


City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 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
APRIL 30, 2005

ISSUE: Monthly Financial Report for the period ending April 30, 2005.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending April 30, 2005.

DISCUSSION: This report provides financial information on revenues and expenditures of the General Fund for the period July 1, 2004, through April 30, 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 updated FY 2005 revenue projections as approved by Council in conjunction with the adoption of the FY 2006 budget on May 2. To date, revenues through April 2005 total \$276.3 million, which is \$15.6 million, or 6.0 percent, higher than FY 2004 for the same reporting period. The increase is primarily attributable to real estate tax revenues. While the residential real estate market continues to show unprecedented strength, many housing industry analysts are beginning to predict an end to the rapidly increasing residential home values. While unemployment remains a very low 2.7 percent, the City's office vacancy rate of 13.1 percent (not including sublease space on the market) and the lower than expected growth in sales, restaurant meals and business license taxes all appear to indicate some competitive lagging in the City's economy in comparison to neighboring jurisdictions.

Finance and OMB staff made projections of the revenues by category. As discussed during the FY 2006 budget deliberations, two categories continue to show significant revenue shortfalls. Personal property taxes are estimated to be \$1.2 million less than budgeted and intergovernmental revenues are estimated to be \$2.6 million less than budgeted. Most of these shortfalls are largely attributable to lower personal property assessments for private vehicles. Offsetting these shortfalls are increases in real estate tax, recordation tax and other tax revenues. When combined, the net additional revenues total \$5.6 million. These revenues have been 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	\$ 231.5	\$ 3.0
Personal Property-local Share	32.5	31.3	(1.2)
Sales Tax	23.1	23.6	0.5
Consumer Utility Tax	17.7	18.1	0.4
Business License Tax	26.6	26.1	(0.5)
Transient Lodging Tax	6.1	7.4	1.3
Restaurant Meals Tax	9.6	9.5	(0.1)
Tobacco	2.6	2.3	(0.3)
Recordation Taxes	2.6	6.9	4.3
Other Local Taxes	3.7	3.8	0.1
Intergovernmental	48.9	46.3	(2.6)
Fines and Forfeitures	4.0	4.0	-
Licenses and Permits	3.3	3.4	0.1
Charges for City Services	10.5	10.3	(0.2)
Use of Money and Property	4.6	5.4	0.8
Net Additional Revenues			\$ 5.6
Less amount allocated for FY 2006 Budget, FY 2006 Capital Projects and Fund Balance Designation			<u>(5.6)</u>
Increase in Funds Available			- 0 -

General Fund expenditures through the end of April total \$309.0 million, or 6.8 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 April 30, 2005, actual General Fund revenues totaled \$276.3 million, an increase of \$15.6 million above the same period last year. This is primarily due to increased real estate tax revenues derived from 2005 assessment increases. Unless otherwise noted, revenues reflect previously expected trends. Also, all revenue changes discussed in this memorandum have been already reflected in the "Final Revenue Adjustments" (Budget Memo #49), as well as the "Add/Delete Amendments" (Budget Memo #48).

Real Estate Taxes: Based on 2005 assessments, second half real estate taxes were due November 15 and total \$112.5 million, which is more than the \$111.0 million amount originally budgeted for the November 15 collections. With 2005 assessments increasing 21.2 percent, overall FY 2005 real estate tax revenue collections will also exceed budgeted levels. This assessment increase, at the FY 2006 budget real estate tax rate of \$0.915, would increase expected FY 2005 real estate tax revenues to \$231.5 million, or \$3.0 million above the FY 2005 Approved Budget.

Personal Property Taxes: Personal property tax bills were due on October 5, 2004. The FY 2005 Approved Budget included 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 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 \$30.5 million in personal property tax revenue. Tax collections on business personal property amounted to \$14.5 million, a 1 percent increase over last year. However, tax collections on vehicles amounted to \$15.3 million, which is \$0.6 million, or 3.9 percent, less than at this time last year. Tax collections for delinquent personal property taxes were \$0.8 million, \$0.5 million lower than last year. Reimbursements for personal property taxes on vehicles from the Commonwealth amounted to \$21.3 million, which is \$1.3 million, or 5.7 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 \$2.8 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. Other Northern Virginia jurisdictions also experienced a similar revenue shortfall due to declines in vehicle assessments.

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 \$31.3 million, a decrease of \$1.2 million below the FY 2005 Approved Budget with no change from the projection included in the FY 2006 Approved Budget.

Personal Property Tax (in millions)	Actual-to-Date FY 2004	Budget FY 2005	Actual-to-Date FY 2005
City share	\$ 31.5	\$ 32.5	\$ 30.5
Commonwealth reimbursement	<u>22.6</u>	<u>23.7</u>	<u>21.3</u>
Total	\$ 54.1	\$ 56.2	\$ 51.8

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 April represent revenues collected by merchants in February and a 4.7 percent increase over FY 2004 collections. Based on collections-to-date, staff projects sales tax to be at least \$23.6 million, an increase of \$0.5 million over the FY 2005 Approved Budget.

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 continued monitoring of these collections, it appears that consumer utility taxes will approximate \$18.1 million, an increase of \$0.4 million above the FY 2005 Approved Budget with no change from the projection included in the FY 2006 Approved Budget.

City of Alexandria Consumer Utility Tax Receipts

Utility	FY 2005 Year-to-date Receipts	FY 2004 Year-to-date Receipts	Increase/ (Decrease)
Telephone - Tax on Local Services	\$5,624,819	\$5,579,898	\$44,921
Electricity	4,170,577	4,067,534	103,043
Water	1,589,167	1,406,074	183,093
Natural Gas	1,692,480	1,697,973	(5,493)

Business License Taxes: The City's business license tax was due on March 1 for calendar year 2005. Collections-to-date, in the amount of \$24.0, are \$0.6 million, or 2.7 percent, higher than collections at the same time last year. An analysis of the tax returns from businesses that

their gross receipts on time shows a decrease in taxes paid of 1.0 percent from professional services, which constitutes 21 percent of the tax base. General business services, which makes up 27 percent of the tax base, increased by 1.8 percent and general retail, which is 16 percent of the tax base, remained flat when compared to last year. Financial services, which makes up only 4 percent of the tax base, increased by 46 percent. Overall, the comparison of this year's filed tax returns to that of the previous year shows an increase of 3.1 percent. Similar to last year, a few firms did not file by the March 1 due date. Staff estimates they will collect an additional \$2.1 million over the remainder of the year, including \$1.1 million in quarterly payments. Staff's current estimate for business license tax receipts is \$26.1 million, \$0.5 million less than the FY 2005 Approved Budget. This represents a \$1.2 million reduction from prior re-estimates. It appears that historical rate of growth of business license taxes of 5.5 percent will not be met this year. Staff will continue to monitor and make recommendations as warranted.

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 March 2005. Collections total \$4.9 million, or 16.8 percent, higher than last year and reflect an improved tourism and business travel market (which have increased occupancy rates) and 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 \$7.4 million, an increase of \$1.3 million over the FY 2005 Approved Budget with no change from the projection included in the FY 2006 Approved 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 March 2005 were \$6.8 million, which represents a 4.9 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 FY 2005 Approved Budget with no change from the projection included in the FY 2006 Approved 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, \$1.7 million has been collected for FY 2005, \$0.1 million less than collections this time last year. Based on collections-to-date, staff projects that tobacco taxes will be \$2.3 million, a decrease of \$0.3 million below the FY 2005 Approved Budget with no change from the projection included in the FY 2006 Approved 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 \$5.2 million represent an increase of \$2.5 million, or 95 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, condominium conversions and the recently enacted (in September, 2004) recordation tax rate increase. In addition, as housing costs remain high, the City continues to see increased sales of rental units sold as condominiums. Staff

estimates the remaining recordation taxes for the General Fund will approximate \$6.9 million, an increase of \$4.3 million over the FY 2005 Approved Budget and \$1.9 million greater than the previous projection because of the replacement of most of the set aside funds for affordable housing with the dedication of one cent of the real property tax for this purpose.

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. Since the approved budget was presented, the City has been notified that bank franchise taxes will increase by \$0.2 million. Based on collections-to-date and the bank franchise increase, other local taxes are expected to be \$3.8 million, an increase of \$0.1 million over the FY 2005 Approved Budget with no change from the projection included in the FY 2006 Approved 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 \$3.4 million for housing federal prisoners through the period ending April 2005. However, as of April 30, 2005, only \$3.0 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. In addition, the federal prisoner billable days is substantially less than last year. Staff currently estimates that revenues from the federal government will approximate \$4.4 million, a decrease of \$1.2 million below the FY 2005 Approved Budget.

Revenue from the Commonwealth: The \$14.9 million in revenues received is approximately the same as collections at this time. Based on collections-to-date and updated information from the State Compensation Board, staff projects revenue from the Commonwealth will be \$19.8 million, an increase of \$0.2 million above the FY 2005 Approved Budget. This is offset by a decrease of \$1.6 million resulting from PPTRA collections for personal property taxes as discussed above.

Fines and Forfeitures: Collections through April were 1.6 percent less than collections last year, primarily for parking fines. Based on collections-to-date and projected collections, staff projects that fines and forfeitures will approximate the FY 2005 Approved Budget.

Licenses and Permits: Collections-to-date are \$3.3 million, which is \$0.5 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 FY 2005 Approved Budget.

Charges for City Services: Year-to-date revenues increased \$0.8 million primarily due to 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. Based on collections-to-date, Charges for City Services are expected to be \$10.3 million, a decrease of \$0.2 million below the FY 2005 Approved Budget.

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

EXPENDITURES (Attachment 2): As of April 30, 2005, actual General Fund expenditures totaled \$309.0 million, an increase of \$19.6 million, or 6.8 percent, over expenditures for the same period last year. The approved General Fund budget is 8.8 percent higher than FY 2004. Staff continues to closely monitor FY 2005 expenditures. 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 FY 2005 Approved Budget.

Judicial Administration: Expenditures represent all four quarterly payments to regional organizations that provide legal, correctional and animal welfare and control services. Current projections indicate that additional expenditure authority may be needed for the Sheriff to match these projected expenditures with budget authority. At the end of the fiscal year staff will recommend an appropriation transfer as necessary to match projected expenditures with available funds.

Other Planning Activities: General Fund expenditures in this category reflect all four quarterly 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 slots open because of retirements and resignations. 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 all the City's 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 were lower than in FY 2004 thereby causing increased City subsidy payments in FY 2005.

School: The School Administration has reported \$120.4 million in expenses through April 30, 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 \$91.2 million (i.e., 75.8 percent of \$120.4 million).

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

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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 APRIL 30, 2005 AND APRIL 30, 2004**

	FY2005 APPROVED BUDGET	FY2005 REVENUES THRU 04/30/05	% OF BUDGET	FY2004 REVENUES THRU 04/30/04
General Property Taxes				
Real Property Taxes.....	\$ 228,514,157	\$ 112,487,686	49.2%	\$ 99,574,160
Personal Property Taxes.....	32,491,000	30,545,554	94.0%	31,519,422
Penalties and Interest.....	1,500,000	1,162,623	77.5%	1,297,197
Total General Property Taxes	\$ 262,505,157	\$ 144,195,863		\$ 132,390,779
Other Local Taxes				
Local Sales and Use Taxes.....	\$ 23,100,000	15,413,570	66.7%	\$ 14,720,998
Consumer Utility Taxes.....	17,700,000	13,077,043	73.9%	12,751,479
Business License Taxes.....	26,600,000	23,952,045	90.0%	23,314,258
Transient Lodging Taxes.....	6,100,000	4,929,086	80.8%	4,219,998
Restaurant Meals Tax.....	9,625,000	6,760,276	70.2%	6,446,678
Tobacco Taxes.....	2,600,000	1,727,182	66.4%	1,832,467
Motor Vehicle License Tax.....	2,350,000	2,343,596	99.7%	2,320,665
Real Estate Recordation.....	2,600,000	5,164,181	198.6%	2,642,575
Other Local Taxes.....	3,667,500	1,600,686	43.6%	1,582,606
Total Other Local Taxes	\$ 94,342,500	\$ 74,967,665	79.5%	\$ 69,831,724
Intergovernmental Revenues				
Revenue from the Federal Government.....	\$ 5,600,000	\$ 3,078,077	55.0%	\$ 3,830,999
Personal Property Tax Relief from the Commonwealth.....	23,700,000	21,262,453	89.7%	22,550,287
Revenue from the Commonwealth.....	19,603,400	14,925,810	76.1%	14,970,992
Total Intergovernmental Revenues	\$ 48,903,400	\$ 39,266,340	80.3%	\$ 41,352,278
Other Governmental Revenues				
Fines and Forfeitures.....	\$ 3,952,000	\$ 3,259,433	82.5%	\$ 3,313,570
Licenses and Permits.....	3,261,000	3,340,468	102.4%	2,810,519
Charges for City Services.....	10,507,700	7,244,086	68.9%	6,449,575
Revenue from Use of Money & Property.....	4,615,500	3,846,037	83.3%	4,083,528
Other Revenue.....	429,619	195,291	45.5%	438,493
Total Other Governmental Revenues	\$ 22,765,819	\$ 17,885,315	78.6%	\$ 17,095,685
TOTAL REVENUE	\$ 428,516,876	\$ 276,315,183	64.5%	\$ 260,670,466
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	\$ 276,315,183	63.3%	\$ 260,670,466

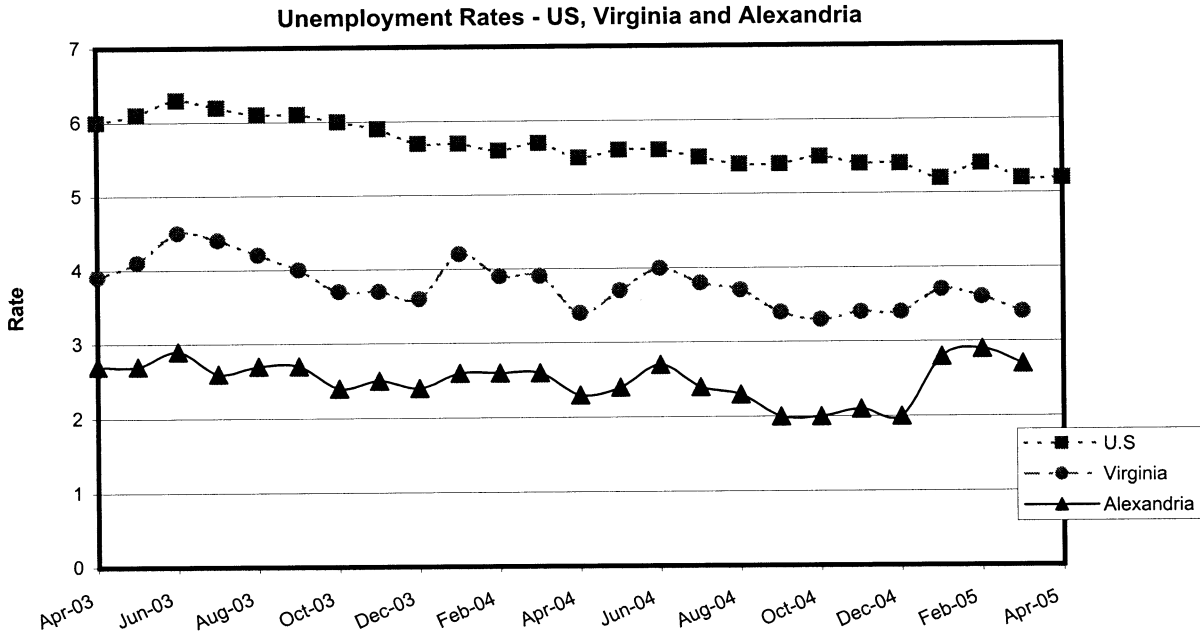
CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING APRIL 30, 2005 AND APRIL 30, 2004

FUNCTION	FY2005	FY2005	% OF	FY2004
	APPROVED BUDGET	EXPENDITURES THRU 04/30/05		BUDGET
Legislative & Executive.....	\$ 5,164,135	\$ 4,146,351	80.3%	\$ 3,993,535
Judicial Administration.....	\$ 29,552,673	\$ 24,951,028	84.4%	\$ 24,193,060
Staff Agencies				
Information Technology Services.....	\$ 6,838,734	\$ 4,940,943	72.2%	\$ 5,227,493
Management & Budget.....	1,000,816	726,409	72.6%	615,683
Finance.....	8,135,638	6,156,034	75.7%	5,912,445
Real Estate Assessment.....	1,032,569	801,807	77.7%	762,429
Personnel.....	2,652,542	1,972,683	74.4%	1,960,275
Planning & Zoning.....	3,860,035	2,983,863	77.3%	2,392,897
Other Planning Activities.....	2,609,082	2,591,880	99.3%	2,239,705
City Attorney.....	1,506,405	1,173,276	77.9%	1,543,826
Registrar.....	960,789	865,252	90.1%	710,038
General Services.....	10,392,752	8,654,302	83.3%	8,280,152
Total Staff Agencies	\$ 38,989,362	\$ 30,866,449	79.2%	\$ 29,644,943
Operating Agencies				
Transportation & Environmental Services.....	\$ 22,827,974	\$ 18,412,012	80.7%	\$ 18,344,353
Fire.....	30,148,305	25,074,607	83.2%	23,927,828
Police.....	42,154,136	34,003,886	80.7%	32,279,369
Transit Subsidies.....	4,767,561	4,415,318	92.6%	3,642,862
Housing.....	985,257	721,456	73.2%	708,010
Mental Health/Mental Retardation/ Substance Abuse.....	603,086	556,350	92.3%	506,524
Health.....	7,234,880	5,178,644	71.6%	4,121,719
Human Services.....	10,286,839	7,968,642	77.5%	7,122,514
Historic Resources.....	2,365,959	1,897,980	80.2%	1,799,012
Recreation.....	17,232,858	13,591,299	78.9%	12,766,411
Total Operating Agencies	\$ 138,606,855	\$ 111,820,194	80.7%	\$ 105,218,602
Education				
Schools.....	\$ 130,109,722	\$ 91,231,982	70.1%	\$ 85,841,989
Other Educational Activities.....	13,299	13,299	100.0%	13,058
Total Education	\$ 130,123,021	\$ 91,245,281	70.1%	\$ 85,855,047
Capital, Debt Service and Miscellaneous				
Debt Service.....	\$ 22,620,329	\$ 8,293,663	36.7%	\$ 9,448,848
Non-Departmental.....	10,958,360	6,531,937	59.6%	5,210,455
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	\$ 36,207,600	65.0%	\$ 31,614,303
TOTAL EXPENDITURES	\$ 398,124,435	\$ 299,236,903	75.2%	\$ 280,519,490
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	4,972,297	83.3%	4,550,092
Transfer to DASH.....	5,746,760	4,787,051	83.3%	4,306,610
TOTAL EXPENDITURES & TRANSFERS	\$ 436,366,963	\$ 308,996,251	70.8%	\$ 289,376,192

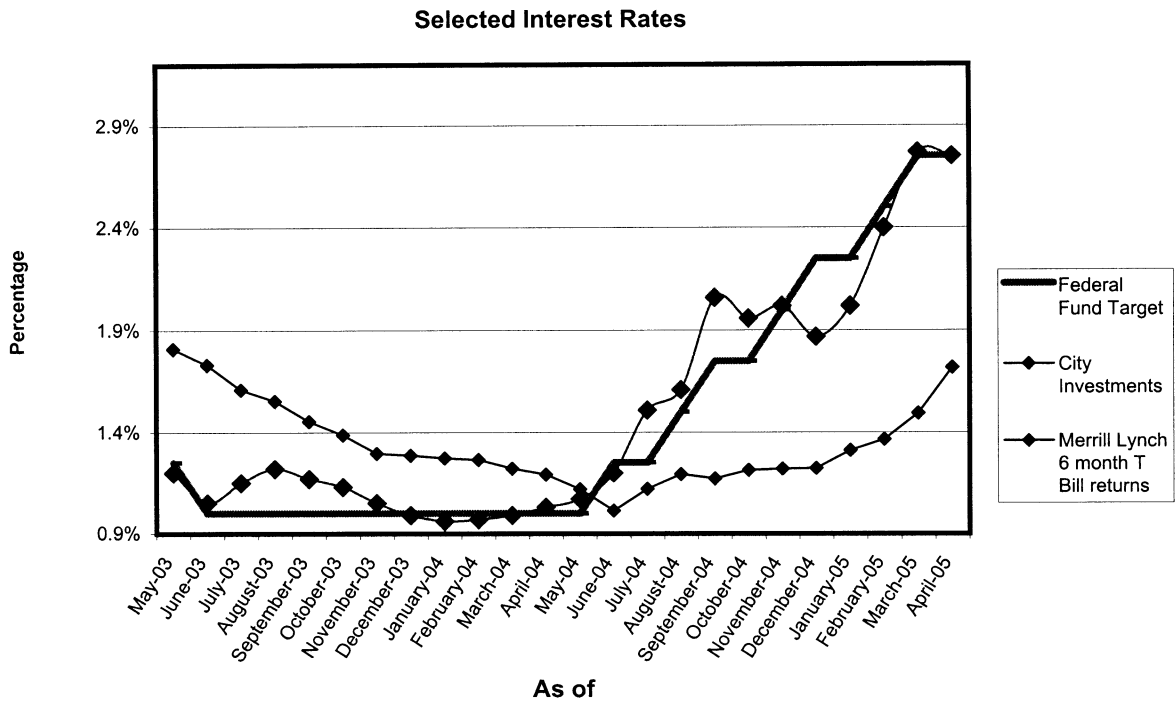
**CITY OF ALEXANDRIA
SELECTED ECONOMIC INDICATORS**

	<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 March 31, 2005) (Source: Published bi-monthly by United States Department of Labor, Bureau of Labor Statistics)	122.7	118.1	+3.9%
<u>Unemployment Rates</u>			
Alexandria	2.7%	2.6%	+4%
Virginia (As of March 31, 2005) (Source: United States Department of Labor, Bureau of Labor Statistics)	3.4%	3.9%	-13%
United States (As of April 30, 2005) (Source: United States Department of Labor, Bureau of Labor Statistics)	5.2%	5.5%	-5%
<u>Interest Rates</u> (As of April 30, 2005)			
Prime Rate	5.75%	4.00%	+44%
Federal Fund Rate (Source: SunTrust Economic Monitor)	2.63%	1.03%	+155%
<u>New Business Licenses</u> (During February) (Source: Finance Department, Business Tax Branch)	98	87	+13%
<u>Office Vacancy Rates</u> (As of December 31, 2004)			
Alexandria	13.1%	11.5%	+14%
Northern Virginia	13.3%	17.9%	-26%
Washington DC Metro Area (Source: Grubb & Ellis)	10.9%	13.2%	-17%
<u>New Commercial Construction</u> (As of March 31, 2005)			
Number of New Building Permits	7	10	-30%
Value of New Building Permits (Source: Fire Department Code Enforcement Bureau)	\$ 129.7 million	\$ 77.8 million	+67%
<u>Residential Real Estate Indicators</u> (for the three months ended March 31, 2005)			
Residential Dwelling Units Sold	814	705	+154%
Average Residential Sales Price (Source: Department of Real Estate Assessments)	\$441,996	\$359,926	+23%

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



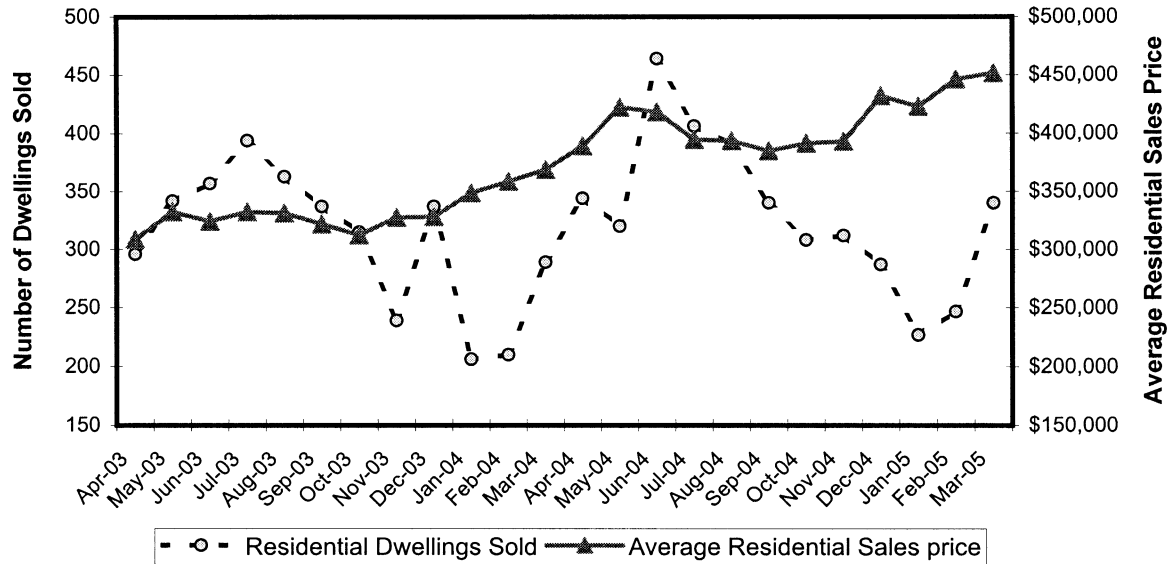
Source: United States Department of Labor, Bureau of Labor Statistics (revised by BLS March 2005)



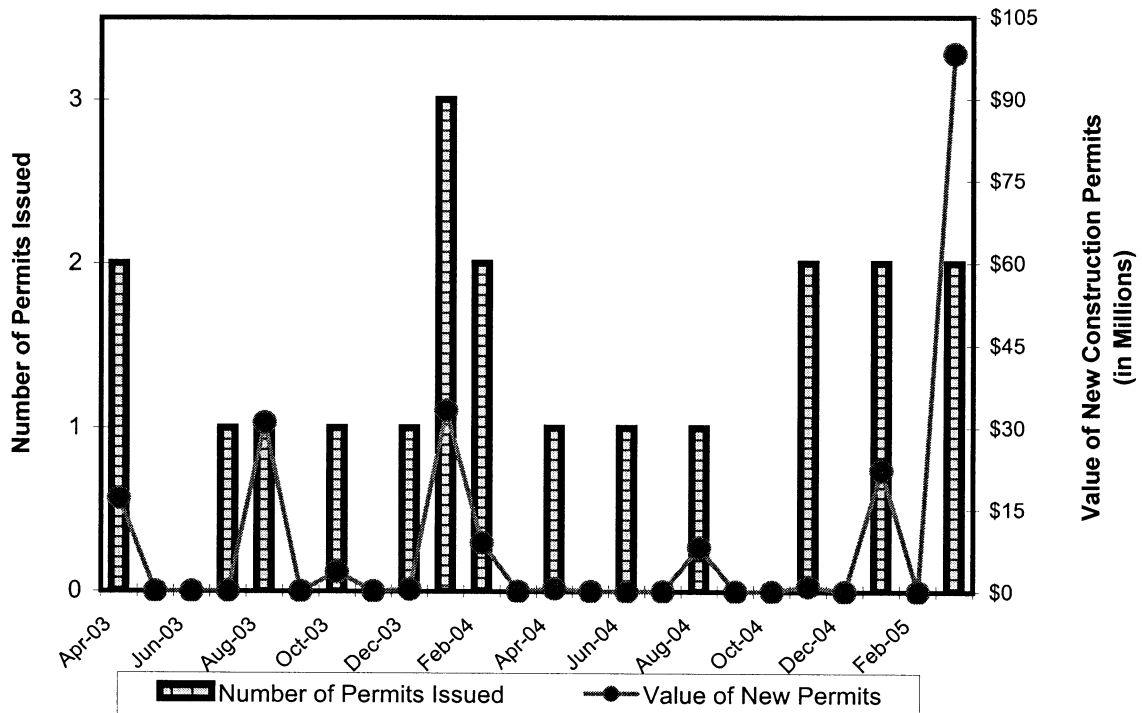
Source: Suntrust Economic Monitor

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

Selected Residential Real Estate Indicators

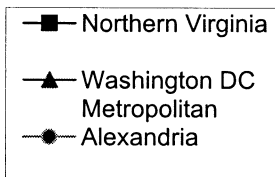
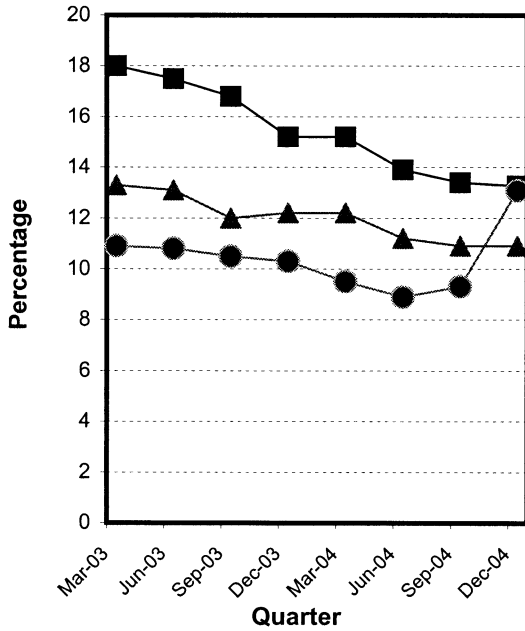


**Alexandria New Commercial Construction
Number of Permits and
Value of New Construction Permits**

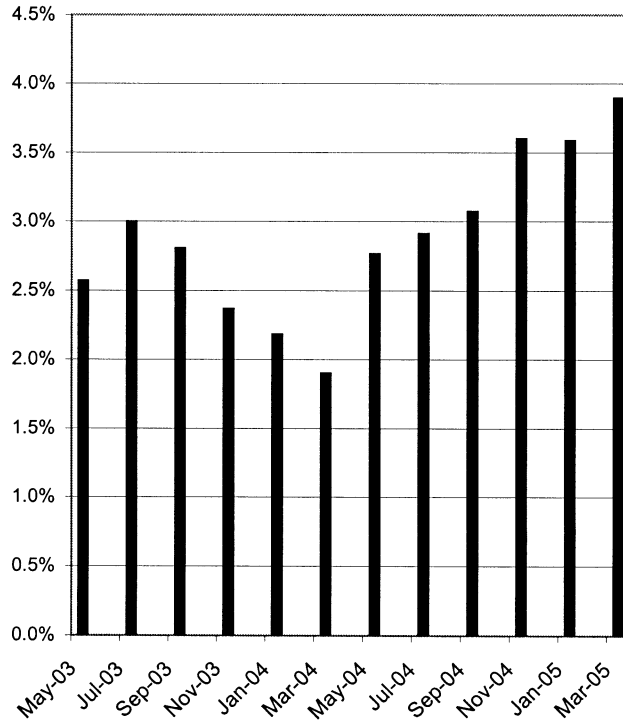


**City of Alexandria
Selected Economic Indicators
November 2004**

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

