

4
2-10-09

City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 10, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: JAMES K. HARTMANN, CITY MANAGER

FROM: CINDY SMITH-PAGE, DIRECTOR
DEPARTMENT OF REAL ESTATE ASSESSMENTS

SUBJECT: CY 2009 REAL PROPERTY ASSESSMENT INFORMATION

The Department of Real Estate Assessments has completed the annual assessment of all real property for tax year 2009, and assessment notices were mailed to property owners today. The following information is presented as an overview of real property assessment changes. A copy of Calendar Year (CY) 2009 Notice of Assessment and general information insert are included as Attachments 1 and 2.

Overall Changes in Real Property Tax Base

For CY 2009, the overall assessed value of real property, including both locally assessed real property and state assessed public service corporation properties decreased 2.06 %, or \$723.6 million from \$35.10 billion in CY 2008 to \$34.38 billion in CY 2009 (Attachment 3). New construction activity added \$268.4 million for CY 2009 which partially offset the decrease in the total tax base. The tax base decrease would have been 2.83% without the benefit of the new construction. The primary reason for the decrease in the overall CY 2009 assessments continues to be the ongoing market struggles in the residential sector during 2008.

For CY 2009 residential real property represents 56.01% of the total real property base, while commercial and State Corporation Commission property represent the remaining 43.99%. The residential percentage contribution was 57.37% in CY 2008. The residential percentage reached a peak of 61.8% of the real property tax base in 2006 after six consecutive years of increases. This year represents the third year of a decline, even though minimal, in the residential percentage leading towards greater equilibrium in the tax base.

Changes in the Residential Real Property Tax Base

The overall value of the City's residential real property tax base decreased in CY 2009 by 4.39%, or \$883.7 million, from \$20.14 billion in CY 2008 to \$19.26 billion in CY 2009. Overall, residential depreciation totaled \$948 million, or -4.7 percent. The depreciation was partially offset by residential new construction which added \$64.5 million, or 0.32%, to the base, which is approximately half the amount of new construction added during 2007 for the 2008 assessments.

The average assessed value for an existing residential home (single-family and residential condominiums) decreased 4.75%, from \$500,234 in 2008 to \$476,490 in 2009.

- The average assessed value for a residential single-family home as of January 1, 2009, is \$637,154. This is a decrease of \$22,836 or, 3.46% from the previous year.
- The average assessed value for an existing residential condominium as of January 1, 2009, is \$301,718. This is a decrease of \$24,711 or, 7.57%, from 2008.

Attachments 4a and 4b chart a 22-year history of the average assessed values, and annual percentage rate increases for single-family homes and residential condominiums in the City. Attachment 4a traces residential assessments and their performance over time. Attachment 4b illustrates that the changes in condominium assessments, both increases and decreases, have been more pronounced over the last nine years when compared to single-family homes. The difference can be attributed to price, supply and demand factors, and the City's general demographic profile which is characterized by a high percentage of single person households.

Attachment 5 is a map of the City showing the appreciation and/or depreciation percentage changes from 2008 for both single-family homes and residential condominiums that occurred in the City's 15 Geographic Small Areas. These percentages reflect the compilation of the individual neighborhoods within each small area, and show no major differences in trends among the 15 areas.

Changes in the Commercial Real Property Tax Base

The overall value of the City's commercial real property tax base (Attachment 3) increased in 2009 by 1.24%, or \$175.1 million, from \$14.07 billion in 2008 to \$14.25 billion in CY 2009. New construction accounted for \$203.96 million of this increase, which was partially negated by the loss in commercial value of \$28.8 million. Existing commercial properties, including multifamily rental decreased .2% on average for 2008. There were variations in appreciation and actual value declines for existing commercial properties depending on their particular market sector. Increases are reported for very few commercial properties and were primarily property specific depending on the actual income and expense history for a specific property or small group of properties. The value of new construction decreased 26.2% from \$276.17 million in 2008 to \$203.96 million in 2009.

Real Property Classifications

For the second year, on the 2009 Notices of Assessment mailed today to all property owners, we have reflected the residential classification and the commercial/industrial classification consistent with Section 58.1-3221.3 of the Code of Virginia. All properties reflect the values as all residential, all commercial/industrial or a combination of the two classifications, for mixed-use properties. We will continue to work with property owners to ensure that our classifications are correctly reflected.

Additional Information

We will have more detailed information regarding the performance of the real property market over the last 12 months in the City as part of the early FY 2010 budget materials. Also on February 11, 2009, Council will have a FY 2010 Budget work session on Revenues. Thereafter, if you have any questions regarding the assessments, let staff know. Attachment 2 is an insert to the 2009 assessment notice containing general information about the FY 2010 budget and how this relates to the 2009 assessments. This is quick reference for citizens to locate web links to the City Manager's proposed budget and the City Council budget schedule, and for real estate data, and assessment review and appeal information.

Attachments

Attachment 1: Sample CY 2009 Notice of Assessment

Attachment 2: Insert of General Information sent with the CY 2009 Notices of Assessment

Attachment 3: CY 2009 Real Property Assessment Summary Including Appreciation and Growth

Attachment 4: (a) Average Single-Family and Residential Condominium Assessments CY 1988 to Present, and (b) Percentage Change in Single-Family and Residential Condominium Assessments 1988 to Present

Attachment 5: Map of Residential Single-Family and Residential Condominium CY 2009 Assessment Changes



CITY OF ALEXANDRIA

DEPARTMENT OF REAL ESTATE ASSESSMENTS
301 KING STREET, CITY HALL, ROOM 2600
ALEXANDRIA, VIRGINIA 22314

NOTICE OF 2009 REAL ESTATE ASSESSMENT

THIS IS NOT YOUR TAX BILL

WEBSITE: alexandriava.gov/realestate

**GENERAL
INFORMATION:** 703.838.4646

REVIEW & APPEAL FORMS:
To download: alexandriava.gov/realestate
or call 703.838.4576 to request forms.

NAME OF
OWNER
GUARDIAN
OR
TRUSTEE

NOTICE OF ASSESSMENT CHANGE		MAP NO.	BLOCK	LOT	ACCOUNT NUMBER
2008 ASSESSED VALUE	2009 ASSESSED VALUE	LAND AREA		STUDY GROUP	
PROPERTY ADDRESS					

LEGAL DESCRIPTION

CLASSIFICATION OF 2009 REAL PROPERTY ASSESSMENT			
	LAND	BUILDING	TOTAL
RESIDENTIAL USE			
COMMERCIAL / INDUSTRIAL USE			
2009 Total Assessment			

Dear Property Owner:

Your real property assessment has been revised as of January 1, 2009, to the assessed value indicated on this Notice. The total assessed values for 2008 and 2009 are reflected in the Notice of Assessment Change. By law, the assessed value is required to be 100% of the estimated fair market value as of January 1 of the tax year. Beginning in 2008, Section 58.1-3221.3 of the Code of Virginia established real property, used for commercial and industrial uses, but not residential uses, as a separate class of property for real estate tax purposes. The commercial and residential assessments reflected on this Notice allocate the total assessed value for this parcel between property classifications.

Additionally, to ensure the accuracy and equity of assessments, property records have been updated to reflect any new buildings, additions, remodeling, land divisions, etc. If you no longer own the subject property, Section 58.1-3330 of the Code of Virginia requires that you forward this Notice to the owner at his/her last known address immediately upon receipt.

The 2009 tax rate, which will apply to the 2009 assessed value, will be set by City Council on April 27, 2009. For information regarding the fiscal year (FY) 2010 Budget Process and related Public Hearings on the real estate tax rate, please refer to the section "Real Estate Taxes & Public Hearings" on the reverse side of this Notice.

Our office is committed to providing fair and equitable assessments, along with the best customer service possible. We welcome your comments.

Cynthia A. Smith-Page, ASA
Director, Department of Real Estate Assessments

Contact our Office

The real estate market remains slow as compared to earlier years, and you are encouraged to review your assessment as soon as possible. City appraisers are available to discuss the assessed value of your property, describe the assessment process, and to explain the review and appeal procedures. You may go to our website at www.alexandriava.gov/realestate to view real estate assessments, property information, and sales information; and to download forms for the review and appeal processes. You may also visit our office in City Hall, 301 King Street, Room 2600, Alexandria, Virginia, on Monday through Friday, between 8:00 a.m. and 5:00 p.m. You may send correspondence to the Department of Real Estate Assessments, P.O. Box 178, Alexandria, Virginia 22313; e-mail us at realestate@alexandriava.gov; or telephone the Department at 703.838.4646.

We are continually striving to achieve the most accurate assessments based on the best data available. We encourage you to contact our office, if you believe that your assessed value appears to be significantly different than you would anticipate as the fair market value of your property, or if the classification of your property is inaccurate.

It is Important That You Review Your Assessment Immediately

If you feel your property is assessed above market value as of January 1, 2009, or that your assessment is not equitable with surrounding properties, or is otherwise erroneous, you may wish to have the Department of Real Estate Assessments review the assessment, or file an appeal with the Alexandria Board of Equalization.

Request for Departmental Review Must be Filed by April 1, 2009

To have the Department of Real Estate Assessments review the assessment, please file a *Request for Review of Real Estate Assessment* form no later than April 1. Property owners are encouraged to file a request for a review with the Department prior to filing an appeal, but this is not a requirement. Often differences may be resolved prior to the filing of an appeal.

Appeals to the Board of Equalization Must be Filed by July 1 for Assessments effective January 1, 2009

To file an appeal with the Board of Equalization you need to submit an *Appeal of Real Estate Assessment* form. Only those forms postmarked by the United States Postal Service on or before July 1 will be accepted. The five-member Board of Equalization is appointed by the Alexandria Circuit Court (three members) and City Council (two members). The City Council does not hear appeals of real estate assessments.

Requests for Forms and Additional Information

Forms are available on the City's website at alexandriava.gov/realestate. Please call 703.838.4646 for general information related to the review and appeal process, or 703.838.4576 to have forms mailed to you. Please be advised that all data that supports a request for review or appeal must be submitted when the form is filed.

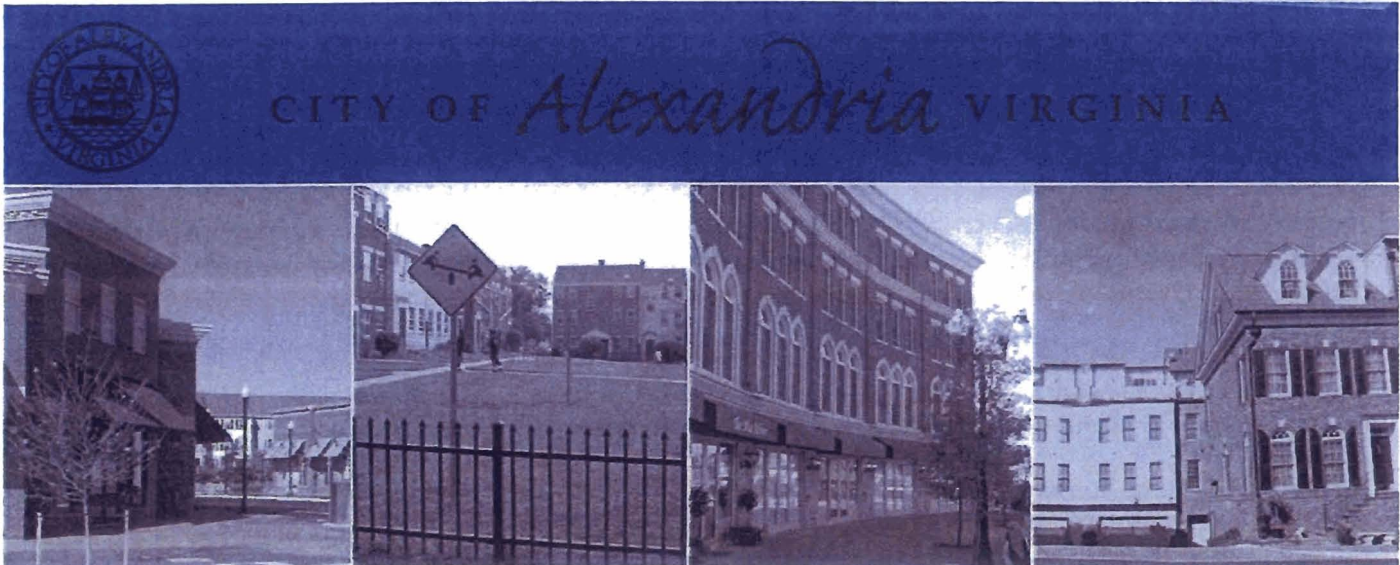
Tax Relief Programs

See the enclosed insert for details on all real estate tax relief programs.

Real Estate Taxes and Public Hearings

The 2009 tax rate which will apply to the 2009 assessed value on this Notice is scheduled to be set by City Council on April 27, 2009. Until the tax rate is established, the amount of taxes to be levied for the year cannot be determined. The City Manager will transmit the Proposed Fiscal Year (FY) 2010 Operating Budget to City Council on February 10, 2009. There will be a Public Hearing on the FY 2010 Proposed Operating Budget on April 13, 2009 starting at 4:00 p.m. in Council Chambers located at 301 King Street, Alexandria, VA. There will be a Public Hearing on the Effective Real Estate Tax Rate on April 18, 2009, at 9:00 a.m. during City Council's regular public hearing. Any additional public hearings, legislative meetings, or work sessions relating to the FY 2010 Operating Budget and the real estate tax rate will be posted on the City's website at www.alexandriava.gov. Real Estate taxes for 2009 will be billed by the Department of Finance in two installments due June 15 and November 16. **A pending review by the Department or appeal to the Board of Equalization does not change the due date for real estate taxes.**

Una traducción de este documento está disponible en nuestro sitio de la red: alexandriava.gov/realestate. También hay copias disponibles en nuestra oficina, 301 King Street, City Hall, oficina 2600.



2009 Real Estate Assessments, Tax and Budget Information

While average home values in the Washington D.C. region have dropped some 15% over the past year, in Alexandria in 2009 the average home values dropped 4.7%. Overall, when including commercial property whose values minimally changed, the total City real estate tax base as measured by 2009 assessments declined 2.1% compared to 2008. While this is the first tax base decline for the City since 1994, this compares favorably to most other cities and counties in the region where the assessments decline will be greater. This is the third consecutive year in which the residential property assessments in the City have dropped. The 2009 average assessed value for single family homes and condominiums is now \$476,490; a single family home assessment in Alexandria averages \$637,154, representing a decline of 3.5% and an average condominium assessment is \$301,718, representing a decline of 7.6%. These are averages and do not reflect the circumstances of any individual property.

The proposed FY 2010 budget reflects an increase in the real estate tax rate by 4.2 cents to 88.7 cents. The effect of this proposed increase would be that the average homeowner would pay the same amount in real estate taxes as in the prior year.

The decision on the City's real estate tax rate in FY 2010 will play a pivotal role in determining the extent to which City services can be maintained in this extremely difficult budget environment. In the proposed budget for FY 2010, approximately 55% of the FY 2009 General Fund budget needs to come from real estate taxes. Even with the proposed increase in the real estate tax rate, due to the decrease in other sources of revenue, the City's total FY 2010 budget is projected to decline over 3% from last year's approved budget. City Council will be weighing carefully a large number of operating budget reductions, as well as which capital investments to defer. The proposed budget, which can be found at <http://alexandriava.gov/budget>, includes reductions in City and school spending of about \$17.5 million.

REAL ESTATE ASSESSMENTS

301 King Street, Room 2600
 Alexandria, VA 22314
 703.838.4646 voice
 703.706.3979 fax
 email: realestate@alexandriava.gov
 Monday - Friday, 8 a.m. - 5 p.m.
alexandriava.gov/realestate

REVIEW & APPEAL DEADLINES

*Request for Review
 of Assessment*
 April 1, 2009

*Appeal of Assessment to
 Board of Equalization*
 July 1, 2009

FY 2010 BUDGET PROCESS

Office of Management & Budget
 703.838.4780 voice
alexandriava.gov/budget

Budget Public Hearing
 Monday, April 13, 4 p.m., City Hall

*Effective Real Estate Tax Rate Public
 Hearing*
 Saturday, April 18, 9 a.m., City Hall

Real Property Assessment Information

Notices of Assessment are sent annually to all property owners in the City of Alexandria. The enclosed notice is our appraisal of the fair market value of your property as of January 1, 2009. Please review this assessment carefully to ensure that your property data is correct, and further, that the assessed value is representative of comparable property sales in your neighborhood. With fewer sales in most neighborhoods in the City, our appraisers have relied on sales from similar neighborhoods to yours when necessary. Only sales occurring prior to January 1, 2009 may be considered in arriving at the assessed value. To view the information we relied upon to assess your property, including the property sales in your market area, go to our web site at alexandriava.gov/realestate and select "Search Property & Sales Data."

As required by law, the City annually reassesses real property at 100% of fair market value. The enclosed Notice of Assessment is not a tax bill. After completion of the budget process, the real property tax rate will be set by the City Council on April 27, 2009, at the end of the City's FY 2010 budget process.

For additional information regarding the review and appeal deadlines please refer to the front of this page or to the information on your Assessment Notice.

2009 Real Estate Tax Relief & Assistance Programs

Elderly or Disabled Persons

If you are at least 65 years of age, or permanently and totally disabled by November 15, 2009, you may qualify for a full or partial exemption and/or deferral from your 2009 real estate taxes. The following limits are currently in effect:

- To qualify for a full tax exemption in 2009, your household's gross combined income may not have exceeded \$40,000 in 2008.
- To qualify for a partial exemption equal to 50% of the taxes owed for the year, your household's gross combined income may not have exceeded \$55,000 in 2008.
- To qualify for a partial exemption equal to 25% of the taxes owed for the year, your household's gross combined income may not have exceeded \$72,000 in 2008.
- To qualify for a deferral of non-exempt taxes, your household's gross combined income may not have exceeded \$72,000 in 2008.
- Gross combined income includes the income of both spouses, and/or other owners living in the house, as well as the income of other relatives living in the house that exceeded \$10,000 in 2008.
- To qualify for any exemption or deferral, your household assets may not exceed \$540,000. This excludes the house and up to two acres of property on which the house is located.

Applications are available from the following agencies, or online at alexandriava.gov/finance.

Completed applications must be filed with the Tax Services Branch by April 15, 2009.

Department of Human Services/Office of Adult Services
2525 Mt. Vernon Avenue, Alexandria, VA 22301
703.838.0920

Senior Services of Alexandria
121 N. St. Asaph Street, Alexandria, VA 22314
703.838.4414

Department of Finance/Tax Services
City Hall, Room 1700
301 King Street, Alexandria VA 22314
703.838.4572
e-mail: taxrelief@alexandriava.gov

Affordable Homeownership Preservation Grant Program

The Affordable Homeownership Preservation Grant Program (AHOP) was created in 2004 in order to help low and moderate income homeowners deal with the tax impact of fast rising home assessments. In 2008, with home assessments on the decline, this program was cutback and limited to homeowners who had received AHOP grants in 2007. For 2009, similar limitations may also apply.

After budget and tax decisions are made on April 27, 2009, information about the 2009 AHOP program will be provided to eligible homeowners.

For additional information, please contact:

Taxpayer Services
City Hall, Room 1700
301 King Street, Alexandria, VA 22314
703.838.4570
e-mail: taxrelief@alexandriava.gov or ahop@alexandriava.gov

City of Alexandria, Virginia
CY 2009 REAL PROPERTY ASSESSMENT SUMMARY INCLUDING APPRECIATION AND GROWTH
Comparison of 2008 Equalized Assessments (December 31, 2008) to January 1, 2009

Real Property Classification & (Parcel Count)		2008 Equalized Assessments	2009 Assessments	(\$) Amount of Change	% Change	New Growth (\$)	% New Growth	(\$) Amount of Appreciation	% Appreciation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Locally Assessed Taxable Real Property									
Residential Real Property									
1	Residential Single Family								
2	Detached (9,115)	\$6,990,309,991	\$6,804,569,686	-\$185,740,305	-2.66%	\$27,847,154	0.40%	-\$213,587,459	-3.06%
3	Semi-Detached (5,601)	3,259,958,431	3,120,875,848	-139,082,583	-4.27%	4,643,807	0.14%	-143,726,390	-4.41%
4	Row House (6,207)	3,520,108,647	3,405,725,362	-114,383,285	-3.25%	5,434,130	0.15%	-119,817,415	-3.40%
5									
6	Total Single Family (20,923)	\$13,770,377,069	\$13,331,170,896	-\$439,206,173	-3.19%	\$37,925,091	0.28%	-\$477,131,264	-3.46%
7									
8	Residential Condominium								
9	Garden (10,418)	\$3,246,273,780	\$3,063,305,258	-\$182,968,522	-5.64%	\$22,092,717	0.68%	-\$205,061,239	-6.32%
10	High-rise (7,838)	2,509,155,154	2,260,406,869	-248,748,285	-9.91%	0	0.00%	-248,748,285	-9.91%
11	Residential Cooperative (18)	21,302,200	22,148,200	846,000	3.97%	0	0.00%	846,000	3.97%
12	Townhouse (960)	475,647,721	457,386,436	-18,261,285	-3.84%	2,015,164	0.42%	-20,276,449	-4.26%
13									
14	Total Residential Condominium (19,234)	\$6,252,378,855	\$5,803,246,763	-\$449,132,092	-7.18%	\$24,107,881	0.39%	-\$473,239,973	-7.57%
15									
16	Total Vacant Residential Land (690)	\$116,857,939	\$121,488,192	\$4,630,253	3.96%	\$2,442,203	2.09%	\$2,188,050	1.87%
17									
18	Total Residential Real Property (40,847)	\$20,139,613,863	\$19,255,905,851	-\$883,708,012	-4.39%	\$64,475,175	0.32%	-\$948,183,187	-4.71%

City of Alexandria, Virginia
CY 2009 REAL PROPERTY ASSESSMENT SUMMARY INCLUDING APPRECIATION AND GROWTH
Comparison of 2008 Equalized Assessments (December 31, 2008) to January 1, 2009

Real Property Classification & (Parcel Count)	2008 Equalized Assessments	2009 Assessments	(\$ Amount of Change	% Change	New Growth (\$)	% New Growth	(\$ Amount of Appreciation	% Appreciation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Locally Assessed Taxable Real Property								
19 Commercial Real Property								
20								
21 Commercial Multi-Family Rental								
22 Garden (207)	\$1,899,097,981	\$1,925,135,230	\$26,037,249	1.37%	\$32,400,650	1.71%	-\$6,363,401	-0.34%
23 Mid-rise (18)	832,310,761	836,675,362	4,364,601	0.52%	13,720,000	1.65%	-9,355,399	-1.12%
24 High-rise (32)	1,652,371,620	1,654,996,572	2,624,952	0.16%	36,417,067	2.20%	-33,792,115	-2.05%
25	-----	0	-----		-----		-----	
26 Total Multi-Family Rental (257)	\$4,383,780,362	\$4,416,807,164	\$33,026,802	0.75%	\$82,537,717	1.88%	-\$49,510,915	-1.13%
27								
28 Commercial Office, Retail, and Service								
29 General Commercial (683)	\$1,416,244,072	\$1,397,045,497	-\$19,198,575	-1.36%	-\$2,024,830	-0.14%	-\$17,173,745	-1.21%
30 Office (560)	4,994,477,475	5,035,097,189	40,619,714	0.81%	64,995,495	1.30%	-24,375,781	-0.49%
31 Office or Retail Condominium (596)	474,590,461	484,830,105	10,239,644	2.16%	9,956,652	2.10%	282,992	0.06%
32 Shopping Center (31)	575,082,616	608,632,620	33,550,004	5.83%	17,590,045	3.06%	15,959,959	2.78%
33 Warehouse (167)	774,770,476	780,107,914	5,337,438	0.69%	5,731,520	0.74%	-394,082	-0.05%
34 Hotel/Motel and Extended Stay (29)	929,995,797	993,321,007	63,325,210	6.81%	19,233,421	2.07%	44,091,789	4.74%
35	-----	-----	-----		-----		-----	
36 Total Commercial Office, Retail and Service (2,066)	\$9,165,160,897	\$9,299,034,332	\$133,873,435	1.46%	\$115,482,303	1.26%	\$18,391,132	0.20%
37								
38 Total Vacant Commercial and Industrial Land (359)	522,208,413	530,430,624	8,222,211	1.57%	5,938,030	1.14%	2,284,181	0.44%
39	-----	-----	-----		-----		-----	
40 Total Commercial Real Property (2,682)	\$14,071,149,672	\$14,246,272,120	\$175,122,448	1.24%	\$203,958,050	1.45%	-\$28,835,602	-0.20%
41	-----	-----	-----		-----		-----	
42 Total Locally Assessed Taxable Real Property (43,529)	\$34,210,763,535	\$33,502,177,971	-\$708,585,564	-2.07%	\$268,433,225	0.78%	-\$977,018,789	-2.86%

City of Alexandria, Virginia
CY 2009 REAL PROPERTY ASSESSMENT SUMMARY INCLUDING APPRECIATION AND GROWTH
Comparison of 2008 Equalized Assessments (December 31, 2008) to January 1, 2009

Real Property Classification & (Parcel Count)	2008 Equalized Assessments	2009 Assessments	(\$) Amount of Change	% Change	New Growth (\$)	% New Growth	(\$) Amount of Appreciation	% Appreciation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
43 Non-Locally Assessed Taxable Real Property								
44								
45 Assessed by State Corporation Commission (SCC)								
46 Gas & Pipeline Distribution Corporation	\$32,078,405	\$32,372,712	\$294,307	0.92%	\$0	0.00%	\$294,307	0.92%
47 Light & Power Corporation	546,916,872	553,793,202	6,876,330	1.26%	0	0.00%	6,876,330	1.26%
48 Telecommunication Company	136,073,048	102,894,042	-33,179,006	-24.38%	0	0.00%	-33,179,006	-24.38%
49 Water Corporation	43,834,643	45,615,229	1,780,586	4.06%	0	0.00%	1,780,586	4.06%
50								
51 Total SCC Assessed Property	\$758,902,968	\$734,675,185	-\$24,227,783	-3.19%	\$0	0.00%	-\$24,227,783	-3.19%
52								
53 Assessed by Virginia Department of Taxation (VDT)								
54 Interstate Pipeline Transmission	\$299,719	\$321,039	\$21,320	7.11%	\$0	0.00%	\$21,320	7.11%
55 Operating Railroad								
56 Richmond, Fredericksburg & Potomac Railway Co.	\$65,071,553	\$68,772,942	\$3,701,389	5.69%	\$0	0.00%	\$3,701,389	5.69%
57 Norfolk Southern Railway Co.	67,734,403	73,170,393	5,435,990	8.03%	0	0.00%	5,435,990	8.03%
58 CSX Transportation, Inc.	45,355	45,355	0	0.00%	0	0.00%	0	0.00%
59								
60 Total Operating Railroads	\$132,851,311	\$141,988,690	\$9,137,379	6.88%	\$0	0.00%	\$9,137,379	6.88%
61								
62 Total VDT Assessed Property	\$133,151,030	\$142,309,729	\$9,158,699	6.88%	\$0	0.00%	\$9,158,699	6.88%
63								
64 Total Non-Locally Assessed Taxable Real Property	\$892,053,998	\$876,984,914	-\$15,069,084	-1.69%	\$0	0.00%	-\$15,069,084	-1.69%
65								
66 Grand Total Taxable Real Property Assessments	\$35,102,817,533	\$34,379,162,885	-\$723,654,648	-2.06%	\$268,433,225	0.76%	-\$992,087,873	-2.83%

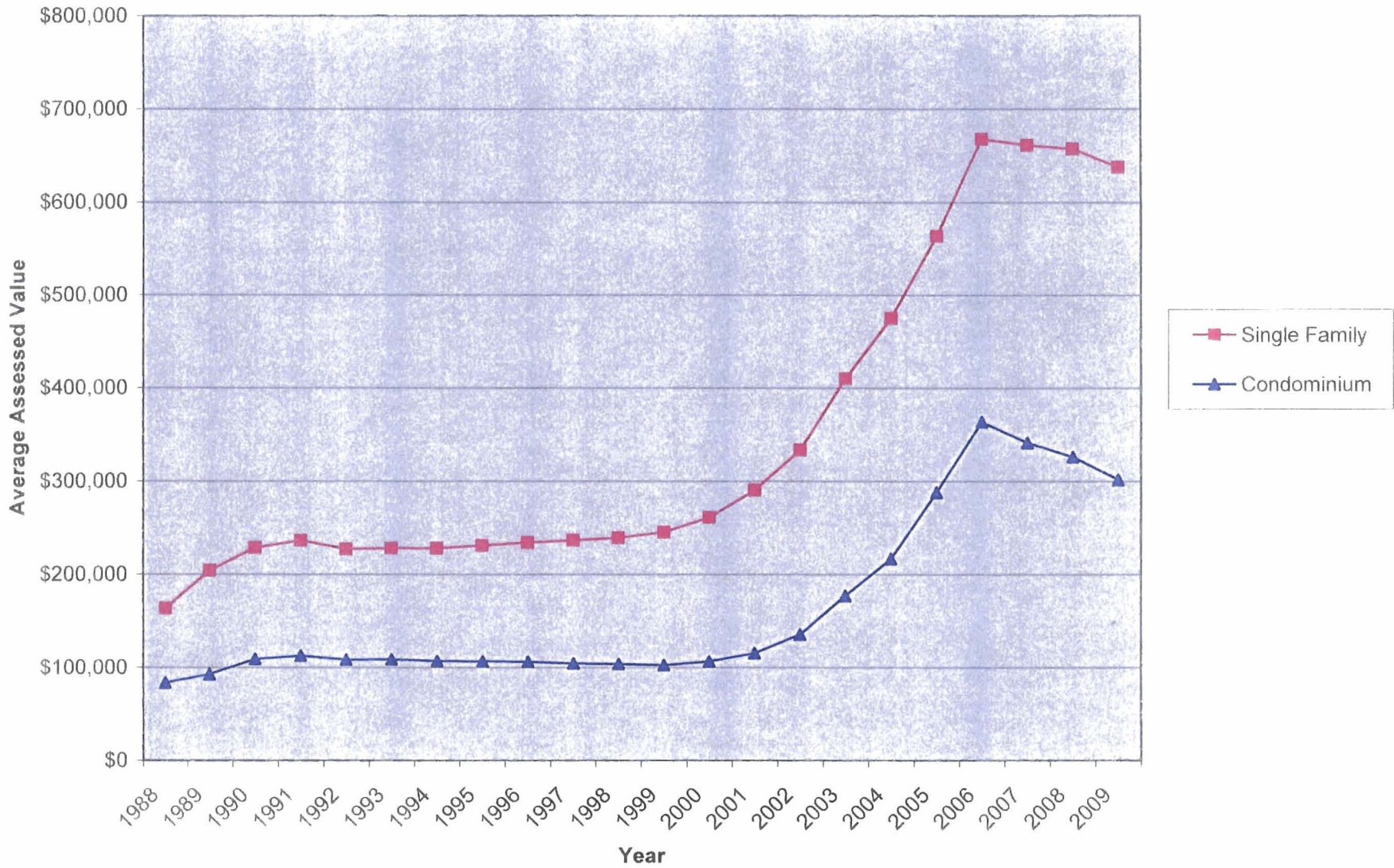
Department of Real Estate Assessments, January 12, 2009

City of Alexandria, Virginia
CY 2009 TAX EXEMPT REAL PROPERTY ASSESSMENT SUMMARY INCLUDING APPRECIATION AND GROWTH
Comparison of 2008 Equalized Assessments (December 31, 2008) to January 1, 2009

Real Property Classification & (Parcel Count)	2008 Equalized Assessments	2009 Assessments	(\$ Amount of Change	% Change	New Growth (\$)	% New Growth	(\$ Amount of Appreciation	% Appreciation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
67 Tax Exempt Real Property								
68								
69 Governmental								
70 Federal (18)	\$606,180,317	\$665,349,921	\$59,169,604	9.76%	\$60,071,058	9.91%	-\$901,454	-0.15%
71 State (33)	261,277,600	261,267,860	-9,740	0.00%	0	0.00%	-9,740	0.00%
72 Regional (4)	40,142,970	40,106,863	-36,107	-0.09%	0	0.00%	-36,107	-0.09%
73 Local (552)	2,591,132,987	2,633,255,453	42,122,466	1.63%	51,509,726	1.99%	-9,387,260	-0.36%
74 WMATA (52)	325,871,539	325,871,539	0	0.00%	0	0.00%	0	0.00%
75	-----	-----	-----		-----		-----	
76 Total Governmental (659)	\$3,824,605,413	\$3,925,851,636	\$101,246,223	2.65%	\$111,580,784	2.92%	-\$10,334,561	-0.27%
77								
78 Non-Governmental								
79 Religious (200)	\$467,463,602	\$474,399,342	\$6,935,740	1.48%	\$7,384,937	1.58%	-\$449,197	-0.10%
80 Charitable (56)	272,833,952	273,388,705	554,753	0.20%	0	0.00%	554,753	0.20%
81 Educational (132)	382,812,979	382,598,760	-214,219	-0.06%	0	0.00%	-214,219	-0.06%
82	-----	-----	-----		-----		-----	
83 Total Non-Governmental (388)	\$1,123,110,533	\$1,130,386,807	\$7,276,274	0.65%	\$7,384,937	0.66%	-\$108,663	-0.01%
84								
85 Total Tax-Exempt Real Property (1,047)	\$4,947,715,946	\$5,056,238,443	\$108,522,497	2.19%	\$118,965,721	2.40%	-\$10,443,224	-0.21%

Department of Real Estate Assessments, January 12, 2009
cspage2 \ CY 2009 Assessment Summary 2.c

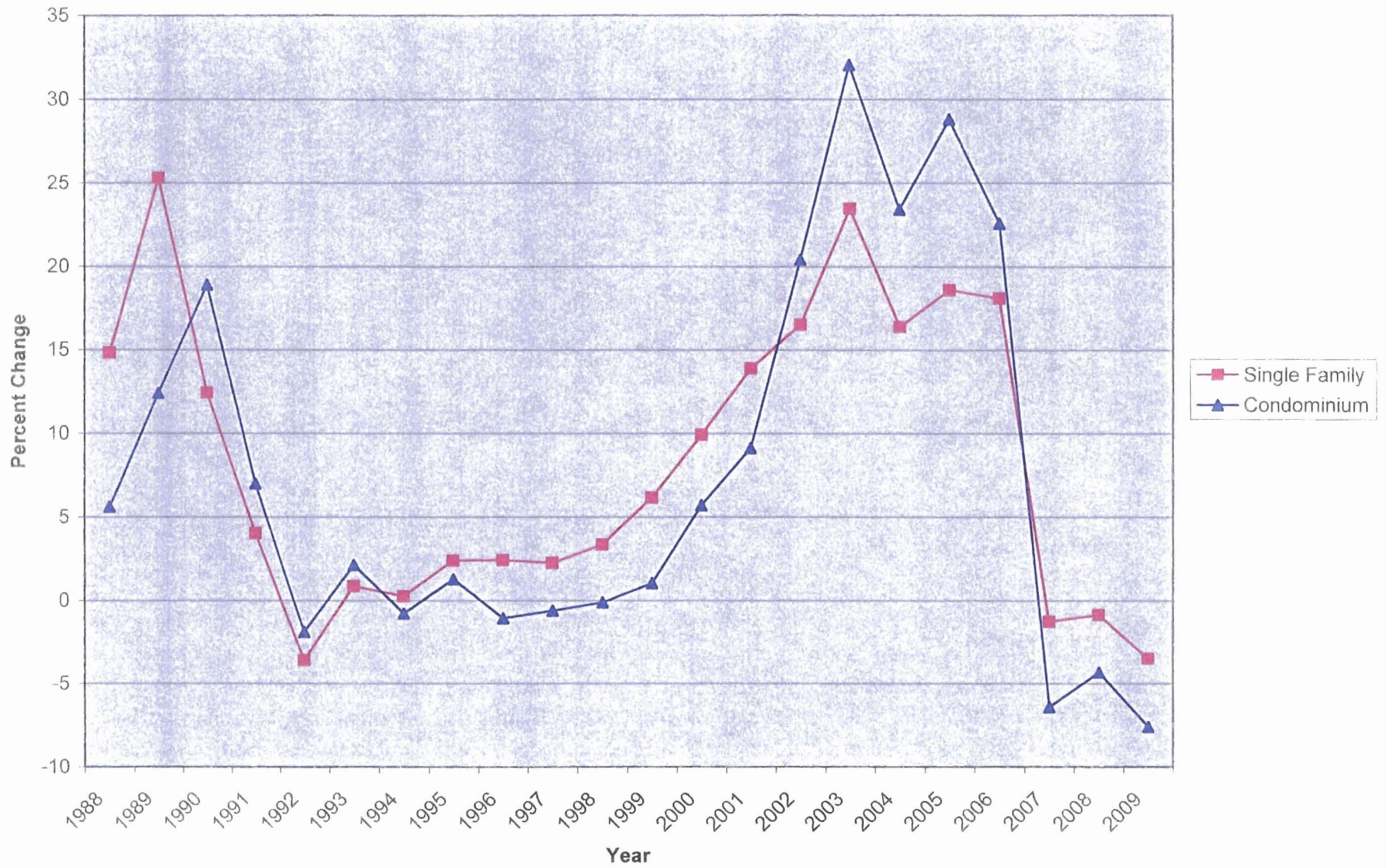
Average Residential Assessed Value



Source: Department of Real Estate Assessments, Last updated: 2/9/2009

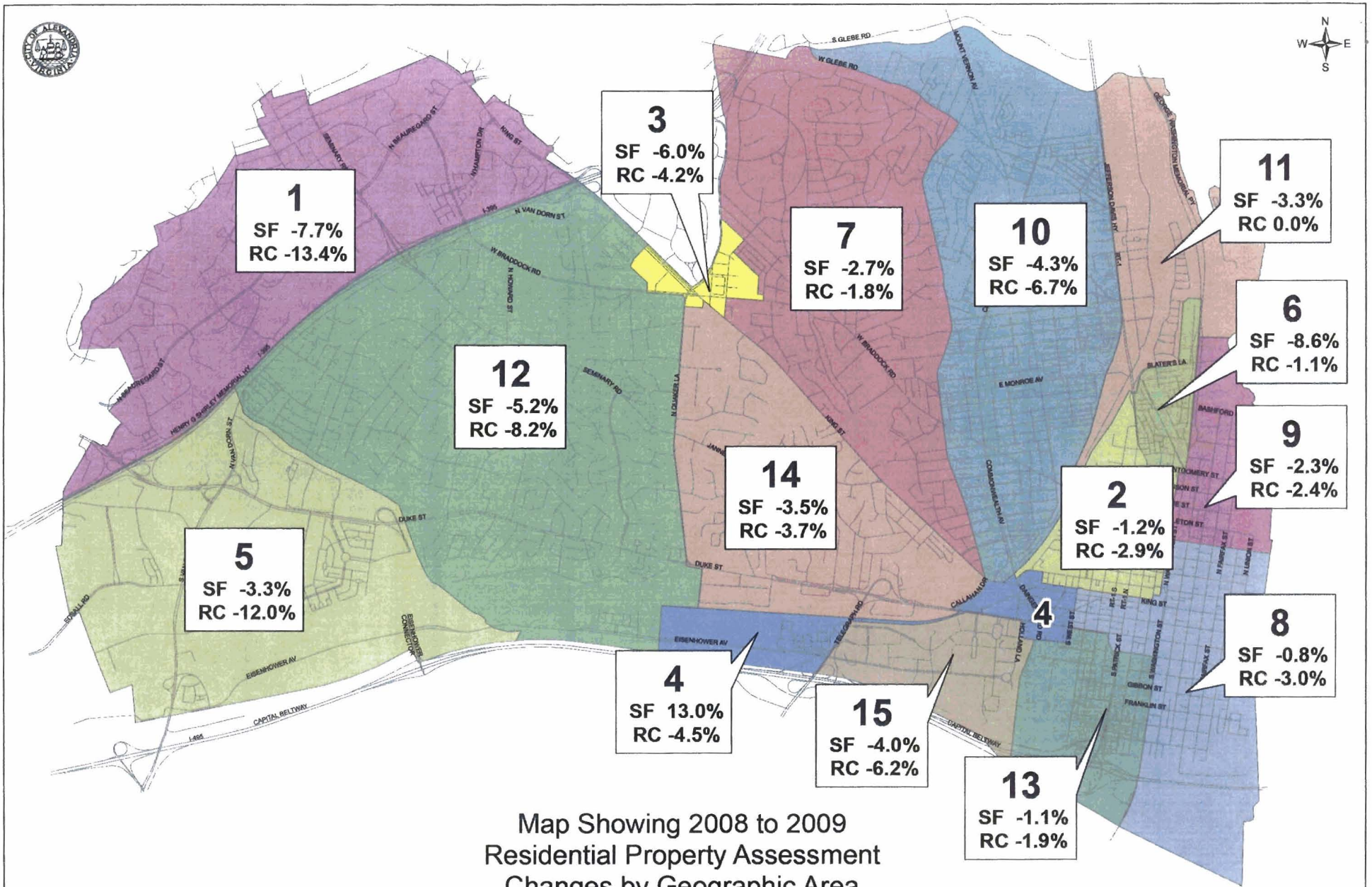
File: \\sitschfilew002\DeptFiles\Rea\2009AV\RDavies\Project\Chart1.xls

Percentage Change in Residential Assessed Value



Source: Department of Real Estate Assessments, Last updated: 2/9/2009

File: \\sitschfilew002\DeptFiles\Real\2009AV\RDavies\Project\Chart2.xlsxls



Map Showing 2008 to 2009
Residential Property Assessment
Changes by Geographic Area

City of Alexandria, Virginia

Department of Real Estate Assessments

February 2009

Map prepared by the GIS Section of
the Department of Planning and Zoning

LEGEND

SF - Single Family Residential
RC - Residential Condominium

NOTES:

Numbers designate the geographic areas of the City that approximate the small areas developed for the Master Plan revision. The 2009 Notices of Assessment include the study group number. The first two digits of the study group number will designate the geographic area that corresponds with the map.

TAX FACTS & ASSESSED VALUE

Type	Unit	FY 2009 Actual Rate	FY 2010 Proposed Rate
Real Estate	\$100/AV	84.5¢	88.7¢
Personal Property and relief percentage	\$100/AV	\$4.75 / 69%	\$4.75 / TBD
Refuse Collection			
Disposal	Household	\$301	\$331
Average Residential Home Assessed Value			\$476,490
Average Residential Tax Bill CY 2008			\$4,227
Average Residential Tax Bill CY 2009 (approved 88.7¢ rate)			\$4,226

Median Assessed Value of Homes and Condominiums CY 2009

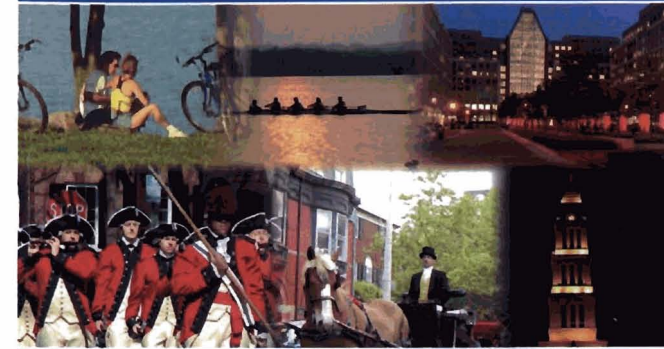
Assessed Value	Units	Total Value	Median
Less than \$100,000	21	\$1,613,717	\$86,541
\$100,000-\$249,999	8,302	\$1,622,392,219	\$195,094
\$250,000-\$499,999	17,747	\$6,481,963,264	\$362,563
\$500,000-\$749,999	8,549	\$5,172,707,061	\$598,195
\$750,000-\$999,999	3,485	\$2,968,992,700	\$842,544
\$1,000,000-\$1,999,999	1,593	\$2,051,069,834	\$1,210,815
\$2,000,000 and over	229	\$835,474,211	\$2,419,628

Source: Department of Real Estate Assessments

The value of each one-cent on the real property tax rate is approximately \$3.3 million for FY 2010.

FY 2010 BUDGET CALENDAR

Feb. 10	7:00 p.m.	Presentation of Proposed FY 2010 Operating Budget & Proposed FY 2010-2015 CIP
Feb. 11	6:30 p.m.	Work Session: Revenues
Feb. 18	6:30 p.m.	Work Session: Employee Compensation
Feb. 23	6:30 p.m.	Work Session: Capital Improvement Program
March 3	6:30 p.m.	Work Session: Transportation & Transit
March 5	6:30 p.m.	Work Session: Social Safety Net
March 9	6:30 p.m.	Work Session: Joint with School Board/ACPS
March 16	6:30 p.m.	Work Session: CIP Follow-Up Issues, Parks & Recreation, Historic Alexandria, Library
March 23	6:30 p.m.	Work Session: Public Safety & Administration of Justice, Other Economic Sustainability Programs
March 24	5:30 p.m.	Work Session: Fire Department
March 31	6:30 p.m.	Work Session: City Administration & Management
April 6	6:30 p.m.	BFAAC Work Session
April 13	4:00 p.m.	Budget Public Hearing
April 14	5:30 p.m.	Works Session: Joint with ACVA / AEDP
	7:00 p.m.	Introduction of Tax Ordinances
April 18	9:30 a.m.	Public Hearing on Effective Tax Rate Increase
April 20	6:30 p.m.	Work Session: Preliminary Add/Delete List
April 27	6:00 p.m.	Work Session: Final Add/Delete List



FY 2010 PROPOSED BUDGET IN BRIEF

JULY 1, 2009 - JUNE 30, 2010



ALEXANDRIA CITY COUNCIL

William D. Euille, Mayor
Redella S. Pepper, Vice Mayor
Ludwig P. Gaines
Rob Krupicka
Timothy B. Lovain
Paul C. Smedberg
Justin M. Wilson

CITY MANAGER

James K. Hartmann

Information about the budget is available online at

alexandriava.gov/budget or by contacting:

Office of Management and Budget
City Hall, 301 King Street, Room 3630
703.838.4780

Monday - Friday, 8 AM to 5 PM

FY 2010 PROPOSED BUDGET OVERVIEW

This City Manager's Proposed Budget decreases total General Fund spending by 7.7 percent or \$43.6 million below what it would cost to maintain current City and School services. The budget would decrease spending by 3.3% or \$17.8 million below the FY 2009 Approved budget.

In accordance with City Council guidance, the operating transfer to the Alexandria City Public Schools would decrease by 2.0% or \$3.4 million from last year's approved budget and funds managed by the City would decrease 3.85%. This is 0.9 million less than requested by the School Board.

As directed by Council in its budget resolution, the average homeowner's real estate tax burden will not change. Therefore, the budget proposes that Council increase the real estate tax rate by 4.2 cents to 88.7 cents per \$100 assessed value. Since residential property values have decreased, the net effect is that the amount of the average tax would remain unchanged at \$4,226. This is less than what the average tax bill was in 2006.

The tax rate for commercial property owners will remain significantly lower than surrounding jurisdictions because the budget continues the current policy of no add-on tax on commercial property. Our real estate tax rate for homeowners will likely remain as low as any major jurisdiction, in the region. Given the economic difficulties facing taxpayers, the City Manager does not propose to change any other tax rates. The Manager does recommend, however, increasing a number of user fees and charges for services to recover more of the costs of providing those services.

Sacrifices are broadly required and shared in this budget. It has been difficult to balance the needs for City services with our diminished ability to pay for those needs and desires. Of 42 departmental budgets, 35 will decline compared to last year's approved budget, and all will decline compared to what it would cost to maintain current services. This is a budget of shared sacrifice by everyone, and the pain will be shared by residents, businesses and visitors, a well as by City employees.

The FY 2010 Proposed Budget advances the eight goals of the strategic plan. Those goals are:

- Quality development and redevelopment that is well planned and consistent with Alexandria's vision.
- A City that respects, protects, preserves and enhances the natural environment and historic resources.
- An integrated, multi modal transportation system that efficiently and effectively gets people from point "A" to point "B."
- A strong local economy that is growing in varied small businesses and job opportunities.
- A caring community that is diverse and affordable.
- A City government that is financially sustainable, efficient and community oriented.
- Public schools that are among the best in Northern Virginia (in partnership with Alexandria Schools).
- A City that ensures the safety, security, emergency preparedness, and well being of the community.

By advancing these goals, the Approved Operating budget and CIP are intended to work toward the City Council's long term vision for Alexandria. That vision is:

Alexandria 2015 is a vibrant, diverse, historic, and beautiful City with unique neighborhoods and multiple urban villages where we take pride in our great community.

MAJOR "BUDGET DRIVERS" SHAPING THE PROPOSED BUDGET

The downturn in the national economy has brought with it major changes to the financial world, including falling housing prices, tight credit, significant job losses and overall reductions in consumer spending. As a result there have been major reductions in revenue generated by real estate and other local taxes. This means that the City government has less money available to fund the City budget, and the City must find ways to spend less.

Working together, the city should be able to deal with this situation responsibly and still maintain our quality of life. To do so, the City must focus remaining resources on community priorities. City Council has provided a roadmap with those priorities in its budget resolution passed last November. The proposed budget respects those priorities, and continues to fund most services provided to residents, businesses and visitors. The budget will increase the share of the budget devoted to education, public health, safety and assisting the least fortunate.

The budget reductions being proposed are unprecedented in the last 30 years. The budget proposes the reduction of 121 funded positions – about 4 percent of the City's workforce. Approximately 74 of those positions are vacant. Another 17 of them may require the incumbent to be reassigned or choose retirement. The remaining 30 positions may be subject to an involuntary termination and subject to Reduction in Force procedures if another position cannot be found for which the incumbent is qualified and for which funding is available. For the first time in almost 20 years City employee pay will be completely frozen for a year. Also, new employee benefits will be reduced. Delivery of some City services will be affected in this budget, and the City's ability to remain as responsive as in the past will be compromised. Regarding the City's Capital Improvement Program, it focuses primarily on maintaining existing infrastructure. The proposed budget, even at its reduced level, can maintain a capable and competent workforce, and continue to promote long term economic sustainability.

ALEXANDRIA CITY PUBLIC SCHOOLS

Alexandria desires public schools that are among the very best in Northern Virginia. The City's primary role in achieving this end is responsibly funding the School's operating and capital needs. The Proposed Operating Budget for FY 2010 provides \$164.6 million in City funds for School operations, a \$3.4 million decrease over last year. City funding for School operations increases by 2.0% over FY 2009. The schools budget transfer accounts for 31% of total City expenditures.

In addition to the operating budget, the School Board approved a FY 2010-2015 Capital Improvement Program totaling \$82.3 million, which includes a \$19.4 million request for FY 2010. As requested by the City, the Schools categorized projects for FY 2010 and FY 2011 based on the whether projects maintain existing facilities or improve facilities. The City Manager's FY 2010-2015 Proposed CIP includes \$39.9 million in funding for the Schools, of which, \$10.6 million is dedicated for FY 2010.

The City Manager's Proposed FY 2010-FY 2015 Capital Improvement Program totals \$403.0 million in total funding. This represents a 11.6 percent decrease in total funding. City CIP funding of \$389.5 million is 3.3% less than last year's CIP. The budget guidance given by City Council in November 2008 directed staff that the CIP should contain no new CIP (City and Schools) spending aside from expenditures meeting the following exceptions:

- Expenditures relating to the new planned Police Headquarters facility which will allow Police to consolidate their operations and to avoid substantial lease costs.
- Expenditures subject to contractual obligations or other situations where cancellation or deferral would cause significant financial loss for the City.
- Expenditures to maintain existing infrastructure and those that are deemed emergency in nature.
- Expenditures that may be funded using prior-year unallocated balances already within the CIP.

City Council also directed that the City Manager could propose additional CIP projects ("alternative CIP") above those currently funded if deemed necessary. The alternative CIP projects recommended for council consideration would be funded by an additional dedicated penny on the real estate tax rate, worth \$3.3 million in FY 2010.

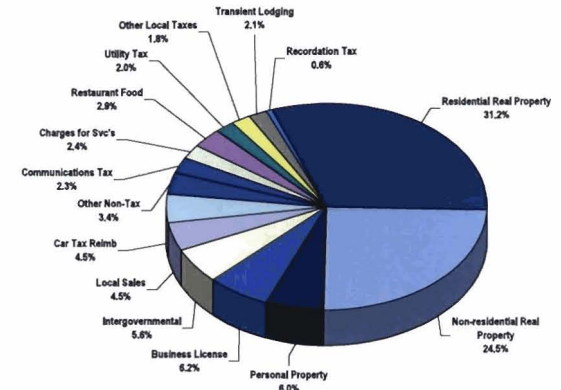
The community's appetite for capital investment projects continues to grow at a rapid rate. The FY 2008 – FY 2013 Approved CIP identified \$85.3 million of projects above what the City could afford. This number was \$61.3 million in the FY 2009 – FY 2014 Approved CIP. Now, in the FY 2010 – FY 2015 Proposed Capital Improvement Plan, the gap between requested capital expenditures and the City funding capacity has grown to \$127.5 million.

The FY 2010 – FY 2015 CIP differs from previous plans in that it includes more fully developed spending plans for all six years. This means that while the funded All Funds total for six years is \$403.0 million, this document actually contains total project requests of \$530.5 million. This difference represents a funding gap of \$127.5 million over six years. In FY 2010 and FY 2011, specific unfunded projects have been identified totaling \$54.9 million. In FY 2012 – FY 2014, the expenditure totals seen in this document represent total requests. The funding gap in those years has been accounted for at the macro level. More specifically, in the Total Sources and Uses Tables in the Summary Expenditure and Funding Tables sections, there is a line for Expenditure Reductions to-be-determined showing that a total of \$72.6 million in reductions will need to be made in the coming years.

The CIP for FY 2010 - FY 2015 provides \$403.0 million over a six-year period as follows:

- \$63.4 million for public schools;
- \$107.7 million for public buildings, including \$78.1 million for construction of the new police headquarters; and for public safety communications and technology equipment replacement;
- \$118.4 million for public transportation and traffic control;
- \$32.8 million for streets, bridges, pedestrian improvements, other traffic improvements and mass transit;
- \$60.8 million for recreation and parks;
- \$59.1 million for reconstruction, extension & rehab of sewers-sanitary sewers funded 100% from sewer fees;
- \$17.0 million for information technology projects;
- \$16.5 million for community development, libraries and other regional commitments;
- \$72.6 million in reductions to be determined.

FY 2010 COMBINED GENERAL FUND REVENUES WHERE IT COMES FROM...

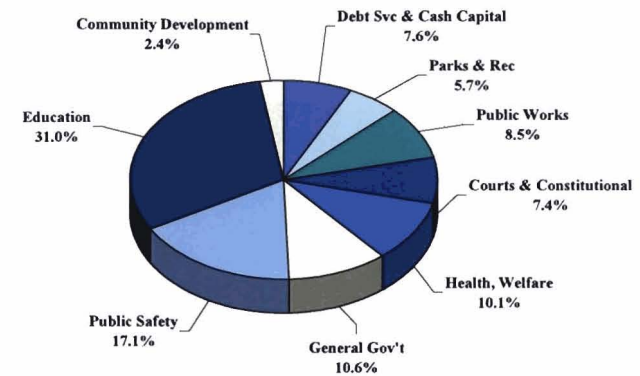


FY 2009 General Fund Revenues	\$521.7
Use of Prior-Year Surplus	\$1.3
Sewer Fund Transfer In	\$1.3
Total General Fund Revenues	\$524.3

The Proposed General Fund revenues are projected at \$521.7 million. Another \$1.3 million in sanitary sewer fund revenues are available to finance that program's share of debt service. An additional \$1.3 million in FY 2008 surplus revenues have been designated for use in FY 2010. As a result, a total of \$524.3 million is available to support the proposed City and Schools' General Fund expenditures, a 3.3% decrease in total revenues.

Real Estate tax revenues are projected at \$291 million, a 0.9% decrease as compared to last year's approved budget, reflecting a combination of decreasing residential and commercial assessments as well as a drop-off in new construction.

FY 2010 COMBINED GENERAL FUND EXPENDITURES WHERE IT GOES...



FY 2010 General Fund Expenditures \$524.3 Million

REVENUE SUMMARY

<i>Millions of Dollars</i>	FY 2009 Approved	FY 2009 Projected	FY 2010 Proposed	Change from 2009 Approved
Real Property Tax	\$293.6	\$292.8	\$291.0	(0.9%)
Other Taxes	157.0	151.4	149.4	(4.8%)
Non-tax revenue	32.0	26.8	28.7	(10.5%)
Federal & state revenue	52.8	53.3	52.6	(0.3%)
Prior year surplus & other fund transfers	6.6	6.6	2.6	(60.6%)
Total	\$542.0	\$530.9	\$524.3	-3.3%*

* The total change from FY 2009 Projected Revenues is -1.2%.

- This reflects the real estate tax rate increasing to 88.7 cents per \$100 of assessed value, and no change in the program guidelines providing real estate tax relief to elderly and disabled homeowners. However, the City's relief program targeted to low and moderate income homeowners, AHOP, is proposed to be reduced in scope in FY 2010 by lowering the maximum household income level to \$55,000 and continuing to restrict it to those who participated in prior years. Grant amounts are also being reduced from \$1,200 to \$800 for those with annual incomes \$40,000 and below; and from \$875 to \$500 for those with annual incomes between \$40,000 and \$55,000.
- The collection of Other Taxes are expected to decrease by 4.8%; other Non-tax revenues are expected to decrease by 10.5%; and Intergovernmental revenue from federal and state sources are expected to decrease by 0.3% from last year's approved budget.
- The budget also includes a \$30 increase in solid waste collection fees from \$301 in FY 2009 to \$331 per residence in FY 2010 to keep that activity self-supporting through user fees.

PENDITURE SUMMARY

FY 2010 PROPOSED EXPENDITURE INCREASES (In Millions)				
General Fund	FY 2009 Approved	FY 2010 Proposed	\$ Change	% Change
City Operating Expenditures	\$318.7	\$305.7	(\$14.0)	(4.1%)
Transit Subsidies	16.7	16.0	(0.7)	(4.2%)
Capital Projects/ Debt Service	38.6	38.0	(0.6)	(1.6%)
<i>City Subtotal</i>	<i>374.0</i>	<i>359.7</i>	<i>(14.3)</i>	<i>-3.8%</i>
City Appropriation to Schools	168.0	164.6	(3.4)	(2.0%)
<i>Schools Subtotal</i>	<i>168.0</i>	<i>164.6</i>	<i>(3.4)</i>	<i>-2.0%</i>
Total General Fund Budget	\$542.0	\$524.3	-\$17.7	-3.3%

*Other (Non-retirement) Post-employment Benefits (i.e. retiree health and life insurance)

FINANCIAL OUTLOOK

An extraordinary degree of uncertainty remains about City revenue projections. Unfortunately, the bad economic news is likely to continue for many months, and it may get worse before it gets better. The City needs to manage the significant downside risks that still exist by being prepared to react quickly to any further negative economic news. The proposed revenue estimates will be reexamined in April before final Council budget action. These estimates are based on information available at the end of January. It is possible that the City may have to reduce those estimates further as the budget is discussed this spring. Furthermore, after the fiscal year begins, the City must be prepared to make mid-course corrections, like was done earlier this fiscal year. The budget includes a \$2 million reserve for meeting possible FY 2010 revenue shortfalls. The City is improving its ability to monitor and track both revenues and spending during the year, and to make mid-course corrections by reducing spending should that become necessary.

The City's focus is not only on FY 2010, but the long range future of Alexandria. The future holds promise for the City of Alexandria. Working with dedicated City employees, the City can successfully navigate these treacherous financial times. The City government will not look the same when this crisis is over, and all of today's services cannot be preserved. The City Manager believes the City can build for the future by reforming City leadership and management. The City can become more purposeful and goal directed through better focus on strategic priorities, more coordinated and productive through better organizational structures and policies, and more operationally efficient through continuous improvement in procedures and systems. In short, the challenges of today will make the City not weaker, but stronger and more able to meet the opportunities of the future.