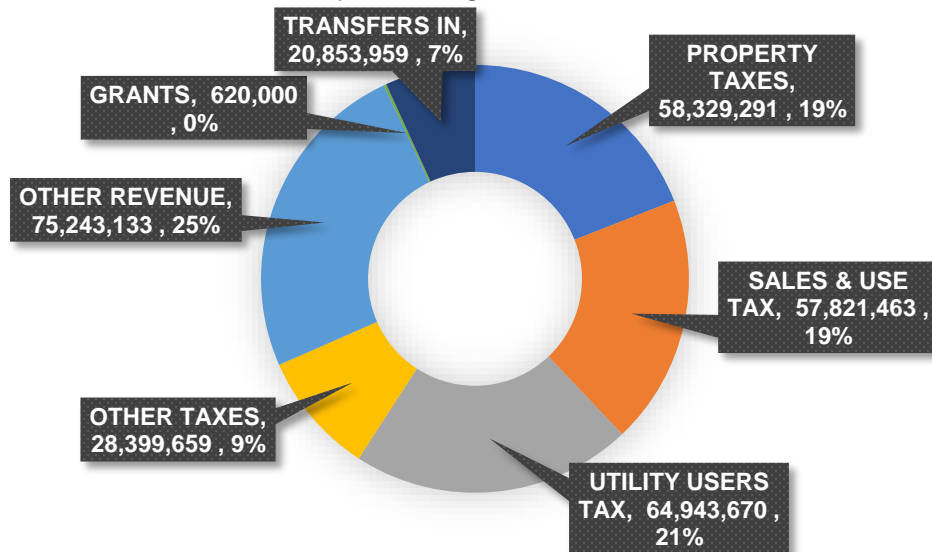
Obligation Bond Payment will increase significantly, from \$8,461,249 to \$11,410,749 or a 35% increase from FY 2024-25, per the debt service schedule resulting in less funds available to be transferred into the General Fund.

The proposed General Fund revenue budget is listed below and in Attachment 1.

Table 3: General Fund Revenue Budget

GENERAL FUND	FY 2024-25 REVISED BUDGET	FY 2025-26 PROPOSED BUDGET	FY 2024-25 VS. FY 2025-26	PERCENT CHANGE
PROPERTY TAXES	57,597,487	58,329,291	731,804	1.3%
SALES & USE TAX	60,901,150	57,821,463	(3,079,687)	-5.1%
UTILITY USERS TAX	62,092,359	64,943,670	2,851,311	4.6%
OTHER TAXES	23,405,397	28,399,659	4,994,262	21.3%
LICENSES, PERMITS & FEES	16,352,770	17,274,036	921,266	5.6%
FINES & FORFEITURES	176,438	200,000	23,562	13.4%
INTEREST INCOME	1,796,421	3,030,545	1,234,124	68.7%
CHARGES FOR SERVICES	3,255,703	3,724,495	468,792	14.4%
OTHER REVENUE	142,830	50,167,500	50,024,670	35023.9%
RENTAL INCOME	777,478	791,157	13,679	1.8%
INTERGOVERNMENT STATE TAXES	125,000	150,000	25,000	20.0%
STATE GRANT	130,000	180,000	50,000	38.5%
OTHER GRANT	250,000	290,000	40,000	16.0%
PROCEEDS FROM SALE OF PROPERTY	15,000	15,000	-	0.0%
LOAN/BOND PROCEEDS	40,400	40,400	-	0.0%
OPERATING TRANSFERS IN	23,269,402	20,853,959	(2,415,443)	-10.4%
TOTAL REVENUES	250,327,835	306,211,175	55,883,339	22.3%

Figure 1: General Fund Revenue Proposed Budget FY 2025-26



Expenditures

FY 2025-26 total proposed expenditures are \$257,711,175. Overall, total expenditures have decreased by 3.4 percent from the FY 2024-25 revised budget. Table 4 outlines proposed Operating Transfers Out in the budget, and below are some of the assumptions used to develop the draft budget. Detailed information regarding expenditure changes can be found in Attachment 1.

Salaries and Wages – An increase of \$65,365 (0.1%): The draft Budget includes annual step increases for staff where applicable. The budget is based on the approved Memorandum of Understandings (MOUs) with bargaining units of Executives, Mid-Management, General Employees, Fire, Police Officers, and Police and Fire Management bargaining units. The Current MOUs expire on June 30, 2025, and December 31, 2025. Labor negotiations are in progress; therefore, outcomes are not included in the draft budget.

Vacancy Savings – An increase of \$8.5 million: The proposed budget includes \$19.0 million in vacancy savings, reflecting an 11 percent vacancy rate. This vacancy rate helps balance the budget while also considering natural attrition and onboarding time for new hires. Although the vacancy savings rate has increased from six percent in the FY 2024-25 budget, the City continues to focus on retaining existing staff while engaging in strategic and incremental hiring. Without the 11% vacancy rate, other proposed expenditures will need to be reduced to avoid using one-time limited-term revenue for ongoing salaries and benefits, which is not permitted.

Payroll/Fringe Benefits – An increase of \$2,535,276 (3.6%): The budget includes an increase in current benefits rates for health care costs of 13 percent or \$1,900,384, Worker Compensation increase of 5 percent or \$592,371, and a decrease of \$51,764 or 21.3 percent in actuarially determined contribution for Other Post Employment Benefits. Retirement costs are based on the rates for the normal cost and Unfunded Actuarial Liability (UAL) annual payment that is provided by CalPERS. The required UAL payment is increasing by \$3,754,365 in FY 2025-26 compared to FY 2024-25. The projected overall increase for the Payroll/Fringe Benefits Category is 3.6 percent.

Professional & Administrative – An increase of \$1,264,856 (5.5%): The budget includes baseline recurring line items for all departments with appropriate inflationary increases where needed, and one-time appropriations removed. The increase is due to an Immigration Services allocation of \$1,000,000. The projected overall increase for the Professional & Administrative category is 5.5 percent.

Other Expenditures (Includes Other Operating, Utilities, Equipment & Contract Services, and Provision for Insurance Loss) – An increase of \$2,644,471: This provides a baseline budget with appropriate inflationary increases where needed.

- Other Operating - Includes copier leases, office supplies, and other items. This category is increasing by \$890,217 (10.3%).
- Utilities - Includes gas, electricity, water, refuse, telephone, and internet services. This category is increasing by \$1,639,770 (29.1%). The increase is due to increased costs in water, gas, and fuel. Electricity and water are increasing by 50% and 27.4% or \$1,200,176 and \$277,500, respectively, compared to the FY 2024-25 budget.
- Equipment & Contract Services - Includes equipment and maintenance/repair services. This category is increasing by \$114,485 (2.5%).
- Provision for Insurance Loss - Includes insurance premiums for various items, including drone insurance, fire apparatus insurance, and fire boat insurance. This category is increasing by \$9,458 (25.5%).

Cost Pool – A decrease of \$453,277 (-1.8%): The vehicle replacement budget is based on the prioritized list from the Fleet Services Division, and the General Liability budget is based on the new allocation methodology from Matrix Consulting. Civic Center rent is allocated based on the debt service payment and the square footage occupied by the programs. The projected overall decrease for the Cost Pool category is 1.8 percent. Below are the amounts in each of the Cost Pool Categories:

- Vehicle Replacement – \$5,620,000
- General Liability – \$13,804,290
- Civic Center Rent – \$4,873,031

Asset Capital Outlay – A decrease of \$441,112 (-13.4%): The budget includes information technology equipment replacement project costs and several other small projects. The projected overall decrease for the Asset Capital Outlay category is 13.4 percent.

Debt Service – A decrease of \$75,258 (-8.8%): Debt service payments are based on the following repayments: Recovery Zone Economic Development Series 2010, California Energy Commission Loan, and Bank of America Merrill Lynch - Street Light Lease. The projected decrease for the Debt Service category is 8.8 percent.

A87 Cost Plan Reimbursement – A decrease of \$152,202 (-4.30%): The Allocation of the Cost Plan is unchanged from FY 2024-25, pending a new cost plan by Matrix Consulting. The decrease is based on reimbursement limits for the Transportation program in the amount of \$152,202. The projected decrease for the A87 Cost Plan Reimbursement category is 4.3 percent.

Grant Expenditures – A decrease of \$17,749 (-34%): Budget for the Love Your Block Mini Grants program. Only the remaining balances of a grant are budgeted in the beginning of a fiscal year, and additional budget is appropriated as new grants are received. The projected decrease for the Grant Expenditures category is 34.0 percent.

Operating Transfers Out – A decrease of \$14,645,447 (-43.8%): The draft budget includes recurring subsidies for the Hilltop and Marina districts that are increased by three percent. Department of Children and Youth at three percent of the General Fund revenue, Richmond Housing Authority, and Employment and Training subsidies are placeholders pending final budgets in the respective departments. The budget also includes Reimagining Public Safety contributions to Youthworks programs. The budget also includes a 100 percent subsidy for the Rent Program in lieu of their Cost Pool and Worker's Compensation charges by the City. The decrease is primarily due to one-time transfers out for Capital Projects in the amount of \$15,976,138 in the FY 2024-25 revised budget. Transfers out are listed below in Table 4 and in Attachment 1. The projected overall decrease for the Operating Transfers Out category is 43.8 percent.

Table 4: General Fund Operating Transfers Out Proposed Budget FY 2025-26

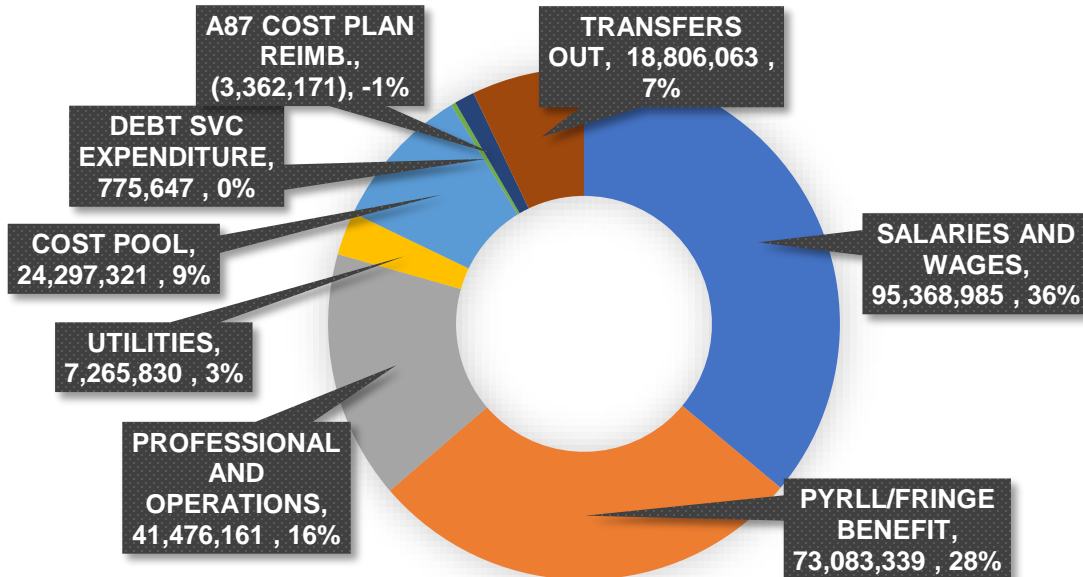
Operating Transfers Out	Proposed Budget FY 2025-26
DEBT SERVICE – 2022 PENSION OBLIGATION BOND	2,677,192
DEBT SERVICE – CIVIC CENTER BONDS	1,494,653
HILLTOP LIGHTING AND LANDSCAPING DISTRICT	250,360
MARINA BAY LIGHTING AND LANDSCAPING DISTRICT	505,317
EMPLOYMENT AND TRAINING	776,777
INFORMATION TECHNOLOGY EQUIPMENT REPLACEMENT	100,000
DEPARTMENT OF CHILDREN AND YOUTH	8,546,616
RICHMOND HOUSING AUTHORITY	1,039,755
FIRE TRUCK CAPITAL LEASES #5	326,019
REIMAGINING PUBLIC SAFETY - YOUTHWORKS	1,980,000
RENT PROGRAM SUBSIDY	299,373
BOOKER T. ANDERSON (PHASE III) – CITY COUNCIL DIRECTION 3/11/25	500,000
CLIMATE RESILIENCY CONTINGENCY	75,000
ASSET MANAGEMENT SYSTEM, INVENTORY & ASSESSMENT	235,000
Total	18,806,063

Table 5: General Fund Expenditures Budget

GENERAL FUND	FY 2024-25 REVISED BUDGET	FY 2025-26 PROPOSED BUDGET	FY 2024-25 vs FY 2025-26	PERCENT CHANGE
SALARIES AND WAGES	95,303,620	95,368,985	65,365	0.1%
PAYROLLFRINGE BENEFIT	70,548,062	73,083,339	2,535,276	3.6%
PROFESSIONAL & ADMINISTRATIVE	23,163,189	24,428,046	1,264,856	5.5%
OTHER OPERATING	8,623,649	9,513,865	890,217	10.3%
UTILITIES	5,626,060	7,265,830	1,639,770	29.1%
EQUIPMENT & CONTRACT SERVICES	4,495,781	4,610,266	114,485	2.5%
PROVISION FOR INSURANCE LOSS	37,042	46,500	9,458	25.5%
COST POOL	24,750,598	24,297,321	(453,277)	-1.8%
ASSET/CAPITAL OUTLAY	3,284,099	2,842,986	(441,112)	-13.4%
DEBT SERVICE EXPENDITURE	850,905	775,647	(75,258)	-8.8%
A87 COST PLAN REIMBURSEMENT	(3,514,373)	(3,362,171)	152,202	-4.3%

GENERAL FUND	FY 2024-25 REVISED BUDGET	FY 2025-26 PROPOSED BUDGET	FY 2024-25 vs FY 2025-26	PERCENT CHANGE
GRANT EXPENDITURES	52,246	34,497	(17,749)	-34.0%
OPERATING TRANSFERS OUT	33,451,511	18,806,063	(14,645,447)	-43.8%
TOTAL EXPENDITURES	266,672,389	257,711,175	(8,961,214)	-3.4%

Figure 2: General Fund Expenditures Proposed Budget FY 2025-26



Richmond Housing Authority

The Richmond Housing Authority (RHA) is proposing \$4,480,249.92 in expenditures during FY 2025-26 to manage the public housing program. These expenditures include personnel costs (currently at 5.0 FTE), utilities, contracts for property maintenance and unit turnover activities at Nystrom Village, professional services for asset repositioning, and addressing outstanding financial liabilities such as completing financial audits, and an operating subsidy pass-through for Richmond Village. FY 2025-26 total revenue is estimated at \$3,440,494.92, which is comprised of operating subsidies from Housing and Urban Development (HUD), HUD capital funds, and tenant rents. The FY 2025-26 proposed City of Richmond subsidy amount of \$1,039,755 will balance the operating budget with an estimated revenue amount of \$4,480,249.92. Please note that Staff are working with the City's ARPA consultant to determine if ARPA funds allocated to Nystrom can be used to renovate existing Nystrom units.

American Rescue Plan Act

The American Rescue Plan Act (ARPA) in Richmond, California represents a commitment to healing and revitalization in the wake of unprecedented challenges caused by the Pandemic. ARPA provided \$27.7 million in federal COVID-19 relief funds,

which are being invested in community programs, economic recovery, and public health initiatives. These funds are strategically allocated to initiatives such as affordable housing, small business support, infrastructure improvements, and sustainable environmental projects, ensuring that the city's response not only addresses immediate COVID-19 impacts but also paves the way for a more resilient, equitable future. This holistic approach embodies Richmond's dedication to transforming adversity into an opportunity for lasting community growth and well-being. All ARPA funds were fully obligated by December 31, 2024, and now must be fully expended by December 31, 2026. FY 2024-25 Q3 Actuals and Encumbrances total \$11,540,874 and \$7,049,410, respectively. The remaining unencumbered ARPA funds in the amount of \$9,150,439 are fully obligated under Internal Agency Agreements between the City of Richmond and various Departments. The remaining allocation of \$16,199,849 needs to be expended by December 31, 2026.

Table 6: American Rescue Plan Act Allocation

	ALLOCATION	FY 2024-25 Q3 ACTUALS	FY 2024-25 Q3 ENCUMBRANCES	REMAINING
STORMWATER INFRASTRUCTURE	750,000	-	750,000	-
BTA BOOKER T ANDERSON INFRASTRUCTURE	748,573	623,204	125,369	-
SOCCER FIELDS-RESTROOMS-PARKS	7,703,008	287,472	308,611	7,106,924
TENANT PROTECTION RENTAL ASSISTANCE	1,984,233	647,269	1,336,964	-
NYSTROM VILLAGE AFFORDABLE HOUSING	2,000,000	44,456	-	1,955,544
SMALL BUSINESS SUPPORT	652,137	375,864	276,273	-
ADA MISC. SIDEWALK REHABILITATION	2,360,094	1,891,169	468,925	-
FERRY POINT DORNAN	731,848	731,848	-	-
MAIN LIBRARY RENOVATION	2,043,306	1,318,781	724,525	-
NEVIN COMMUNITY CENTER - HVAC IMPROVEMENTS	10,250	10,250	-	-
RECREATION CENTER ADMINISTRATION - HVAC	25,025	25,025	-	-
COMMUNITY NEEDS ASSESSMENT	215,642	215,642	-	-
ENVIRONMENTAL PLANNING CONSULTANT	300,000	300,000	-	-
RICHMOND RAPID RESPONSE FUND	1,000,000	701,465	298,535	-
NORTH RICHMOND PUMP STATION	1,068,152	713,418	354,734	-
MLK PARK TURF FIELD	150,000	150,000	-	-
UNHOUSED FLEX FUNDS	50,000	50,000	-	-
NEVIN HOUSING PROJECT	1,750,000	1,750,000	-	-
ARPA TECHNICAL SUPPORT	423,800	168,119	255,681	-
BTA COMMUNITY CENTER RENOVATION	429,821	399,926	29,895	-
PAVING	2,144,834	24,937	2,119,897	-
YOUTHWORKS	1,200,000	1,112,029	-	87,971
TOTAL	27,740,723	11,540,874	7,049,410	9,150,439

Environmental & Community Investment Agreement

In July 2014, the Richmond City Council approved the initial Environmental and Community Investment Agreement (ECIA), which provided \$90 million into innovative projects designed to create a sustainable, resilient, and inclusive future. Of the \$90

million, \$10 million was used to support the development of a photovoltaic solar farm, while the City received \$80 million in its coffers to fund the following greenhouse gas (GHG) reduction and community programs.

GHG Reduction Programs – Total \$30 million over 10 Years

- Transportation and Transit Programs - \$20.75 million
- Climate Action Plan - \$1 million
- Urban Forestry - \$2 million
- Rooftop Solar, Energy Retrofit, Zoning Ordinance Update - \$6.25 million

Community Programs – Total \$50 million over 10 Years

- Scholarship program - \$35 million
- Competitive grant program - \$6 million
- Job training program - \$6 million
- Public safety programs - \$2 million
- Free internet access - \$1 million

The FY 2025-26 ECIA budget was developed in collaboration with various City departments. Table 7 shows the proposed FY 2025-26 budget.

Table 7: Proposed Environmental and Community Investment Agreement FY 2025-26 Budget

ECIA STRATEGY	PROPOSED BUDGET FY 2025-26
GREENHOUSE GAS (GHG) REDUCTION PROGRAMS	
URBAN FORESTRY/TREE CANOPY EXPANSION	350,000
CLIMATE ACTION PLAN IMPLEMENTATION	210,000
ENERGY EFFICIENCY PROGRAMS/SOLAR PANEL INSTALLATION ON INCOME QUALIFYING HOMES & COMMERCIAL ENERGIZE PROGRAM	1,053,367
ELECTRIC BIKE SHARE PROGRAM	286,356
FIRST MILE/LAST MILE MOBILITY MASTER PLAN (PLACEHOLDER FOR FUTURE PROJECTS TO BE APPROVED BY CITY COUNCIL)	1,900,000
GRANT WRITING FOR GHG REDUCTION TRANSPORTATION PROJECTS	100,000
ELECTRIC VEHICLE CHARGING STATION INSTALLATION AND MAINTENANCE	200,000
ON-DEMAND CITY-WIDE SHUTTLE SERVICE (RICHMOND MOVES)	1,500,000
CAR SHARE PROGRAM (OPERATED BY MIO CAR)	200,000
COMMUNITY BENEFITS ORDINANCE COMPLIANCE AND IMPLEMENTATION	100,000
RICHMOND PARATRANSIT SERVICE SUPPORT	150,000
RICHMOND STAFF ADMINISTRATIVE COSTS – TRANSPORTATION/ENGINEERING	300,000
BIKE TO ANYWHERE DAY	5,000
NEW ELECTRIC LIBRARY BOOKMOBILE	396,500
ZERO-EMISSION VEHICLE & INFRASTRUCTURE PLAN	250,000
AUTONOMOUS TRANSIT NETWORK FEASIBILITY STUDY	50,000
COMMUNITY PROGRAMS	
ECIA COMPETITIVE GRANT PROGRAM FOR COMMUNITY-BASED ORGANIZATIONS	1,000,000
POLICE/RICHMOND EXPLORERS	87,000
FIRE/NIXLE, OES CLOUD-BASED SYSTEM, FIRE & RESCUE EQUIPMENT & TRAINING	170,300
FIRE/RICHMOND YOUTH ACADEMY	60,000
FREE INTERNET ACCESS AND FIBER OPTIC INFRASTRUCTURE	382,442
TOTAL EXPENSE	8,700,965

Through FY 2024-25, it is anticipated that approximately \$65.9 million of the \$80 million will be spent (~\$17.2 million on GHG reduction programs and ~\$46.6 million on community programs). If the total expenditures through FY 2024-25 is combined with approximately \$8.7 million in proposed expenditures for FY 2025-26, it is anticipated that approximately \$5.4 million will be available for expenditures in future years (~\$4.1 million for GHG reduction programs and ~\$1.3 million for community programs).

Transformative Climate Communities

Richmond's Transformative Climate Communities (TCC) Program is a forward-thinking initiative designed to merge environmental resilience with community empowerment. Backed by a robust investment from the California Strategic Growth Council, this \$35 million program sets out to revitalize key neighborhoods—like the Iron Triangle, Santa Fe, and Coronado—through a series of integrated projects that address urban infrastructure, green energy, and public health.

At its core, TCC Richmond Rising champions a multifaceted vision: it transforms streets into safer, more sustainable spaces with complete street initiatives, enhances community well-being through wellness trails and urban greening, and fosters economic opportunity by pairing job training and workforce development with ecosystem restoration. The program's collaborative approach, anchored by regular guidance from a dedicated stakeholder committee, ensures that every project responds to local needs and paves the way for a more inclusive, vibrant future. The Richmond Rising Collaborative Stakeholder Committee meets monthly to provide guidance on project implementation and ensure accountability. Funding for these projects began in Fall 2023 and will continue through Summer 2028.

Table 8: Transformative Climate Communities Proposed Budget FY 2025-26

TRANSFORMATIVE CLIMATE COMMUNITIES	PROPOSED BUDGET FY 2025-26
ADA ACCESSIBLE GARDEN	565,044
BASINS OF RELATION	2,090,000
BOSQUE DEL BARRIO	721,346
COMMUNITY ENGAGEMENT	382,500
DISPLACEMENT AVOIDANCE	275,000
E-BIKE LENDING LIBRARY	750,000
E-BIKE SHARE	354,729
GRANTEE COST	300,000
INDICATOR TRACKING	133,750
NEIGHBORHOOD COMPLETE STREETS	4,715,873
ORCHARD FOR ALL!	350,500
RESILIENT HOMES	2,090,000
RICHMOND WELLNESS TRAIL	3,801,154
VEGGIE RX	971,700
WORKFORCE DEVELOPMENT	150,000
TOTAL	17,651,596

Annual City of Richmond Festivals

The City comes alive year-round with a diverse array of festivals that celebrate our rich culture and strong sense of community. These events are designed to be inclusive, honoring Richmond's diverse history and population.

Table 9 below lists the approved FY 2024-25 budget for City-sponsored events and a recommendation for event sponsorship in FY 2025-26. The majority of the events have received financial support by the City Council annually for many years, while other events are more recent additions (i.e. Nowruz and El Sobrante Stroll). During previous budget development cycles, previous City Councilmembers and/or previous city managers brought forth recommendations for City sponsorships based on requests from community organizations or a Councilmember's desire to support an event. Although City staff may attend planning meetings and provide support during events, most events listed below are planned and managed by community-based organizations. Funding to support the Literacy Fair was requested by a former Councilmember; however, Library and Literacy for Every Adult Program staff are responsible for the event.

It is important to note that the City provides overall support for all events in various ways from participating in planning meetings and ensuring the event space is cleaned before, during and after events to publicizing the events and staffing events to ensure the health and safety of attendees (i.e., Richmond Police, Fire and Public Works often incur overtime to work at events). For FY 2025-26, City staff will work with lead community-based organizations responsible for hosting each event to receive a summary of the event with pictures and other important information to allow for the submission of an annual report to City Council.

Table 9: City of Richmond Festivals Proposed Budget FY 2025-26

CITY OF RICHMOND FESTIVALS	APPROVED BUDGET FY 2024-25	PROPOSED BUDGET FY 2025-26
CINCO DE MAYO FESTIVAL	20,000	20,000
FIESTAS PATRIAS PARADE (FORMER CINCO DE MAYO PARADE)		6,000
HOMEFRONT/ROSIE THE RIVETER FESTIVAL	5,000	5,000
JUNETEENTH FESTIVAL	20,000	26,000
LITERACY FAIR	5,000	5,000
MARTIN LUTHER KING, JR. DAY SERVICE	5,000	5,000
NORTH RICHMOND SHORELINE FESTIVAL	5,000	0
OAKLAND SYMPHONY	10,000	0
POINT RICHMOND MUSIC FESTIVAL	5,000	5,000
PRIDE FESTIVAL	5,000	5,000
NATIVE AMERICAN POW WOW	5,000	5,000
NORTH RICHMOND BLUES FESTIVAL	5,000	5,000
NOWRUZ-PERSIAN NEW YEAR	5,000	5,000
EL SOBRANTE STROLL		3,000
EL SOBRANTE PRIDE		2,000
OTHER FESTIVALS/COMMUNITY EVENTS	6,500	4,500
TOTAL	101,500	101,500

Capital Improvements Plan (CIP)

The City staff presented a new programmatic approach to maintain the City's infrastructure. The City Council also approved Capital Projects scoring criteria on April 29, 2025. On May 6, 2025, the City Council received a 10-year CIP forecast listing projects with funding shortfalls and unfunded projects.

FY 2025-26 proposed CIP Budget includes projects that are approved and are currently in progress only. The total proposed CIP budget for FY 2025-26 is \$170.7 million and Table 10 shows the budget by program category. A detailed budget by projects is available in Attachment 3.

Table 10: Capital Expenditure by Program Category

Program Category	Proposed FY 2025-26	Proposed FY 2026-27	Proposed FY 2027-28	Proposed FY 2028-29	Proposed FY 2029-30	5-Year Total
Equipment Services	11,683,378	4,893	-	-	-	11,688,271
General and Public Safety Facilities	42,101,293	719,467	-	-	-	42,820,760
Parks and Open Spaces	27,296,905	-	-	-	-	27,296,905
Port of Richmond	12,718,581	2,500,000	2,477,250	300,000	300,000	18,295,831
Sanitary Sewer/Wastewater	24,444,621	5,450,000	5,450,000	5,450,000	5,450,000	46,244,621
Storm Drainage and Watershed	5,327,151	-	-	-	-	5,327,151
Technology	1,063,243	250,000	-	-	-	1,313,243
Transportation	46,092,614	19,705,446	7,212,409	7,346,144	7,483,259	87,839,872
Total	170,727,786	28,629,805	15,139,659	13,096,144	13,233,259	240,826,654

Options:

The General Fund projects limited-term revenue of approximately \$48.5 million. To effectively utilize these revenues, City staff propose that the City Council consider the options, including but not limited to the those listed below to help the City meet the Council's Strategic Goals and Priorities approved on September 27, 2023, in a fiscally responsible manner and to maintain essential City programs and services during times of economic and political uncertainty.

Option A – Hold and Wait (~6-18 months given economic uncertainties):

- \$48.5 million – Wait until after the City Council recess for economic uncertainties to settle and fully analyze the overall impact on the City. City staff will evaluate various options for investing the principal of new limited-term revenue to optimize interest earnings.

Option B – To Be Determined (TBD) by Mayor and City Council:

- \$48.5 million – May include CIP unfunded needs (Attachment 3). Table 11 below lists the projects that are identified with immediate funding needs in FY 2025-26.

Table 11: Capital Improvement Projects - Funding Need in FY 2025-26 (Unfunded)

Project Name	Program	CIP Score	FY 2025-26
As-Needed Space Remodeling	Building and Facility Improvements	40.33	400,000
Building & Facility Improvement Program	Building and Facility Improvements	72.33	1,000,000
Corp Yard Fence	Building and Facility Improvements	49.67	400,000
E-Bike Lending Library	Building and Facility Improvements	71.33	1,700,000
Martin Luther King Jr. Community Center	Building and Facility Improvements	68.17	40,000,000
Solar Installation on City Buildings	Building and Facility Improvements	54.83	12,000,000
Encampment Abatement Program	Encampment Abatement	82.33	1,000,000
Fire Station 66 Rebuild	Public Safety Improvements	71.67	1,580,000
Fire Station 67 Rebuild	Public Safety Improvements	67	279,000
Fire Station Alerting System	Public Safety Improvements	74	7,000,000
Fire Training Center Phase I	Public Safety Improvements	76.17	210,000
Locker Facilities Replacement	Public Safety Improvements	34	2,000,000
Dog Park Assessment for District 4	Parks and Open Spaces Improvements	60	35,000
Fiber Playground Surfacing	Parks and Open Spaces Improvements	60.33	500,000
Harbour 8 Park Expansion	Parks and Open Spaces Improvements	85.67	3,000,000
Parks and Open Spaces Program	Parks and Open Spaces Improvements	80	500,000
Urban Forestry Program	Parks and Open Spaces Improvements	67	1,000,000
Streetscape Improvements Program	Streetscape Improvements	66.33	1,000,000
Parchester Area Infrastructure Plan	Storm Drainage and Watershed Improvements	78	1,000,000
Santa Fe Ave Soldier Pile Wall	Storm Drainage and Watershed Improvements	59	1,300,000
Storm Drainage and Watershed Program	Storm Drainage and Watershed Improvements	79.33	3,675,000
City Fiber Repair and Upgrade	Technology Enhancements	61.33	400,000
City Hall Conference Room Upgrades	Technology Enhancements	67	200,000
Document Management Citywide	Technology Enhancements	62.67	500,000
Carlson Blvd Crosstown Phase III	Bicycle and Pedestrian	62	50,000
Citywide Concrete Program	Citywide Concrete	88.17	4,925,000
Pavement Management Program	Pavement Management	81.67	11,000,000
Dornan Tunnel Lighting	Streetlight	65.33	500,000
Richmond Art and Lighting	Streetlight	64.5	900,000
Streetlight Program	Streetlight	73.33	3,000,000
Canal Blvd Traffic Safety	Traffic Safety	61.67	200,000
Traffic Safety Program	Traffic Safety	79	1,500,000
Traffic Signal Program	Traffic Signals	76	1,500,000
ZEV and Infrastructure Transition Program	ZEV and Infrastructure Transition	66	500,000
Total Unfunded			104,754,000

Option C – TBD Mayor and Council

May include Federal Contingency, CIP, Unfunded Actuarial Liability (UAL):

- \$19.5 million – Contingency for federal funding uncertainty. On April 28, 2025, President Trump issued an executive order with the objective of identifying and potentially withholding federal funds from sanctuary jurisdictions. The order instructs the Department of Justice and the Department of Homeland Security to identify and compile a list of jurisdictions that impede the enforcement of federal

immigration laws. Jurisdictions designated as sanctuary areas on this list may face repercussions, including the suspension or termination of federal grants and contracts. The City of Richmond has several federal grants and two major programs, Employment and Training, and Richmond Housing Authority, relying mainly on federal funds. Richmond residents are well deserving of these programs and all the grant-funded projects. City staff recommend creating a contingency to preserve these programs if Federal Funds are taken away.

- \$19.5 million – Strategic Goal Area No. 3 - Improve the Quality of Life and Community Health/Improve Social Determinants of Health Built Environment. City staff recommend appropriating this amount towards the City Council Goal 3.1 - Improve maintenance of the built environment, parks, and new recreation infrastructure and 3.2 - Create new infrastructure. Currently, Public Works is facilitating a process to select a vendor to complete a Facilities Needs Assessment.
- \$9.5 million – Strategic Goal Area No. 5 - Strengthen the City's internal infrastructure and processes. The City has \$396 million in unfunded actuarial liabilities for pensions and \$63 million in Other Post Employment Benefits unfunded actuarial liabilities. These liabilities are forecasted to significantly increase over the next few years, given the worsening stock market performance. City staff recommend transferring \$9.5 million into the Pension and Other Post Employment Benefits section 115 Trust accounts to proactively mitigate the budgetary pressures. This recommendation aligns with the Council Goal No. 5.2 – Improve fiscal responsibility.

NEXT STEPS

City staff will incorporate City Council directives and respond to Council questions at the meeting on June 17, 2025. In addition, staff will review the draft budget for accuracy and integrate adjustments.

Furthermore, City staff will monitor the impact of Presidential Executive Orders on Sanctuary Jurisdiction and update the proposed FY 2025-26 Operating Budget and FY 2025-30 Capital Improvement Plan for the June 17 and June 24, 2025, City Council meetings.

A balanced FY 2025-26 budget will be presented for adoption on June 24, 2025.

DOCUMENTS ATTACHED:

Attachment 1 – Draft Summary of Revenues and Expenditures, by Fund, by Type
Attachment 2 – Draft Summary of Expenditures, by Fund, by Department
Attachment 3 – Draft Capital Improvement Program Budget & Forecast Summaries
Attachment 4 – Draft Multi-Year Comparative Position Listing

Attachment 5 – Draft List of Boards, Commissions, Committees, LLCs, Regional Bodies, etc.

Attachment 6 – City Council Questions and Responses May 6, 2025

Attachment 7 – Draft Budget Presentation