City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 11, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 38 : PROJECTED OPEN SPACE FUNDING REVENUE OVER THE NEXT 5-10 YEARS FROM THE DEDICATED 1 CENT

This memorandum is in response to Councilman Gaines' request for information regarding the Open Space funding projected over the next 5 to 10 years from the dedicated one cent and the amount (acres) of open space said funds could acquire.

The City borrowed $10 million for Open Space in FY 2005. Using this money and the funds already collected in the Open Space Trust Fund, the City can purchase approximately 19 acres of open space in FY 2006 at $848,000 per acre. Based on an estimated average six percent increase in real estate tax revenues per year, the City could potentially purchase an average of 2.4 acres per year from FY 2007 through FY 2015, for a total of 40.8 acres. These purchases would come from the estimated $41.4 million available over that time period and made available for land purchases.

Attached is a schedule which shows the projected real estate tax and the resulting number of acres that could potentially be purchased per year. These projections are based on the following assumptions:

1. The City can purchase an acre of land for $848,000 in FY 2006;
2. Real estate revenues and the cost of land will grow at an average rate of 6 percent per year;
3. Personnel costs will increase at a rate of 4.6 percent per year; and
4. Non-personnel costs will increase at a rate of 4.4 percent per year.

Attachment

City of Alexandria
Open Space Sources and Uses
Number of Acres Possibly Purchased

SOURCES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	TOTAL
OPENING BALANCE	$400,000	$0	$0										$400,000
Dedicated $0.01 in Real Estate Tax	2,905,000	2,296,000	2,760,185	2,925,796	3,101,344	3,287,424	3,484,670	3,693,750	3,915,375	4,150,298	4,399,315	4,663,274	$41,582,431
Bond Issuance	10,000,000	0	0	0	0	0	0	0	0	0	0	0	$10,000,000
Sources Subtotal	13,305,000	2,296,000	2,760,185	2,925,796	3,101,344	3,287,424	3,484,670	3,693,750	3,915,375	4,150,298	4,399,315	4,663,274	51,982,431
USES													
Land Acquisition	0	754,973	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	$754,973
Debt Service	0	249,661	889,407	864,373	844,346	829,325	814,305	798,386	778,395	758,404	742,161	720,921	$8,289,684
Open Space Coordinator	0	22,768	68,299	71,441	74,727	78,164	81,760	85,521	89,455	93,570	97,874	102,376	$865,956
N. VA Conservation Trust	36,771	50,000	50,000	52,200	54,497	56,895	59,398	62,012	64,740	67,589	70,563	73,667	$698,330
Uses Subtotal	36,771	1,077,402	1,007,706	988,014	973,570	964,384	955,463	945,919	932,590	919,563	910,598	896,965	$10,608,943
Amount available for land purchases	13,268,229	1,218,598	1,752,479	1,937,782	2,127,774	2,323,040	2,529,207	2,747,831	2,982,785	3,230,735	3,488,717	3,766,310	41,373,488
Cost per Acre	752,000	800,000	848,000	898,880	952,813	1,009,982	1,070,580	1,134,815	1,202,904	1,275,078	1,351,583	1,432,678	
NUMBER OF POSSIBLE ACRES PURCHASED	17.64	1.52	2.07	2.16	2.23	2.30	2.36	2.42	2.48	2.53	2.58	2.63	42.93
CUMULATIVE ACRES POSSIBLY PURCHASED		19.17	3.59	4.22	6.46	8.76	11.12	13.54	16.02	18.55	21.13	23.76	

Assumptions:
- Real estate increases at 6% per year
- Personnel costs increase at 4.6% per year
- Non Personnel cost increase at 4.4% per year