

City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 22, 2008
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER
SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 2008

ISSUE: Monthly Financial Report for the Period Ending September 30, 2008.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the Period Ending September 30, 2008.

MONTHLY HIGHLIGHTS:

FY 2009 OUTLOOK

- City departments are currently making recommendations to the City Manager to implement budget rescissions related to a newly updated and new projected \$10.5 million shortfall in revenue. These proposed spending rescissions will be discussed with Council at its October 25 Retreat.
- Information from the Commonwealth of Virginia indicates State aid reductions to localities in public safety and other areas. Staff will continue to monitor and to report on the impacts of these cuts.
- Once the budget rescission details are finalized, they will be reflected in the monthly financial report to Council.

DISCUSSION: This report provides financial information on revenues and expenditures of the General Fund for the three months ending September 30, 2008. This report presents revenues and expenditures for the same period of fiscal year (FY) 2008 for comparative purposes (Attachments 1 and 2) and also provides charts of selected economic indicators (Attachment 3).

ECONOMY: The City's economy, as measured by tax receipts, continues to slow during the second half of 2008. However, when compared to many regions in the United States, the City's economy remains relatively sound. The U.S. financial system is in a period of turbulence more severe than any since the 1930's. The U.S. is most likely already in recession. Since the City's economy is influenced by regional and national economic cycles, it bears careful watching. The City's unemployment rate of 3.2%, while low by Virginia and national standards, is at its highest level in four years. The Washington, D.C. Area Consumer Price Index (CPI-U) increased 5.7 percent from June 2007 to June 2008. The City's office vacancy rate increased from 6.3 percent to 7.0 percent as of September 30, 2008. This compares to second quarter vacancy rates of 13.3 percent for Northern Virginia and 12.0 percent for the entire D.C. metropolitan area.

On the residential real estate sales front, data continues to show a slower residential sales market. Real estate sales for the first eight months of 2008 showed a decline of 27.3% in sales from the first eight months of 2007. In addition, the average sales price decreased by 5.0%. One manifestation of weakness in the real estate market is an increase in the foreclosure rate compared to previous years. According to Alexandria's Department of Real Estate Assessments, the number of foreclosures in Alexandria rose from 72 during the first eight months of 2007 to 227 during the first eight months of 2008. While the number of foreclosures has increased, according to Realtytrac, Alexandria's¹ rate of 1 out of every 1,204 properties in August is far less than Fairfax County's rate of 1 out of every 306 properties or Prince William County's rate of 1 out of every 95 properties. Overall, single-family home values (detached, semi-detached, and townhouses) values show a slight downward trend, while the condominium market shows a moderate downward trend.

The commercial real estate market also shows a slight downward trend. Increasing capitalization rates, and a slowdown in new construction have begun to affect the commercial real estate market. The lack of sufficient construction lending and long-term commercial mortgage funding in the United States is having a major impact on the ability of commercial property developers to proceed with their projects. As with residential real estate, the commercial real estate slowdown appears to be less on Alexandria than other jurisdictions. Alexandria's desirability as a place to locate was illustrated by the announcement that Mark Center will be the new workplace for 6,400 Department of Defense personnel being transferred from Arlington as a result of the Base Realignment and Closure Report (BRAC). The site is expected to be complete and operational by September 2011.

As a result of the general slowdown in the real estate market, it is now expected that next calendar year's assessments will decline between 5.0 percent and 6.0 percent for 2009. This will contribute in a shortfall of about \$10 to \$10.5 million in budgeted revenue for FY 2009. It will also negatively impact the FY 2010 budget. The extreme turbulence in the credit markets creates downside risk to the City's current real estate projections.

FISCAL YEAR 2008 ENDING EXPENDITURE STATUS: As reported last month, the City's external auditors continue to complete their review of the City's accounts and federal grants in relation to FY 2008 expenditures and revenues. Final revenues and expenditures will be reported in the City's Comprehensive Annual Financial Report (CAFR) expected to be

¹ Realtytrac's definition of Alexandria is greater than the City limits, but the data remains representative.

completed, printed and issued in November. Based on final calculations of inventory, the FY 2008 ending surplus was \$1.3 million, which was \$0.8 million higher than previously reported. These funds have been designated towards helping fund the FY 2010 budget.

REVENUES (Attachment 1): As of September 30, 2008, actual General Fund revenues totaled \$51.3 million, which is \$1.0 million below FY 2008 revenues of \$52.3 million for the same time period last year.

Real Property: Real property is assessed as of January 1 and assessment notices are mailed to property owners in February. Real estate taxes are assessed in early May after Council sets the tax rate. Real estate taxes are billed and payable in two installments. The first tax bill of the calendar year is mailed in May and is payable by June 15. The second tax bill is mailed in October and is payable by November 15. It is expected that real estate tax revenues paid in November will meet budget expectations, but that real estate tax revenues paid in June 2009 will be approximately 5 percent to 6 percent less than budgeted with 2009 assessments determining the actual amount of the real estate shortfall. If assessments drop 5 percent to 6 percent, that will trigger a shortfall in FY 2009 real estate tax revenues between \$7 million and \$9 million.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage change
\$287.3*	\$293.6 million	\$0.8 million	\$0.9 million	4.9%

*Preliminary. Final amounts will be reported when CAFR is completed.

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). Business personal property taxes are assessed based on property owned as of January 1 and returns must be filed by May 1. Tax bills are then prepared based on the personal property tax rates set by Council in May. Personal property tax bills are prepared during a two-month period ending July 15 based on the personal property tax rate set by Council in May. Tax bills are mailed to taxpayers in late August and are due on October 5. The State's share of the local personal property tax payment for FY 2009 remains capped at \$23.6 million. This amount covers approximately 69 percent of most taxpayers' bills, which is the same rate that was provided last year. Based on tax bills issued in August, we expect about \$1.0 million more in vehicle tax revenue from this source in FY 2009. Increased year-to-date collections are primarily attributable to (1) increases in vehicle assessments, and (2) changes in the processing of bills for taxpayers who changed address without informing the City. This increase in collections should not affect budget projections.

	FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage change
Vehicles	\$18.6 million*	\$18.0 million	\$7.9 million	\$9.0 million	14%
Business - Equipments and Machinery	\$16.3 million*	\$15.7 million	\$8.2 million	\$8.0 million	(2.4%)
State Reimbursement	\$23.6 million*	\$23.6 million	\$11.8 million	\$11.8 million	-
Total	\$58.5 million*	\$57.3 million	\$27.9 million	\$28.8 million	3%

*Preliminary. Final amounts will be reported when CAFR is completed.

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 Commonwealth wires the City's portion of the sales tax approximately one month later. The decrease is partially related to a one-time repayment to Fairfax County of \$0.4 million for sales tax collections from businesses with an Alexandria address that are actually located in Fairfax County. In addition, this revenue source has slowed over recent months; the adopted budget already assumed a reduction from the FY 2008 projected amount.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage change
\$24.3 million*	\$24.0 million	\$2.0 million	\$1.5 million	(28%)

*Preliminary. Final amounts will be reported when CAFR is completed.

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.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$10.0 million*	\$10.7 million *	\$1.7 million	\$1.7 million	2.5%

* Preliminary. Final amounts will be reported when CAFR is completed.

Communications Tax: Businesses remit the communications tax to the Commonwealth within 30 days of the end of the month in which the service occurred. The Commonwealth wires the City's portion of the communications tax one month later.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$12.4 million*	\$13.0 million	\$0.9 million	\$1.0 million	2.4%

* Preliminary. Final amounts will be reported when CAFR is completed.

Business License Taxes: The City’s business license tax is due March 1, 2009. These collections are counted and analyzed in March. Most collections prior to March represent collections from new businesses and taxpayers who pay on a quarterly basis.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$32.0 million*	\$33.5 million	\$0.9 million	\$0.4 million	(58%)

* Preliminary. Final amounts will be reported when CAFR is completed.

Transient Lodging Taxes: Transient lodging taxes are remitted to the City within one month after collections. The amount of local tax levied on hotel and motel room rentals is 6.5 percent of the room charge plus a \$1 per room per night lodging fee. The rate was increased by one percent from 5.5 percent plus \$1 as part of the Approved FY 2009 Budget. This increase is expected to generate \$1.6 million in additional revenue per year.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$8.5 million*	\$11.5 million	\$1.2 million	\$1.6 million	33%

* Preliminary. Final amounts will be reported when CAFR is completed.

Restaurant Meals Taxes: Meals and alcoholic beverage taxes are due to the City within 30 days of the month the sales occurred. Alexandria’s restaurant meals tax was increased by 1.0 percent to 4.0 percent as part of the FY 2009 Approved Budget. For FY 2009, this increase is expected to generate approximately \$3.7 million in additional revenue.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$11.0 million*	\$15.0 million	\$1.7 million	\$2.4 million	42%

* Preliminary. Final amounts will be reported when CAFR is completed.

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 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$2.7 million*	\$2.7 million	\$0.5 million	\$0.5 million	3.5%

* Preliminary. Final amounts will be reported when CAFR is completed.

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. This revenue category may be under the amount budgeted by as much as \$1.5 million due to the low current volume of real estate transactions.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$4.9 million*	\$4.8 million	\$1.2 million	\$0.6 million	(48%)

* Preliminary. Final amounts will be reported when CAFR is completed.

Admissions Tax: The admissions taxes are remitted to the City within one month after collections.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$1.1 million*	\$1.0 million	\$0.2 million	\$0.2 million	(7.4%)

* Preliminary. Final amounts will be reported when CAFR is completed.

Licenses and Permits: Increased revenue in this category reflects a budgeted increase in permits and fees

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change
\$4.8 million*	\$6.2 million	\$1.1 million	\$1.4 million	31%

* Preliminary. Final amounts will be reported when CAFR is completed.

Charges for Services: Revenues in this category include refuse user charges, ambulance fees, clerk fees and parking meter receipts, and reflects higher fee rates as well as parking revenue from the new pay box system in the Carlyle area.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change Year-to-Date
\$11.3 million*	\$14.5 million	\$1.2 million	\$1.6 million	32%

* Preliminary. Final amounts will be reported when CAFR is completed.

Revenue from Use of Money & Property: Revenues in this category include interest on investments, parking garage/lot fees and rental of property income. It is too early in the fiscal year to project a specific interest earnings amount at this time for the entire year given the uncertainty in the financial markets; however, interest rates have dropped and therefore, earnings are likely to be less than budgeted. The City has completed the transfer of its short-term investments to the Virginia Local Government Investment Pool managed by the State.

FY 2008 Actuals	FY 2009 Budget	FY 2008 Year-to-Date	FY 2009 Year-to-Date	Percentage Change Year-to-Date
\$9.0 million*	\$6.0 million	\$2.5 million	\$1.4 million	(45%)

* Preliminary. Final amounts will be reported when CAFR is completed.

EXPENDITURES (Attachment 2): As of September 30, 2008, actual General Fund expenditures totaled \$111.6 million, an increase of \$4.5 million over the same period last year. The Approved General Fund Budget is 2.4 percent higher than the FY 2008 amended budget. The FY 2009 budget includes an appropriation of \$5.6 million for Other Post Employment Benefit (OPEB) obligations for retiree health and life insurance. The budget also included a one-time pay increase for City employees. These were paid out on a lump sum basis in July.

City departments are currently making recommendations to the City Manager to implement the potential \$10 million shortfall in projected revenue. These will be discussed with Council at its October 25 Retreat.

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 2009, the following departments have equipment replacement funds large enough to impact their General Fund expenditure patterns at the beginning of the year:

- Police - \$1.6 million
- T&ES - \$0.6 million
- Fire - \$1.3 million

Contributory Payments: The City makes some payments, such as contributions to the Washington Metropolitan Area Transit Authority (WMATA), on a quarterly or semiannual 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 the Peumensend Creek Regional Jail and the Northern Virginia Criminal Justice Training Academy.
- **Other Planning and Economic Development Activities:** This category includes quarterly payments to community agencies such as the Alexandria Small Business Development Center and the Alexandria Convention and Visitors Association.
- **Transit Subsidies:** This category includes payments in the quarter for the City's major transit programs, including the Alexandria Transit Company (DASH), and to the Washington Metropolitan Area Transit Authority (WMATA).
- **Other Education Activities:** This category includes quarterly contribution payments to the Northern Virginia Community College.

Other issues not related to budget rescissions include:

Personnel: Expenditures-to-date represent budgeted tuition assistance payments to City employees.

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

Schools: The City will provide approximately 78 percent of the estimated funds required to operate the City schools in FY 2009.

Human Services: Expenditures reflect payments to community organizations and contractors who provide services.

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.

Non-Departmental Expenditures: General Fund expenditures in this category reflect the City's contributions to OPEB, the public safety pension plan, senior citizens' rent relief and payment for the City's liability insurance. The increase from the prior year represents a budgeted payment of \$5.6 million made to the OPEB Trust Fund, where it has been invested. Also, certain pension contributions are made at the beginning of the fiscal year.

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

Eric Eisinger, Budget Analyst, Office of Management and Budget

**CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING SEPTEMBER 30, 2008 AND SEPTEMBER 30 2007**

	FY2009 APPROVED BUDGET	FY2009 REVENUES THRU 09/30/08	% OF BUDGET	FY2008 REVENUES THRU 09/30/07
General Property Taxes				
Real Property Taxes.....	\$ 293,600,498	\$ 850,114	0.3%	\$ 810,471
Personal Property Taxes.....	33,700,000	17,000,324	50.4%	16,144,873
Penalties and Interest.....	1,770,000	159,212	9.0%	104,469
Total General Property Taxes	<u>\$ 329,070,498</u>	<u>\$ 18,009,650</u>		<u>\$ 17,059,813</u>
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 24,000,000	1,460,551	6.1%	\$ 2,038,938
Consumer Utility Taxes.....	10,700,000	1,744,735	16.3%	1,702,357
Communication Sales and Use Taxes.....	13,000,000	971,212	7.5%	948,719
Business License Taxes.....	33,513,000	393,389	1.2%	938,416
Transient Lodging Taxes.....	11,500,000	1,596,199	13.9%	1,197,262
Restaurant Meals Tax.....	15,000,000	2,406,783	16.0%	1,697,232
Tobacco Taxes.....	2,700,000	492,134	18.2%	475,463
Motor Vehicle License Tax.....	3,200,000	1,362,327	42.6%	1,449,177
Real Estate Recordation.....	4,800,000	615,319	12.8%	1,185,669
Admissions Tax.....	1,000,000	221,776	22.2%	239,495
Other Local Taxes.....	2,080,000	112,221	5.4%	174,999
Total Other Local Taxes	<u>\$ 121,493,000</u>	<u>\$ 11,376,646</u>	9.4%	<u>\$ 12,047,727</u>
Intergovernmental Revenues				
Revenue from the Federal Government.....	\$ 7,223,000	\$ -	0.0%	\$ 572,136
Personal Property Tax Relief from the Commonwealth.....	23,578,531	11,789,265	50.0%	11,789,265
Revenue from the Commonwealth.....	21,986,481	4,478,655	20.4%	4,933,570
Total Intergovernmental Revenues	<u>\$ 52,788,012</u>	<u>\$ 16,267,920</u>	30.8%	<u>\$ 17,294,971</u>
Other Governmental Revenues And Transfers In				
Fines and Forfeitures.....	\$ 4,755,300	\$ 871,605	18.3%	\$ 894,557
Licenses and Permits.....	6,157,000	1,431,327	23.2%	1,093,782
Charges for City Services.....	14,473,877	1,634,065	11.3%	1,237,242
Revenue from Use of Money & Property.....	6,000,000	1,403,083	23.4%	2,534,552
Other Revenue.....	200,000	184,791	92.4%	135,330
Transfer from Other Funds.....	2,440,660	-	0.0%	-
Total Other Governmental Revenues	<u>\$ 34,026,837</u>	<u>\$ 5,524,871</u>	16.2%	<u>\$ 5,895,463</u>
TOTAL REVENUE	\$ 537,378,347	\$ 51,179,087	9.5%	\$ 52,297,974
Appropriated Fund Balance				
General Fund.....	10,257,652	-	0.0%	-
Reappropriation of FY 2008 Encumbrances And Other Supplemental Appropriations.....	-	-	0.0%	-
TOTAL	<u><u>\$ 547,635,999</u></u>	<u><u>\$ 51,179,087</u></u>	9.3%	<u><u>\$ 52,297,974</u></u>

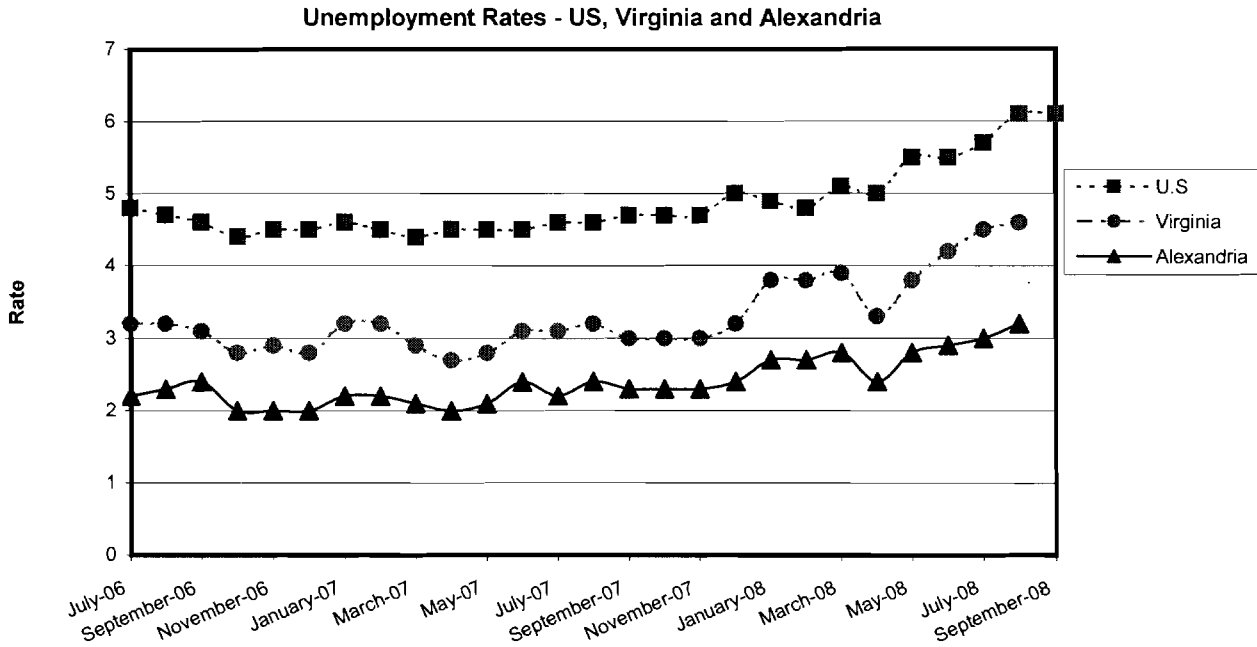
**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING SEPTEMBER 30, 2008 AND SEPTEMBER 30, 2007**

FUNCTION	FY2009	FY2009	% OF	FY2008
	APPROVED BUDGET	EXPENDITURES THRU 09/30/08		BUDGET
Legislative & Executive.....	\$ 7,287,745	\$ 1,615,543	22.2%	\$ 1,289,245
Judicial Administration.....	\$ 38,857,377	\$ 10,272,753	26.4%	\$ 9,360,974
Staff Agencies				
Information Technology Services.....	\$ 7,369,381	\$ 1,629,663	22.1%	\$ 1,933,559
Management & Budget.....	1,183,001	274,934	23.2%	263,268
Finance.....	10,464,370	2,166,956	20.7%	2,092,836
Real Estate Assessment.....	1,635,473	381,673	23.3%	366,226
Personnel.....	3,441,143	979,139	28.5%	923,132
Planning & Zoning.....	6,356,884	1,372,026	21.6%	1,257,368
Economic Development Activities.....	3,422,182	1,605,856	46.9%	1,325,155
City Attorney.....	3,341,753	676,526	20.2%	636,520
Registrar.....	1,275,383	313,556	24.6%	244,299
General Services.....	13,137,584	2,965,274	22.6%	2,654,020
Total Staff Agencies	\$ 51,627,154	\$ 12,365,603	24.0%	\$ 11,696,383
Operating Agencies				
Transportation & Environmental Services.....	\$ 29,270,417	\$ 6,531,603	22.3%	\$ 6,573,726
Fire.....	39,285,884	10,032,464	25.5%	9,199,485
Police.....	53,532,808	13,511,669	25.2%	13,093,383
Transit Subsidies.....	8,680,745	2,677,345	30.8%	2,418,450
Mental Health/Mental Retardation/ Substance Abuse.....	540,038	234,917	43.5%	201,501
Health.....	7,960,099	1,048,595	13.2%	1,068,747
Human Services.....	12,531,604	3,631,298	29.0%	3,480,783
Historic Resources.....	2,925,481	745,689	25.5%	638,299
Recreation.....	21,044,635	5,942,624	28.2%	5,530,682
Total Operating Agencies	\$ 175,771,711	\$ 44,356,204	25.2%	\$ 42,205,056
Education				
Schools.....	\$ 167,953,749	\$ 25,771,756	15.3%	\$ 25,630,882
Other Educational Activities.....	12,004	6,002	50.0%	6,200
Total Education	\$ 167,965,753	\$ 25,777,758	15.3%	\$ 25,637,082
Capital, Debt Service and Miscellaneous				
Debt Service.....	\$ 33,303,560	\$ 796,215	2.4%	\$ 855,360
Non-Departmental.....	13,963,414	7,400,533	53.0%	2,294,255
Cash Capital.....	4,917,687	4,917,687	100.0%	9,765,564
Contingent Reserves.....	816,218	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 53,000,879	\$ 13,114,435	24.7%	\$ 12,915,179
TOTAL EXPENDITURES	\$ 494,510,619	\$ 107,502,296	21.7%	\$ 103,103,919
Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund)...				
Transfer to Housing.....	33,941,733		0.0%	-
Transfer to Housing.....	3,911,512	334,249	8.5%	334,198
Transfer to Library.....	7,205,135	1,727,385	24.0%	1,780,305
Transfer to DASH.....	8,067,000	2,016,750	25.0%	1,881,359
TOTAL EXPENDITURES & TRANSFERS	\$ 547,635,999	\$ 111,580,680	20.4%	\$ 107,099,781

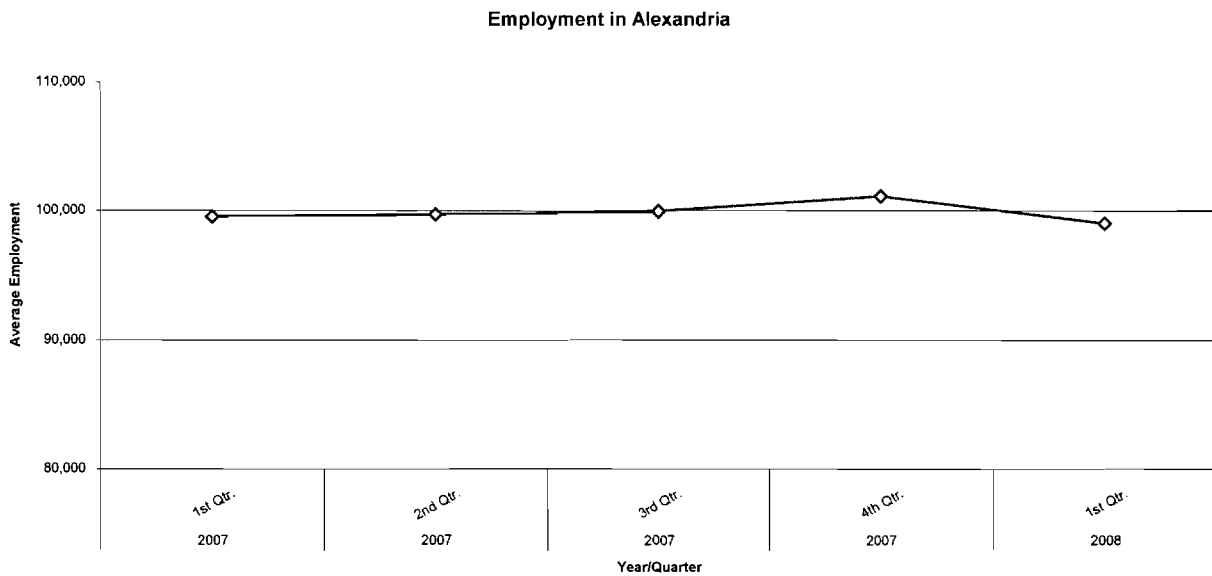
**CITY OF ALEXANDRIA
SELECTED ECONOMIC INDICATORS**

	<u>Current Year</u>	<u>Prior Year</u>	<u>Percent Change</u>
<u>Consumer Price Index (CPI-U)</u> for the Washington-Baltimore, DC-MD-VA-WV Area (As of June 30, 2008) (Source: Published bi-monthly by United States Department of Labor, Bureau of Labor Statistics)	142.1	134.4	+5.7%
<u>Unemployment Rates</u> Alexandria (As of August 31, 2008) Virginia (As of August 31, 2008) (Source: United States Department of Labor, Bureau of Labor Statistics, as adjusted)	3.2%	2.4%	+33%
	4.6%	3.2%	+44%
<u>United States</u> (As of September 30, 2008) (Source: United States Department of Labor, Bureau of Labor Statistics)	6.1%	4.7%	+30%
<u>New Business Licenses</u> (During September 2008) (Source: Finance Department, Business Tax Branch)	82	69	+19%
<u>Office Vacancy Rates</u> (As of June 30, 2008)			
Alexandria	7.0%	6.4%	+9%
Northern Virginia	13.3%	12.6%	+6%
Washington DC Metro Area (Source: Grubb & Ellis)	12.0%	10.9%	+10%
<u>New Commercial Construction</u> (Fiscal YTD as of September 30, 2008)			
Number of New Building Permits	3	0	-
Value of New Building Permits (Source: Fire Department Code Enforcement Bureau)	\$24.3 million	0	-
<u>Residential Real Estate Indicators</u> (YTD ending August 31, 2008)			
Residential Dwelling Units Sold	1,242	1,709	-27.3%
Average Residential Sales Price (Source: Department of Real Estate Assessments)	\$469,932	\$494,811	-5.0%

**City of Alexandria
Selected Economic Indicators**



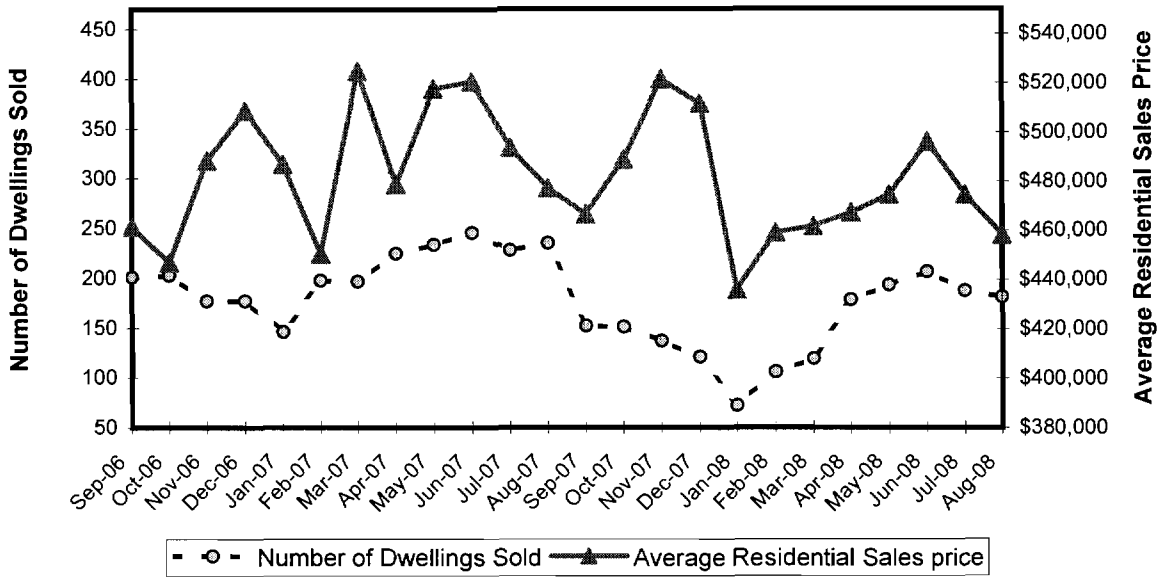
Source: United States Department of Labor, Bureau of Labor Statistics (as revised by BLS)



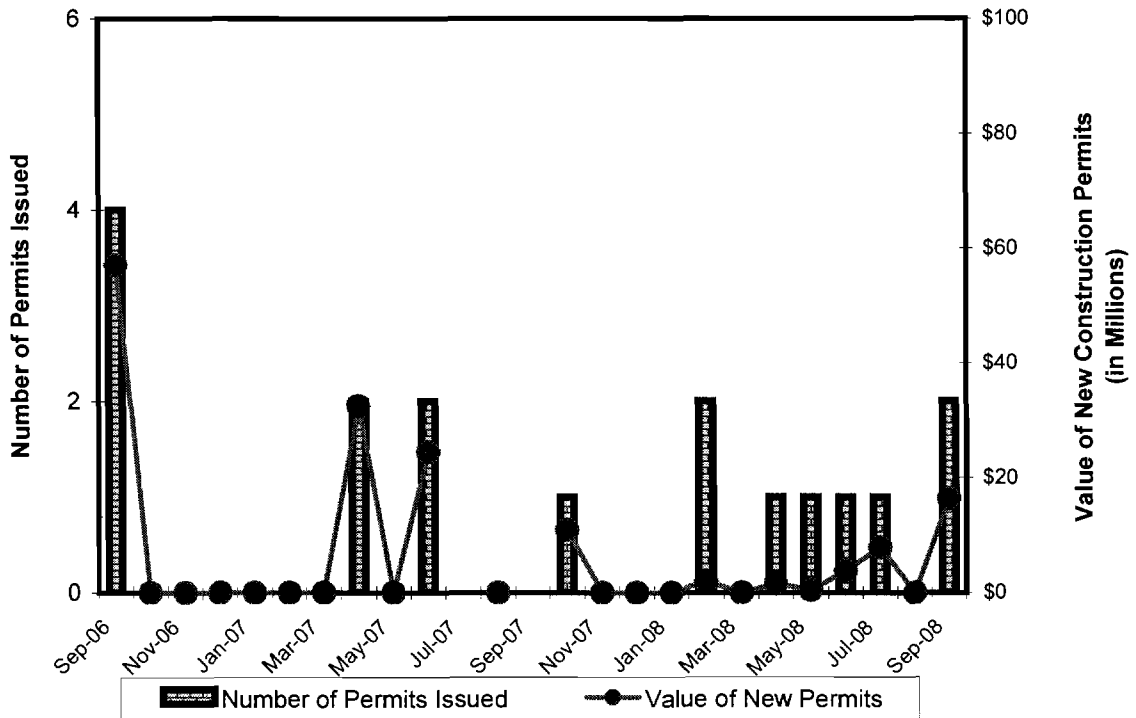
Source: Virginia Employment Commission, including the U.S. Patent and Trademark Office.

**City of Alexandria
Selected Economic Indicators**

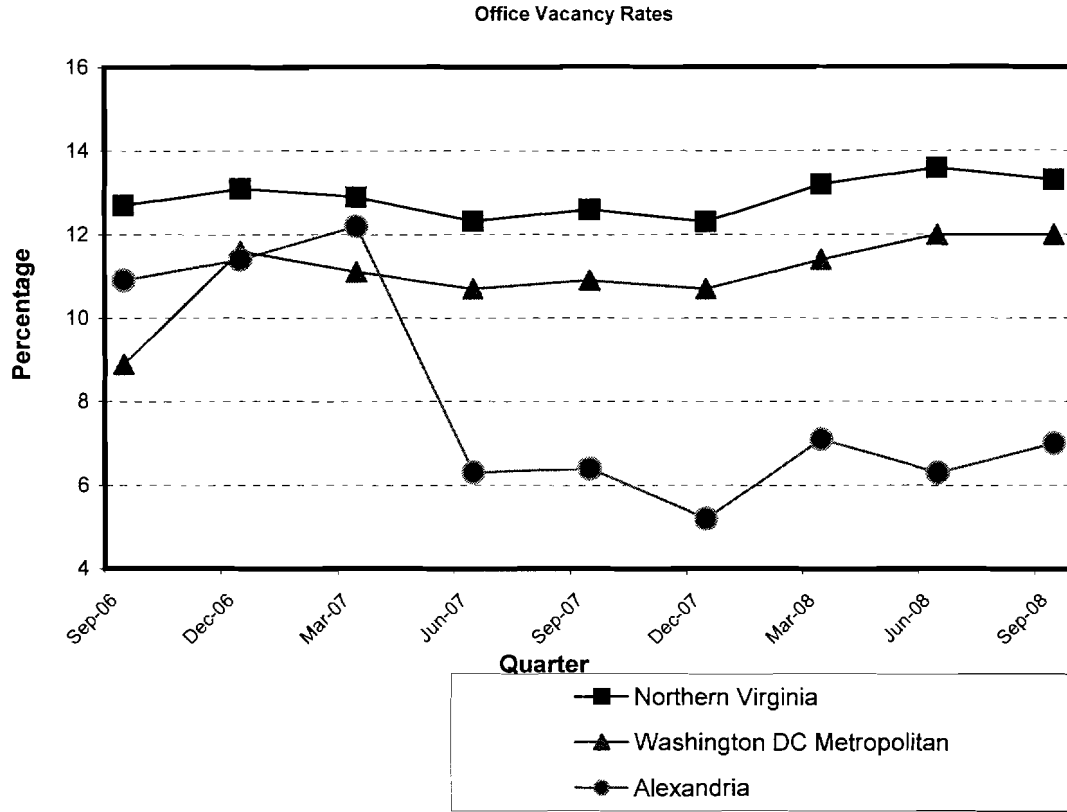
Selected Residential Real Estate Indicators



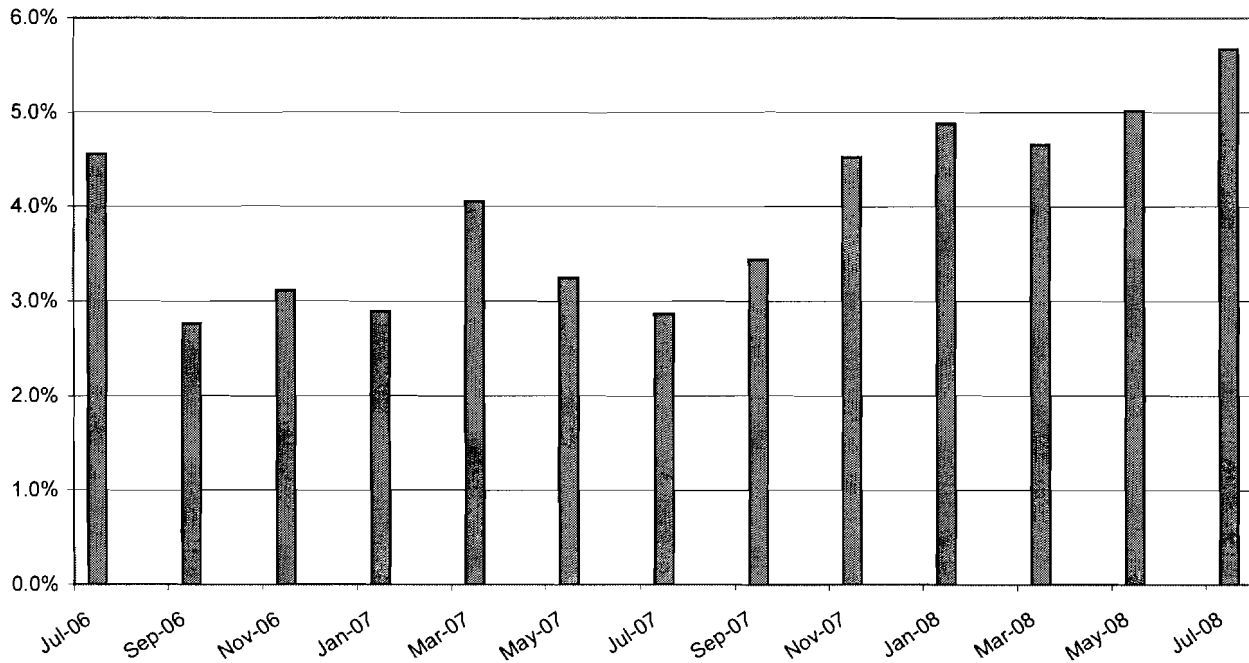
**Alexandria New Commercial Construction
Number of Permits and
Value of New Construction Permits**



**City of Alexandria
Selected Economic Indicators**



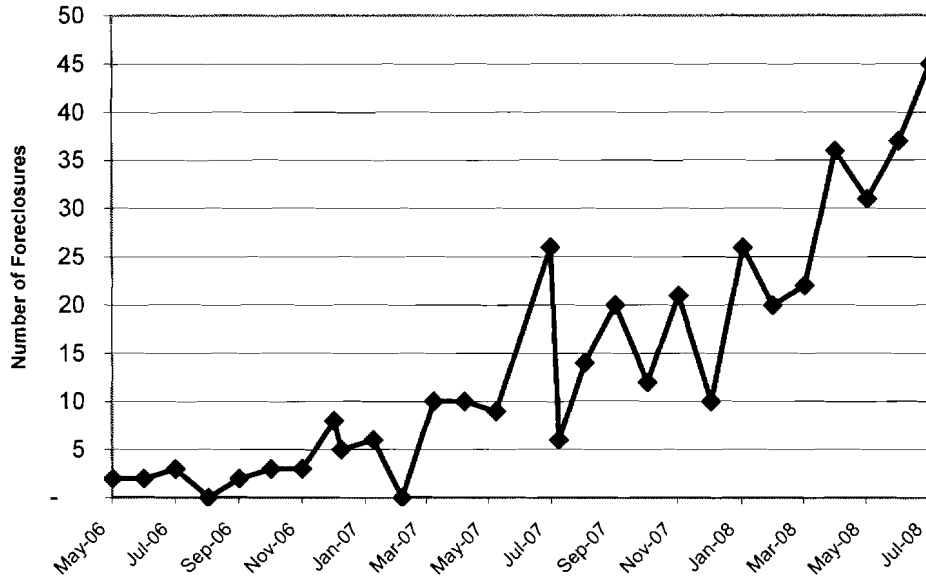
**Twelve Month Annualized Percentage Change in Consumer Price Index
Washington/Baltimore**



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

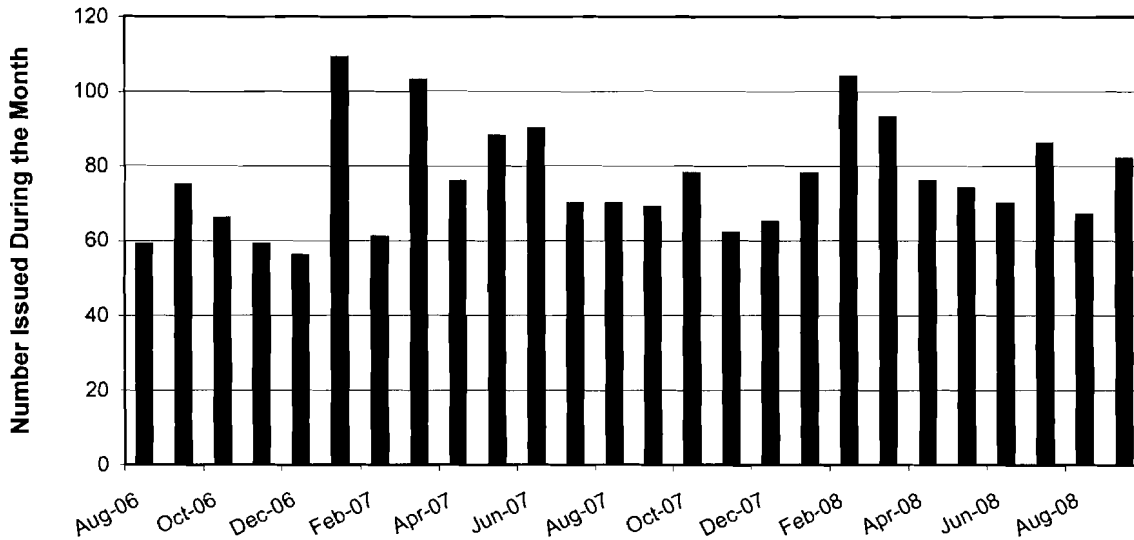
**City of Alexandria
Selected Economic Indicators**

Alexandria Foreclosures



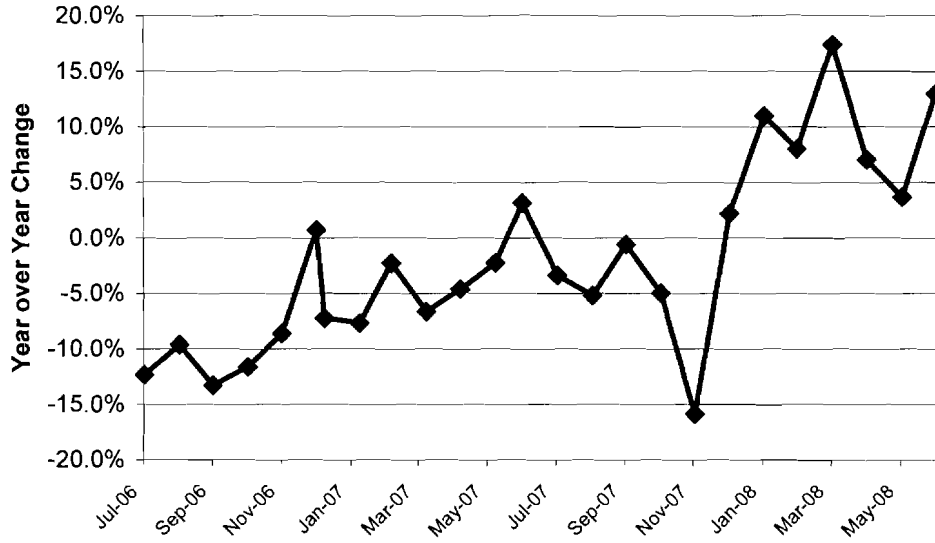
Source: Department of Real Estate Assessments

New Business Licenses Issued in Alexandria



City of Alexandria
Selected Economic Indicators

Number of Rented Alexandria Hotel Rooms
Year over Year Change



Source: Finance Department