


*City of Alexandria, Virginia*

---

MEMORANDUM

DATE: JANUARY 17, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING  
DECEMBER 31, 2007

---

**ISSUE:** Monthly Financial Report for the Period Ending December 31, 2007.

**RECOMMENDATION:** That City Council receive the following Monthly Financial Report for the Period Ending December 31, 2007.

**MONTHLY HIGHLIGHTS:**

**ECONOMY AND REVENUES**

The City's economy, as measured by tax receipts (real estate sales, retail sales, personal property, and recordation taxes), appeared to slow in the first six months of fiscal year (FY) 2008. The City's economy continues to be strong, but bears careful watching as it is in a transitional phase.

The City's office vacancy rate dropped to 6.4% by the end of the third quarter of 2007, which is significantly lower than the office vacancy rates of either Northern Virginia or the Washington, D. C. Metropolitan Area.

**EXPENDITURES**

The City's General Fund expenditure totals to date are consistent with the approved budget, with no significant variances.

**DISCUSSION:** This report provides financial information on revenues and expenditures of the General Fund for the six months ending December 31, 2007. This report presents revenues and expenditures for the same period during FY 2007 for comparative purposes (Attachments 1 and 2), and provides charts of selected economic indicators (Attachment 3).

**Economy:** The City's economy, as measured by tax receipts, appeared to be slowing for some taxes in the first quarter of FY 2008. However, when compared to many regions of the United States, the City's economy remains very sound. The City's economy is influenced by regional and national economic cycles. The City's economy is in a transitional phase in the economic cycle and bears careful watching. The City's unemployment rate remained at a low 2.2 percent. The number of jobs in the City increased by almost 2 percent or 1,849 jobs in the fourth quarter of 2006 (latest data available) when compared to the same period in 2005. The Washington, D.C. area Consumer Price Index (CPI-U) increased 4.5 percent from November 2006 to November 2007, which was the largest increase since July 2006. The City's office vacancy rate decreased to 6.4 percent in the third quarter of 2007. This compares to third quarter office vacancy rates of 12.6 percent for Northern Virginia and 10.9 percent for the entire D.C. Metropolitan area. City staff has asked AEDP staff to prepare an analysis of the City's office vacancies, as well as recent trends. This office vacancy report should be completed in a few weeks.

On the residential real estate sales front, City data continues to show a slower residential sales market. Sales in 2007 through November (year-to-date) show a decline of 22 percent from 2006. The average sales price is up 6 percent from 2006. However, that statistic can be misleading as it reflects more a slow down in sales of below average price condominiums rather than price appreciation. While the City's residential market is sound and stable given the current problems in the mortgage and real estate markets, residential single family assessments for 2008 (based on year-to-date data that will change as the year progresses) when compared to 2007 are currently projected to be close to flat, and condominiums decreasing. Changes in the financial markets and increases in home mortgage interest rates have impacted 2008 assessments. While the number of City foreclosures increased substantially from 23 in 2006 to 140 in 2007, the number of foreclosures remains small in comparison to the total of 40,000 residential properties (excluding apartments) in the City. The City's foreclosure rate is slightly less than Fairfax County, and just 1/10<sup>th</sup> the foreclosure rate in Prince William County and Loudoun County. Commercial assessments and new construction will continue to add to the City's tax base in 2008; however, increasing capitalization rates, and a slow down in new construction, will likely temper the total tax base growth to the low single digit range.

**REVENUES (Attachment 1):** As of December 31, 2007, actual General Fund revenues totaled \$254.1 million, an increase of \$12.2 million above the same period last year. This is primarily attributed to a budgeted increase in real estate tax revenue. While revenue trends are discussed in this report, FY 2008 detailed revenue re-estimates are underway and will be completed and issued in conjunction with the release of the FY 2009 Proposed Budget in February.

**Real Property:** Second half real estate taxes were due November 15. As projected in the FY 2008 budget, second half real estate billings totaled \$139 million. First half 2008 real estate taxes will be due on June 15, 2008, and will be based on real estate assessments, which will be

completed and released in February. As projected at the City Council Retreat in October, the City's total real estate tax base, which will be the sum of all 2008 assessments, is currently projected to increase about 3 percent. As discussed above, this projection is a conservative but reasonable estimate based on the uncertainties of a modestly declining residential real estate market, a modest appreciation of commercial property, and limited new construction.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage change
\$274.5 million	\$278.2 million	\$131.3 million	\$137.6 million	5%

**Personal Property:** Personal Property Tax revenue consists of two sources: individual personal property (primarily vehicles), and business personal property (includes motor vehicles, machinery, computers, and furniture). Taxes are assessed as of January 1. Tax bills are mailed to taxpayers in late August and were due on October 5.

In the FY 2008 Approved Budget, personal property taxes were estimated to grow approximately 7.1 percent to \$42.4 million. Actual 2007 vehicle tax billings were down 1.4 percent in 2007 compared to 2006 billings. This is primarily attributable to lower overall values for the vehicles in the City personal property tax base. New model cars decreased 4 percent both in the number of new cars and total taxes, with the average assessment on new cars down 1 percent. Starting in FY 2007, the State's share of the local personal property tax payment is capped for each locality. Alexandria's cap is \$23.6 million and is paid in installments during the year. This amount approximates 69 percent of most taxpayers' bills, which is the same rate that was provided last year. State reimbursement collections were slightly higher than the cap in FY 2007 because the City was still collecting some delinquent collections that were billed prior to the date the State capped the payment. Business personal property tax billings for 2007 were 5.9 percent higher than estimated based on tax returns received. The primary increase in business personal property assessments reflects higher computer equipment values. While it is early in the fiscal year, it appears that by the end of FY 2008 total personal property taxes will be less than that budgeted.

	FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage change
Vehicles	\$18.8	\$20.6 million	\$16.7	\$16.2	(3%)
Business - Equipments and Machinery	\$15.7	\$15.5 million	\$15.0	\$15.7	5%
State Reimbursement	\$23.8	\$23.6 million	\$22.6	\$22.4	(1%)
Total	\$58.3	\$59.7 million	\$54.3	\$54.3	N-C

**Sales and Use Tax:** Businesses remit sales tax to the Commonwealth within 30 days of the end of the month in which sales occurred. The City receives its portion of the sales tax from the Commonwealth approximately one month later. Sales taxes to date are running slightly behind last year's collections to date.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage change
\$25.4 million	\$27.4 million	\$8.3 million	\$8.3 million	(1%)

**Consumer Utility Taxes:** Consumer Utility Taxes are collected by the utility companies one month after billing and are remitted to the City the following month. Effective January 1, 2007, State law changed and the Commonwealth assumed responsibility for collecting a flat 5 percent tax on landline telephone service. Phone revenues that previously appeared in this category (approximately \$0.6 million per month) will now appear as part of the Communications Tax. For this reason, the substantial decline in this tax category in FY 2008 when compared to FY 2007 is offset by the new Communications Tax.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$13.6 million	\$9.6 million	\$6.6 million	\$4.1 million	(38%)

**Communications Tax:** Businesses remit the Communication Tax to the Commonwealth within 30 days of the end of the month in which the service occurred. The Commonwealth remits the City's portion of the Communication Tax one month later. The effective date of the tax was January 1, 2007. The City received the first remittance from the Commonwealth in March 2007.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$5.3 million	\$12.4 million	-0-	\$4.2 million	N/A

**Business License Taxes:** The City's Business License Tax is due March 1, 2008. The bulk of collections are counted and analyzed after the due date. Most collections prior to March represent collections from new businesses, or from taxpayers who pay on a quarterly basis. To date, business license taxes are running ahead of last year.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$30.9 million	\$32.1 million	\$2.2 million	\$2.6 million	17%

**Transient Lodging Taxes:** Transient Lodging Taxes are remitted to the City within one month after collections. The increase reflects a difference in the timing of collections between FY 2007 and FY 2008 and not an increase in tax revenue.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$7.4 million	\$8.8 million	\$3.0 million	\$3.1 million	4%

**Restaurant Meals Taxes:** Meals and alcoholic beverage taxes are due to the City within 30 days of the month the sales occurred. The increase reflects a difference in the timing of collections between FY 2007 and FY 2008 and not an increase in tax revenue.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$10.7 million	\$10.4 million	\$3.8 million	\$4.1 million	9%

**Cigarette Taxes:** Businesses remit Cigarette Tax revenue to the Northern Virginia Cigarette Board. This revenue is then forwarded to the City approximately 30 days after the end of the month in which the sales occurred.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$2.9 million	\$2.8 million	\$1.2 million	\$1.1 million	(4%)

**Motor Vehicle License Tax:** Revenues in this category represents fees for vehicle license decals. The increase represents the decal fee increase approved by City Council to fund transit as authorized in the State legislation authorizing the Northern Virginia Transportation Authority.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$2.4 million	\$3.4 million	\$2.7 million	\$2.0 million	34%

**Real Estate Recordation Taxes:** Real Estate Recordation tax revenues are collected by the Clerk of the Circuit Court and remitted to the City the following month.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$6.6 million	\$5.7 million	\$2.4 million	\$2.4 million	(1%)

**Admissions Tax:** The Admissions Taxes are remitted to the City within one month after collections.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change
\$1.1 million	\$1.0 million	\$0.4 million	\$0.5 million	8%

**Revenue from the Federal Government:** Revenues in this category include Federal Prisoner per diem and indirect costs. Payments received from the agreement with the Office of Federal Detention Trustee have averaged \$529,000 per month for July-October. The proposed State budget removes the overhead exemption for the Alexandria Detention Center starting in FY 2009. The resulting cost to the City will be about \$1.0 million annually.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change Year-to-Date
\$6.7 million	\$6.5 million	\$1.5 million	\$2.4 million	58%

**Fines and Forfeitures:** The increase is primarily attributable to an increase in parking fine revenue. The number of parking tickets issued increased 11.9 percent above the number issued at this time last year. At this time last year, the Police Department had several parking enforcement vacancies. This shortfall has since been addressed and collections appear to have recovered.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change Year-to-Date
-	\$4.7 million	\$1.5 million	\$1.9 million	25%

**Charges for Services:** Revenues in this category include refuse user charges, ambulance fees, clerk fees and parking meter receipts. The increase primarily reflects the collection of parking and ambulance fees.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change Year-to-Date
\$10.3 million	\$11.8 million	\$4.2 million	\$5.2 million	24%

**Revenue from Use of Money & Property:** Revenues in this category include interest on short-term cash investments, parking garage/lot fees and rental of property income.

FY 2007 Actuals	FY 2008 Budget	FY 2007 Year-to-Date	FY 2008 Year-to-Date	Percentage Change Year-to-Date
\$9.7 million	\$9.6 million	\$4.7 million	\$4.8 million	1%

**EXPENDITURES (Attachment 2):** As of December 31, 2007, actual FY 2008 General Fund expenditures totaled \$227.1 million, an increase of \$10.3 million, or 4.7 percent, above expenditures for the same period last year, primarily for planned budgeted increases in the City's transfers to the School's Operating Fund and the Capital Projects Funds. The report includes supplemental appropriations budget by Council in November, including designations of \$3.3 million for one-time non-recurring project initiatives and \$2.3 million for incomplete projects. The Approved General Fund Budget is 4.4 percent higher than the FY 2007 amended budget.

**Annual Expenditure Issues:** Most City expenditure payments are made on a level basis during the year. There are some payments, however, that are made either at one time at the beginning of the year, or on a different basis, such as quarterly. The City makes the following types of payments on an other-than-level basis:

**Equipment Replacement Fund:** Every year, the City separately accumulates funds to replace major equipment items such as police cars and fire apparatus. The allocation of these funds is included in the budget of individual departments and is moved to a separate fund at the beginning of the year. Since these funds accumulate over several years, the fund is used to make the purchase once there are sufficient funds accumulated. This allows departments to fund the purchase over the life of the equipment instead of all at one time. These annual equipment replacement allocations are recognized as expenditures in this report at the time the transfer is made at the beginning of the year.

Of the \$4.8 million in total equipment replacement transfers in FY 2008, the following departments have equipment replacement funds large enough to impact their General Fund expenditure patterns for the first part of the year:

- Police - \$1.6 million
- T&ES - \$0.8 million
- Fire - \$0.8 million

**Contributory Payments:** The City makes some payments, such as contributions to the Washington Metropolitan Area Transit Authority (WMATA), on a quarterly or semi-annual basis. Since these payments are made less frequent than monthly, expenditures reported in this monthly financial report may be higher than average in those months when the payments are made. This financial report includes the following non-monthly payments:

- Judicial Administration: This category includes quarterly contribution payments to judicial organizations such as Peumensend Creek Regional Jail and the Northern Virginia Criminal Justice Training Academy.
- Other Planning and Economic Development Activities: This category includes quarterly contribution payments to community agencies such as the Alexandria Small Business Development Center and bi-annual payments to the Alexandria Convention and Visitors Association.
- Transit Subsidies: This category includes quarterly payments the City's major transit programs including the Alexandria Transit Company (DASH) and to the Washington Metropolitan Area Transit Authority (WMATA).
- Human Services: This category includes quarterly payments to community agency contractors such as Campagna Center and the Salvation Army and for payments to the Community Partnership Fund, the Youth Fund and the Children's Fund.
- Other Education Activities: This category includes quarterly contribution payments to the Northern Virginia Community College.

**Grant Accounting and Cash Matches:** To comply with many federal and State grant awards, the City's share funding is transferred from the General Fund to the Special Revenue Fund at the end of the fiscal year. Because the City share for most grants is not finalized until the funds are spent, departments set aside, but do not expend, City grant funds until the end of the fiscal year. This ensures that the City maximizes the use of federal and State funding before spending City funds. Most City funds not used for grants by the end of the year are returned to the City.

**Schools:** The City will provide approximately 78 percent of the estimated funds required to operate the City schools in FY 2008.

### **OTHER EXPENDITURES:**

**City Attorney:** Expenditures-to-date reflect outside legal fees. Staff will recommend an appropriations transfer in the context of the June Transfer Resolution as necessary to match these expenditures with budget authority.

**Registrar:** Expenditures-to-date reflect costs associated with administering the recent election.

**Personnel:** Expenditures-to-date reflect payment of tuition assistance to City employees.

**Recreation:** Expenditures reflect seasonal employee costs incurred during the summer.



**Non-Departmental Expenditures:** General Fund expenditures in this category reflect the City's contributions to the closed public safety pension plan, senior citizens' rent relief and payment for the City's property and liability insurance

**ATTACHMENTS:**

Attachment 1 - Comparative Statement of Revenues

Attachment 2 - Comparative Statement of Expenditures & Transfers by Function

Attachment 3 - Selected Economic Indicators

**STAFF:**

Mark Jinks, Deputy City Manager

Laura B. Triggs, Director of Finance

Ray Welch, Acting Comptroller

Bruce Johnson, Director, Office of Management and Budget

**CITY OF ALEXANDRIA, VIRGINIA**  
**COMPARATIVE STATEMENT OF REVENUES**  
**GENERAL FUND**  
**FOR THE PERIODS ENDING DECEMBER 31, 2007 AND DECEMBER 31 2006**

	<b>FY2008 APPROVED BUDGET</b>	<b>FY2008 REVENUES THRU 12/31/07</b>	<b>% OF BUDGET</b>	<b>FY2007 REVENUES THRU 12/31/06</b>
<b>General Property Taxes</b>				
Real Property Taxes.....	\$ 278,154,367	\$ 137,592,056	49.5%	\$ 131,258,524
Personal Property Taxes.....	36,100,000	31,939,493	88.5%	31,735,422
Penalties and Interest.....	1,680,000	747,933	44.5%	802,356
<b>Total General Property Taxes</b>	<b>\$ 315,934,367</b>	<b>\$ 170,279,482</b>		<b>\$ 163,796,302</b>
<b>Other Local Taxes</b>				
Local Sales and Use Taxes.....	\$ 27,400,000	8,271,161	30.2%	\$ 8,319,477
Consumer Utility Taxes.....	9,600,000	4,050,859	42.2%	6,567,070
Communication Sales and Use Taxes.....	12,400,000	4,206,539	33.9%	-
Business License Taxes.....	32,100,000	2,575,983	8.0%	2,206,851
Transient Lodging Taxes.....	8,800,000	3,092,065	35.1%	2,969,486
Restaurant Meals Tax.....	10,400,000	4,138,227	39.8%	3,811,280
Tobacco Taxes.....	2,750,000	1,127,152	41.0%	1,171,891
Motor Vehicle License Tax.....	3,400,000	2,717,305	79.9%	2,031,920
Real Estate Recordation.....	5,700,000	2,413,746	42.3%	2,443,926
Admissions Tax.....	1,000,000	474,482	47.4%	440,548
Cell Phone Tax.....	-	-	-	1,147,553
Other Local Taxes.....	2,380,000	395,817	16.6%	830,443
<b>Total Other Local Taxes</b>	<b>\$ 115,930,000</b>	<b>\$ 33,463,336</b>	<b>28.9%</b>	<b>\$ 31,940,445</b>
<b>Intergovernmental Revenues</b>				
Revenue from the Federal Government.....	\$ 6,493,000	\$ 2,373,936	36.6%	\$ 1,502,650
Personal Property Tax Relief from the Commonwealth.....	23,600,000	22,399,604	94.9%	22,604,426
Revenue from the Commonwealth.....	23,063,334	10,482,026	45.4%	8,407,907
<b>Total Intergovernmental Revenues</b>	<b>\$ 53,156,334</b>	<b>\$ 35,255,566</b>	<b>66.3%</b>	<b>\$ 32,514,983</b>
<b>Other Governmental Revenues And Transfers In</b>				
Fines and Forfeitures.....	\$ 4,722,300	\$ 1,923,974	40.7%	\$ 1,544,627
Licenses and Permits.....	5,356,000	2,863,112	53.5%	2,824,280
Charges for City Services.....	11,847,072	5,249,256	44.3%	4,245,440
Revenue from Use of Money & Property.....	9,570,000	4,787,023	50.0%	4,741,113
Other Revenue.....	245,000	255,996	104.5%	235,357
Transfer from Sewer Fund.....	1,311,109	-	0.0%	-
<b>Total Other Governmental Revenues</b>	<b>\$ 33,051,481</b>	<b>\$ 15,079,361</b>	<b>45.6%</b>	<b>\$ 13,590,817</b>
<b>TOTAL REVENUE</b>	<b>\$ 518,072,182</b>	<b>\$ 254,077,745</b>	<b>49.0%</b>	<b>\$ 241,842,547</b>
<b>Appropriated Fund Balance</b>				
General Fund.....	8,482,492	-	0.0%	-
Reappropriation of FY 2007 Encumbrances And Other Supplemental Appropriations.....	2,345,051	-	0.0%	-
<b>TOTAL</b>	<b>\$ 528,899,725</b>	<b>\$ 254,077,745</b>	<b>48.0%</b>	<b>\$ 241,842,547</b>

**CITY OF ALEXANDRIA, VIRGINIA**  
**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION**  
**GENERAL FUND**  
**FOR THE PERIODS ENDING DECEMBER 31, 2007 AND DECEMBER 31, 2006**

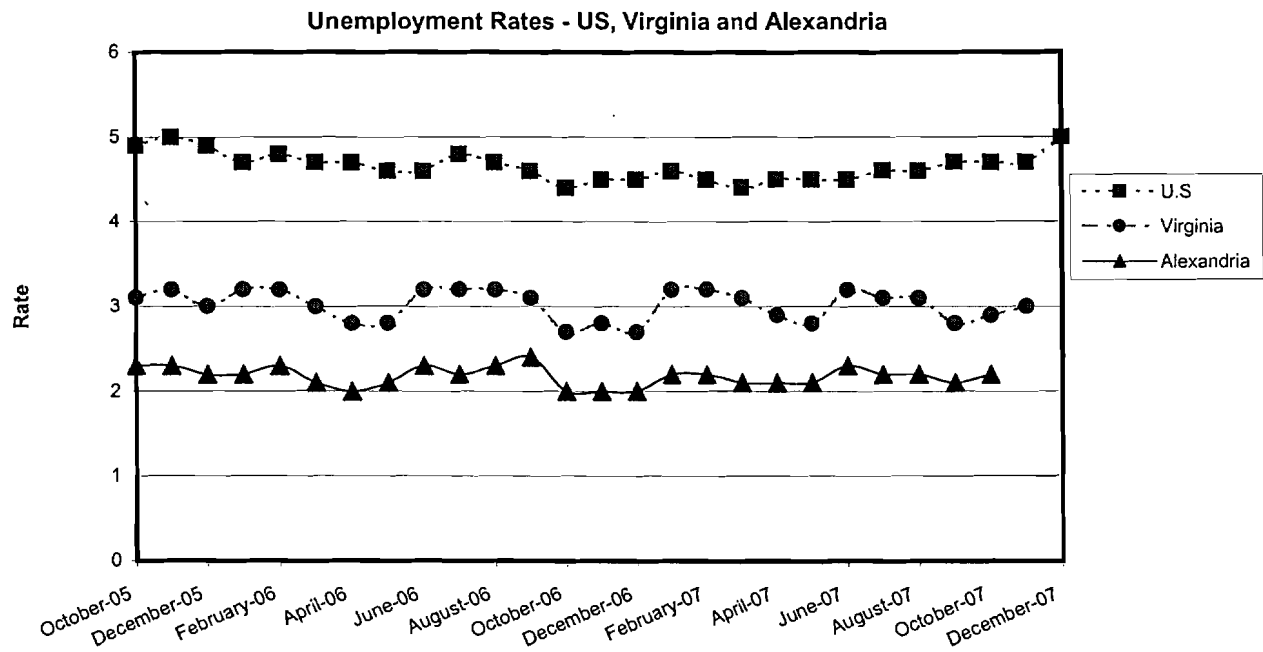
FUNCTION	FY2008 APPROVED BUDGET	FY2008 EXPENDITURES THRU 12/31/07	% OF BUDGET	FY2007 EXPENDITURES THRU 12/31/06
Legislative & Executive.....	\$ 6,078,728	\$ 2,788,543	45.9%	\$ 2,914,250
Judicial Administration.....	\$ 36,938,021	\$ 19,065,588	51.6%	\$ 18,020,851
<b>Staff Agencies</b>				
Information Technology Services.....	\$ 8,537,260	\$ 3,932,936	46.1%	\$ 3,615,689
Management & Budget.....	1,191,547	548,075	46.0%	559,042
Finance.....	10,298,719	4,447,898	43.2%	4,742,335
Real Estate Assessment.....	1,530,590	772,370	50.5%	627,744
Personnel.....	3,366,284	1,753,416	52.1%	1,611,512
Planning & Zoning.....	5,682,285	2,772,284	48.8%	2,164,532
Economic Development Activities.....	2,877,538	2,465,148	85.7%	2,435,131
City Attorney.....	3,253,814	1,860,717	57.2%	1,963,781
Registrar.....	1,106,565	580,502	52.5%	575,598
General Services.....	12,678,310	6,753,903	53.3%	5,999,553
Total Staff Agencies	\$ 50,522,912	\$ 25,887,249	51.2%	\$ 24,294,917
<b>Operating Agencies</b>				
Transportation & Environmental Services.....	\$ 27,506,938	\$ 13,324,997	48.4%	\$ 13,491,078
Fire.....	37,225,170	19,058,952	51.2%	18,305,530
Police.....	51,322,380	25,803,445	50.3%	24,908,933
Transit Subsidies.....	7,985,495	4,169,032	52.2%	3,320,274
Mental Health/Mental Retardation/ Substance Abuse.....	521,650	288,412	55.3%	345,997
Health.....	7,881,534	2,814,243	35.7%	3,933,086
Human Services.....	11,327,364	6,899,697	60.9%	6,108,351
Historic Resources.....	2,926,887	1,396,285	47.7%	1,271,496
Recreation.....	20,744,297	10,599,086	51.1%	10,331,357
Total Operating Agencies	\$ 167,441,715	\$ 84,354,149	50.4%	\$ 82,016,102
<b>Education</b>				
Schools.....	\$ 160,239,697	\$ 63,076,533	39.4%	\$ 61,271,822
Other Educational Activities.....	12,399	9,299	75.0%	9,411
Total Education	\$ 160,252,096	\$ 63,085,832	39.4%	\$ 61,281,233
<b>Capital, Debt Service and Miscellaneous</b>				
Debt Service.....	\$ 30,551,035	\$ 11,215,185	36.7%	\$ 11,754,960
Non-Departmental.....	9,742,783	2,917,107	29.9%	3,855,215
Cash Capital.....	9,765,564	9,765,564	100.0%	4,854,808
Contingent Reserves.....	1,832,984	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 51,892,366	\$ 23,897,856	46.1%	\$ 20,464,983
TOTAL EXPENDITURES	\$ 473,125,838	\$ 219,079,217	46.3%	\$ 208,992,336
<b>Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund)...</b>	36,324,757	-	0.0%	-
Transfer to Housing.....	4,815,949	712,752	14.8%	630,280
Transfer to Library.....	7,107,746	3,553,873	50.0%	3,522,516
Transfer to DASH.....	7,525,435	3,762,718	50.0%	3,668,512
TOTAL EXPENDITURES & TRANSFERS	\$ 528,899,725	\$ 227,108,560	42.9%	\$ 216,813,644

**CITY OF ALEXANDRIA  
SELECTED ECONOMIC INDICATORS**

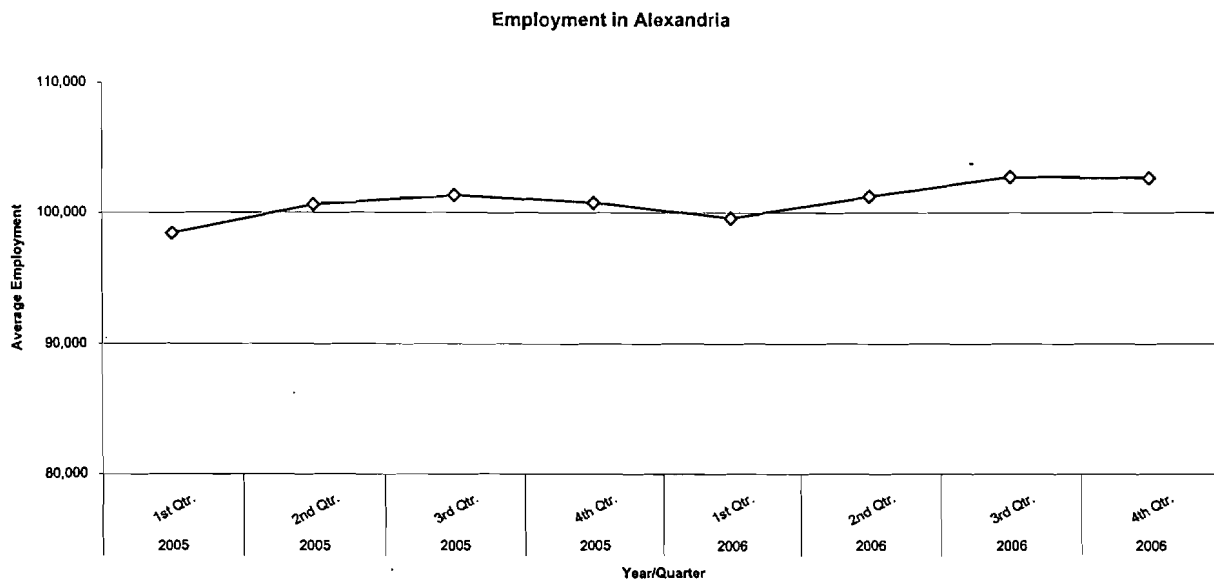
	<u>Current Year</u>	<u>Prior Year</u>	<u>Percent Change</u>
<b><u>Consumer Price Index (CPI-U)</u></b>			
<b>for the Washington-Baltimore, DC-MD-VA-WV Area</b>	135.2	129.3	+4.5%
(As of November 30, 2007)			
(Source: Published bi-monthly by United States Department of Labor, Bureau of Labor Statistics)			
<b><u>Unemployment Rates</u></b>			
<b>Alexandria</b>	2.2%	2.0%	10%
<b>Virginia</b>	3.0%	2.8%	+7%
(As of October 31, 2007)			
(Source: United States Department of Labor, Bureau of Labor Statistics, as adjusted)			
<b><u>United States</u></b>	5.0%	4.5%	+11%
(As of December 31, 2007)			
(Source: United States Department of Labor, Bureau of Labor Statistics)			
<b><u>Interest Rates</u></b>			
(As of December 31, 2007)			
<b>Prime Rate</b>	7.25%	8.25%	-12%
<b>Federal Funds Rate</b>	4.21%	5.17%	-19%
(Source: SunTrust Economic Monitor)			
<b><u>New Business Licenses</u></b>			
(During December 2007)			
(Source: Finance Department, Business Tax Branch)	65	56	16%
<b><u>Office Vacancy Rates</u></b>			
(As of September 30, 2007)			
<b>Alexandria</b>	6.4%	10.9%	-41%
<b>Northern Virginia</b>	12.6%	12.7%	-1%
<b>Washington DC Metro Area</b>	10.9%	8.9%	+22%
(Source: Grubb & Ellis)			
<b><u>New Commercial Construction</u></b>			
(As of November 30, 2007)			
<b>Number of New Building Permits</b>	1	5	-80%
<b>Value of New Building Permits</b>	11.0	57.6	-81%
(Source: Fire Department Code Enforcement Bureau)			
<b><u>Residential Real Estate Indicators</u></b>			
(YTD ending October 31, 2007)			
<b>Residential Dwelling Units Sold</b>	2,012	2,193	-8%
<b>Average Residential Sales Price</b>	\$492,244	\$496,769	-1%
(Source: Department of Real Estate Assessments)			

City of Alexandria  
Selected Economic Indicators

Attachment 3



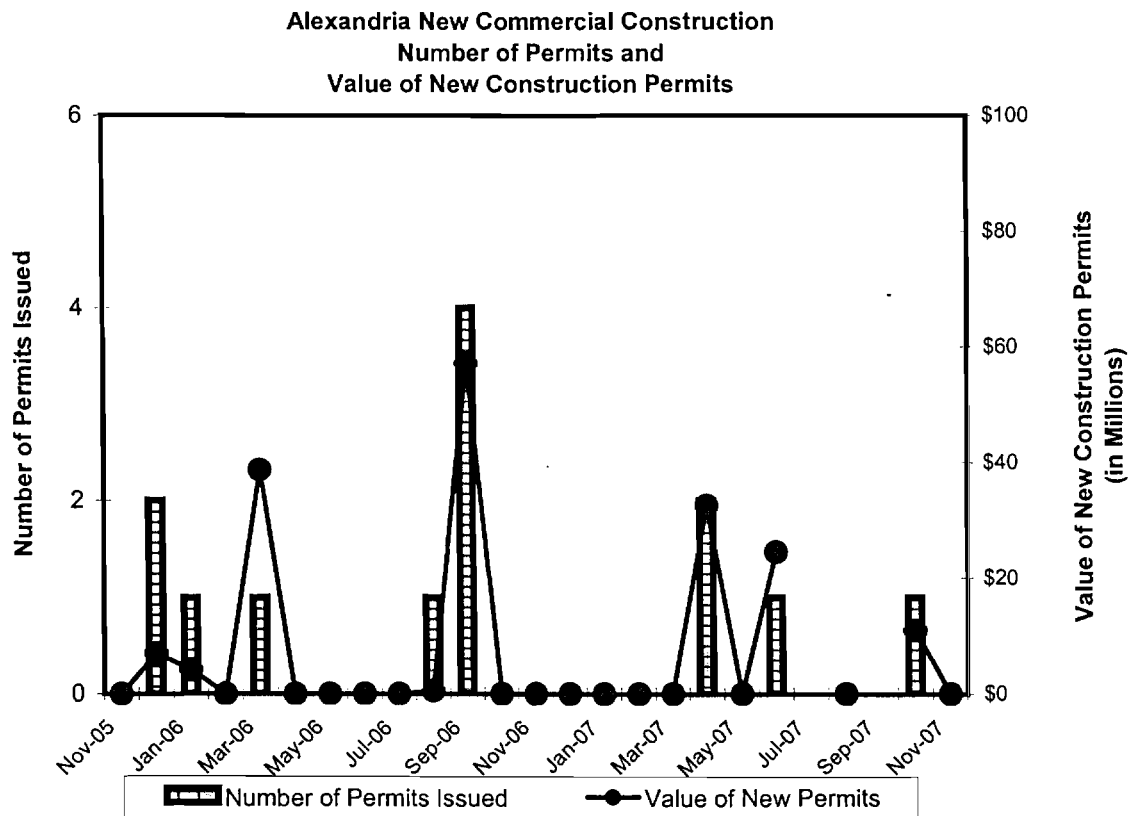
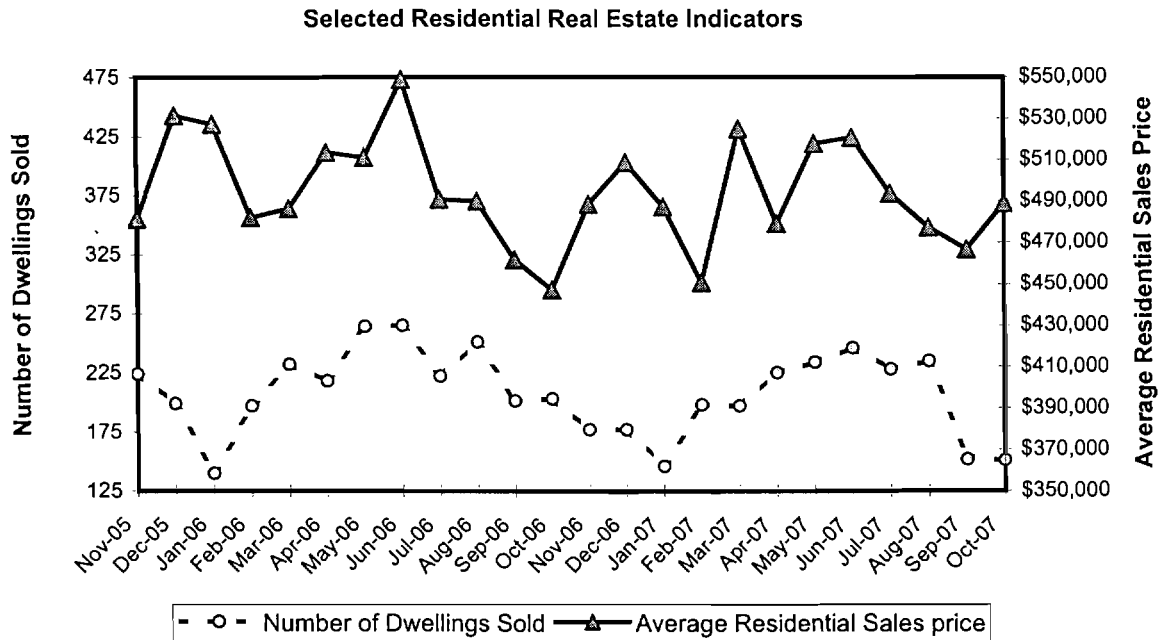
Source: United States Department of Labor, Bureau of Labor Statistics (as revised by BLS)



Source: Virginia Employment Commission, including the U.S. Patent and Trademark Office.

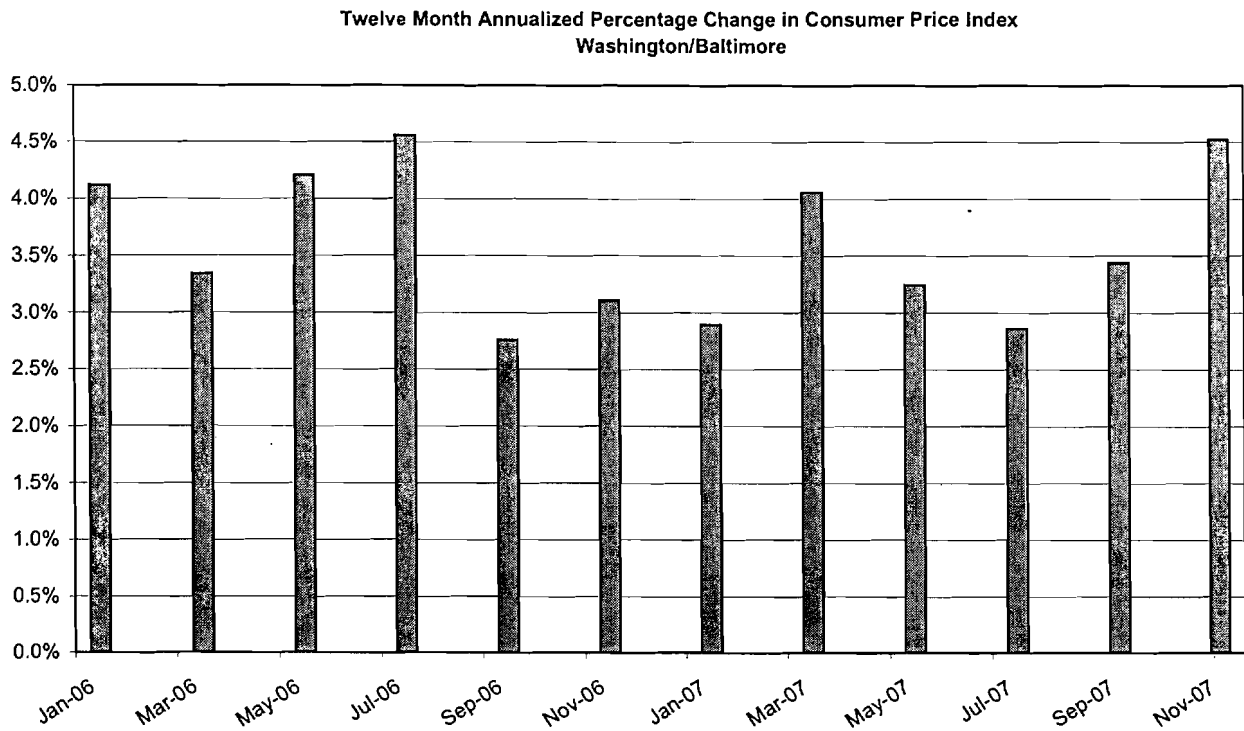
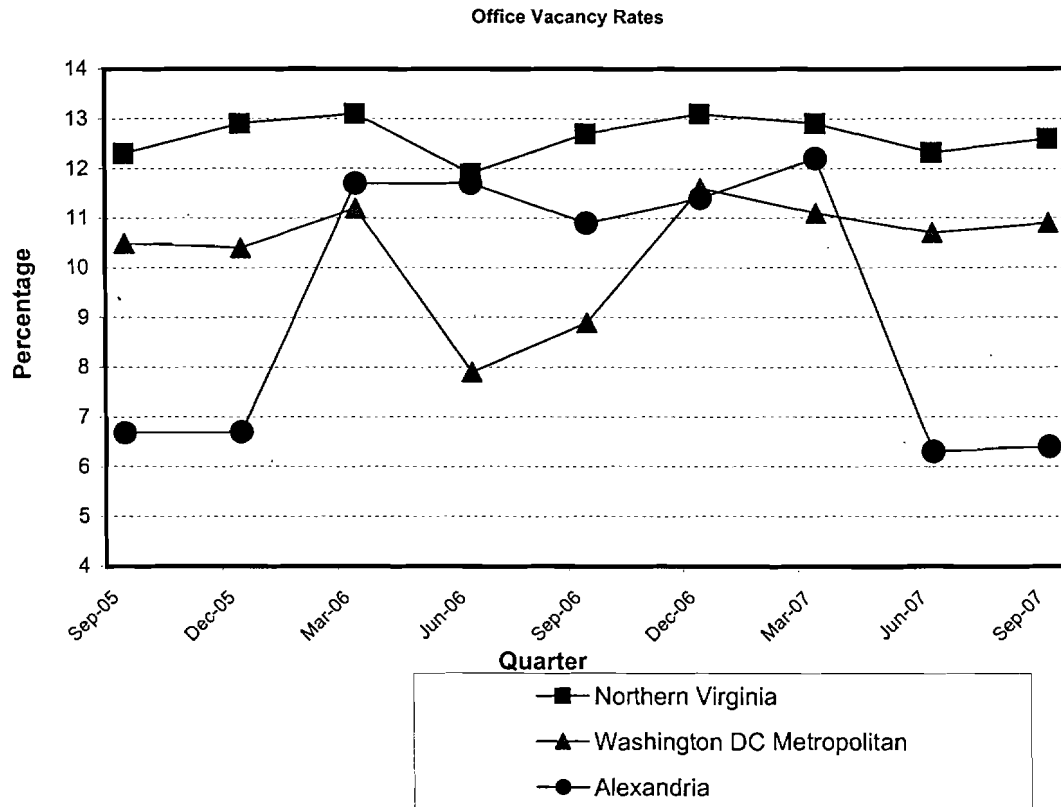
City of Alexandria  
Selected Economic Indicators

Attachment 3



# City of Alexandria Selected Economic Indicators

Attachment 3

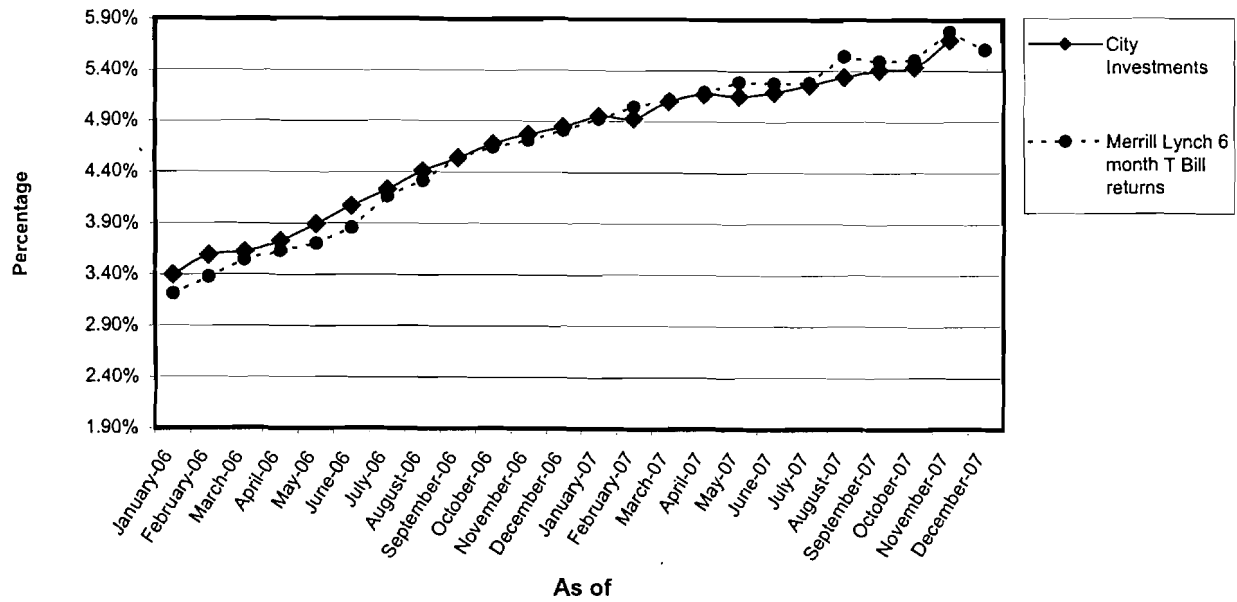


Source: United States Department of Labor, Bureau of Labor Statistics

# City of Alexandria Selected Economic Indicators

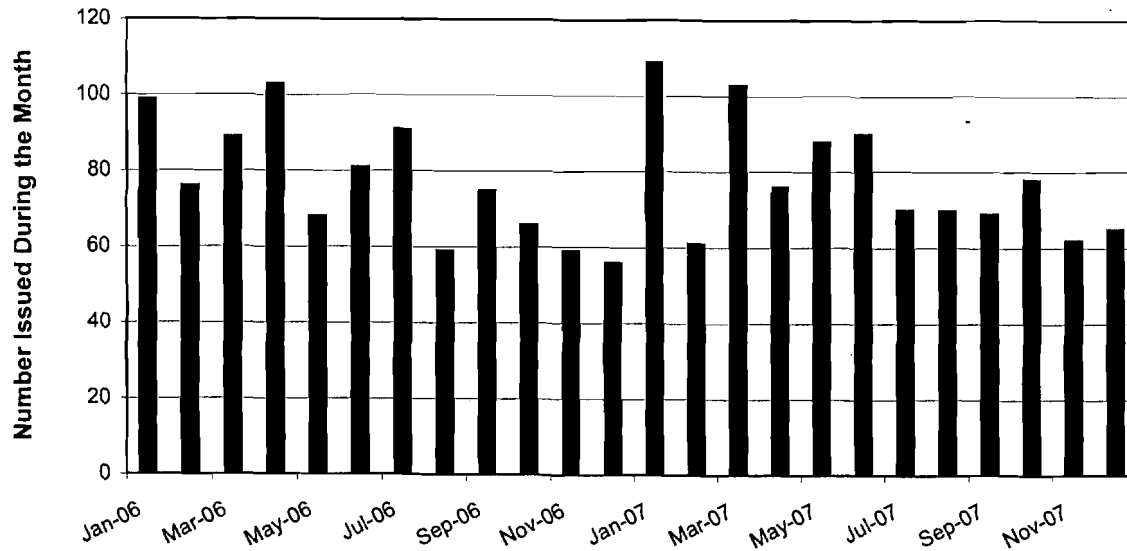
Attachment 3

Selected Interest Rates



Source: Suntrust Economic Monitor

New Business Licenses Issued in Alexandria





11  
1-22-08

# Fiscal and Economic Issues

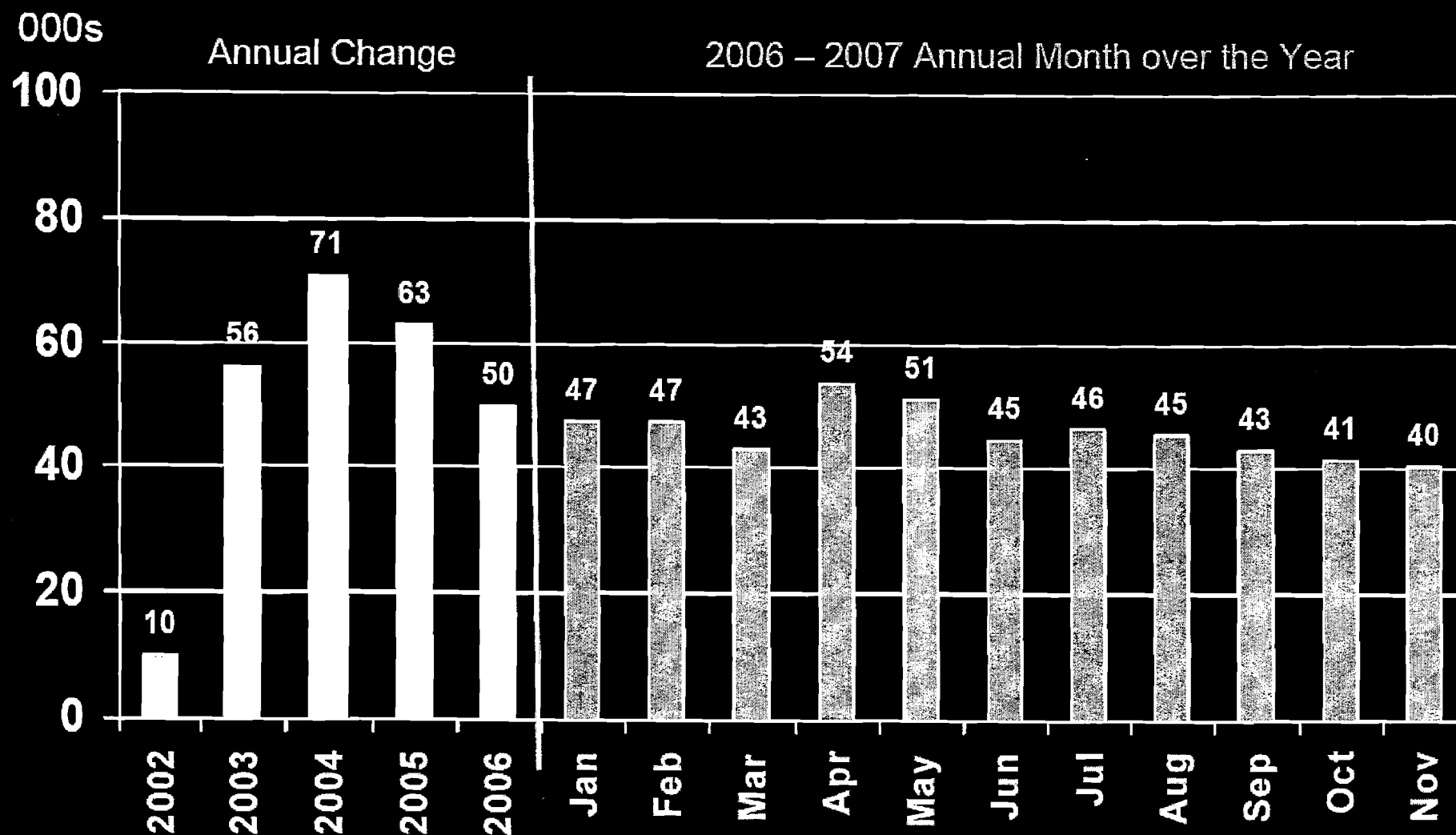
Presentation to the Alexandria  
City Council

January 22, 2008

# Overview

- Regional and City economy sound
- Economic growth slowing
- Economy in a transition phase
- More difficult budget environment

# Annual Job Change Washington Metro



Source: BLS, GMU Center for Regional Analysis

# Washington Area Core Industries Outlook

<b>Core Sector</b>	<b>\$ Value 2006</b>	<b>Ann % Chg 95- 2000</b>	<b>% Chg 2007</b>	<b>% Chg 2008</b>	<b>% Chg 2009</b>	<b>% Chg 2010</b>	<b>% Chg 2011</b>
<b>Fed Govt. Total</b>	<b>116.5</b>	<b>2.5</b>	<b>1.5</b>	<b>1.7</b>	<b>1.8</b>	<b>1.9</b>	<b>1.9</b>
<b>Fed Proc.</b>	<b>54.5</b>	<b>5.0</b>	<b>0.5</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>
<b>Technology</b>	<b>54.3</b>	<b>10.0</b>	<b>4.5</b>	<b>4.3</b>	<b>4.7</b>	<b>4.8</b>	<b>4.8</b>
<b>Building Ind.</b>	<b>21.4</b>	<b>4.0</b>	<b>3.0</b>	<b>3.3</b>	<b>3.5</b>	<b>3.6</b>	<b>3.8</b>
<b>International</b>	<b>17.8</b>	<b>1.5</b>	<b>1.6</b>	<b>1.8</b>	<b>2.0</b>	<b>2.2</b>	<b>2.2</b>
<b>Hospitality</b>	<b>7.4</b>	<b>1.2</b>	<b>1.5</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>	<b>1.6</b>
<b>TOTAL GRP</b>	<b>356.3</b>	<b>3.2</b>	<b>3.3</b>	<b>2.8</b>	<b>3.2</b>	<b>3.3</b>	<b>3.2</b>

Source: GMU Center for Regional Analysis

# City Revenue Trends

## Declining

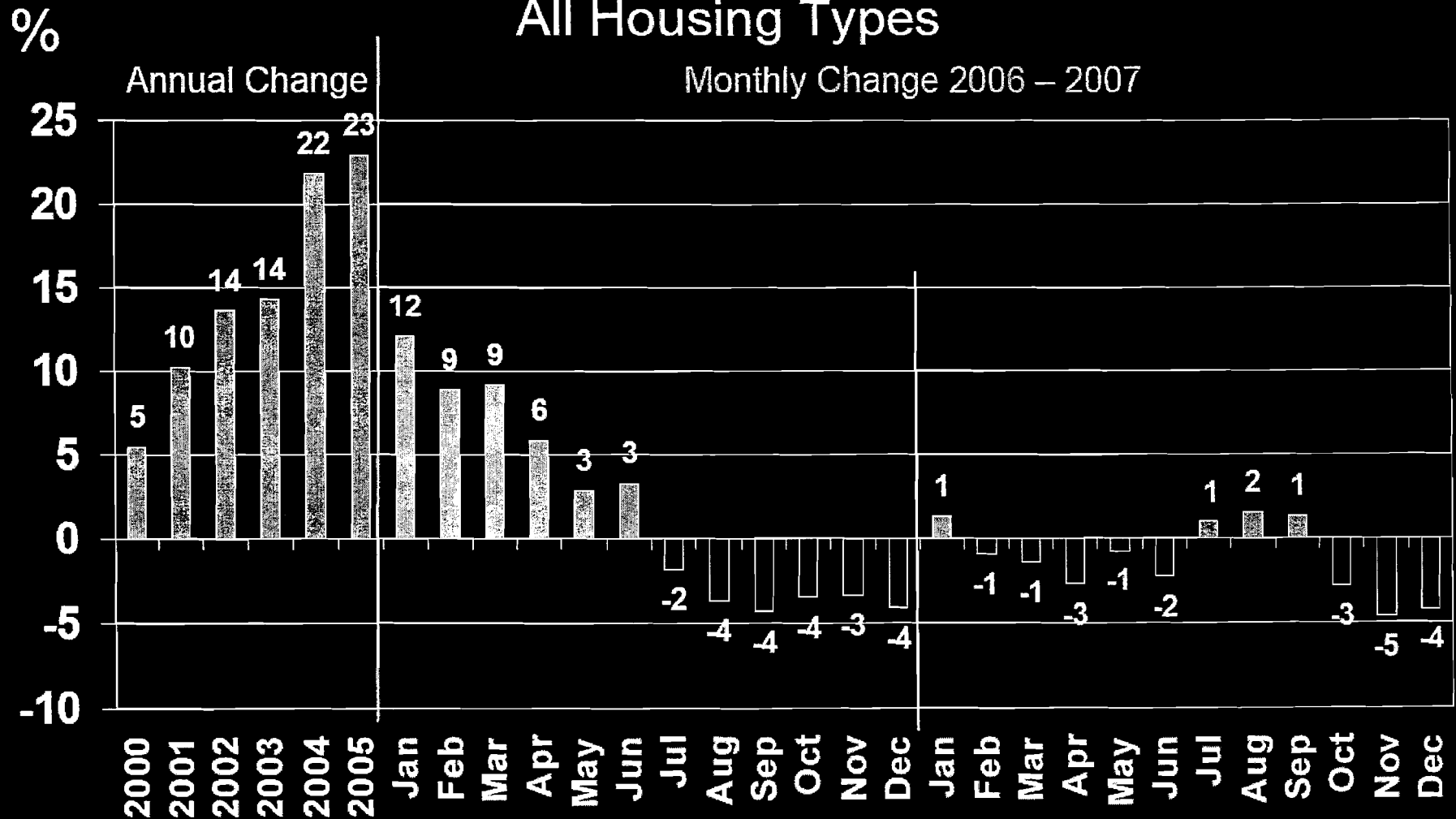
- residential real estate
- car taxes
- sales taxes
- recordation taxes
- state aid
- interest earnings

## Real Growth

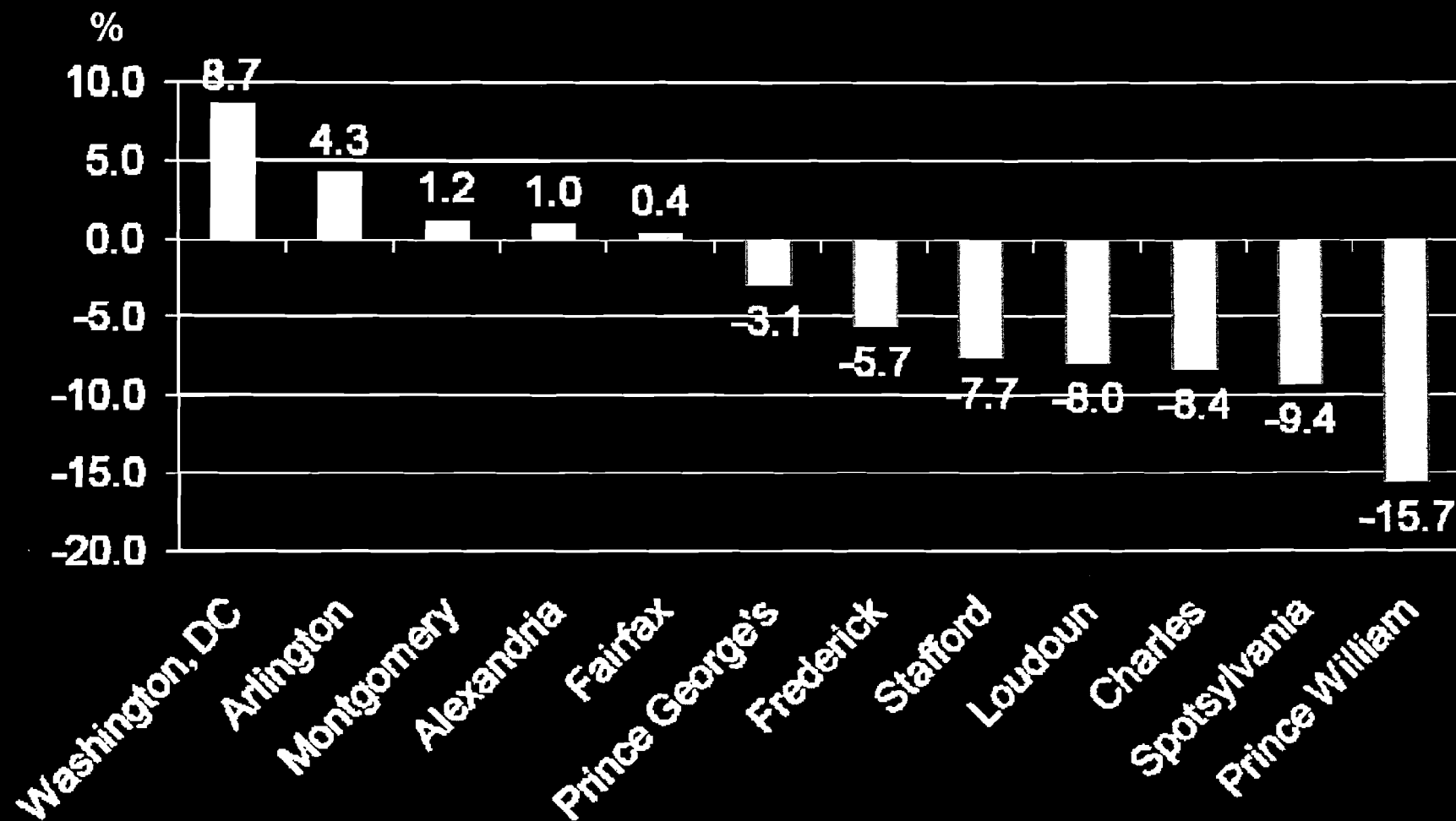
- +commercial real estate
- +business equipment
- +restaurant meals
- +hotel revenues

# Average Sales Price Percent Change Northern Virginia

All Housing Types

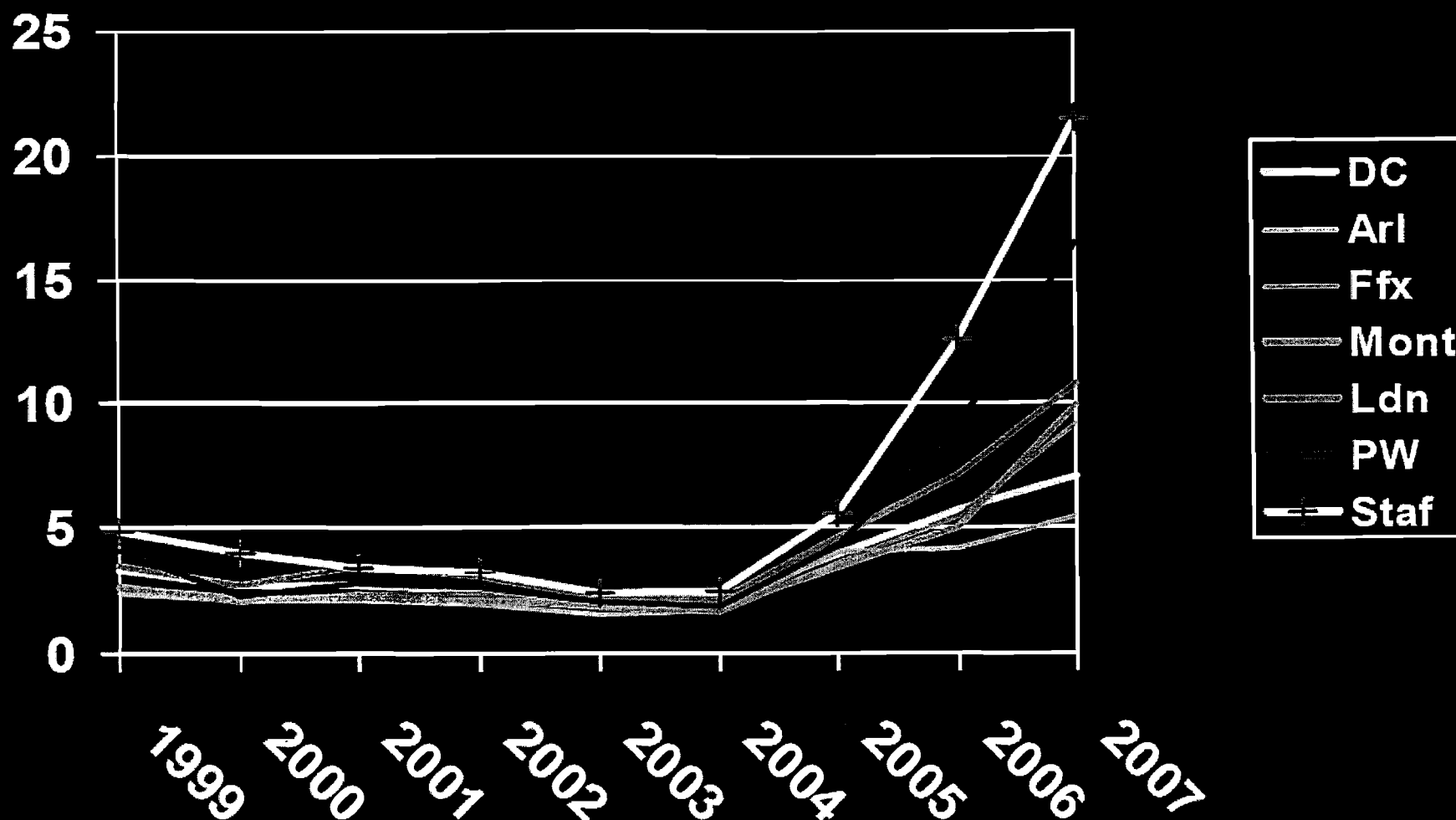


# Change in Average Housing Price December 2006 – December 2007



# Total Active Listings per Sale

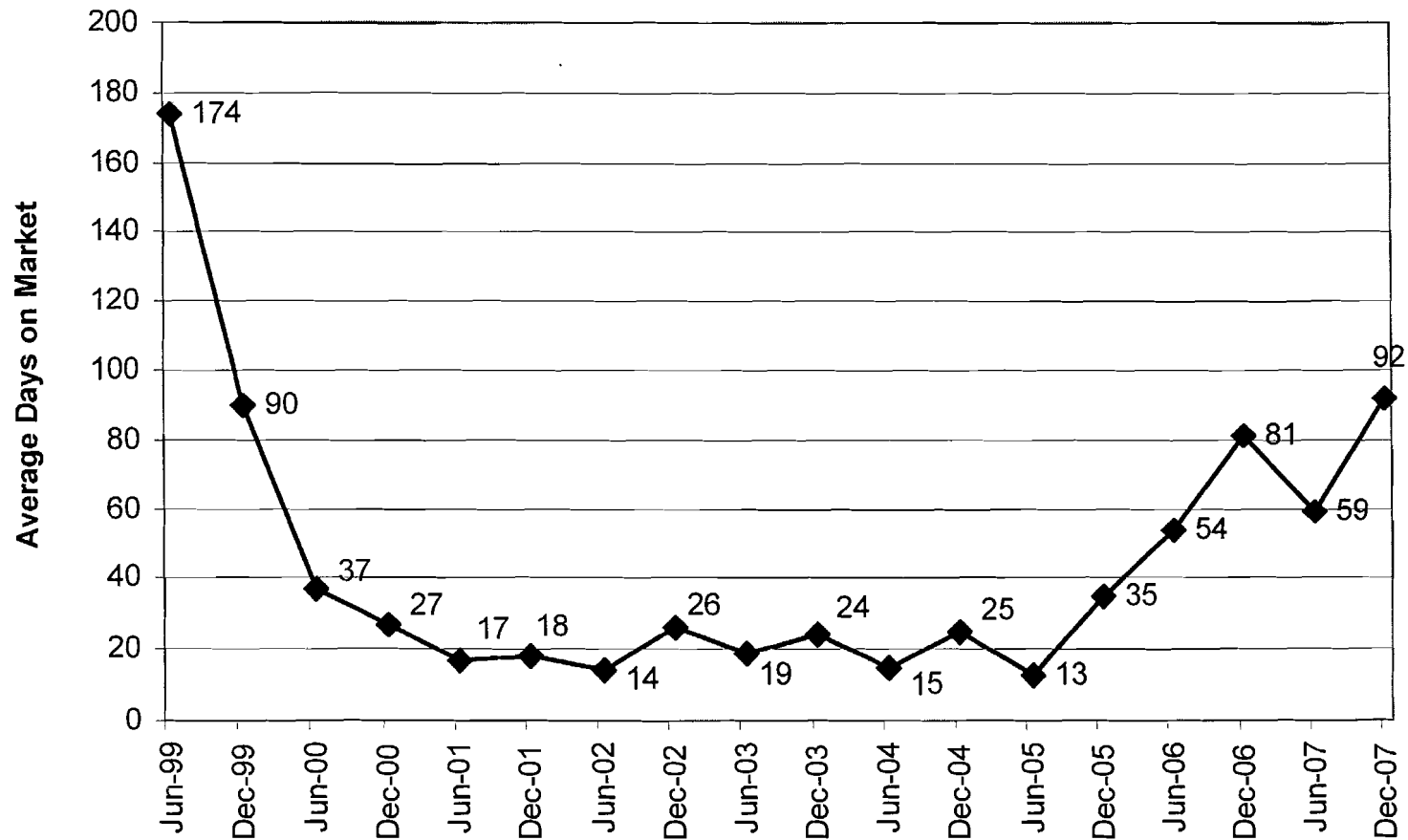
## December Each Year



Source: MRIS, GMU Center for Regional Analysis



# Average Days on Market Residential Real Estate City of Alexandria 1999-

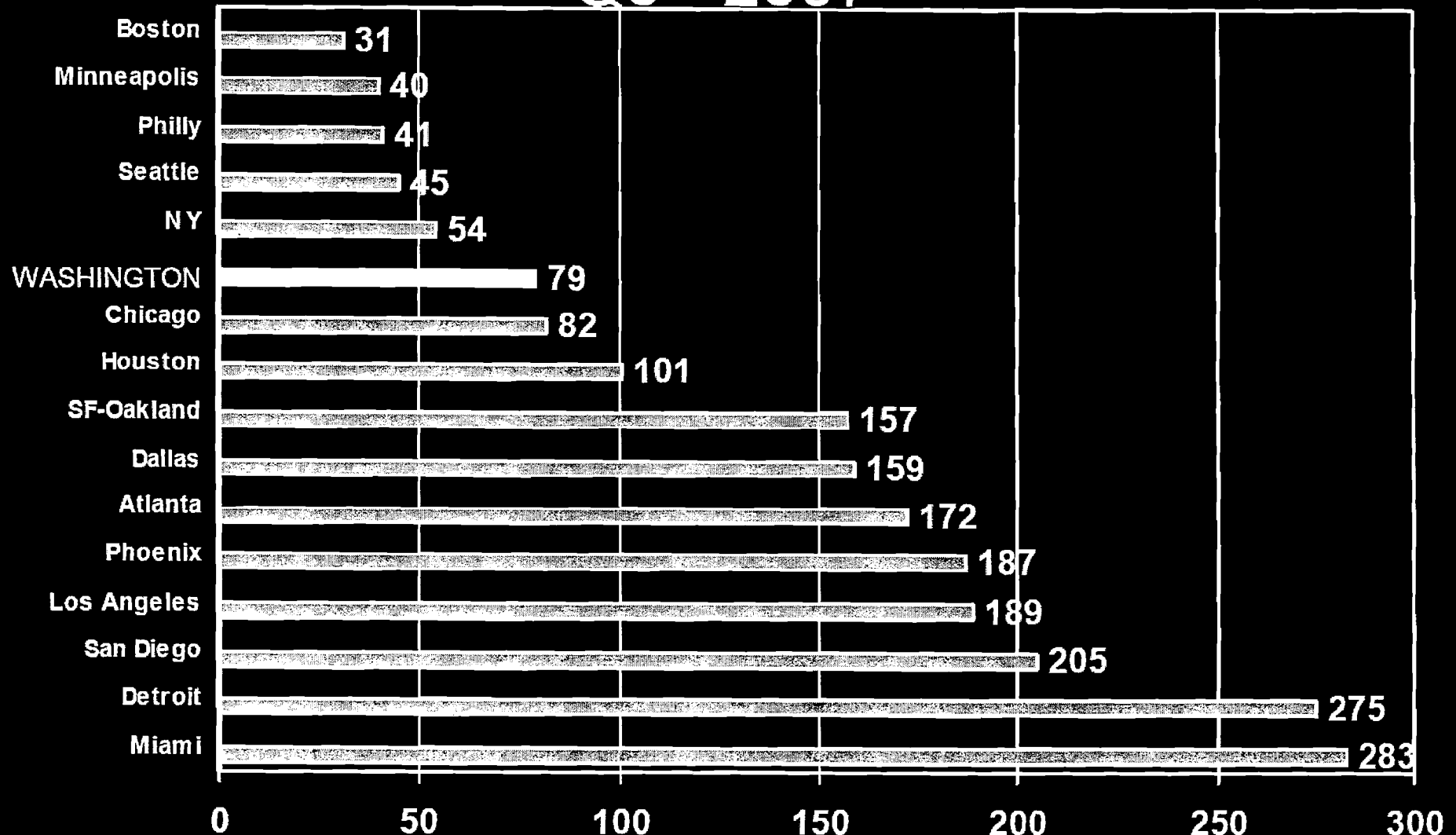


# Metro Comparisons

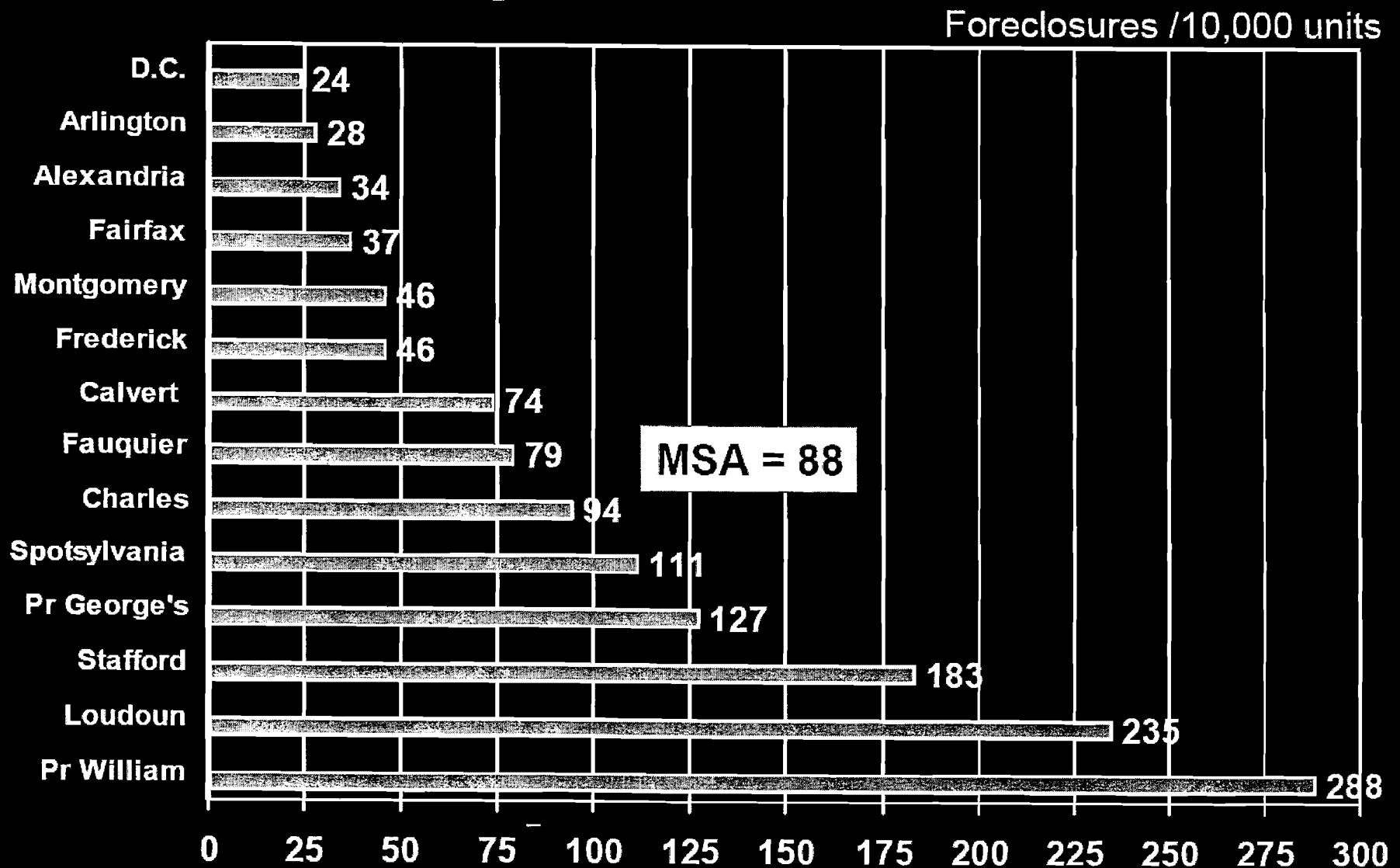
## Mortgage Foreclosure Rates

### Q3 - 2007

Foreclosures /10,000 Units



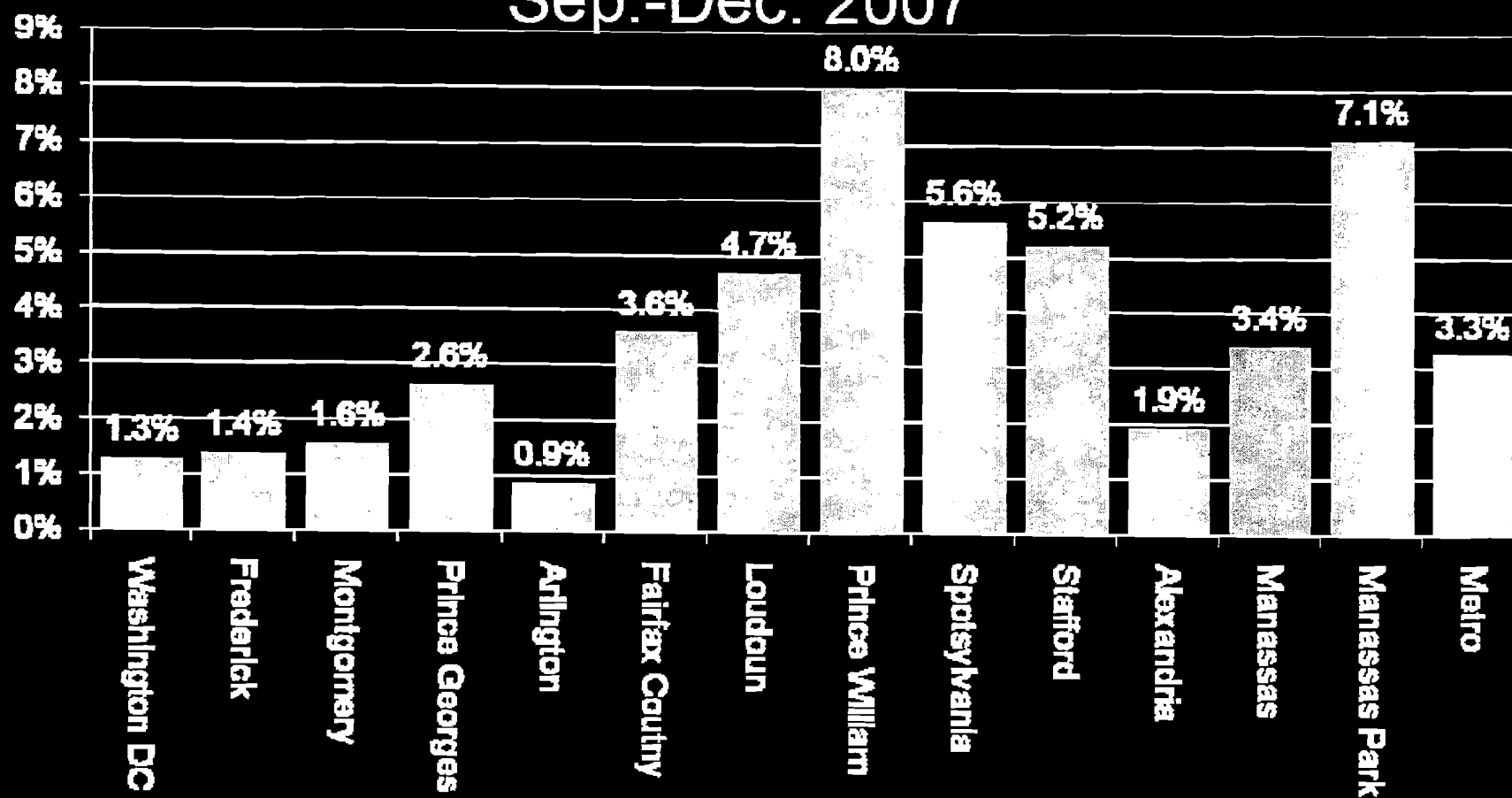
# Mortgage Foreclosure Rates by County – Dec 28, 2007



# Recent Foreclosure Data

## Foreclosures as a Percent of Total Listings

### Sep.-Dec. 2007

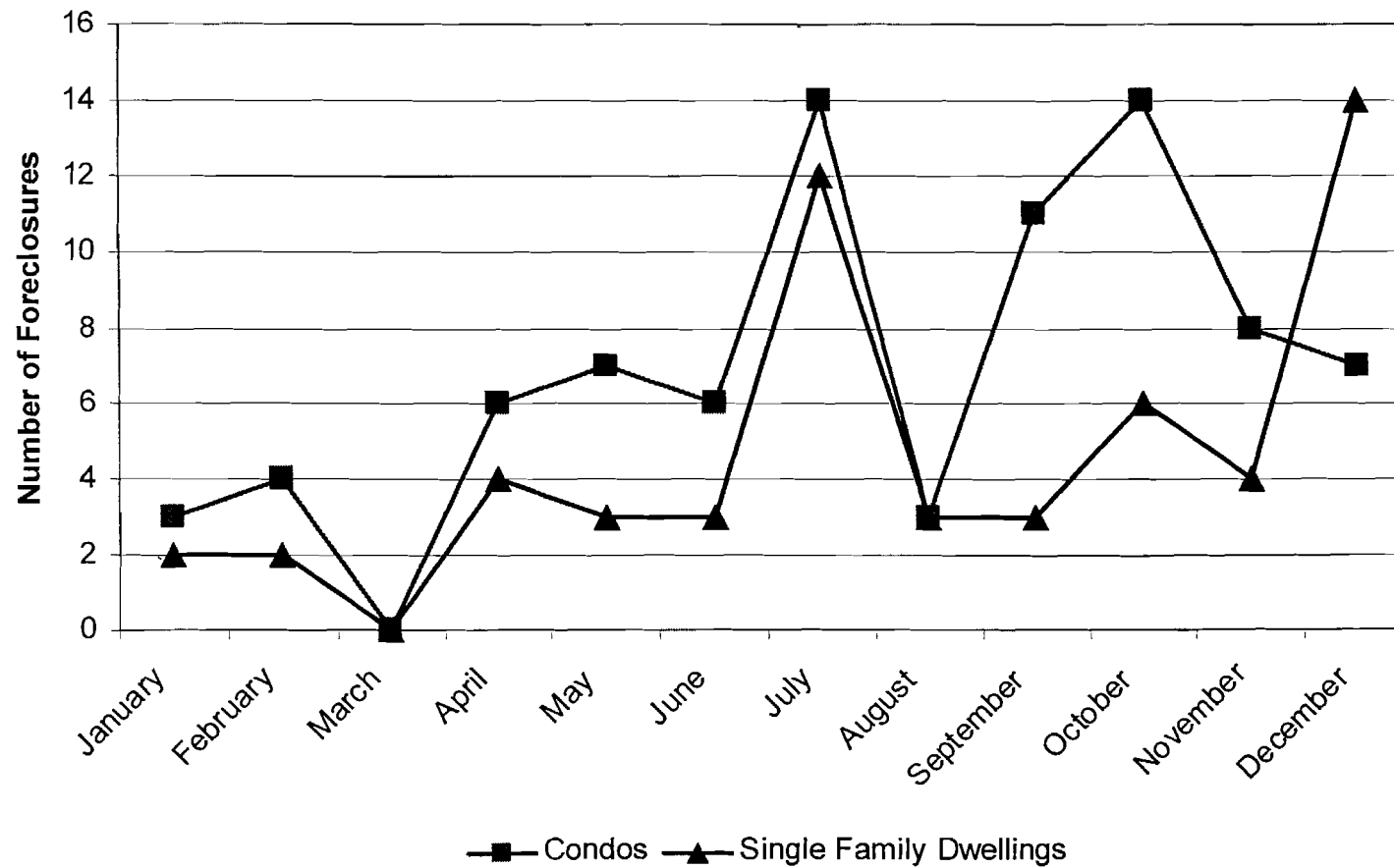


Source: MRIS, GMU Center for Regional Analysis

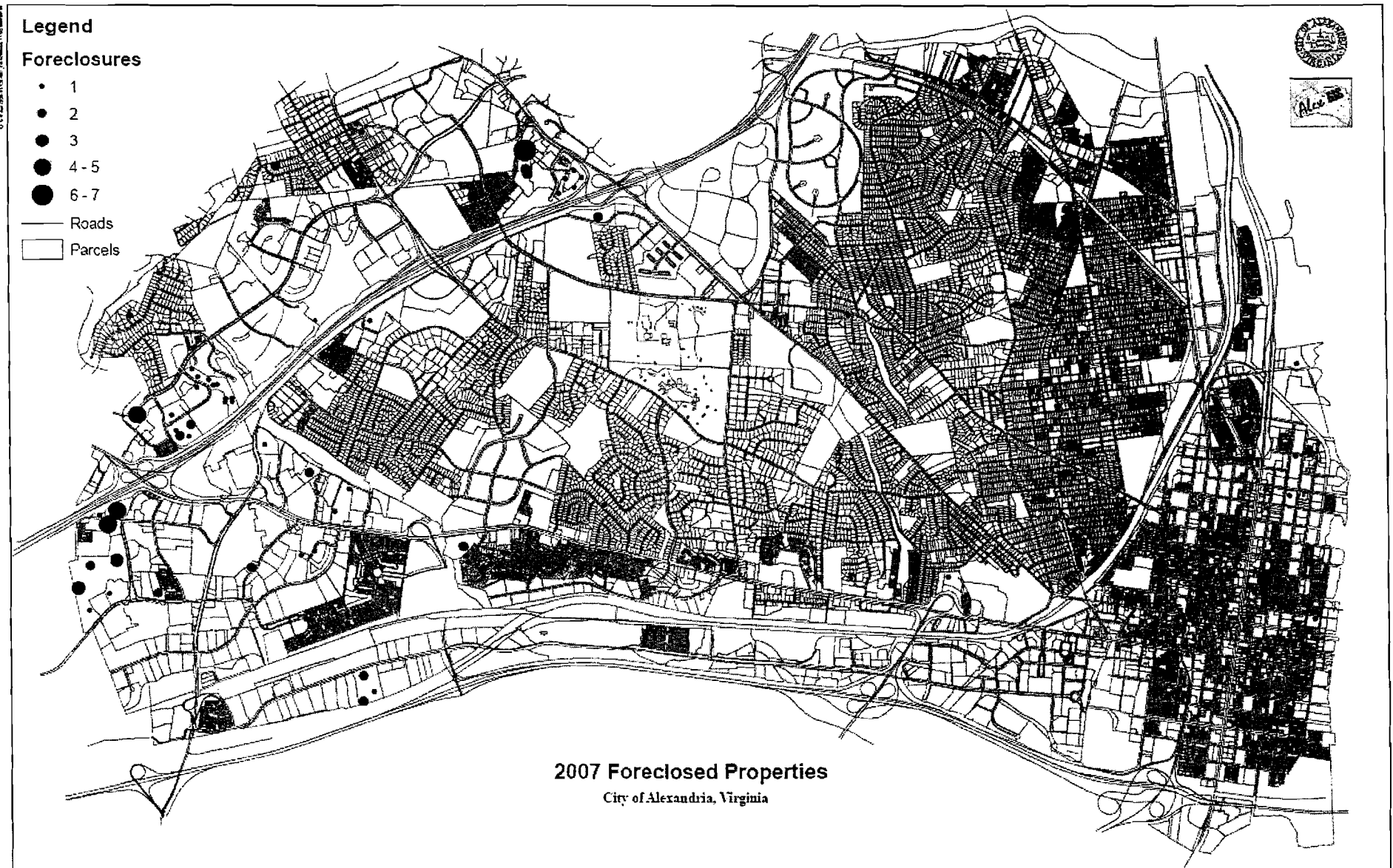
# Alexandria Foreclosures

## By Month and Property Type

### CY2007



# Location of Alexandria foreclosures



# Conclusions

- Sound City Economy
- Transition Phase
- Growth Slowing/some key revenues declining
- More difficult budget environment
- Cautious outlook needs ongoing monitoring