


City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 16, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING
FEBRUARY 28, 2005

ISSUE: Monthly Financial Report for the period ending February 28, 2005.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending February 28, 2005.

DISCUSSION: This report provides financial information on revenues and expenditures of the General Fund for the period July 1, 2004, through February 28, 2005. This report presents revenues and expenditures for the same period in Fiscal Year (FY) 2004 for comparative purposes (Attachments 1 and 2) and provides charts of selected economic indicators (Attachment 3).

This report reflects FY 2005 revenue projections as contained in the FY 2006 Proposed Budget presented to City Council on March 8. To date, revenues through February 2005 total \$238.0 million, which is \$12.7 million, or 5.6 percent, higher than FY 2004 for the same reporting period. The increase is primarily attributable to real estate tax revenues. Most economic indicators show that the local economy is healthy with strong residential sales and low unemployment. However, the City's office vacancy rate has increased in the last part of 2004 from a low of 9.3 percent at the end of September to a much greater 13.1 percent (direct lease) and 15.1 percent (available direct lease plus available sub-lease office vacancies in the City). The reason for this change is the Army Material Command Building (commonly known as the AMC or Tauber Building) on Eisenhower Avenue became vacant as the Command moved to Ft. Belvoir and now the building is back on the market. The 13.1 percent direct vacancy rate compares to a 9.3 percent rate at the end of the third quarter of 2004 and 8.9 percent at the end of the second quarter of 2004. The 13.1 rate would have been higher if the fully leased U. S. Patent and Trade offices had not come on line during 2004. The only material negatives in this report are (1) personal property tax revenues, which as previously reported, will likely be lower than originally budgeted and (2) federal prisoner per diem which is now projected to be \$1.2 million less than budgeted.

Finance and OMB staff made projections of the revenues by category. Two categories show significant revenue shortfalls. Personal property taxes are estimated to be \$1.8 million less than budgeted and intergovernmental revenues are estimated to be \$3.2 million less than budgeted.

Most of these shortfalls are largely attributable to lower personal property assessments for private vehicles. However, real property and other tax revenues are projected to exceed budgeted levels by up to \$12.4 million, with additional real estate revenues comprising \$8.3 million even after considering the effects of a 4 cent tax rate reduction for the second half of the year. When combined, the net additional revenues total \$6.9 million. All of these revenues are to be used to help finance the FY 2006 operating budget, CIP and reserves in the proposed City budget. The following chart and text describe the sources of the variances:

FY 2005 PROJECTIONS
(Amounts in millions)

	FY 2005 BUDGET	FY 2005 BUDGET PROJECTIONS	BUDGET VERSUS PROJECTIONS
Real Property*	\$ 228.5	\$ 236.8	\$ 8.3
Personal Property-local share	32.5	30.7	(1.8)
Consumer Utility Tax	17.7	18.2	0.5
Business License Tax	26.6	27.3	0.7
Transient Lodging Tax	6.1	7.2	1.1
Restaurant Meals Tax	9.6	9.5	(0.1)
Tobacco	2.6	2.4	(0.2)
Recordation Taxes**	2.6	3.4	0.8
Other Local Taxes	3.7	3.6	(0.1)
Intergovernmental	48.9	45.7	(3.2)
Fines and Forfeitures	4.0	4.2	0.2
Licenses and Permits	3.3	3.4	0.1
Charges for City Services	10.5	10.4	(0.1)
Use of Money and Property	4.6	5.3	<u>0.7</u>
Net Additional Revenues			\$6.9
Less amount used for FY 2006 budget, FY 2006 capital projects and fund balance designations			<u>(6.9)</u>
Balance not allocated to specific use			- 0 -

*Reflects a reduction in the real estate tax rate of 4 cents as proposed by the City Manager, which reduces FY 2005 revenue by \$5.4 million.

** Reflects the proposed policy to use (\$0.05 per \$100) to fund General Fund expenses and (\$0.033 per \$100) of the recordation tax increase effective September 1, 2004, to possibly be set aside for affordable housing.

General Fund expenditures through the end of February total \$254.3 million, or 7.7 percent, higher than expenditures at the same time last year. The approved General Fund budget is 8.8 percent higher than FY 2004.

REVENUES (Attachment 1): As of February 28, 2005, actual General Fund revenues totaled \$238.0 million, an increase of \$12.7 million above the same period last year. This is primarily due to increased real estate tax revenues derived from 2004 assessment increases. Unless otherwise noted, revenues reflect normal expected trends.

Real Estate Taxes: Second half real estate taxes, based on 2004 assessments, were due November 15 and total \$111.6 million, which is slightly more than the \$111.0 million budgeted amount for the November 15 collections. With 2005 assessments increasing 21.2 percent, overall FY 2005 real estate tax revenue collections will exceed budgeted levels. This assessment increase, at the FY 2006 proposed budget \$.955 real estate tax rate, would increase expected FY 2005 real estate tax revenues to \$236.8 million, or \$8.3 million above the Approved FY 2005 Budget. This is \$5.4 million less than it would have been if the real estate tax rate had not been reduced by 4 cents. Real estate tax revenues to be paid on June 15 will be based on the 2005 assessments as well as the real estate tax rate to be adopted by City Council on May 2.

Personal Property Taxes: Personal property tax bills were due on October 5, 2004. The FY 2005 Approved Budget includes a \$32.5 million revenue projection for tax revenue collected directly by the City (including \$16.6 million for vehicles, \$14.7 million for businesses and \$1.2 million for delinquent accounts) and an additional \$23.7 million of intergovernmental revenue that the City collects from the Commonwealth under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA). The Commonwealth's share of the local personal property tax payment this year is 70.0 percent of most taxpayers' payments, the same as last year. The total for all budgeted revenues related to personal property tax for FY 2005 is \$56.2 million.

To date, the City has collected \$30.2 million in personal property tax revenue. Tax collections on business personal property amounted to \$14.5 million, a 10.7 percent increase over last year. However, tax collections on vehicles amounted to \$15.0 million, which is \$0.5 million, or 4.9 percent, less than at this time last year. Tax collections for delinquent personal property taxes were \$0.7 million, \$0.4 million lower than last year. Reimbursements for personal property taxes on vehicles from the Commonwealth amounted to \$20.7 million, which is \$1.2 million, or 5.5 percent, less than collections at this time last year. Based on the personal property tax billing in August and as detailed in the August 20 memorandum to City Council, it appears that the City's total FY 2005 personal property motor vehicle revenues (including the Commonwealth-reimbursed amount) will drop about \$3.9 million when compared with the FY 2005 Approved Budget. A significant reason for this year's decline is an overall reduction in the value of used motor vehicles.

The National Automotive Dealers Association, which supplies most Virginia jurisdictions with the vehicle values used in setting the assessed values, attributes this reduction to the increased price of gasoline and the large number of new cars being sold or leased. With the higher gasoline prices, the more expensive SUVs and other high gas consumption vehicles are losing their appeal and have declined in value more rapidly than in the past. In the last two years, automotive manufacturers have been offering zero-percent financing and other incentives. More new cars have been sold, resulting in more used vehicles being put on the market thus creating a supply and

demand imbalance and causing a reduction in the value of the used cars. Neighboring jurisdictions are experiencing a similar reduction. Arlington County reports that its personal property motor vehicle billing is down 4 percent. Fairfax County is estimating that its billing will be down in the 3 to 5 percent range and Prince William County is down 3.5 percent. Revenues-to-date represent current year payments and payments received on delinquent accounts. Based on collections-to-date, it appears that business and vehicle personal property tax collections will approximate \$30.7 million, a decrease of \$1.8 million below the Approved FY 2005 Budget.

Personal Property Tax (in millions)	Actual-to-Date FY 2004	Budget FY 2005	Actual-to-Date FY 2005
City share	\$ 29.7	\$ 32.5	\$ 30.2
Commonwealth reimbursement	<u>21.9</u>	<u>23.7</u>	<u>20.7</u>
Total	\$ 51.6	\$ 56.2	\$ 50.9

Local Sales and Use Taxes: Businesses remit sales taxes to the Commonwealth within 30 days of the end of the month in which sales occurred. The Commonwealth wires the City's portion of the sales tax approximately one month later. Sales taxes received by the City in February represent revenues collected by merchants in December and a 3.8 percent increase over FY 2004 collections. Based on collections-to-date, it appears that sales tax collections will meet the current budget of \$23.1 million. Staff will continue to monitor collections and make recommendations as warranted in the context of the budget work sessions.

Consumer Utility Taxes: Consumer utility taxes are collected by the utility companies one month after billing and remitted to the City the following month. Staff anticipates a lower rate of increase in the consumer utility tax revenues from water rates in the next few months as the Virginia-American Water Company processes refunds to customers because of the recently ordered rollback of part of the water rate increase instituted earlier this year. Based on these collections, it appears that consumer utility taxes will approximate \$18.2 million, an increase of \$0.5 million above the Approved FY 2005 Budget.

City of Alexandria Consumer Utility Tax Receipts
(in millions)

Utility	FY 2005 Year-to-Date Receipts	FY 2004 Year-to-Date Receipts	Increase/ (Decrease)
Telephone - Tax on Local Services	\$4,305,233	\$4,104,443	\$200,790
Electricity	3,245,605	3,164,774	80,831
Water	1,149,485	1,066,452	83,033
Natural Gas	1,227,987	1,255,310	(27,323)

Business License Taxes: The City's business license tax was due on March 1 for Calendar Year (CY) 2005 and receipts are currently being tabulated. Collections-to-date, in the amount of \$7.1 million, are \$2.1 million lower than collections at the same time last year, which represents the difference in the timing of collections. No clear patterns of current year collections will be evident until all collections paid prior to March 1 as well as on March 1 are tallied. Based on larger collections-to-date of delinquent taxes, staff's current estimate for business license tax receipts is \$27.3 million, an increase of \$0.7 million over the Approved FY 2005 Budget. Staff will continue to monitor and make recommendations as warranted in the context of budget work sessions.

Transient Lodging Taxes: Transient lodging taxes are remitted to the City within one month after collections. Therefore, the revenue reflected in this report represents collections by hotels through January 2005. Collections total \$3.8 million, or 16.8 percent, higher than last year and reflect an improved tourism and business travel market and also a business strategy shift. Hotels are reducing the number of lower rate rooms being rented to federal government employees (tax-exempt) and increasing the number of higher rate rooms being rented to business travelers (not tax-exempt). Staff's current estimate for transient lodging receipts is \$7.2 million, an increase of \$1.1 million over the Approved FY 2005 Budget.

Restaurant Meals Taxes: Meals and alcoholic beverage taxes are due to the City within 30 days of the month the sales occurred. Collections for sales through January 2005 were \$5.2 million, which represents a 3.5 percent increase over the prior year. Based on collections-to-date, staff projects that restaurant meals taxes will be \$9.5 million, a decrease of \$0.1 million below the Approved FY 2005 Budget.

Tobacco Taxes: Businesses remit tobacco tax revenue to the Northern Virginia Cigarette Board. This revenue is forwarded to the City approximately 15 days after the end of the month in which the sales occurred. Tobacco taxes are levied at a rate of \$0.50 per pack of 20 cigarettes sold in the City. To date, \$1.4 million has been collected for FY 2005, slightly less than collections this

time last year. Based on collections-to-date, staff projects that tobacco taxes will be \$2.4 million, a decrease of \$0.2 million below the Approved FY 2005 Budget.

Real Estate Recordation Taxes: Real estate recordation tax revenues are collected by the Clerk of the Court and remitted to the City the following month. Collections in the amount of \$4.0 million represent an increase of \$2.0 million, or 98 percent, over the previous year. The continued increase is primarily attributable to residential refinancings due to historically low interest rates, a continued strong home sales market and the recently enacted recordation tax rate increase. In addition, as housing costs stay high, the City is seeing increased sales of rental units that are then sold as condominiums. It is expected that the new recordation tax rate increase which became effective in September will generate at least \$1.65 million in new revenues in FY 2005. The FY 2006 Proposed Budget recommends that City Council consider dedicating that portion of recordation taxes attributable to the rate increase for affordable housing. Assuming this portion of the taxes is transferred to a special fund for affordable housing, staff estimates the remaining recordation taxes for the General Fund will approximate \$3.4 million, an increase of \$0.8 million over the Approved FY 2005 Budget

Other Local Taxes: This category includes bank franchise taxes, telecommunications right-of-way taxes, cable TV franchise taxes, daily rental taxes and other miscellaneous taxes. Based on collections-to-date, these taxes are expected to be \$3.6 million, a decrease of \$0.1 million below the Approved FY 2005 Budget.

Revenues from the Federal Government: The City's General Fund revenues from the federal government are primarily for federal prisoner per diem. The City has billed \$3.6 million for housing federal prisoners through the period ending February 2005. However, as of February 28, 2005, only \$1.9 million has been received. The federal government generally pays the City for housing federal prisoners between 45 and 60 days after the end of the billing period. Also, the number of federal prisoners housed on average is substantially less than last tax year. Based on the lower number of prisoners, staff currently estimates that revenues from the federal government will approximate \$4.1 million, a decrease of \$1.5 million below the Approved FY 2005 Budget.

Revenue from the Commonwealth: The \$10.9 million in revenues received is approximately equivalent to collections at the same time last year. Based on collections-to-date, staff projects that revenue from the Commonwealth will be \$20.0 million, an increase of \$0.4 million above the Approved FY 2005 Budget. This is offset by a decrease of \$2.1 million resulting from PPTRA collections for personal property taxes as discussed above. Final State aid revenue estimates cannot be made until the State budget is signed by the Governor.

Fines and Forfeitures: Collections through February were 1.4 percent lower than collections last year, primarily for parking fines. Based on collections-to-date and projected collections, staff projects that fines and forfeitures will exceed the Approved FY 2005 Budget by \$0.2 million due to increased parking ticket collections.

Licenses and Permits: Collections-to-date are \$2.7 million, or \$0.6 million higher than collections at this time last year, primarily for building permits. Based on these collection patterns, licenses and permits revenue are expected to be \$3.4 million, an increase of \$0.1 million over the Approved FY 2005 Budget.

Charges for City Services: Year-to-date revenues increased \$0.9 million primarily for the budgeted increased refuse and sewer fees and increased clerk fees associated with the increased number of real estate transactions as discussed under Real Estate Recordation Taxes above.

Other Revenues: Other revenues include gifts and donations, damage recoveries and recovered costs.

EXPENDITURES (Attachment 2): As of February 28, 2005, actual General Fund expenditures totaled \$254.3 million, an increase of \$18.1 million, or 7.7 percent, over expenditures for the same period last year. The approved General Fund budget is 8.8 percent higher than FY 2004. Increases in expenditures are primarily attributable to budgeted transfers for cash capital and for annual equipment replacement charges made at the beginning of the fiscal year, as well as planned higher transit subsidy payments to WMATA. Except as noted below, this expenditure pattern reflects the Approved FY 2005 Budget.

Judicial Administration: Expenditures represent the third quarter payments to regional organizations that provide legal, correctional and animal welfare and control services.

Other Planning Activities: General Fund expenditures in this category reflect the first three quarter contribution payments to community agencies and both semiannual payments to the Alexandria Convention and Visitors Association.

Registrar: Expenditures-to-date reflect costs of the presidential election related mailings, salaries and overtime and voter machine maintenance. Staff will recommend an appropriation transfer to match these expenditures with budget authority.

Fire: The Fire Department has authority to overhire a number of positions in FY 2005 in order to fill fire and EMS school slots. Current projections indicate that additional expenditure authority may be needed to match these projected expenditures with budget authority. General Fund balance has been designated for this purpose and at the end of the fiscal year staff will recommend appropriations of this designation as necessary to match projected expenditures with available funds.

Transit Subsidies: Expenditures-to-date reflect the City's first three quarterly payments to the Washington Metropolitan Area Transit Authority (WMATA) for FY 2005. In the first quarter of FY 2005, State transit aid revenues and balances available to the City are lower than in FY 2004 thereby causing increased City subsidy payments in FY 2005.

School: The School Administration has reported \$94.1 million in expenses through February 28, 2005. The City's General Fund share of total School Administration budgeted expenditures is

approximately 75.8 percent of the total expenditures. This percentage was applied to total school disbursements to estimate school expenditures-to-date in the amount of \$71.3 million (i.e., 75.8 percent of \$94.1 million).

Other Education Activities: Expenditures-to-date reflect the first three quarterly contribution payments to the Northern Virginia Community College.

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

Cash Matches (MH/MR/SA, Human Services, Library and Miscellaneous Grants): To comply with 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.

ATTACHMENTS:

Attachment 1 - Comparative Statement of Revenues

Attachment 2 - Comparative Statement of Expenditures & Transfers by Function

Attachment 3 - Selected Economic Indicators

STAFF:

Mark Jinks, Assistant City Manager for Fiscal and Financial Affairs

D. A. Neckel, Director of Finance

Laura Triggs, Deputy Director of Finance/Comptroller

Bruce Johnson, Director, Office of Management and Budget

**CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING FEBRUARY 28, 2005 AND FEBRUARY 29, 2004**

	FY2005 APPROVED BUDGET	FY2005 REVENUES THRU 02/28/05	% OF BUDGET	FY2004 REVENUES THRU 02/29/04
General Property Taxes				
Real Property Taxes.....	\$ 228,514,157	\$ 111,649,323	48.9%	\$ 98,534,227
Personal Property Taxes.....	32,491,000	30,235,225	93.1%	30,840,512
Penalties and Interest.....	1,500,000	897,009	59.8%	948,973
Total General Property Taxes	\$ 262,505,157	\$ 142,781,557		\$ 130,323,712
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 23,100,000	11,885,141	51.5%	\$ 11,445,452
Consumer Utility Taxes.....	17,700,000	9,928,310	56.1%	9,590,979
Business License Taxes.....	26,600,000	7,131,306	26.8%	9,280,859
Transient Lodging Taxes.....	6,100,000	3,776,285	61.9%	3,231,992
Restaurant Meals Tax.....	9,625,000	5,165,598	53.7%	4,988,820
Tobacco Taxes.....	2,600,000	1,389,177	53.4%	1,472,612
Motor Vehicle License Tax.....	2,350,000	2,222,643	94.6%	2,193,563
Real Estate Recordation.....	2,600,000	4,038,621	155.3%	2,040,692
Other Local Taxes.....	3,667,500	1,463,650	39.9%	1,306,070
Total Other Local Taxes	\$ 94,342,500	\$ 47,000,731	49.8%	\$ 45,551,039
Intergovernmental Revenues				
Revenue from the Federal Government.....	\$ 5,600,000	\$ 1,933,099	34.5%	\$ 3,343,067
Personal Property Tax Relief from the Commonwealth.....	23,700,000	20,715,892	87.4%	21,927,434
Revenue from the Commonwealth.....	19,603,400	10,954,553	55.9%	10,827,280
Total Intergovernmental Revenues	\$ 48,903,400	\$ 33,603,544	68.7%	\$ 36,097,781
Other Governmental Revenues				
Fines and Forfeitures.....	\$ 3,952,000	\$ 2,561,872	64.8%	\$ 2,597,954
Licenses and Permits.....	3,261,000	2,680,313	82.2%	2,129,766
Charges for City Services.....	10,507,700	5,956,072	56.7%	5,101,483
Revenue from Use of Money & Property.....	4,615,500	3,256,306	70.6%	3,222,224
Other Revenue.....	429,619	154,189	35.9%	299,519
Total Other Governmental Revenues	\$ 22,765,819	\$ 14,608,752	64.2%	\$ 13,350,946
TOTAL REVENUE	\$ 428,516,876	\$ 237,994,584	55.5%	\$ 225,323,478
Appropriated Fund Balance				
General Fund.....	4,334,000	-	0.0%	-
Reappropriation of FY 2004 Encumbrances And Other Supplemental Appropriations.....	3,516,087	-	0.0%	-
TOTAL	\$ 436,366,963	\$ 237,994,584	54.5%	\$ 225,323,478

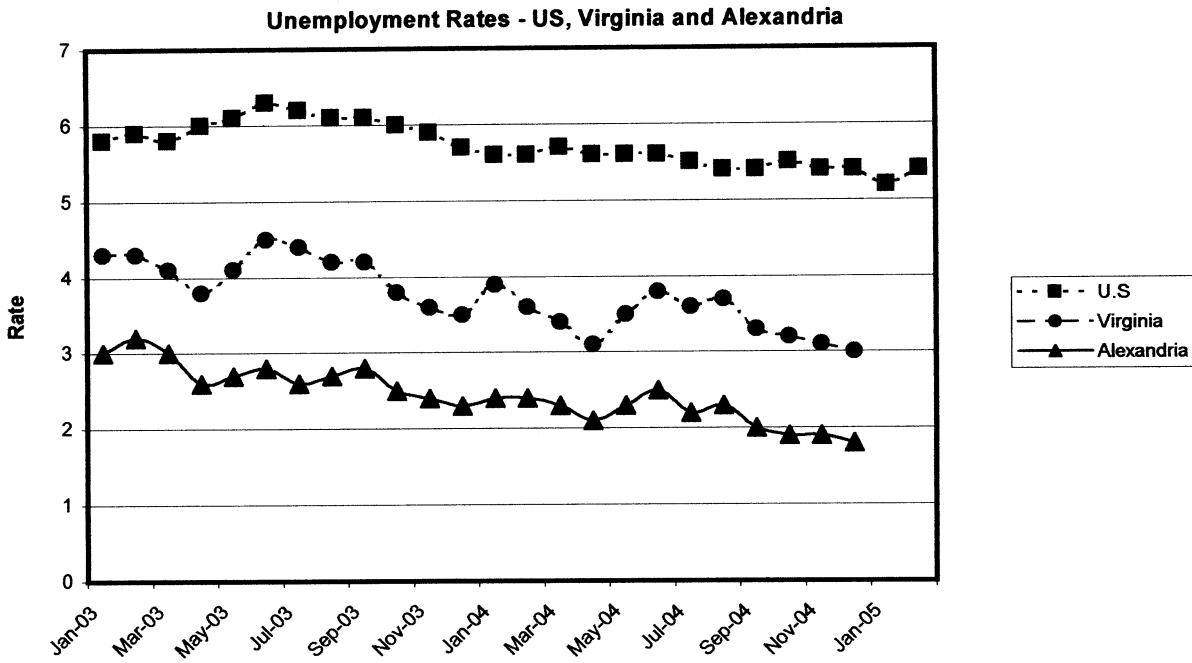
CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING FEBRUARY 28, 2005 AND FEBRUARY 29, 2004

FUNCTION	FY2005	FY2005	% OF	FY2004
	APPROVED BUDGET	EXPENDITURES THRU 02/28/05	BUDGET	EXPENDITURES THRU 02/29/04
Legislative & Executive.....	\$ 5,164,135	\$ 3,393,820	65.7%	\$ 3,175,343
Judicial Administration.....	\$ 29,552,673	\$ 19,919,973	67.4%	\$ 19,272,053
Staff Agencies				
Information Technology Services.....	\$ 6,838,734	\$ 4,022,412	58.8%	\$ 4,048,903
Management & Budget.....	1,000,816	574,540	57.4%	487,084
Finance.....	8,135,638	4,946,113	60.8%	4,728,117
Real Estate Assessment.....	1,032,569	656,444	63.6%	611,102
Personnel.....	2,652,542	1,631,603	61.5%	1,592,530
Planning & Zoning.....	3,860,035	2,289,611	59.3%	1,912,760
Other Planning Activities.....	2,609,082	2,387,158	91.5%	2,048,912
City Attorney.....	1,506,405	943,795	62.7%	1,286,038
Registrar.....	960,789	748,603	77.9%	564,053
General Services.....	10,392,752	6,723,654	64.7%	6,406,798
Total Staff Agencies	\$ 38,989,362	\$ 24,923,933	63.9%	\$ 23,686,297
Operating Agencies				
Transportation & Environmental Services.....	\$ 22,827,974	\$ 15,081,056	66.1%	\$ 15,018,157
Fire.....	30,148,305	20,434,907	67.8%	19,524,247
Police.....	42,154,136	27,790,560	65.9%	26,267,003
Transit Subsidies.....	4,767,561	4,260,022	89.4%	2,453,525
Housing.....	985,257	573,764	58.2%	572,360
Mental Health/Mental Retardation/ Substance Abuse.....	603,086	500,772	83.0%	430,386
Health.....	7,234,880	3,644,788	50.4%	3,475,985
Human Services.....	10,286,839	6,477,527	63.0%	5,583,042
Historic Resources.....	2,365,959	1,533,566	64.8%	1,441,231
Recreation.....	17,232,858	11,036,820	64.0%	10,430,813
Total Operating Agencies	\$ 138,606,855	\$ 91,333,782	65.9%	\$ 85,196,749
Education				
Schools.....	\$ 130,109,722	\$ 71,323,636	54.8%	\$ 66,620,741
Other Educational Activities.....	13,299	9,974	75.0%	9,793
Total Education	\$ 130,123,021	\$ 71,333,610	54.8%	\$ 66,630,534
Capital, Debt Service and Miscellaneous				
Debt Service.....	\$ 22,620,329	\$ 8,293,663	36.7%	\$ 9,448,848
Non-Departmental.....	10,958,360	5,935,803	54.2%	4,746,371
Cash Capital.....	21,382,000	21,382,000	100.0%	16,955,000
Contingent Reserves.....	727,700	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 55,688,389	\$ 35,611,466	63.9%	\$ 31,150,219
TOTAL EXPENDITURES	\$ 398,124,435	\$ 246,516,584	61.9%	\$ 229,111,195
Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library)				
Transfers to the Special Revenue Fund.....	26,526,624	-	0.0%	-
Transfer to Library.....	5,969,144	3,981,419	66.7%	3,641,530
Transfer to DASH.....	5,746,760	3,833,089	66.7%	3,448,390
TOTAL EXPENDITURES & TRANSFERS	\$ 436,366,963	\$ 254,331,092	58.3%	\$ 236,201,115

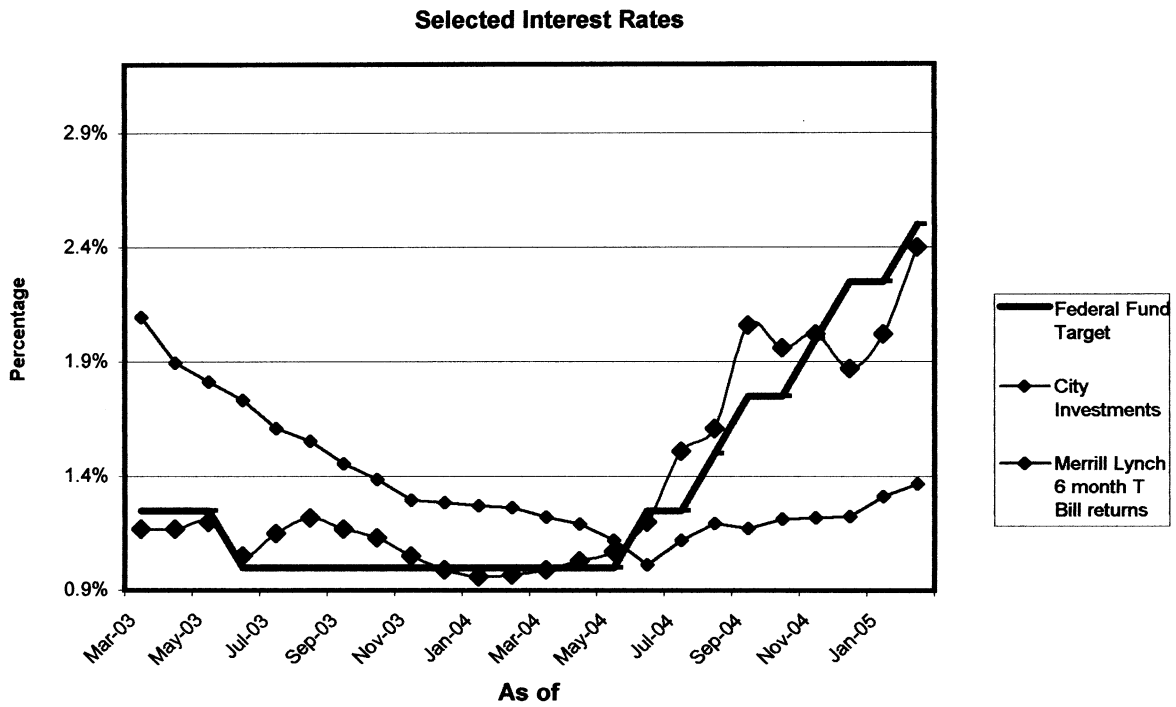
**CITY OF ALEXANDRIA
SELECTED ECONOMIC INDICATORS**

	<u>Current Year</u>	<u>Prior Year</u>	<u>Percent Change</u>
<u>Consumer Price Index (CPI-U)</u>			
for the Washington-Baltimore, DC-MD-VA-WV Area			
(As of January 31, 2005)	121.3	117.1	+3.6%
(Source: Published bi-monthly by United States Department of Labor, Bureau of Labor Statistics)			
<u>Unemployment Rates</u>			
Alexandria	1.8%	2.3%	-22%
Virginia	3.0%	3.5%	-14
(As of December 31, 2004)			
(Source: United States Department of Labor, Bureau of Labor Statistics)			
United States	5.4%	5.6%	-4%
(As of February 28, 2005)			
(Source: United States Department of Labor, Bureau of Labor Statistics)			
<u>Interest Rates</u>			
(As of February 28, 2005)			
Prime Rate	5.50%	4.00%	+38%
Federal Fund Rate	2.48%	1.04%	+138%
(Source: SunTrust Economic Monitor)			
<u>New Business Licenses</u>			
(During February)			
(Source: Finance Department, Business Tax Branch)	73	89	-18%
<u>Office Vacancy Rates</u>			
(As of December 30, 2004)			
Alexandria	13.1%	10.3%	+27.2%
Northern Virginia	13.3%	15.2%	-12.5%
Washington DC Metro Area	10.9%	12.2%	-10.7%
(Source: Grubb & Ellis)			
<u>New Commercial Construction</u>			
(As of January 31, 2005)			
Number of New Building Permits	5	7	-29%
Value of New Building Permits	\$ 31.4 million	\$ 68.3 million	-54%
(Source: Fire Department Code Enforcement Bureau)			
<u>Residential Real Estate Indicators</u>			
(for the month ended January 31, 2005)			
Residential Dwelling Units Sold	227	206	+10%
Average Residential Sales Price	\$422,758	\$348,731	+21%
(Source: Department of Real Estate Assessments)			

**City of Alexandria
Selected Economic Indicators
November 2004**

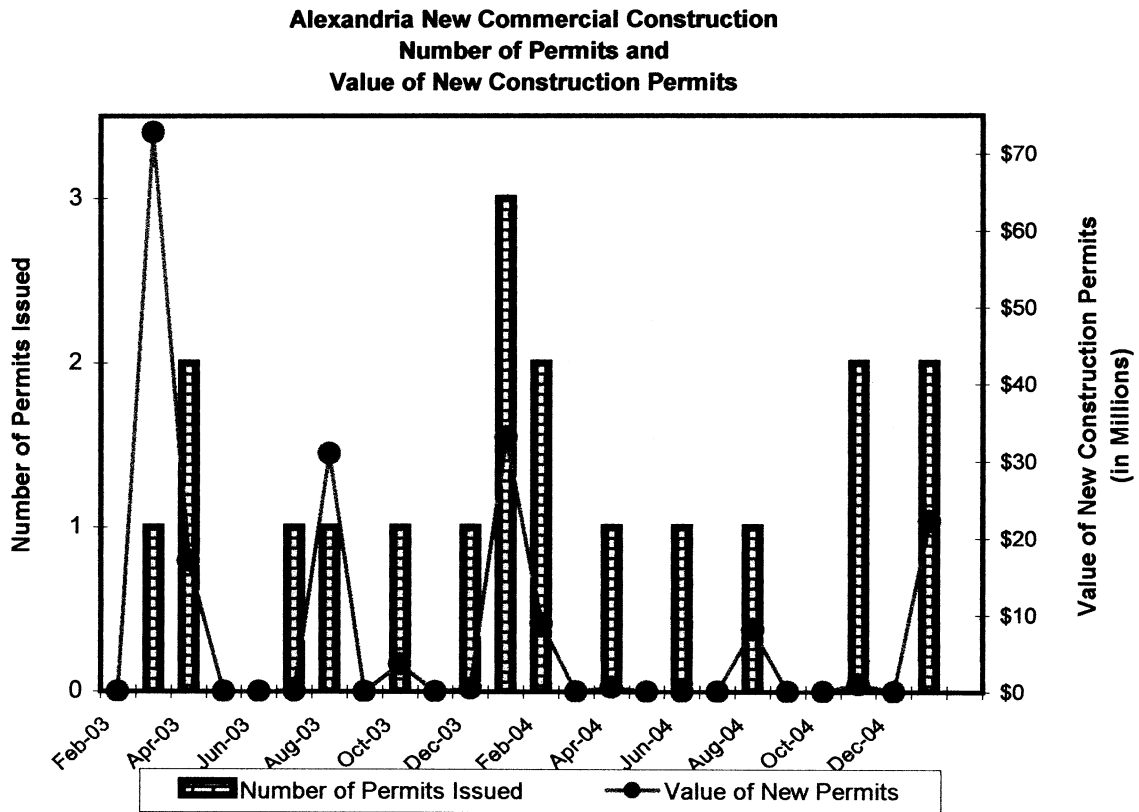
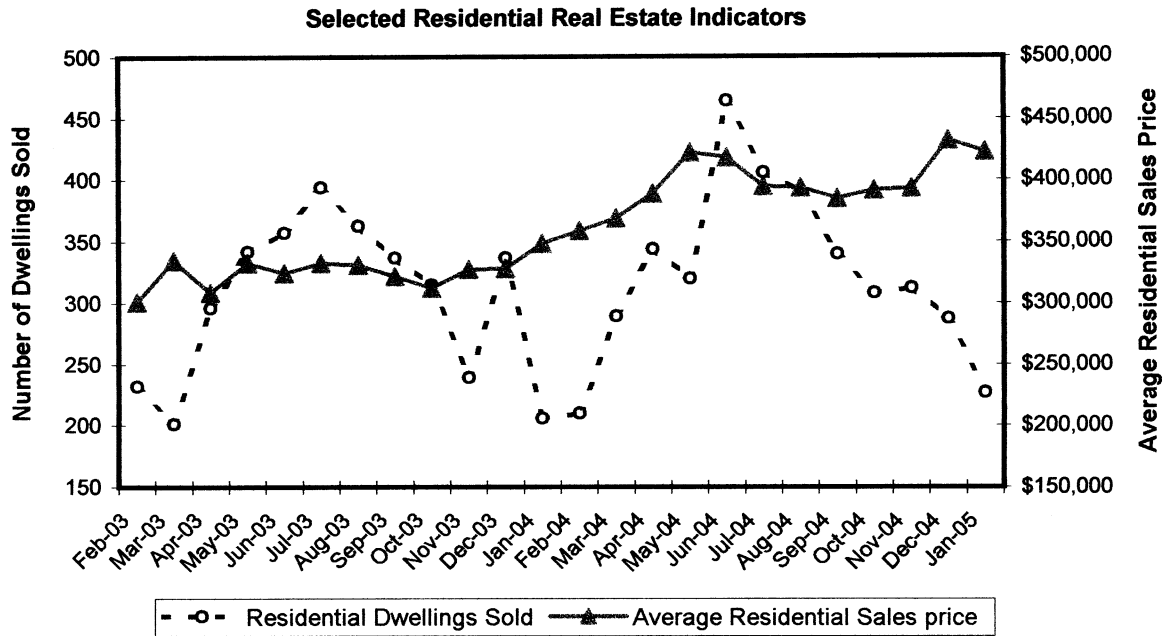


Source: United States Department of Labor, Bureau of Labor Statistics



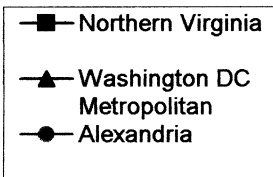
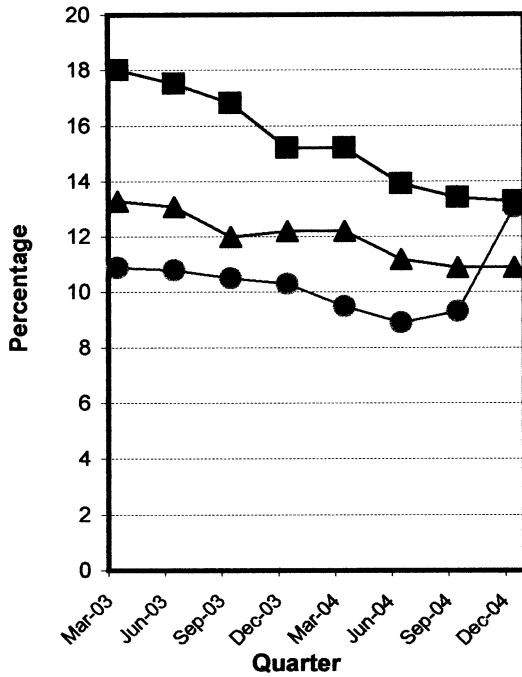
Source: Suntrust Economic Monitor

**City of Alexandria
Selected Economic Indicators
November 2004**

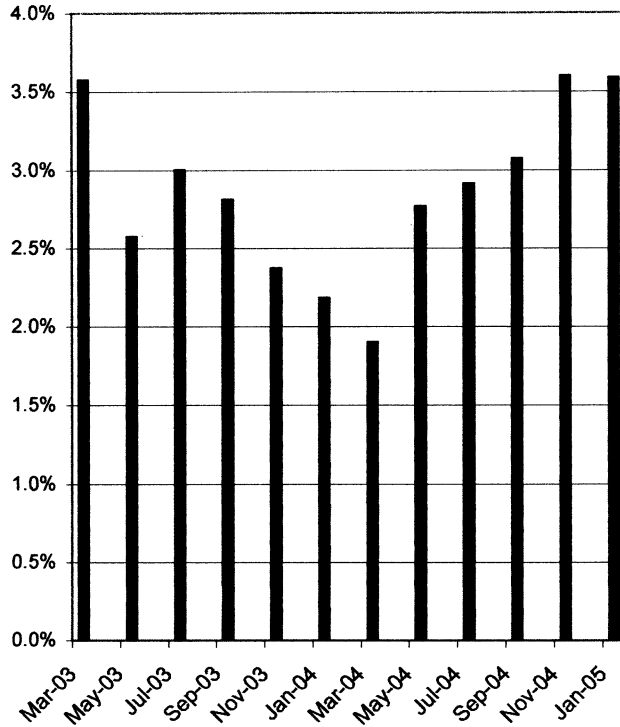


**City of Alexandria
Selected Economic Indicators
November 2004**

Office Vacancy Rates



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



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

New Business Licenses Issued in Alexandria

