FY 2008 Preliminary Economic and Revenue Outlook
Preliminary Economic and Revenue Outlook

THE
NEW YORKER

"Would you please elaborate on 'then something bad happened'?"

City Council Retreat
November 4, 2006
U.S. Real GDP
% Annual Rate of Growth

City Council Retreat
November 4, 2006
Leading Economic Indicators

City Council Retreat
November 4, 2006
U.S. Inflation

City Council Retreat
November 4, 2006
Payroll Job Growth
Washington Area
1981 Through August 2006

Long-Term Job Growth = 64,800/Year


City Council Retreat
November 4, 2006
Payroll Job Growth
Large Metro Areas
12 Months Ending August 2006

Payroll Job Growth by Substate Area
12 Months Ending August 2006

Growth of Jobs vs. Housing Stock
Washington Metro Area
2000 – 2025

Payroll Job Growth
Washington Metro Area
1999 – 2008

Thousands of New Payroll Jobs (Annual Average)


31,600  116,600  40,800  9,700  56,300  71,200  64,700  65,500  59,500  53,500

3-Year Projected Average = 69,800/Year
Long-Term Growth = 64,800/Year

Note: Data restated since 2000 consistent with redefinition of metro area in March 2005.

Source: Dr. Stephen Fuller and Delta Associates; September 2006.
Employment in Alexandria

Number of Jobs

Calendar Year Quarter

City Council Retreat
November 4, 2006
Sales Tax
Cumulative Increase 2003-2005

<table>
<thead>
<tr>
<th>City</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alexandria</td>
<td>16.31%</td>
</tr>
<tr>
<td>Fairfax</td>
<td>16.95%</td>
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<tr>
<td>Prince William</td>
<td>28.63%</td>
</tr>
<tr>
<td>Arlington</td>
<td>29.64%</td>
</tr>
<tr>
<td>Loudoun</td>
<td>37.87%</td>
</tr>
</tbody>
</table>
Real Property Tax Base
% Change 2001-2006
Real Property Tax Base % Change
Including Projected 2007 and 2008

City Council Retreat
November 4, 2006
Residential Real Estate % Change
1987 to 2006
2007 and 2008 estimated
Residential Property Change Including Projected 2007 and 2008

- 2002: 15.3%
- 2003: 24.5%
- 2004: 16.9%
- 2005: 21.3%
- 2006: 19.5%
- 2007: -1.9%
- 2008: 0.0%

City Council Retreat
November 4, 2006
Single Family Property Appreciation Including
Projected 2007 and 2008

City Council Retreat
November 4, 2006
FY 2007 Approved General Fund Revenues

- Residential Real Property (33.5%)
- Non-residential Real Property (20.7%)
- Personal Property (6.4%)
- Business License (6.3%)
- Intergovernmental (5.4%)
- Local Sales (5.3%)
- Car Tax Reimb (4.8%)
- Other Non-Tax (4.0%)
- Utility Tax (3.8%)
- Other Local Taxes (2.5%)
- Charges for Suc’s (2.2%)
- Restaurant Food (2.2%)
- Transient Lodging (1.7%)
- Recordation Tax (1.0%)
General Fund Revenue Issues

- Low Real Estate Tax Base Growth
- Slow Growth in Other Tax Revenues
- Slow Growth in State Aid
- Federal Aid Cutbacks
Fee Issues

- Solid Waste at 100% Cost Recovery
- Sanitary Sewer at 100% Cost Recovery
- Improved Cost Recovery of Recreation Fees
- Study of Stormwater Management Utility
Stormwater Management Utility

- June 2006 reinforced awareness of limitations and gaps of storm sewer collection system
- Identifying and correcting gaps will be costly
- Other environmental-related improvements needed
- Dedicated funding source needed to fund costly construction projects, environmental improvements and operating and maintenance of storm sewer system
FY 2008 Expenditure Outlook

- Increase in revenues under current tax rates = $11.2 M
- $34.1 M City increases requested
  - $20.4 M for City operating budget
  - $1.2 M for transit subsidies
  - $12.5 M for Debt Service and Cash Capital for CIP
- $22.0 M in Schools operating budget Superintendent’s preliminary forecast
- $56.1 M Total (includes 2.0% COLA)