

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 7, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

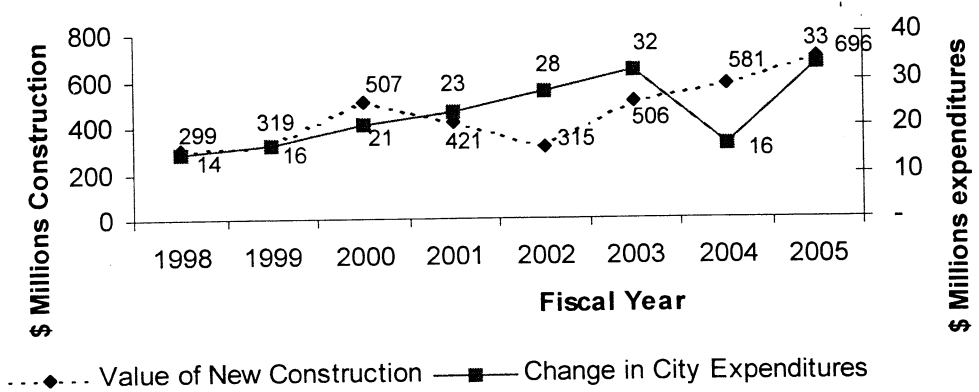
FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 80 : GRAPH SHOWING PLOT OF TOTAL INCREASE IN SPENDING COMPARED TO INCREASE IN REAL ESTATE TAX VALUE FROM NEW CONSTRUCTION

This memo is in response to Councilman Macdonald's request for a graph showing the increase in total General Fund spending compared to the increase in real estate tax values from new construction such as the U.S. Patent and Trademark Office complex, which added nearly \$1 billion to the tax rolls over a three-year period.

The annual value of new construction is plotted on the left axis; the year-over-year increase in spending is plotted on the right axis. New construction includes both residential and commercial construction. While new construction does create some additional demands on the City's budget, City budget increases over this time period largely related to cost increases for existing City programs, as well as increased education funding.

Annual change in General Fund expenditures compared to value of new construction, 1998-2005



Source: Actual Expenditures for FY 1998- FY 2005 from Alexandria FY 2000-FY 2006 Approved Budget documents and FY 2007 Proposed Budget document. New construction values can be found in Budget memo #37, "Impact of New Construction"