

EXHIBIT NO. 1

16  
6-24-08

City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 18, 2008  
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
FROM: JAMES K. HARTMANN, CITY MANAGER   
SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING MAY 31, 2008

**ISSUE:** Monthly Financial Report for the period ending May 31, 2008.

**RECOMMENDATION:** That City Council received the following Monthly Financial Report for the period ending May 31, 2008.

**MONTHLY HIGHLIGHTS:**

**ECONOMY AND REVENUES**

- Residential real estate sales for the first four months of 2008 dropped 38.0%, with the average sales price dropping 5.3%. While residential sales have decreased, sales prices are averaging within 1% of current 2008 assessments.
- Increased personal property collections reflect additional tax collections as well as increased administrative fees as approved by City Council.
- Sales taxes, recordation taxes, and transient occupancy taxes continue to be below the original FY 2008 budgeted amounts, but are meeting the April revenue re-projections.
- The City's office vacancy rates has increased to 7.1%, but remains below the 13.2% Northern Virginia office vacancy rate and the overall 11.4% Washington D.C. area office vacancy rate.

**DISCUSSION:** This report provides financial information on the revenues and expenditures of the General Fund for the eleven months ending May 31, 2008, 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). This report includes the budgeted final revenue projections for FY 2008 as included in Council's FY 2009 Approved Budget decisions, with all identified net additional revenues programmed as part of the FY 2009 Operating Budget and the FY 2009 Capital Improvement Plan.

**ECONOMY:** The City's economy, as measured by tax receipts, continues to slow in the first half 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, is in a transitional phase in the economic cycle and bears careful watching. The City's unemployment rate, although higher than last year, remained at a relatively low 2.4 percent. The Washington, D.C. Area Consumer Price Index (CPI-U) increased 4.7 percent from March 2007 to March 2008. The City's office vacancy rate increased from 5.2% to 7.1% as of March 31, 2008. This compares to first quarter office vacancy rates of 13.2 percent for Northern Virginia and 11.4 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 four months of 2008 showed a decline of 38.0 percent from the first four months of 2007. In addition, the average sales price decreased by 5.3 percent. The City's residential market continues to show some signs of weakness in both residential single-family and condominium markets. While the residential market has been weak in 2008, sale prices have not dropped precipitously. Home sale prices on average are running within 1% of the January 2008 assessments. A recent Jones Lang LaSalle report stated "...based on the City's strong demographics, great transportation access and rich amenity base, the Alexandria market will likely be one of the first markets to show signs of growth in both activity and pricing over the next several quarters."<sup>1</sup> How the positive effects of National Harbor-related tourism measure up to a slowing economy are unknown, as some restaurants and retailers are reporting sales on par with last year or increasing, while some restaurants and retailers (such as home improvement and furnishings retailers) are reporting sales declines. Commercial assessments and new construction will continue to add to the City's tax base in 2008; however, increasing commercial property capitalization rates, and a slowdown in new construction, coupled with weakness in the residential market, are likely to result in no increase in the City's tax base in 2009.

Given national job losses and poor consumer confidence, it appears that the national economic slowdown may have turned into a recession during the last calendar quarter. While the City economy is not in a recession, it is influenced by national and regional economics. Staff will continue to closely monitor revenues and report to Council through the Monthly Financial Report.

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<sup>1</sup> *On.Point: Metro DC Residential Report*, First Quarter 2008, Jones Lang LaSalle.

|  | <u>FY 2008<br/>BUDGET<br/>REVISED</u> | <u>FY 2008 BUDGET<br/>PROJECTIONS</u> | <u>BUDGET<br/>VERSUS<br/>CURRENT<br/>PROJECTIONS</u> |
|--|---------------------------------------|---------------------------------------|--|
| Real Property <sup>1</sup>                             | \$ 278.2                              | \$ 285.9                              | \$ 7.7   |
| Personal Property-local share                          | 36.1                                  | 34.3                                  | (1.8)  |
| Penalties and Interest                                 | 1.7                                   | 1.8                                   | 0.1  |
| Sales Tax  | 27.4                                  | 24.6                                  | (2.8)  |
| Consumer Utility Tax <sup>2</sup>                      | 9.6                                   | 10.3                                  | 0.7  |
| Communication Sales and Use Tax <sup>2</sup>           | 12.4                                  | 12.6                                  | 0.2  |
| Business License Tax                                   | 32.1                                  | 32.5                                  | 0.4  |
| Transient Lodging Tax                                  | 8.8                                   | 8.7                                   | (0.1)  |
| Restaurant Meals Tax                                   | 10.4                                  | 10.8                                  | 0.4  |
| Recordation Taxes                                      | 5.7                                   | 5.1                                   | (0.6)  |
| Other Local Taxes (including Motor<br>Vehicle License) | 9.5                                   | 9.1                                   | (0.4)  |
| Intergovernmental                                      | 53.2                                  | 53.5                                  | 0.3  |
| Fines and Forfeitures                                  | 4.7                                   | 4.3                                   | (0.4)  |
| Licenses and Permits                                   | 5.4                                   | 5.4                                   | -  |
| Charges for City Services                              | 11.8                                  | 11.1                                  | (0.7)  |
| Use of Money and Property                              | 9.6                                   | 8.0                                   | (1.6)  |
| Other Revenue  | 0.2                                   | 0.5                                   | 0.3  |
| Net Additional Revenue Projected                       |                                       |                                       | <u>\$1.7</u>   |
| Less:  |                                       |                                       |  |
| Net Additional Revenue Previously<br>Projected         |                                       |                                       | <u>(1.1)</u>   |
| Net New Additional Revenue Projected                   |                                       |                                       | <u>\$ 0.6</u>  |

<sup>1</sup> At the adopted rate of 84.5¢ per hundred. Increase of \$2.6 million will be used in FY 2009.

<sup>2</sup> Certain telecommunications and cable television taxes have been replaced Statewide by the new 5 percent communication sales and use tax.

**REVENUES (Attachment 1):** As of May 31, 2008, actual General Fund revenues totaled \$356.6 million, an increase of \$13.7 million above the same period last year. This is primarily attributed to a budgeted increase in real estate tax revenue. Unless otherwise noted, revenues are expected to meet expectations. As the real estate market continues to remain stagnant, we will continue to monitor revenues.

**Real Property:** Second half real estate taxes were due November 15. As projected in the FY 2008 budget, second half real estate tax billings totaled \$139 million. With 2008 assessments growing four percent primarily for commercial properties, overall FY 2008 real

estate tax revenue collections, when the planned first half 2008 taxes are billed, will exceed budgeted levels. These tax receipts, due June 15, are still being tabulated. This assessment increase, at the FY 2009 Adopted Budget 84.5¢ real estate tax rate, would increase expected FY 2008 real estate tax revenue to \$285.9 million, or \$7.7 million above the Approved 2008 Budget, with no change from the previous projection.

| FY 2007 Actuals | FY 2008 Budget  | FY 2008 Projection | FY 2007 Year-to-Date | FY 2008 Year-to-Date | Percentage change Year-to-Date |
|-----------------|-----------------|--------------------|----------------------|----------------------|--------------------------------|
| \$274.5 million | \$278.2 million | \$285.9 million    | \$145.7 million      | \$155.2 million      | 7%                             |

**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). Individual Personal Property Taxes are assessed as of January 1. Tax bills are mailed to taxpayers in late August and were due on October 5. Business Personal Property returns are mailed in March and must be filed by May 1. Tax bills are mailed to businesses in September and were due on October 5.

In the Approved FY 2008 Budget, vehicle personal property taxes were estimated to grow approximately 3.8 percent to \$44.2 million, including the reimbursement from the State. 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 four percent both in the number of new cars and total taxes, with the average assessment on new cars down one percent. Starting in FY 2007, the State’s share of the local personal property tax payment was capped for each locality. Alexandria’s cap is \$23.6 million and is paid by the State in installments during the year. This amount provides relief to cover approximately 69 percent of most taxpayers’ bills, which is the same amount of relief provided last year. State reimbursement collections were slightly higher than this 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. The slight increase over the projection represents increased enforcement activity in May and the increased administrative fees charged for delinquent collections.

Business personal property tax billings for 2007 (FY 2008) were 5.9 percent higher than estimated based on tax returns received. The primary increase in 2007 business personal property assessments reflected higher computer equipment values. Actual 2008 returns received to date have reflected lower values for this equipment as companies have made fewer purchases, so business personal property tax billings for 2008 (FY 2009) may decrease. The slight increase over the projection represents increased enforcement activity in April.

Based on collections-to-date, it appears that business and vehicle personal property tax collections will be at least \$34.3 million, a decrease of \$1.8 million below the Approved FY 2008 Budget and \$0.6 million higher than the previous projection.

|   | FY 2007<br>Actuals | FY 2008<br>Budget | FY 2008<br>Projection | FY 2007<br>Year-to-Date | FY 2008<br>Year-to-Date | Percentage<br>change<br>Year-to-Date |
|---|--------------------|-------------------|-----------------------|-------------------------|-------------------------|--------------------------------------|
| Vehicles                                  | \$18.8 million     | \$20.6 million    | \$17.7 million        | \$18.3 million          | \$18.0 million          | (2%)                                 |
| Business -<br>Equipments and<br>Machinery | \$15.7 million     | \$15.5 million    | \$16.0 million        | \$16.0 million          | \$16.3 million          | 2%                                   |
| Subtotal                                  | \$34.5 million     | \$36.1 million    | \$33.7 million        | \$34.3 million          | \$34.3 million          | -                                    |
| State Reimbursement                       | \$23.8 million     | \$23.6 million    | \$23.6 million        | \$23.8 million          | \$23.6 million          | (1%)                                 |
| Total                                     | \$58.3 million     | \$59.7 million    | \$57.3 million        | \$58.1 million          | \$57.9 million          | (1%)                                 |

**Sales and Use Tax:** Businesses remit Sales and Use Tax to the Commonwealth within 30 days of the end of the month in which sales occurred. The City receives its portion of these sales taxes from the Commonwealth approximately one month later. Sales taxes continue to run slightly behind last year's collections-to-date. This decrease is primarily connected to housing-related merchants and the one-time repayment to Fairfax County of \$0.5 million for sales tax collections from businesses with an Alexandria address that are actually located in Fairfax County. Based on collections-to-date, it appears that sales tax collections will be approximately \$24.6 million, a decrease of \$2.8 million below the Approved FY 2008 Budget and no change from the previous projection.

| FY 2007<br>Actuals | FY 2008<br>Budget | FY 2008<br>Projection | FY 2007<br>Year-to-Date | FY 2008<br>Year-to-Date | Percentage<br>change<br>Year-to-Date |
|--------------------|-------------------|-----------------------|-------------------------|-------------------------|--------------------------------------|
| \$25.4 million     | \$27.4 million    | \$24.6 million        | \$18.9 million          | \$17.9 million          | (5%)                                 |

**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 five percent tax on landline telephone service. Phone revenues that previously appeared in this category (approximately \$0.6 million per month) 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. Based on collections-to-date, it appears that Consumer Utility Taxes will be approximately \$10.3 million, an increase of \$0.7 million above the Approved FY 2008 Budget and no change from the previous projection.

| FY 2007<br>Actuals | FY 2008<br>Budget | FY 2008<br>Projection | FY 2007<br>Year-to-Date | FY 2008<br>Year-to-Date | Percentage<br>change<br>Year-to-Date |
|--------------------|-------------------|-----------------------|-------------------------|-------------------------|--------------------------------------|
| \$13.6 million     | \$9.6 million     | \$10.3 million        | \$11.7 million          | \$8.6 million           | (26%)                                |

**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 remits the City's portion of these taxes approximately one month later. The effective date of this tax was January 1, 2007. The City received the first remittance from the Commonwealth in March 2007. Based on collections-to-date, it appears that Communications Tax revenue will be approximately \$12.6 million, an increase of \$0.2 million above the Approved FY 2008 Budget and no change from the previous projection.

| FY 2007 Actuals | FY 2008 Budget | FY 2008 Projection | FY 2007 Year-to-Date | FY 2008 Year-to-Date | Percentage change Year-to-Date |
|-----------------|----------------|--------------------|----------------------|----------------------|--------------------------------|
| \$5.3 million   | \$12.4 million | \$12.6 million     | \$2.5 million        | \$9.4 million        | N/A                            |

**Business License Taxes:** The City's Business License Tax was due March 1, 2008, a Saturday. Collections-to-date in the amount of \$30.4 million, which are based on 2007 gross receipts, will meet the original projections. This represents an increase of \$0.4 million above the Approved FY 2008 Budget. There has been no change since the previous projection. Staff will continue to monitor and make recommendations as warranted in the context of the Monthly Council Report.

| FY 2007 Actuals | FY 2008 Budget | FY 2008 Projection | FY 2007 Year-to-Date | FY 2008 Year-to-Date | Percentage change Year-to-Date |
|-----------------|----------------|--------------------|----------------------|----------------------|--------------------------------|
| \$30.9 million  | \$32.1 million | \$32.5 million     | \$29.3 million       | \$30.4 million       | 4%                             |

**Transient Lodging Taxes:** Transient Lodging Taxes are remitted to the City within one month after collections. The increased collections reflect higher room charges by hotels and the recent reopening of a hotel under renovation. Based on collections-to-date, it appears that transient lodging tax collections will be approximately \$8.7 million, a decrease of \$0.1 million below the Approved FY 2008 Budget and no change from the previous projection. The transient occupancy rate is down slightly from last year from 72.8 percent to 71.7 percent. However, two more hotels are operating in FY 2008 than FY 2007 and room rates have increased.

| FY 2007 Actuals | FY 2008 Budget | FY 2008 Projection | FY 2007 Year-to-Date | FY 2008 Year-to-Date | Percentage change Year-to-Date |
|-----------------|----------------|--------------------|----------------------|----------------------|--------------------------------|
| \$7.4 million   | \$8.8 million  | \$8.7 million      | \$6.0 million        | \$6.7 million        | 12%                            |

**Restaurant Meals Taxes:** Meals and alcoholic beverage taxes are due to the City within 30 days of the month the sales occurred. Most of the increase reflects a difference in the timing of payments made by businesses between FY 2007 and FY 2008, not an increase in total tax revenue. Based on collections-to-date, it appears that restaurant meals tax collections will be

approximately \$10.8 million, an increase of \$0.4 million above the Approved FY 2008 Budget and no change from the previous projection.

| FY 2007 Actuals | FY 2008 Budget | FY 2008 Projection | FY 2007 Year-to-Date | FY 2008 Year-to-Date | Percentage change Year-to-Date |
|-----------------|----------------|--------------------|----------------------|----------------------|--------------------------------|
| \$10.7 million  | \$10.4 million | \$10.8 million     | \$8.4 million        | \$8.8 million        | 5%                             |

**Motor Vehicle License Tax:** Revenues in this category represent fees for vehicle license decals. The increase represents the decal fee increase approved by City Council to fund transit as allowed in the State legislation (HB3202). Since the City’s elected officials approved this tax, the recent Supreme Court ruling has no impact on these taxes. Based on collections-to-date, it appears that actual collections will be approximately \$3.2 million, a decrease of \$0.2 million below the Approved FY 2008 Budget and no change from the previous projection.

| FY 2007 Actuals | FY 2008 Budget | FY 2008 Projection | FY 2007 Year-to-Date | FY 2008 Year-to-Date | Percentage change Year-to-Date |
|-----------------|----------------|--------------------|----------------------|----------------------|--------------------------------|
| \$2.4 million   | \$3.4 million  | \$3.2 million      | \$2.4 million        | \$3.2 million        | 33%                            |

**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. Based on collections-to-date and a continuing slow down in the real estate market, it appears that actual collections will be approximately \$5.1 million, a decrease of \$0.6 million below the Approved FY 2008 Budget and no change from the previous projection.

| FY 2007 Actuals | FY 2008 Budget | FY 2008 Projection | FY 2007 Year-to-Date | FY 2008 Year-to-Date | Percentage change Year-to-Date |
|-----------------|----------------|--------------------|----------------------|----------------------|--------------------------------|
| \$6.6 million   | \$5.7 million  | \$5.1 million      | \$4.8 million        | \$4.2 million        | (13%)                          |

**Revenue from the Federal Government:** Revenues in this category include Federal Prisoner per diem and indirect costs. The projected increase reflects payments from a new agreement. Payments received from this agreement with the Office of Federal Detention Trustee have averaged \$0.5 million per month for the first half of the year. Based on collections-to-date, it appears that actual collections will be approximately \$7.2 million, an increase of \$0.7 million over the Approved Budget and no change from the previous projection.

| FY 2007 Actuals | FY 2008 Budget | FY 2008 Projection | FY 2007 Year-to-Date | FY 2008 Year-to-Date | Percentage Change Year-to-Date |
|-----------------|----------------|--------------------|----------------------|----------------------|--------------------------------|
|                 |                |                    |                      |                      |                                |

|               |               |               |               |               |     |
|---------------|---------------|---------------|---------------|---------------|-----|
| \$6.7 million | \$6.5 million | \$7.2 million | \$4.2 million | \$6.0 million | 43% |
|---------------|---------------|---------------|---------------|---------------|-----|

**Fines and Forfeitures:** The increase is primarily attributable to a budgeted increase in parking fine revenue based on increased fines. In addition, the number of parking tickets issued increased almost 12 percent over the number issued at this time last year. At this time last year, the Police Department had a number of parking enforcement position vacancies. This situation has since been addressed and collections appear to have recovered. Because the Red Light Cameras program has not yet been initiated, \$0.7 million in budgeted revenue will not be realized in FY 2008. It appears that actual collections will be approximately \$4.3 million, a decrease of \$0.4 million below the Approved FY 2008 Budget and no change from the previous projections.

| FY 2007 Actuals | FY 2008 Budget | FY 2008 Projection | FY 2007 Year-to-Date | FY 2008 Year-to-Date | Percentage Change Year-to-Date |
|-----------------|----------------|--------------------|----------------------|----------------------|--------------------------------|
| \$3.6 million   | \$4.7 million  | \$4.3 million      | \$3.1 million        | \$3.5 million        | 13%                            |

**Charges for Services:** Revenues in this category include refuse user charges, ambulance fees, clerk fees and parking meter receipts. The increase primarily reflects the budgeted increase for parking meters and ambulance fees; however, parking meters expected to be implemented in the Carlyle area will not be operational until July. Based on collections-to-date and fewer than budgeted meters, staff projects that actual collections will be approximately \$11.1 million, a decrease of \$0.7 million below the Approved FY 2008 Budget and no change from the previous projection.

| FY 2007 Actuals | FY 2008 Budget | FY 2008 Projection | FY 2007 Year-to-Date | FY 2008 Year-to-Date | Percentage Change Year-to-Date |
|-----------------|----------------|--------------------|----------------------|----------------------|--------------------------------|
| \$10.3 million  | \$11.8 million | \$11.1 million     | \$6.4 million        | \$8.6 million        | 34%                            |

**Revenue from Use of Money & Property:** Revenues in this category include interest on short-term cash investments, parking garage and lot fees, and rental of property income. Based on lower interest rates and revenue earned to date, it appears that actual revenue will be approximately \$8 million, a decrease of \$1.6 million below the Approved FY 2008 Budget and no change from the previous projection.

| FY 2007 Actuals | FY 2008 Budget | FY 2008 Projection | FY 2007 Year-to-Date | FY 2008 Year-to-Date | Percentage Change Year-to-Date |
|-----------------|----------------|--------------------|----------------------|----------------------|--------------------------------|
| \$9.7 million   | \$9.6 million  | \$8.0 million      | \$8.4 million        | \$7.9 million        | (6%)                           |

**EXPENDITURES (Attachment 2):** As of May 31, 2008, actual FY 2008 General Fund expenditures totaled \$409.4 million, an increase of \$20.0 million, or 5.2 percent, above expenditures for the same period last year, primarily for planned increases in the City's transfers to the School's Operating Fund and the Capital Projects Funds. The Approved General Fund Budget is 4.4 percent higher than the FY 2007 amended budget.

**Annual Expenditures:** 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 frequently 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.
- **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 to the City's major transit programs, including the Alexandria Transit Company (DASH), and to the Washington Metropolitan Area Transit Authority (WMATA). Because of additional State transit aid received in FY 2008, the City will be able to save \$1.1 million in General Fund monies previously budgeted for payment to WMATA in FY 2008. This will help offset part of the projected revenue shortfall.
- Human Services: This category includes quarterly payments to community agency contractors such as Campagna Center and the Salvation Army and payments to the Community Partnership Fund, the Youth Fund and the Children's Fund.
- Health: This category includes quarterly payments to community agency contractors including Arlandria Health Services and INOVA Alexandria Hospital.
- 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:**

**Real Estate Assessments:** Expenditures reflect costs associated with preparing January 1 assessments. Staff will recommend an appropriations transfer in the context of the June Transfer Resolution as necessary to match these expenditures with budget authority.

**Judicial Administration:** The Office of Sheriff will exceed their budget for additional staffing. Staff will recommend an appropriations transfer in the context of the June Transfer Resolution as necessary to match these expenditures with budget authority.

**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 seasonal costs associated with administering the November election and recent primary.

**General Services:** Expenditures-to-date reflect increased vehicle fuel charges. Staff will recommend an appropriations transfer in the context of the June Transfer Resolution as necessary to match these expenditures with budget authority.

**Transportation and Environment Services:** Impound lot expenditures (\$0.4 million) were eliminated from the budget in FY 2008 based on plans to close the lot and contract out for vehicle storage. Since that time, the plan has been revised to continue operating the impound lot in-house through a re-engineering of processes. Staff will recommend an appropriations transfer in the context of the June Transfer Resolution as necessary to match these expenditures with budget authority

**Human Services:** Expenditures-to-date represent costs associated with additional costs for providing services under the state Comprehensive Services Act. Funds set aside for this contingency were included in the FY 2008 Supplemental Appropriation ordinance approved by City Council on June 13, 2008.

**Non-Departmental Expenditures:** General Fund expenditures in this category reflect the City's contributions to the closed public safety pension plan, grants for the City's Affordable Housing Ownership grants, 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 MAY 31, 2008 AND MAY 31, 2007**

|   | FY2008<br>APPROVED<br>BUDGET | FY2008<br>REVENUES<br>THRU 05/31/08 | % OF<br>BUDGET | FY2007<br>REVENUES<br>THRU 05/31/07 |
|---|------------------------------|-------------------------------------|----------------|-------------------------------------|
| <b>General Property Taxes</b>   |                              |                                     |                |                                     |
| Real Property Taxes.....  | \$ 278,154,367               | \$ 155,161,452                      | 55.8%          | \$ 145,706,090                      |
| Personal Property Taxes.....  | 36,100,000                   | 34,327,547                          | 95.1%          | 34,320,567                          |
| Penalties and Interest.....   | 1,680,000                    | 1,468,280                           | 87.4%          | 1,522,339                           |
| <b>Total General Property Taxes</b>   | <b>\$ 315,934,367</b>        | <b>\$ 190,957,279</b>               |                | <b>\$ 181,548,996</b>               |
| <b>Other Local Taxes</b>  |                              |                                     |                |                                     |
| Local Sales and Use Taxes.....  | \$ 27,400,000                | 17,947,179                          | 65.5%          | \$ 18,919,124                       |
| Consumer Utility Taxes.....   | 9,600,000                    | 8,567,595                           | 89.2%          | 11,741,353                          |
| Communication Sales and Use Taxes.....  | 12,400,000                   | 9,425,421                           | 76.0%          | 2,528,828                           |
| Business License Taxes.....   | 32,100,000                   | 30,377,878                          | 94.6%          | 29,295,528                          |
| Transient Lodging Taxes.....  | 8,800,000                    | 6,707,803                           | 76.2%          | 5,996,145                           |
| Restaurant Meals Tax.....   | 10,400,000                   | 8,768,011                           | 84.3%          | 8,435,065                           |
| Tobacco Taxes.....  | 2,750,000                    | 2,216,873                           | 80.6%          | 2,456,888                           |
| Motor Vehicle License Tax.....  | 3,400,000                    | 3,129,462                           | 92.0%          | 2,379,889                           |
| Real Estate Recordation.....  | 5,700,000                    | 4,196,260                           | 73.6%          | 4,826,669                           |
| Admissions Tax.....   | 1,000,000                    | 881,241                             | 88.1%          | 879,141                             |
| Cell Phone Tax.....   | -                            | -                                   | -              | 1,397,452                           |
| Other Local Taxes.....  | 2,380,000                    | 1,104,084                           | 46.4%          | 2,601,227                           |
| <b>Total Other Local Taxes</b>  | <b>\$ 115,930,000</b>        | <b>\$ 93,321,807</b>                | <b>80.5%</b>   | <b>\$ 91,457,309</b>                |
| <b>Intergovernmental Revenues</b>   |                              |                                     |                |                                     |
| Revenue from the Federal Government.....  | \$ 6,529,554                 | \$ 5,950,303                        | 91.1%          | \$ 4,234,282                        |
| Personal Property Tax Relief from the<br>Commonwealth.....                            | 23,600,000                   | 23,578,531                          | 99.9%          | 23,778,360                          |
| Revenue from the Commonwealth.....  | 23,063,334                   | 17,817,838                          | 77.3%          | 17,937,118                          |
| <b>Total Intergovernmental Revenues</b>   | <b>\$ 53,192,888</b>         | <b>\$ 47,346,672</b>                | <b>89.0%</b>   | <b>\$ 45,949,760</b>                |
| <b>Other Governmental Revenues And<br/>Transfers In</b>                               |                              |                                     |                |                                     |
| Fines and Forfeitures.....  | \$ 4,722,300                 | \$ 3,518,683                        | 74.5%          | \$ 3,125,209                        |
| Licenses and Permits.....   | 5,356,000                    | 4,346,422                           | 81.2%          | 5,411,580                           |
| Charges for City Services.....  | 11,847,072                   | 8,582,367                           | 72.4%          | 6,446,067                           |
| Revenue from Use of Money & Property.....   | 9,570,000                    | 7,932,140                           | 82.9%          | 8,413,880                           |
| Other Revenue.....  | 268,211                      | 609,379                             | 227.2%         | 511,627                             |
| Transfer from Sewer Fund.....   | 1,311,109                    | -                                   | 0.0%           | -                                   |
| <b>Total Other Governmental Revenues</b>  | <b>\$ 33,074,692</b>         | <b>\$ 24,988,991</b>                | <b>75.6%</b>   | <b>\$ 23,908,363</b>                |
| <b>TOTAL REVENUE</b>  | <b>\$ 518,131,947</b>        | <b>\$ 356,614,749</b>               | <b>68.8%</b>   | <b>\$ 342,864,428</b>               |
| <b>Appropriated Fund Balance</b>  |                              |                                     |                |                                     |
| General Fund.....   | 8,482,492                    | -                                   | 0.0%           | -                                   |
| Reappropriation of FY 2007 Encumbrances<br>And Other Supplemental Appropriations..... | 2,345,051                    | -                                   | 0.0%           | -                                   |
| <b>TOTAL</b>  | <b>\$ 528,959,490</b>        | <b>\$ 356,614,749</b>               | <b>67.4%</b>   | <b>\$ 342,864,428</b>               |

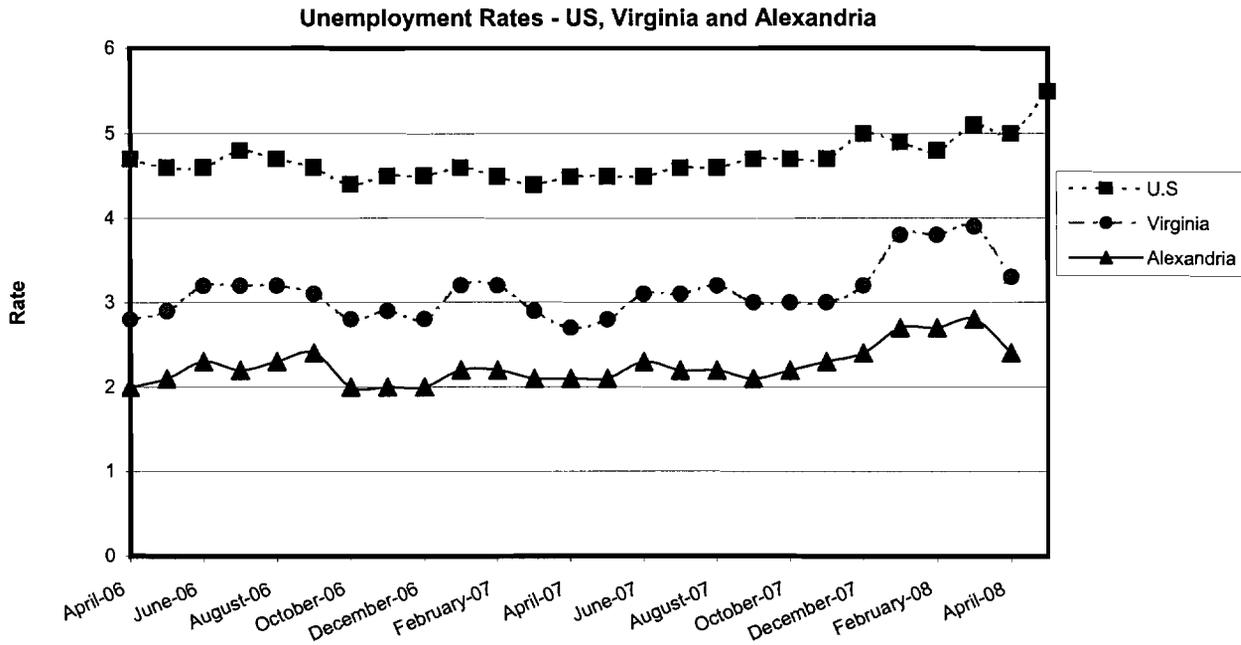
**CITY OF ALEXANDRIA, VIRGINIA**  
**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION**  
**GENERAL FUND**  
**FOR THE PERIODS ENDING MAY 31, 2008 AND MAY 31, 2007**

| FUNCTION   | FY2008             | FY2008                        | % OF   | FY2007         |
|--|--------------------|-------------------------------|--------|----------------|
|  | APPROVED<br>BUDGET | EXPENDITURES<br>THRU 05/31/08 |        | BUDGET         |
| Legislative & Executive.....   | \$ 7,048,917       | \$ 6,035,935                  | 85.6%  | \$ 5,345,428   |
| Judicial Administration.....   | \$ 36,992,132      | \$ 34,221,106                 | 92.5%  | \$ 32,246,661  |
| <b>Staff Agencies</b>  |                    |                               |        |                |
| Information Technology Services.....   | \$ 7,672,071       | \$ 6,489,317                  | 84.6%  | \$ 7,293,594   |
| Management & Budget.....   | 1,191,547          | 1,022,965                     | 85.9%  | 1,034,662      |
| Finance.....   | 10,298,719         | 8,293,425                     | 80.5%  | 8,610,169      |
| Real Estate Assessment.....  | 1,659,455          | 1,481,916                     | 89.3%  | 1,314,136      |
| Personnel.....   | 3,366,284          | 2,961,402                     | 88.0%  | 2,920,764      |
| Planning & Zoning.....   | 5,932,285          | 5,200,522                     | 87.7%  | 4,347,886      |
| Economic Development Activities.....   | 2,877,538          | 2,780,536                     | 96.6%  | 2,731,548      |
| City Attorney.....   | 3,253,814          | 3,084,894                     | 94.8%  | 4,293,034      |
| Registrar.....   | 1,106,565          | 1,055,158                     | 95.4%  | 921,549        |
| General Services.....  | 12,678,310         | 12,671,014                    | 99.9%  | 11,885,668     |
| Total Staff Agencies   | \$ 50,036,588      | \$ 45,041,149                 | 90.0%  | \$ 45,353,010  |
| <b>Operating Agencies</b>  |                    |                               |        |                |
| Transportation & Environmental Services.....   | \$ 27,506,938      | \$ 25,184,567                 | 91.6%  | \$ 23,265,476  |
| Fire.....  | 37,225,170         | 34,394,095                    | 92.4%  | 33,349,394     |
| Police.....  | 51,342,764         | 46,426,841                    | 90.4%  | 45,153,993     |
| Transit Subsidies.....   | 7,985,495          | 6,182,170                     | 77.4%  | 6,546,214      |
| Mental Health/Mental Retardation/<br>Substance Abuse.....  | 521,650            | 495,333                       | 95.0%  | 491,257        |
| Health.....  | 7,881,534          | 7,476,288                     | 94.9%  | 6,358,900      |
| Human Services.....  | 11,402,756         | 11,326,909                    | 99.3%  | 10,997,659     |
| Historic Resources.....  | 3,037,611          | 2,702,880                     | 89.0%  | 2,404,230      |
| Recreation.....  | 20,769,297         | 18,421,358                    | 88.7%  | 18,124,740     |
| Total Operating Agencies   | \$ 167,673,215     | \$ 152,610,441                | 91.0%  | \$ 146,691,863 |
| <b>Education</b>   |                    |                               |        |                |
| Schools.....   | \$ 160,239,697     | \$ 126,301,179                | 78.8%  | \$ 120,559,532 |
| Other Educational Activities.....  | 12,399             | 12,399                        | 100.0% | 12,548         |
| Total Education  | \$ 160,252,096     | \$ 126,313,578                | 78.8%  | \$ 120,572,080 |
| <b>Capital, Debt Service and Miscellaneous</b>   |                    |                               |        |                |
| Debt Service.....  | \$ 30,551,035      | \$ 12,604,475                 | 41.3%  | \$ 13,753,051  |
| Non-Departmental.....  | 9,637,783          | 5,444,790                     | 56.5%  | 6,139,015      |
| Cash Capital.....  | 10,618,307         | 10,618,307                    | 100.0% | 4,854,808      |
| Contingent Reserves.....   | 729,181            | -                             | -      | -              |
| Total Capital, Debt Service and Miscellaneous  | \$ 51,536,306      | \$ 28,667,572                 | 55.6%  | \$ 24,746,874  |
| <b>TOTAL EXPENDITURES</b>  | \$ 473,539,254     | \$ 392,889,781                | 83.0%  | \$ 374,955,916 |
| <b>Cash Match (Mental Health/Mental Retardation/<br/>Substance Abuse, Human Services and Library<br/>and Transfers to the Special Revenue Fund)...</b> |                    |                               |        |                |
| Transfer to Housing.....   | 36,255,019         | -                             | 0.0%   | -              |
| Transfer to Library.....   | 4,565,949          | 3,078,537                     | 67.4%  | 1,204,086      |
| Transfer to DASH.....  | 7,107,746          | 6,517,803                     | 91.7%  | 6,460,293      |
| Transfer to DASH.....  | 7,491,522          | 6,869,726                     | 91.7%  | 6,728,051      |
| <b>TOTAL EXPENDITURES &amp; TRANSFERS</b>  | \$ 528,959,490     | \$ 409,355,847                | 77.4%  | \$ 389,348,346 |

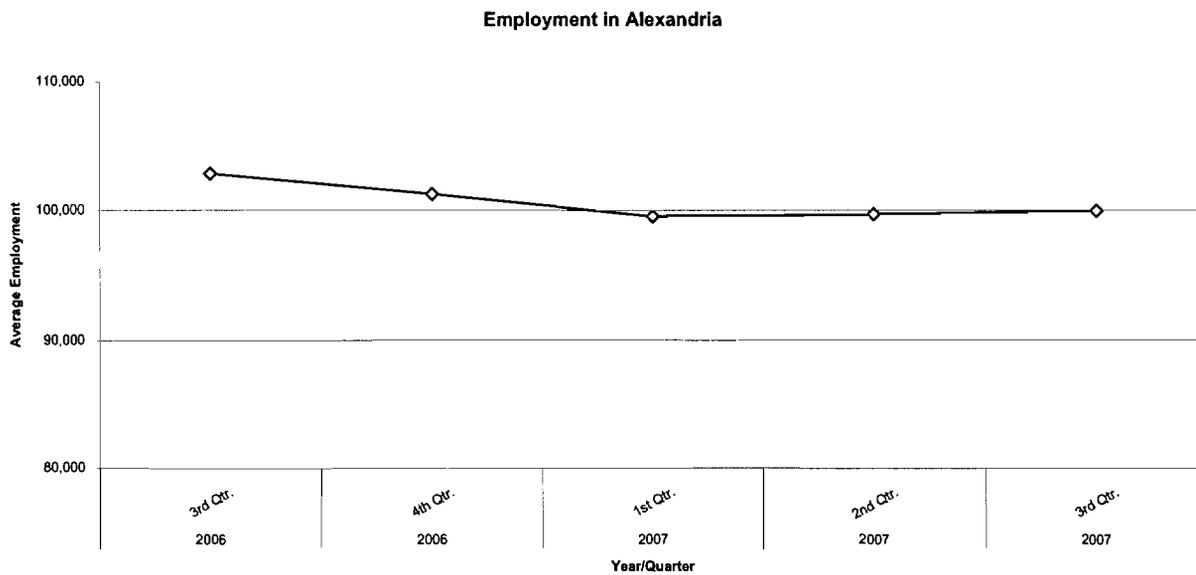
**CITY OF ALEXANDRIA  
SELECTED ECONOMIC INDICATORS**

|  | <u>Current<br/>Year</u> | <u>Prior<br/>Year</u> | <u>Percent<br/>Change</u> |
|--|-------------------------|-----------------------|---------------------------|
| <b><u>Consumer Price Index (CPI-U)</u></b><br><b>for the Washington-Baltimore,</b><br><b>DC-MD-VA-WV Area</b><br>(As of March 31, 2008)<br>(Source: Published bi-monthly<br>by United States Department of<br>Labor, Bureau of Labor Statistics) | 138.1                   | 131.9                 | +4.7%                     |
| <b><u>Unemployment Rates</u></b><br><b>Alexandria</b> (As of April 30, 2008)   | 2.4%                    | 2.1%                  | +14%                      |
| <b>Virginia</b><br>(As of April 30, 2008)<br>(Source: United States Department<br>of Labor, Bureau of Labor<br>Statistics, as adjusted)  | 3.3%                    | 2.7%                  | +22%                      |
| <b><u>United States</u></b><br>(As of May 31, 2008)<br>(Source: United States Department<br>of Labor, Bureau of Labor<br>Statistics)   | 5.5%                    | 4.5%                  | +22%                      |
| <b><u>Interest Rates</u></b><br>(As of May 31, 2008)   |                         |                       |                           |
| <b>Prime Rate</b>  | 5.0%                    | 8.25%                 | -39%                      |
| <b>Federal Funds Rate</b><br>(Source: NY Federal<br>Reserve Bank)  | 1.98%                   | 5.25%                 | -62%                      |
| <b><u>New Business Licenses</u></b><br>(During May 2008)<br>(Source: Finance Department,<br>Business Tax Branch)   | 74                      | 88                    | -16%                      |
| <b><u>Office Vacancy Rates</u></b><br>(As of March 31, 2008)   |                         |                       |                           |
| <b>Alexandria</b>  | 7.1%                    | 12.2%                 | -42%                      |
| <b>Northern Virginia</b>   | 13.2%                   | 12.9%                 | +3%                       |
| <b>Washington DC Metro Area</b><br>(Source: Grubb & Ellis)   | 11.4%                   | 11.1%                 | -2%                       |
| <b><u>New Commercial Construction</u></b><br>(As of May 31, 2008)  |                         |                       |                           |
| <b>Number of New Building Permits</b>  | 5                       | 7                     | -29%                      |
| <b>Value of New Building Permits</b><br>(Source: Fire Department<br>Code Enforcement Bureau)   | 130.2                   | 90.1                  | +45%                      |
| <b><u>Residential Real Estate Indicators</u></b><br>(YTD ending April 30, 2008)  |                         |                       |                           |
| <b>Residential Dwelling Units Sold</b>   | 475                     | 766                   | -38.0%                    |
| <b>Average Residential Sales Price</b><br>(Source: Department of<br>Real Estate Assessments)   | \$459,371               | \$485,137             | -5.3%                     |

**City of Alexandria  
Selected Economic Indicators**



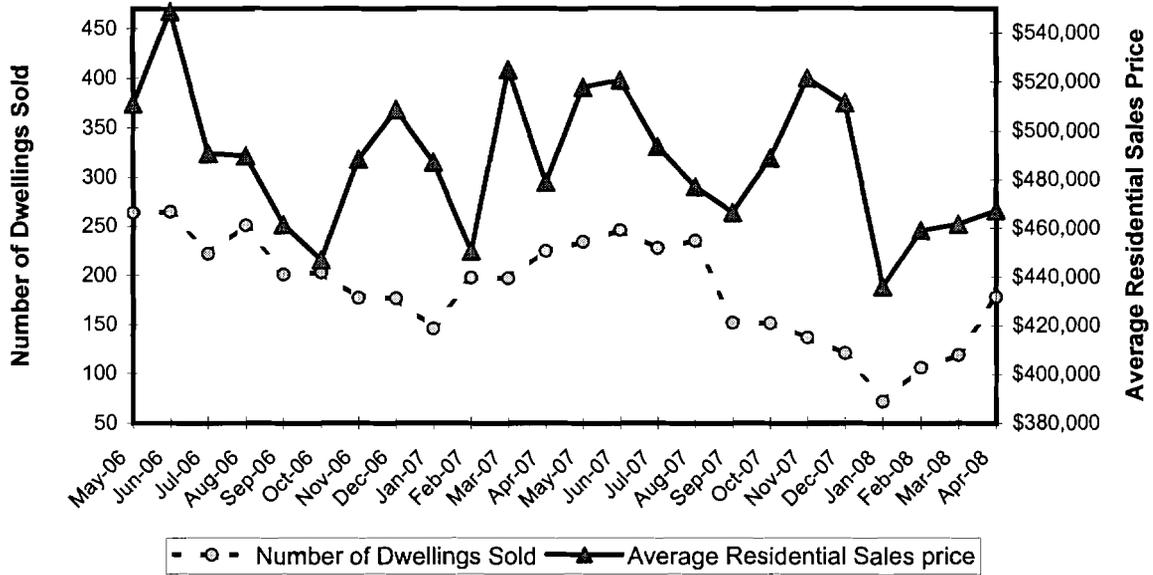
Source: United States Department of Labor, Bureau of Labor Statistics (as revised by BLS)



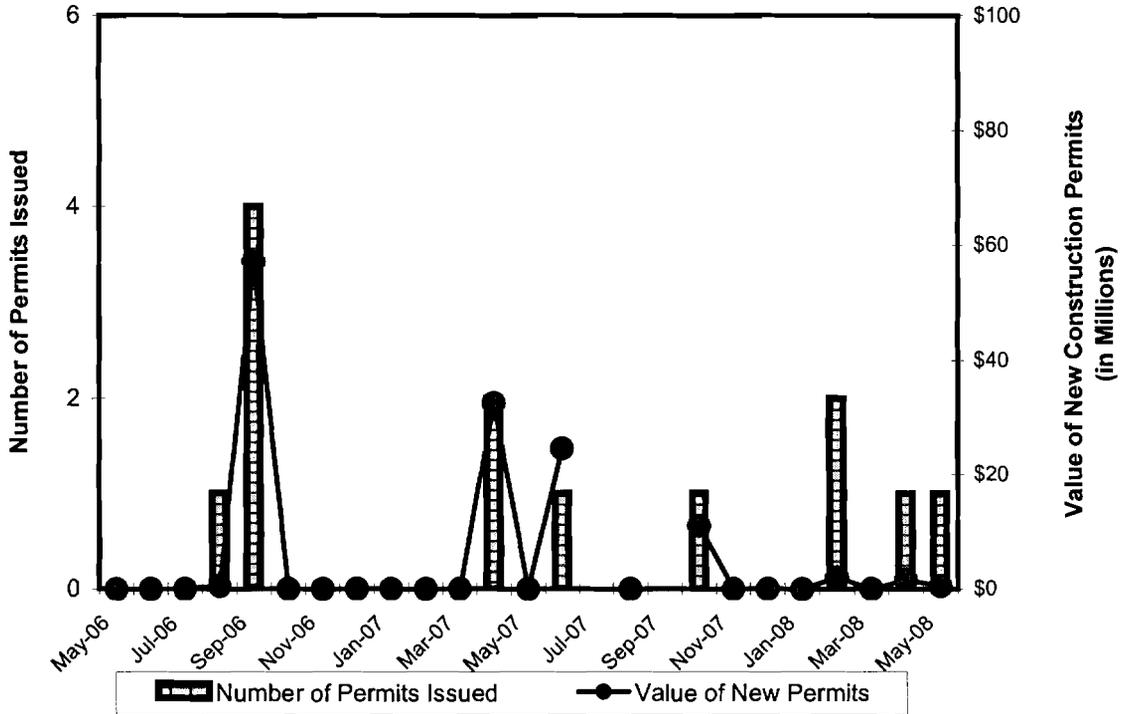
Source: Virginia Employment Commission, including the U.S. Patent and Trademark Office.

City of Alexandria  
Selected Economic Indicators

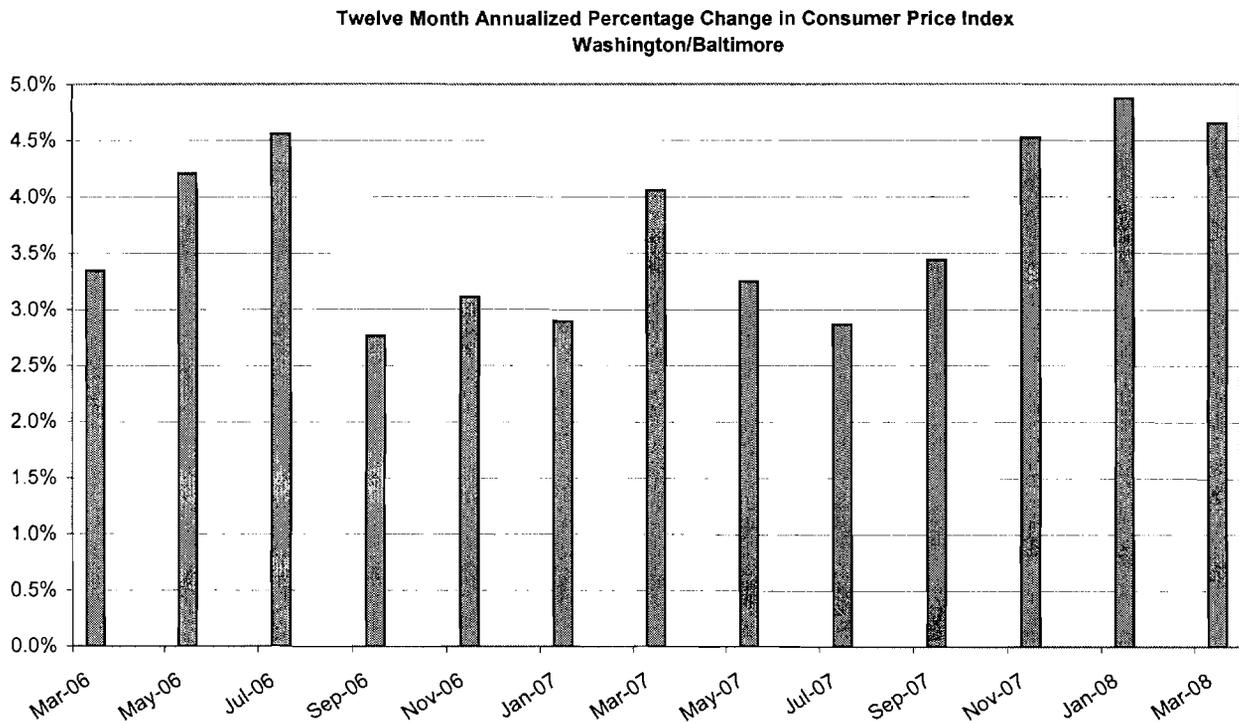
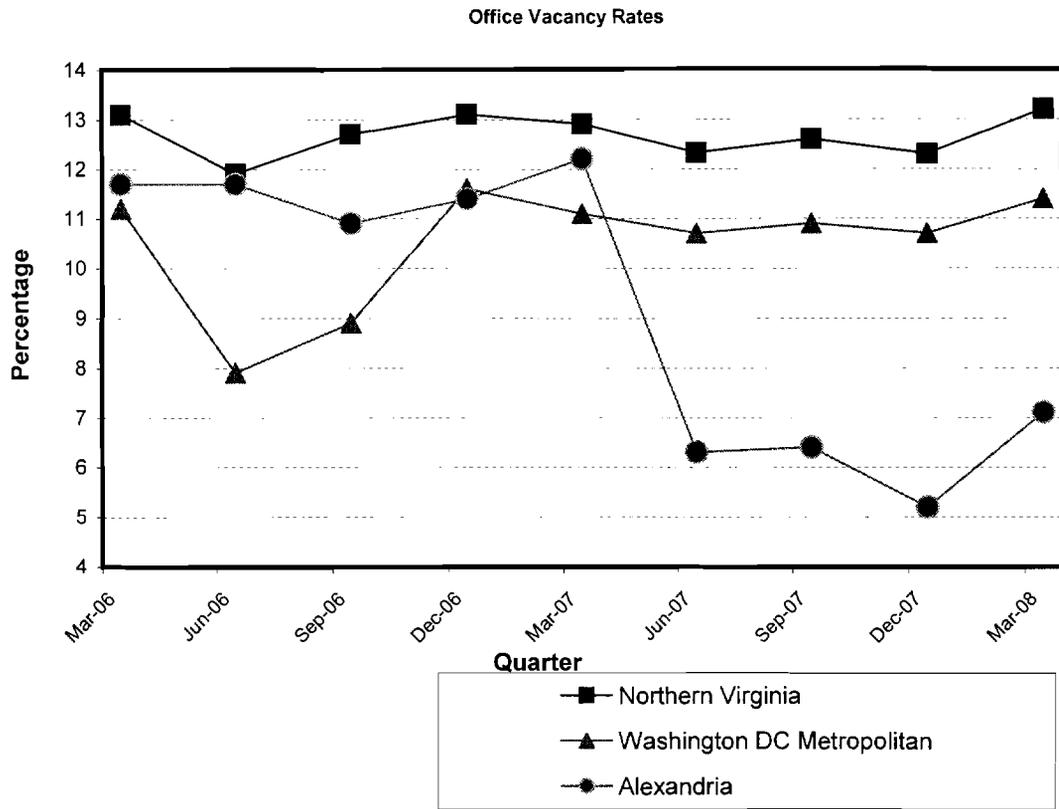
Selected Residential Real Estate Indicators



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



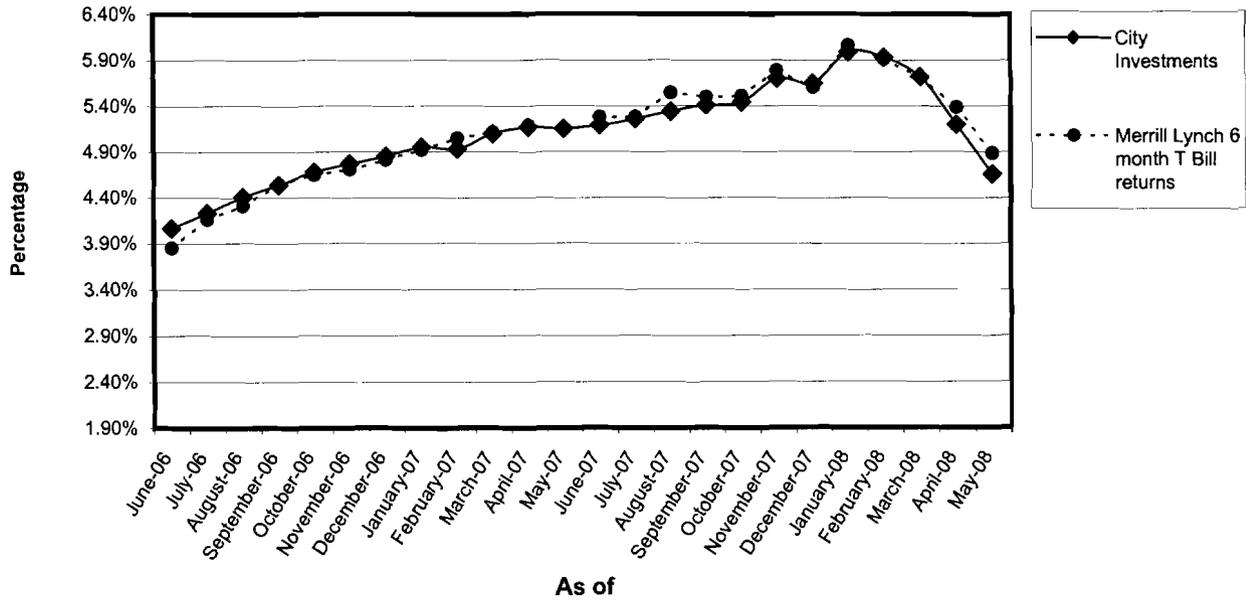
**City of Alexandria  
Selected Economic Indicators**



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

**City of Alexandria  
Selected Economic Indicators**

**Selected Interest Rates**



Source: Suntrust Economic Monitor

**New Business Licenses Issued in Alexandria**

