

City of Alexandria, Virginia

15
5-10-11

MEMORANDUM

DATE: MAY 4, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING MARCH 31, 2011

ISSUE: Receipt of the City's Monthly Financial Report for the period ending March 31, 2011.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending March 31, 2011.

DISCUSSION: This report includes highlights of the City's financial condition and provides Fiscal Year (FY) 2011 financial information on revenues and expenditures of the General Fund for the period ending March 31, 2011. Detailed economic, revenue, and expenditure charts are also available from the City of Alexandria website at alexandriava.gov/financialreports. This month's report includes new data on the number and value of new multi-family construction projects in the City. Under the State code, the construction of new apartment buildings is not included in the commercial construction category of permits. It is combined with condominium construction in a separate multi-family category. This additional category has been included along with office vacancy rates, existing residential sales, new commercial construction, and foreclosure data to provide more comprehensive picture of real estate activity in the City.

ECONOMIC HIGHLIGHTS:

- **Alexandria residential real estate property values reached their highest point in March since August 2006.** The year-to-date average sales price of \$506,192 is 24.9% higher than last year.
- **Alexandria per capita income (\$70,846) ranked 9th in the nation in 2009, up from 12th in 2008.** Recently released statistics also included Arlington ranked 7th at \$73,187; Fairfax County ranked 12th at \$69,241; and the District of Columbia ranked 13th at \$68,843.
- **Alexandria calendar year-to-date foreclosures are 52.7% below this time last year.** The three-month average for foreclosures is eight condos, three single family and no commercial properties per month as compared to 20 condos, six single family and no commercial properties in March 2010. There have been 35 foreclosures in Alexandria during this calendar year-to-date.

- **Alexandria sales and meals tax and the transient lodging \$1 room fee monthly revenues grew in this reporting period, while revenues from the 6.5% transient lodging tax remained relatively flat.** The three month average for sales tax revenues in December 2010 through February 2011 was 6.2% higher than last year. The three month average for meals tax revenues through December 2010 was 7.1% higher than last year. The three month average for the transient lodging room fee through February was 4.6% higher than last year. The three month average for revenues generated by the 6.5% transient lodging tax on room sales through February was 0.1% lower than last year.
- **National GDP growth declined in the first quarter of 2011.** An advance estimate based on preliminary data indicated the GDP grew by 1.8% in the first quarter as compared to 3.1% in the fourth quarter of 2010. An increase in imports, slowdowns in personal consumption and private investment, and reduced federal spending were contributing factors. A revised estimate will be released later in the month.
- **Unemployment continued to decline in March but remains historically higher than the norm.** Alexandria unemployment was 4.5% compared to 5.3% this time last year. Virginia unemployment is down to 6.3% from 7.1% last year. National unemployment is down to 8.8% from 9.7% last year.
- **The national consumer price index increased for the fifth straight month by 2.7%.** Food and gasoline prices accounted for nearly three-quarters of the growth. The core CPI excluding food and energy increased by 1.2%.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of March 31, 2011, actual General Fund revenues totaled \$330.8 million, which is 2.5 percent higher than FY 2010 revenues for the same period last year. Most of this increase is related to general property tax and the other local tax categories, which are up 2.0 percent and 3.0 percent respectively over last year. This report includes the April re-estimates described in Budget Memo # 52, which anticipate an additional \$1.7 million in revenues for FY 2011.

- **Tobacco Taxes:** The decrease in this category is primarily attributable to the increase in the tax rate. There is some anecdotal evidence of a sales drop-off related to smoking bans.
- **Licenses and Permits:** The category decrease is due to the transfer of approximately \$3.8 million budgeted for new construction fees from the General Fund to a special revenue account beginning July 1, 2010, where they will be used to cover the cost of Code Enforcement's New Construction Division, which is now self-financed from these permit fees.
- **Charges for City Services:** The increase primarily represents a budgeted increase for fire retesting fees and parking meter receipts.
- **Revenue from the Federal Government:** The City has received \$1.2 million in FY 2011 for the Build America Bonds subsidy as compared to \$0.4 million in FY 2010.
- **New Commercial Construction Continues to Lag:** The value of new commercial construction (defined as new construction of office, retail, hotel, flex or industrial buildings, but excluding renovation of existing commercial buildings and excluding construction or renovation of apartment buildings) has been only \$0.3 million in FY 2011. This is a 98.7% decline from FY 2010 at this time. The value of multi-family construction (including apartments and condominiums) have increased 412% from FY 2010, and should continue to increase into FY 2012.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of March 31, 2011, actual General Fund expenditures totaled \$348.1 million, an increase of \$8.1 million, or 2.4 percent, above expenditures for the same period last year. The revised budget reflects amounts that were appropriated in the supplemental appropriation ordinance approved in December. Personnel expenditures remain on par with last year. These personnel expenditures are just slightly higher than the budget primarily because turnover savings are deducted from the budget on the first day of the fiscal year, while the savings are realized throughout the year. Non-personnel spending increased 3.1 percent. For most departments, differences in spending patterns for non-personnel during the year reflect the timing of bill payments and do not necessarily reflect changes in spending patterns. We are closely monitoring and controlling these expenditures to be at or below budget.

- **Economic Development Activities:** The decrease is attributable to the timing of the quarterly payment to Alexandria Convention and Visitors Association. The FY 2010 fourth quarter payment was paid prior to March 31.
- **Fire:** As discussed orally at the January 11, 2011, City Council legislative meeting, the Fire Department is projected to be between \$1.2 to \$1.5 million over budget due to overtime expenditures, primarily due to a large number of firefighter and medic vacancies in the department during the first half of the year. While the rate of overtime expenditures has slowed with the ability of the department to use the new recruits to staff shifts instead of using overtime, the department provided unbudgeted staff to help in the response to large fires in Prince William and Prince George's Counties as well as to the February snow emergency.
- **Non Departmental:** The decrease reflected a budget decrease in the City's contribution to the other post-Employment Benefits Trust Fund.
- **Debt Service:** The increase reflects budgeted debt service for bonds issued in June 2009. A portion of the interest cost (\$1.2 million) is reimbursed from the federal government as part of the Build America Bonds program.
- **Schools:** The City currently provides approximately 76 percent of the estimated funds required to operate the City public school system in FY 2011.

ATTACHMENTS:

Attachment 1: Selected Economic Indicators

Attachment 2: Revenues

Attachment 3: Expenditures

STAFF:

Bruce Johnson, Chief Financial Officer

Laura Triggs, Deputy Chief Financial Officer

Ray Welch, Comptroller

Melinda Barton, Public Information Specialist

Morgan Routt, Assistant Director, OMB

SELECTED ECONOMIC INDICATORS

Attachment 1

<u>Consumer Price Index (CPI-U)</u> for the Washington-Baltimore, DC-MD-VA-WV Area (as of January, 2011) For the United States (as of February, 2011) Core CPI-U (excludes food and energy) (As of March, 2011)	Change on Previous Year
	3.0%
	2.7%
	1.2%

(Source: U.S. Department of Labor, Bureau of Labor Statistics)

<u>Unemployment Rates</u>	Current Month	Prior Month	Prior Year
Alexandria (as of March, 2011)	4.5%	4.7%	5.3%
Virginia (as of March, 2011)	6.3%	6.4%	7.1%
United States (as of March, 2011)	8.8%	8.9%	9.7%

(Source: U.S. Department of Labor, Bureau of Labor Statistics)

<u>Office Vacancy Rates</u>	Current Quarter	Prior Quarter	Prior Year
Alexandria	10.9%	10.9%	11.2%
Northern Virginia	12.4%	12.5%	12.7%
Washington, DC Metro area (As of 4th quarter, 2010)	11.3%	11.5%	12.5%

(Source: CoStar)

<u>New Business Licenses</u>	Current Year	Prior Year	Change on Previous Year
3 month trailing average (As of March, 2011)	60	80	-25.0%

(Source: Finance Department)

<u>New Commercial Construction (excluding Apartment Buildings) and Building Renovations</u> (Fiscal YTD as of March, 2011)			
Number of new building permits	1	4	-75.0%
Value of new building permits (\$ millions)	\$0.3	\$23.5	-98.7%

(Source: Office of Code Enforcement)

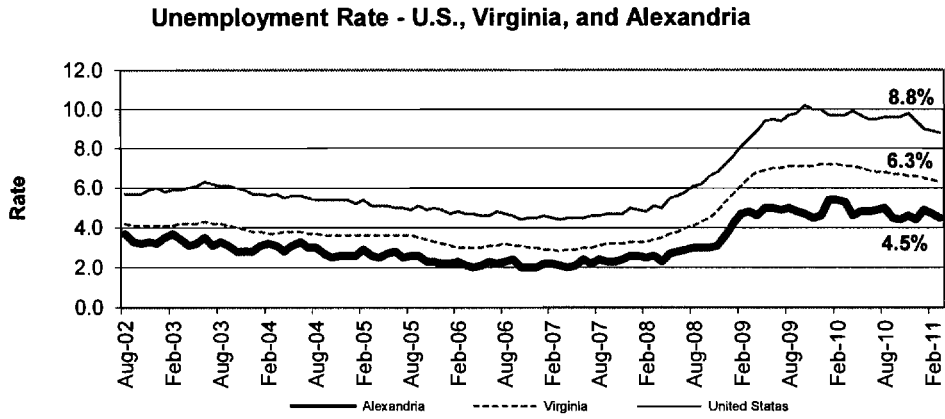
<u>New Multi-family Construction (including Apartment & Condominium Buildings)</u> (Fiscal YTD as of March, 2011)			
Number of new building permits	58	35	65.7%
Value of new building permits (\$ millions)	42.5	8.3	412.0%

<u>Residential Real Estate Indicators</u> (Calendar YTD ending March, 2011)			
Residential Dwelling Units Sold	418	352	18.8%
Average Residential Sales Price	\$ 506,192	\$ 405,424	24.9%

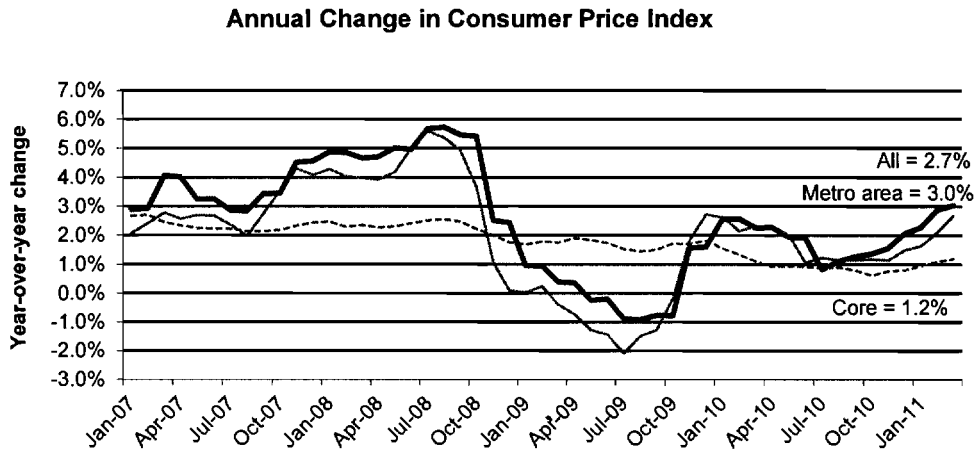
(Source: Department of Real Estate Assessments)

<u>Foreclosures</u> 3 month trailing average (As of March, 2011)			
Source: Dept of Real Estate Assessments	11	26	-57.7%

Attachment 1

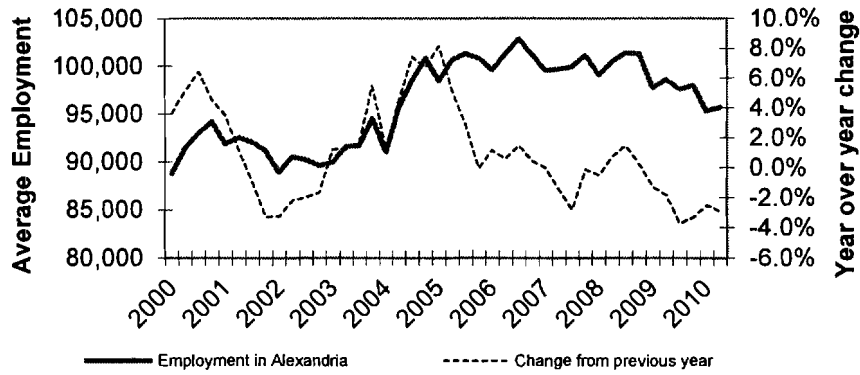


Source: U.S. Department of Labor, Bureau of Labor Statistics
Through March 2011



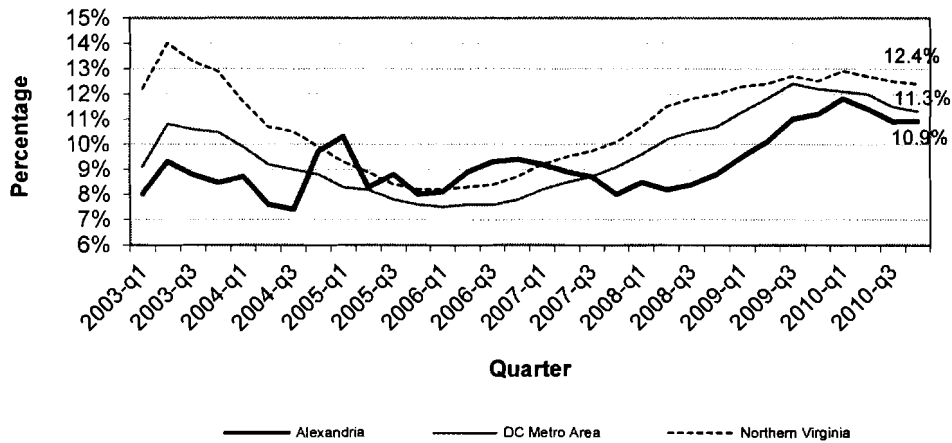
Source: U.S. Department of Labor, Bureau of Labor Statistics
Through March 2011

Employment in Alexandria by quarter



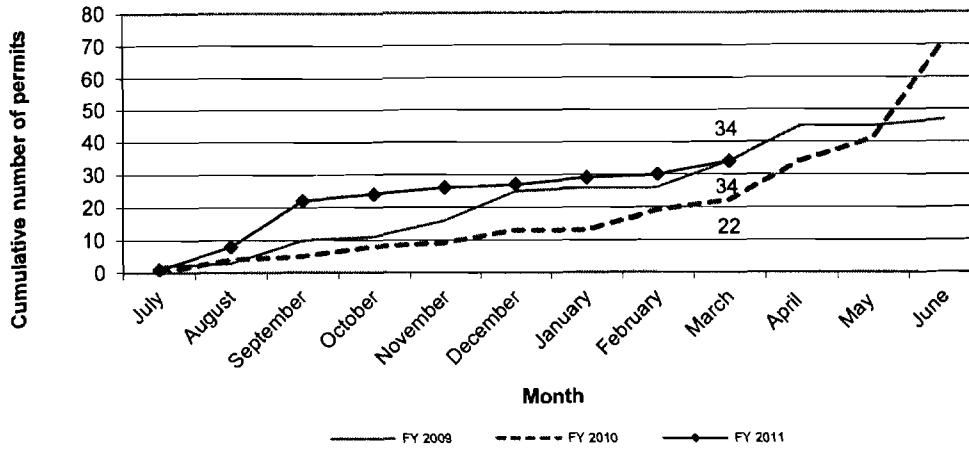
Source: Virginia Employment Commission
Through 3rd quarter 2010

Office Vacancy Rates



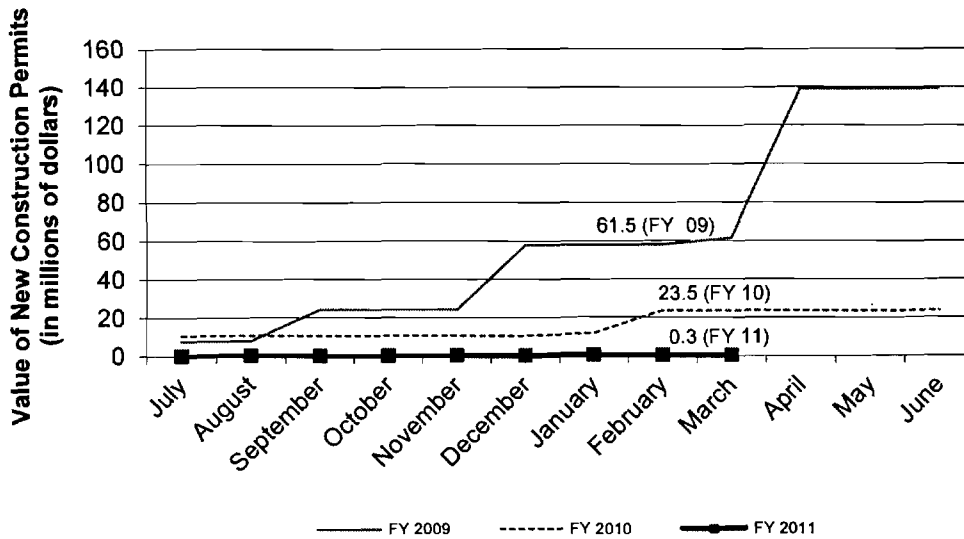
Source: CoStar
Through 4th quarter, 2010

**Cumulative Number of New 1 & 2 Family
Residential Building Permits
FY 2009-FY 2011**



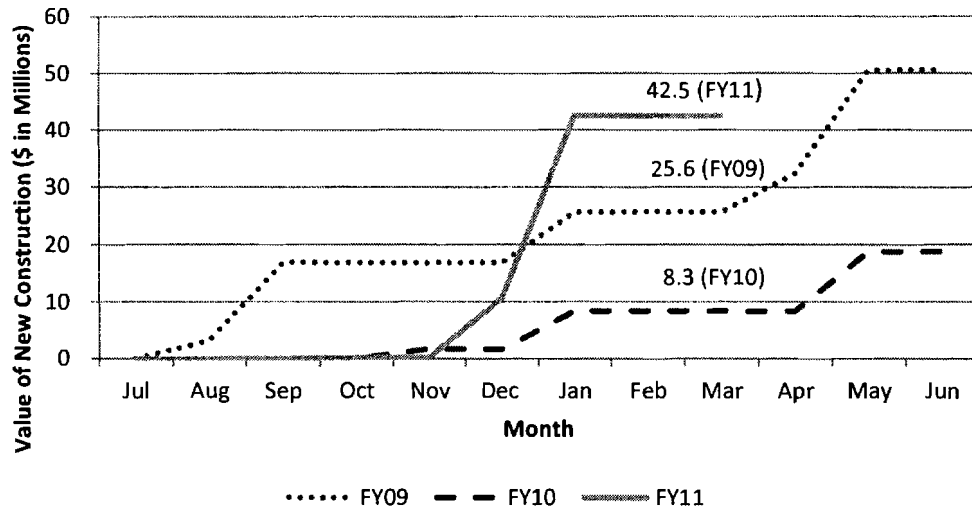
Source: Code Administration
Through March 2011

**Cumulative Value of Commercial Property
New Construction Permits
FY 2009-FY 2011**



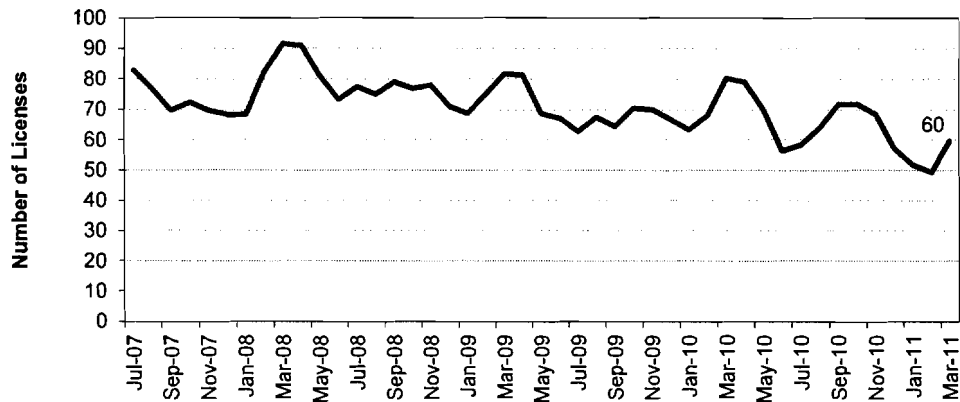
Source: Code Administration
Through March 2011

Cumulative Value of Multi-Family New Construction (Apts & Condos) FY 2009 - FY 2011



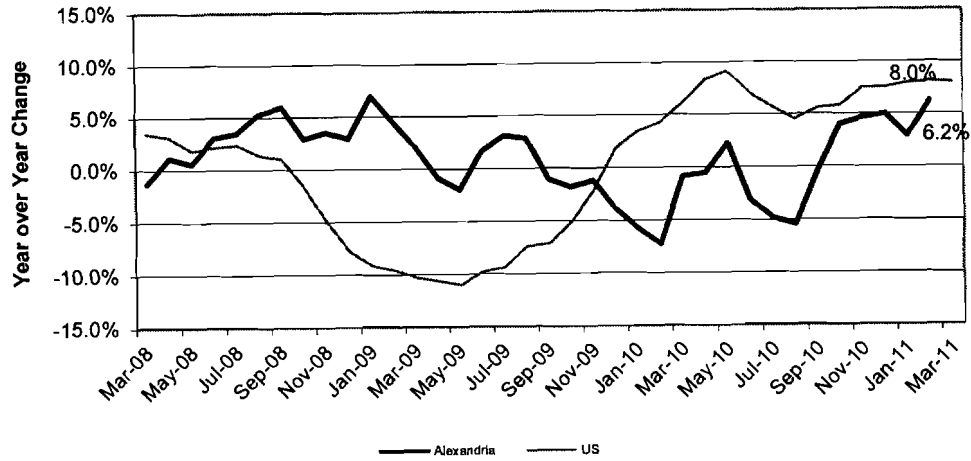
Source: Code Administration
Through March 2011

Number of New Business License Applications Three Month Trailing Average



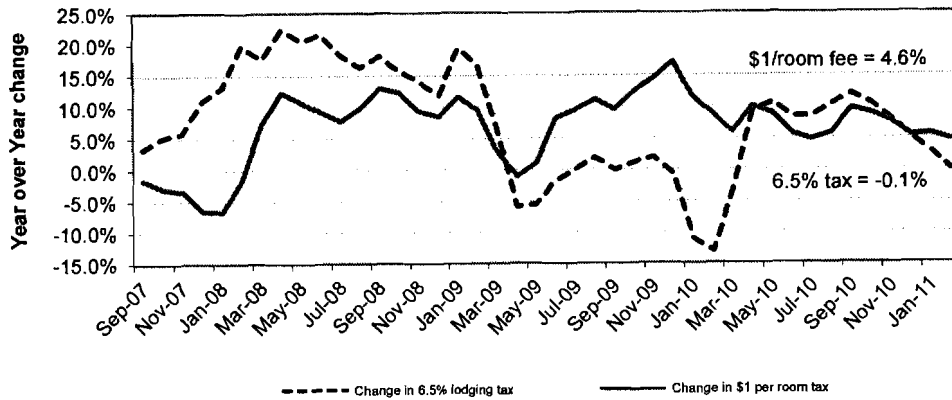
Source: Finance Department
Through March 2011

**Annual Change in U.S. Retail Sales
& Alexandria Sales Tax Collections**
3 month trailing average



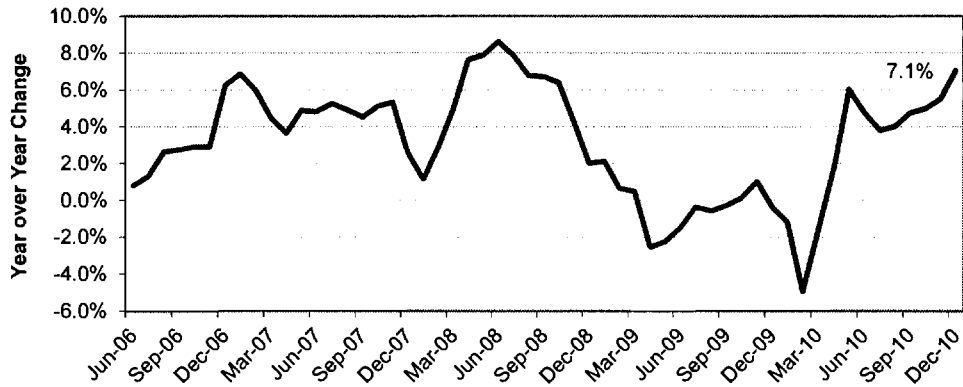
Source: Finance Department, U.S. Census Bureau
U.S. data through March; Alexandria data through February

Annual Change in Transient Lodging Tax Receipts
3 month trailing average



Source: Finance Department
Through February 2011

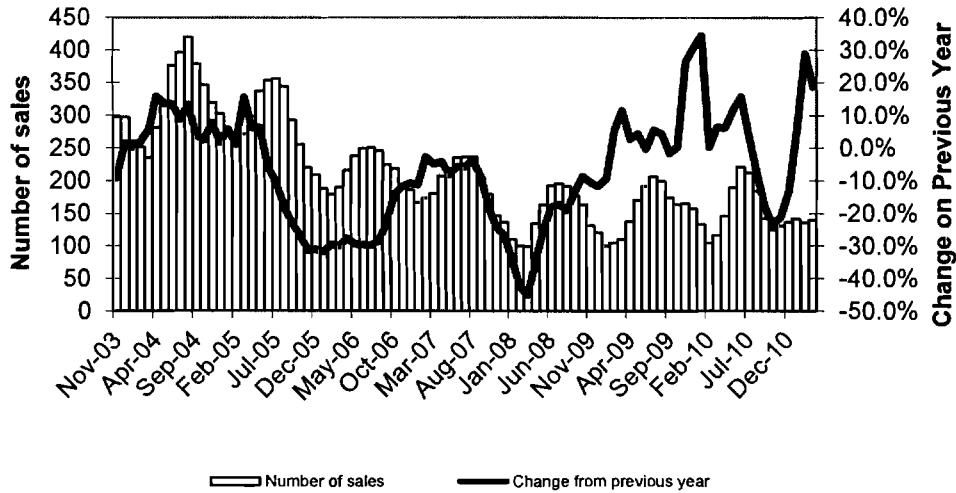
Annual Change in Meals Tax Revenue Per 1 % of Tax
3 month trailing average



Source: Finance Department
Through December 2010*

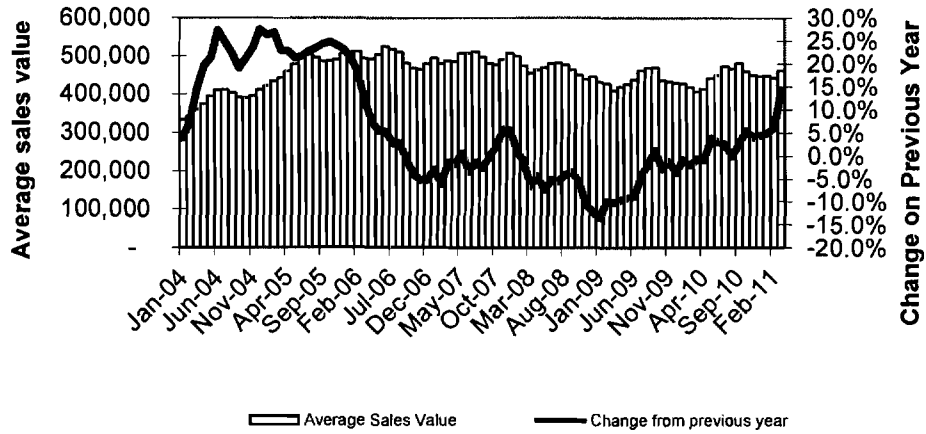
*Meals tax collections typically lag because there are restaurant filings and payments that have not been processed by the end-of-the-month deadline.

Alexandria Residential Property Sales Volume
Three Month Trailing Average



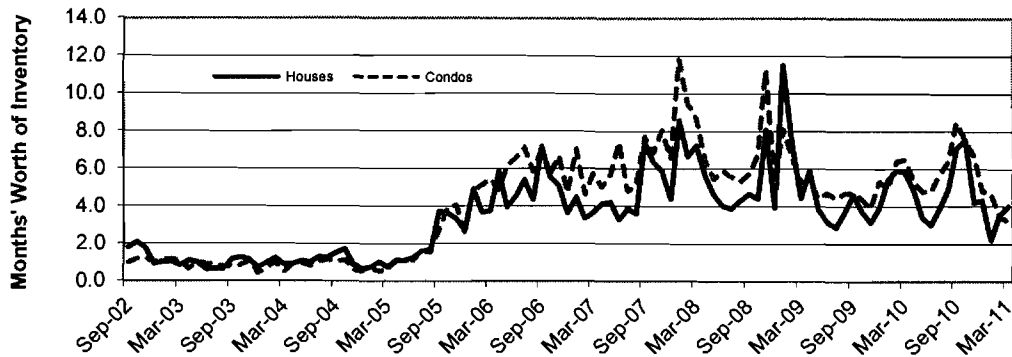
Source: Department of Real Estate Assessments
Through March 2011

**Alexandria Residential Property Average Sales Value
Three Month Trailing Average**



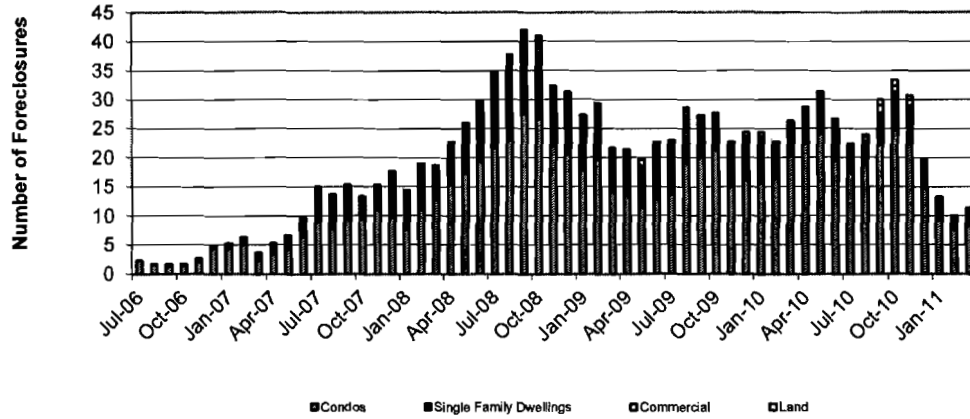
Source: Department of Real Estate Assessments
Through March 2011

**Months' Worth of Inventory
City of Alexandria
2002 - present**



Source: Metropolitan Regional Information Systems
Through March 2011

New Foreclosures in Alexandria 3 month trailing average

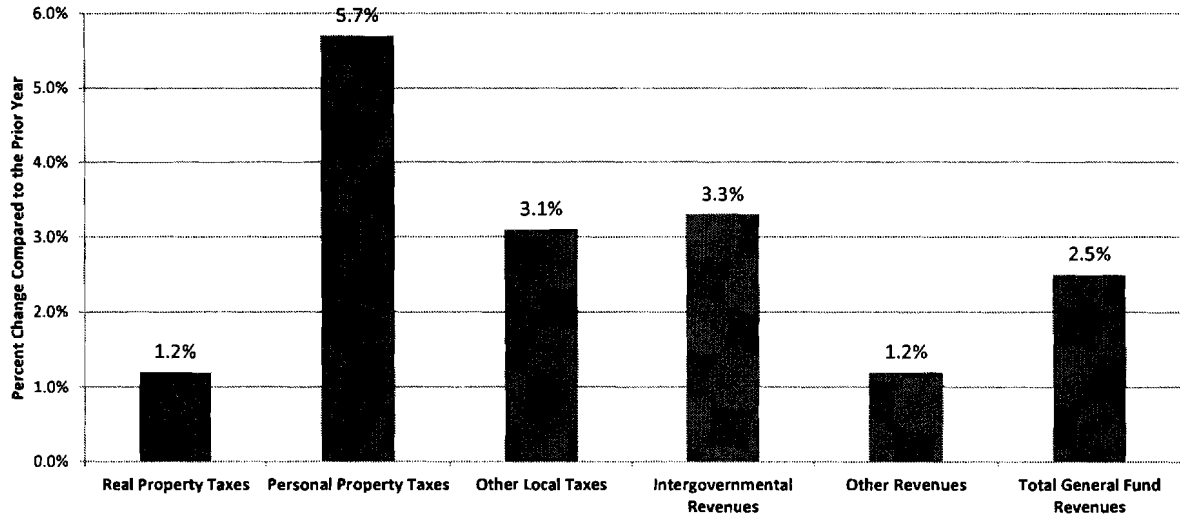


Source: Department of Real Estate Assessments
Through March 2011

**CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING MARCH 31, 2011 AND MARCH 31, 2010**

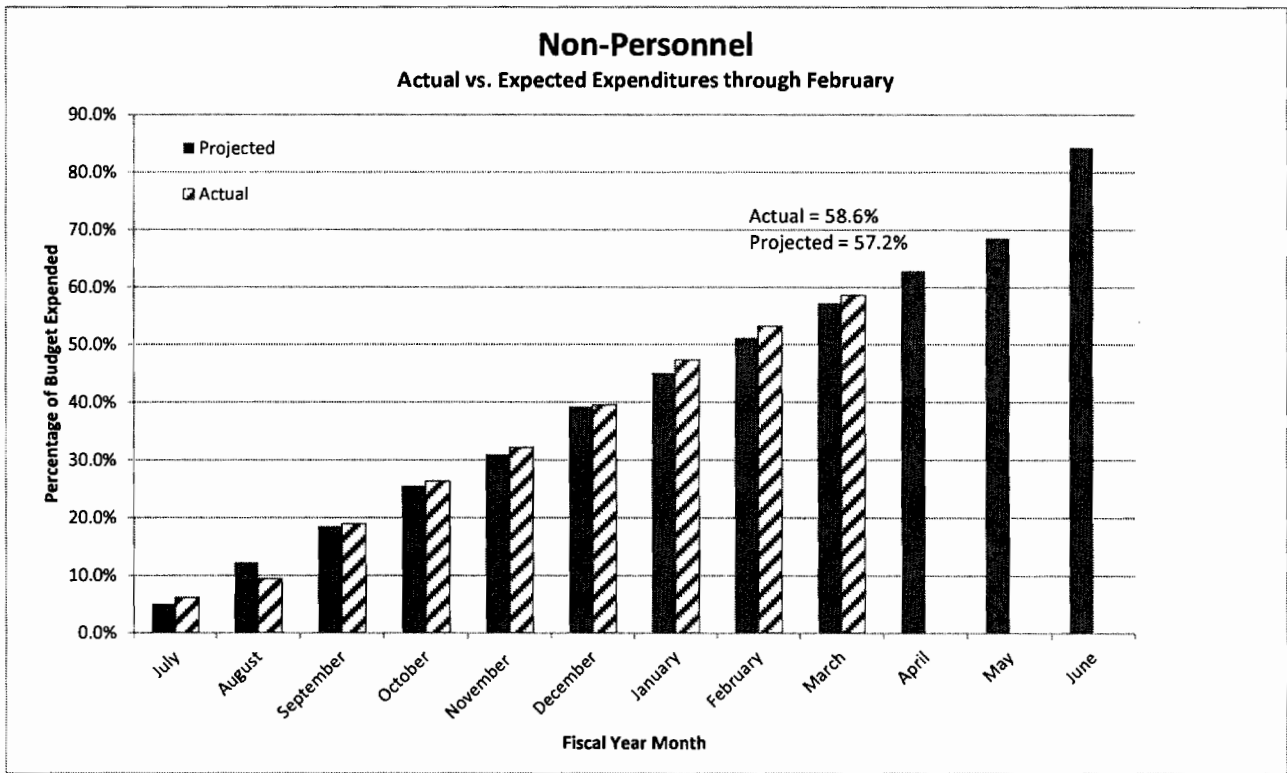
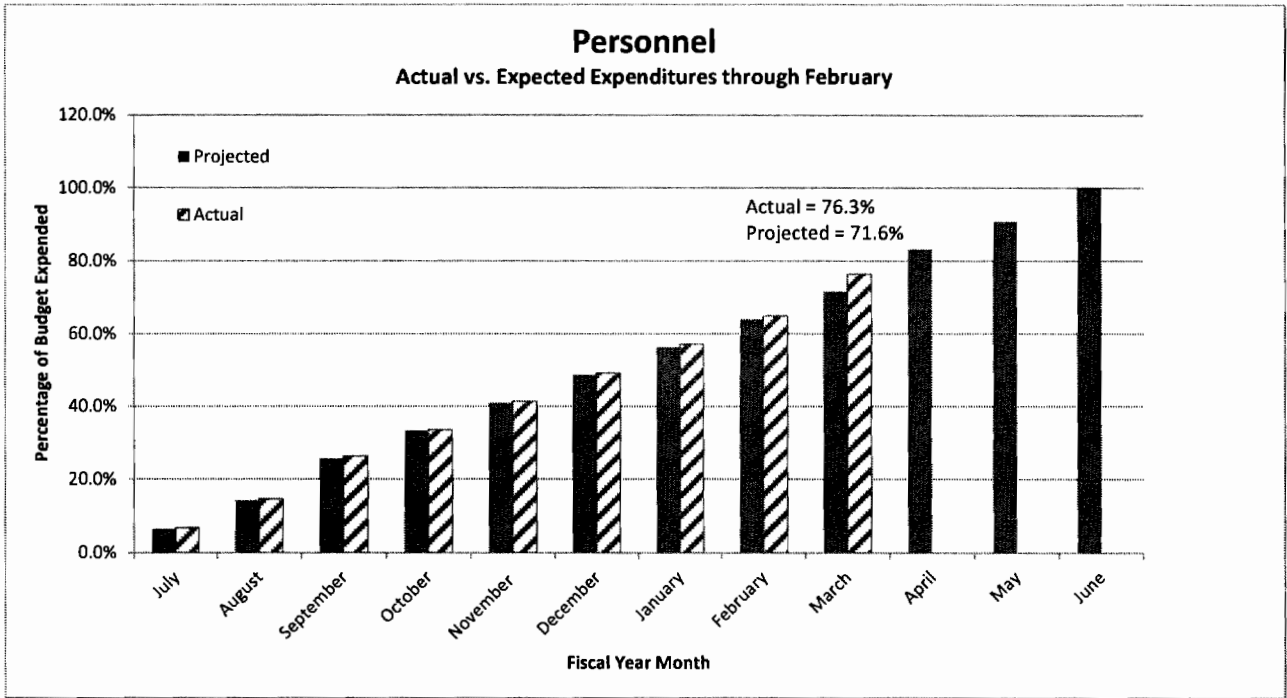
	A	B	B 2	C	D=C/B	E	F=(C-E)/E
	FY2010	FY2011	FY2011	FY2011		FY2010	
	ACTUALS	REVISED BUDGET	PROJECTED REVENUES	REVENUES THRU 03/31/11	% OF BUDGET	REVENUES THRU 03/31/10	% CHANGE
General Property Taxes							
Real Property Taxes.....	\$ 302,666,192	\$ 296,237,904	\$ 307,976,901	\$ 152,957,884	51.6%	\$ 151,190,021	1%
Personal Property Taxes.....	32,923,178	32,300,000	34,600,000	33,577,507	104.0%	31,764,903	6%
Penalties and Interest.....	1,631,548	1,870,000	1,870,000	1,469,333	78.6%	1,071,853	37%
Total General Property Taxes	\$ 337,220,918	\$ 330,407,904	\$ 344,446,901	\$ 188,004,724	56.9%	\$ 184,026,777	2%
Other Local Taxes							
Local Sales and Use Taxes.....	\$ 22,744,483	\$ 23,500,000	\$ 23,700,000	\$ 13,695,307	58.3%	\$ 13,359,948	3%
Consumer Utility Taxes.....	10,462,233	10,500,000	10,900,000	7,295,362	69.5%	6,907,354	6%
Communication Sales and Use Taxes.....	11,315,541	11,600,000	11,600,000	6,760,830	58.3%	6,537,345	3%
Business License Taxes.....	30,295,624	30,200,000	29,250,000	27,169,594	90.0%	26,978,008	1%
Transient Lodging Taxes.....	10,824,410	11,100,000	11,600,000	6,735,758	60.7%	6,303,665	7%
Restaurant Meals Tax.....	14,908,999	15,400,000	15,700,000	10,064,680	65.4%	9,372,474	7%
Tobacco Taxes.....	2,910,382	2,900,000	2,900,000	1,829,272	63.1%	1,925,281	-5%
Motor Vehicle License Tax.....	3,172,254	3,200,000	3,200,000	3,045,549	95.2%	2,922,231	4%
Real Estate Recordation.....	3,313,547	3,800,000	3,800,000	2,377,347	62.6%	2,157,946	10%
Admissions Tax.....	1,125,172	1,200,000	1,100,000	687,884	57.3%	760,675	-10%
Other Local Taxes.....	3,298,706	3,030,000	2,730,000	549,096	18.1%	603,422	-9%
Total Other Local Taxes	\$ 114,371,351	\$ 116,430,000	\$ 116,480,000	\$ 80,210,679	68.9%	\$ 77,828,349	3%
Intergovernmental Revenues							
Revenue from the Fed. Government.....	\$ 8,804,712	\$ 8,826,689	\$ 9,206,344	\$ 6,419,463	72.7%	\$ 4,780,765	34%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	23,578,531	23,106,960	98.0%	23,106,960	0%
Revenue from the Commonwealth.....	20,082,668	19,769,080	20,098,964	15,040,056	76.1%	15,241,461	-1%
Total Intergovernmental Revenues	\$ 52,465,911	\$ 52,174,300	\$ 52,883,839	\$ 44,566,479	85.4%	\$ 43,129,186	3%
Other Governmental Revenues And Transfers In							
Fines and Forfeitures.....	\$ 3,941,372	\$ 4,646,020	\$ 4,494,000	\$ 3,267,684	70.3%	\$ 2,852,695	15%
Licenses and Permits.....	4,811,588	1,802,010	1,986,975	1,901,633	105.5%	3,411,932	-44%
Charges for City Services.....	13,803,578	14,902,302	14,425,471	9,369,557	62.9%	8,408,307	11%
Revenue from Use of Money & Prop.....	3,033,638	4,010,000	3,330,000	2,779,503	69.3%	2,577,328	8%
Other Revenue.....	787,960	783,700	763,000	699,051	89.2%	547,823	28%
Transfer from Other Funds.....	1,301,560	1,446,713	1,446,713	-	0.0%	-	0%
Total Other Governmental Revenues	\$ 27,679,696	\$ 27,590,745	\$ 26,446,159	\$ 18,017,428	63.3%	\$ 17,798,085	1%
TOTAL REVENUE	\$ 531,737,876	\$ 526,602,949	\$ 540,256,899	\$ 330,799,310	62.8%	\$ 322,782,397	2%
Appropriated Fund Balance							
General Fund.....	-	5,499,291	5,499,291	-	-	-	0%
Reappropriation of FY 2010 Encumbrances And Other Supplemental Appropriations.....	-	7,272,932	-	-	-	-	0%
TOTAL	\$ 331,737,876	\$ 539,375,172	\$ 545,756,150	\$ 330,799,310	61.3%	\$ 322,782,397	2%

Change in Year-to-Date Revenues Through March FY 2011 Compared to FY 2010



**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING MARCH 31, 2011 AND MARCH 31, 2010**

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2010 ACTUALS	FY2011 REVISED BUDGET	FY2011 EXPENDITURES THRU 03/31/11	% OF BUDGET EXPENDED	FY2010 EXPENDITURES THRU 03/31/10	% CHANGE
Legislative & Executive.....	\$ 7,117,967	\$ 7,737,648	\$ 5,521,774	71.4%	\$ 5,436,390	2%
Judicial Administration.....	\$ 37,436,864	\$ 38,722,758	\$ 28,933,026	74.7%	\$ 28,657,474	1%
Staff Agencies						
Information Technology Services.....	\$ 6,413,983	\$ 7,165,378	\$ 4,799,744	67.0%	\$ 4,704,947	2%
Management & Budget.....	1,102,234	1,185,929	820,614	69.2%	840,428	-2%
Finance.....	8,589,975	10,026,111	6,169,919	61.5%	5,981,398	3%
Real Estate Assessment.....	1,467,395	1,690,229	1,098,582	65.0%	1,103,912	0%
Human Resources.....	2,847,170	2,735,618	2,071,072	75.7%	2,129,382	-3%
Planning & Zoning.....	5,453,956	5,554,337	4,000,463	72.0%	4,146,707	-4%
Economic Development Activities.....	3,239,109	3,833,611	2,608,238	68.0%	3,156,662	-17%
City Attorney.....	2,294,946	2,803,772	1,732,761	61.8%	1,720,672	1%
Registrar.....	1,014,068	1,131,051	815,655	72.1%	794,783	3%
General Services.....	11,369,943	11,773,511	8,934,544	75.9%	8,281,505	8%
Total Staff Agencies	\$ 43,792,779	\$ 47,899,547	\$ 33,051,592	69.0%	\$ 32,860,396	1%
Operating Agencies						
Transportation & Environmental Services.....	\$ 26,308,499	\$ 28,207,149	\$ 19,757,834	70.0%	\$ 19,622,836	1%
Fire and Code Administration.....	39,338,983	35,956,599	28,984,320	80.6%	29,397,577	-1%
Police and Emergency Communications.....	51,980,201	52,691,408	39,630,966	75.2%	38,983,577	2%
Transit Subsidies.....	5,168,369	8,245,933	6,194,210	75.1%	4,496,565	38%
Mental Health/Mental Retardation/ Substance Abuse.....	521,429	551,662	506,793	91.9%	418,478	21%
Health.....	7,598,198	8,102,191	5,666,899	69.9%	5,821,386	-3%
Human Services.....	11,254,019	12,818,177	9,003,705	70.2%	9,388,842	-4%
Historic Resources.....	2,597,967	2,578,806	1,928,517	74.8%	1,988,932	-3%
Recreation.....	18,150,627	19,209,492	14,446,024	75.2%	14,109,787	2%
Total Operating Agencies	\$ 162,918,292	\$ 168,361,417	\$ 126,119,268	74.9%	\$ 124,227,980	2%
Education						
Schools.....	\$ 165,555,960	\$ 167,886,567	\$ 107,783,517	64.2%	\$ 106,464,830	1%
Other Educational Activities.....	12,304	12,229	9,172	75.0%	12,304	-25%
Total Education	\$ 165,568,264	\$ 167,898,796	\$ 107,792,689	64.2%	\$ 106,477,134	1%
Capital, Debt Service and Miscellaneous						
Debt Service.....	\$ 34,844,533	\$ 38,054,356	\$ 21,185,348	55.7%	\$ 16,432,209	28.9%
Non-Departmental.....	9,042,601	11,535,582	8,194,179	71.0%	10,122,290	-19.0%
Cash Capital.....	4,295,000	5,545,000	5,545,000	100.0%	4,400,038	26.0%
Contingent Reserves.....	-	865,170	-	0.0%	-	-
Total Capital, Debt Service and Miscellaneous	\$ 48,182,134	\$ 56,000,108	\$ 34,924,527	62.4%	\$ 30,954,537	12.8%
TOTAL EXPENDITURES	\$ 465,016,300	\$ 486,620,274	\$ 336,342,876	69.1%	\$ 328,613,911	2.4%
Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund).....	41,469,222	37,069,884	-	-	-	-
Transfer to Housing.....	1,471,393	1,606,566	1,228,279	76.5%	924,943	32.8%
Transfer to Library.....	6,074,971	6,270,659	4,702,994	75.0%	4,556,228	3.2%
Transfer to DASH.....	7,907,789	7,807,789	5,855,842	75.0%	5,930,842	-1.3%
TOTAL EXPENDITURES & TRANSFERS	\$ 521,939,675	\$ 539,375,172	\$ 348,129,991	64.5%	\$ 340,025,924	2.4%
Total Expenditures by Category						
Salaries and Benefits	\$ 180,224,174	\$ 180,732,360	\$ 137,949,861	76.3%	\$ 136,123,468	1.3%
Non Personnel (includes all school funds)	341,715,501	358,642,812	210,180,130	58.6%	203,902,456	3.1%
Total Expenditures	\$ 521,939,675	\$ 539,375,172	\$ 348,129,991	64.5%	\$ 340,025,924	2.4%



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5-10-11

Monthly Financial Report

Through March 2011

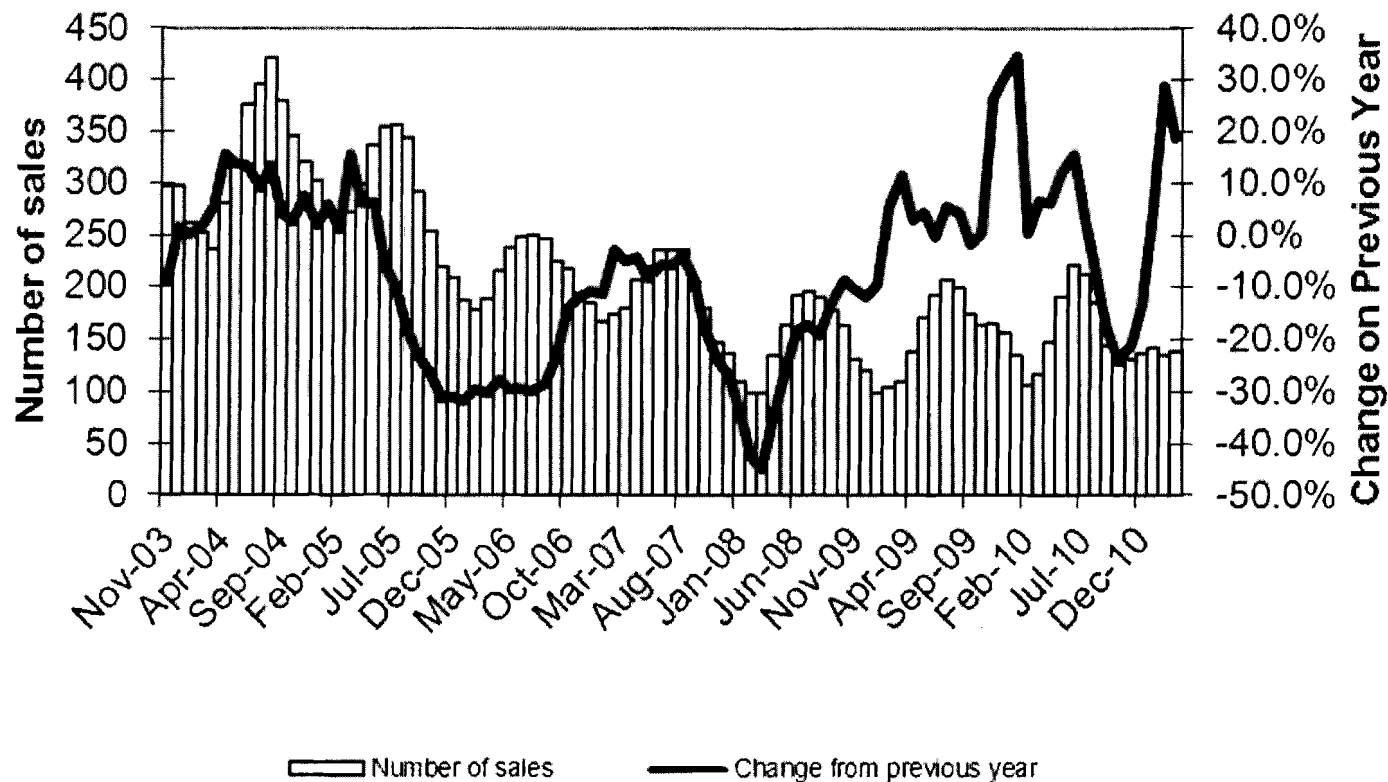


City of Alexandria

Monthly Financial Report

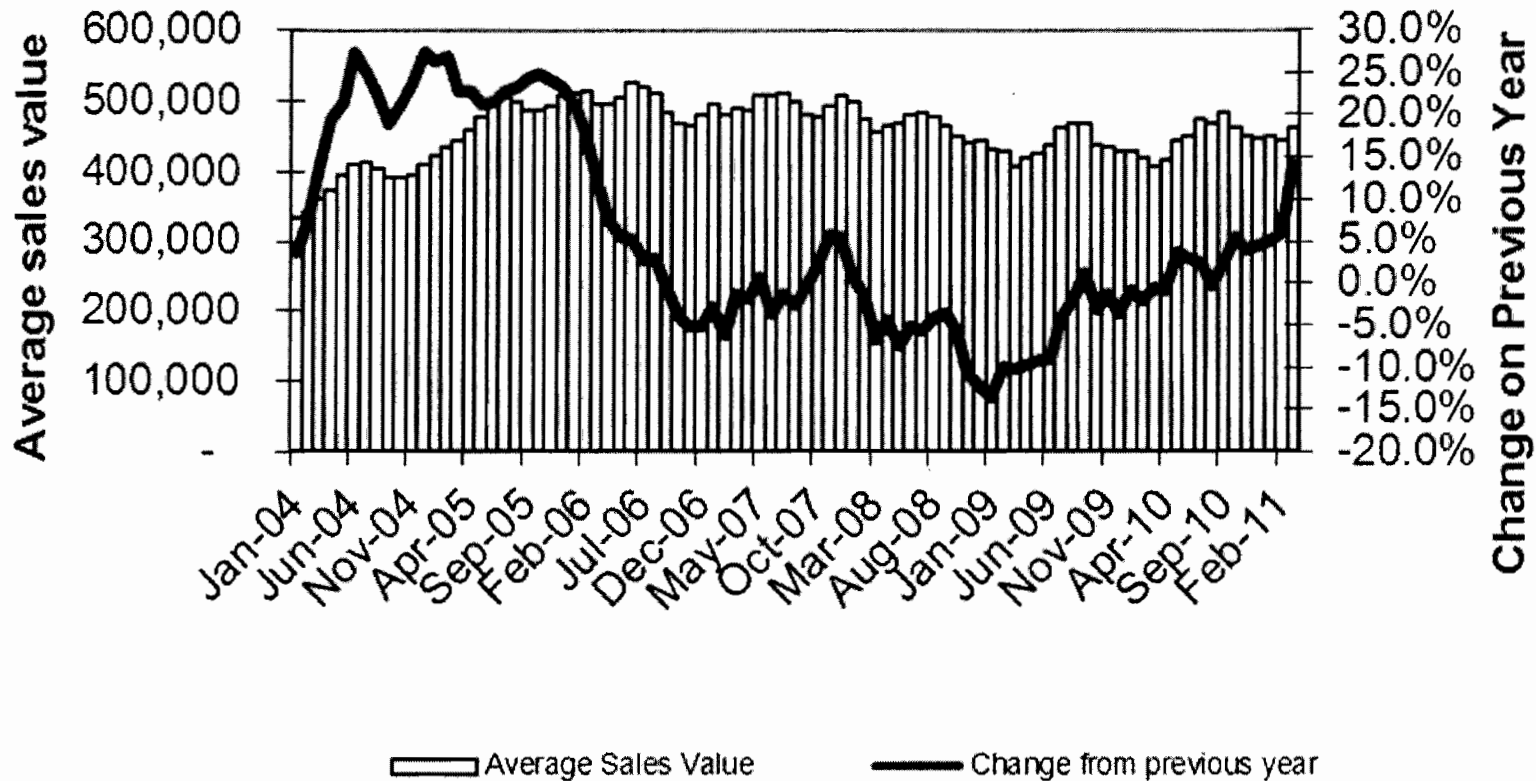
Economic Indicators

Alexandria Residential Property Sales Volume
Three Month Trailing Average



Economic Indicators

**Alexandria Residential Property Average Sales Value
Three Month Trailing Average**



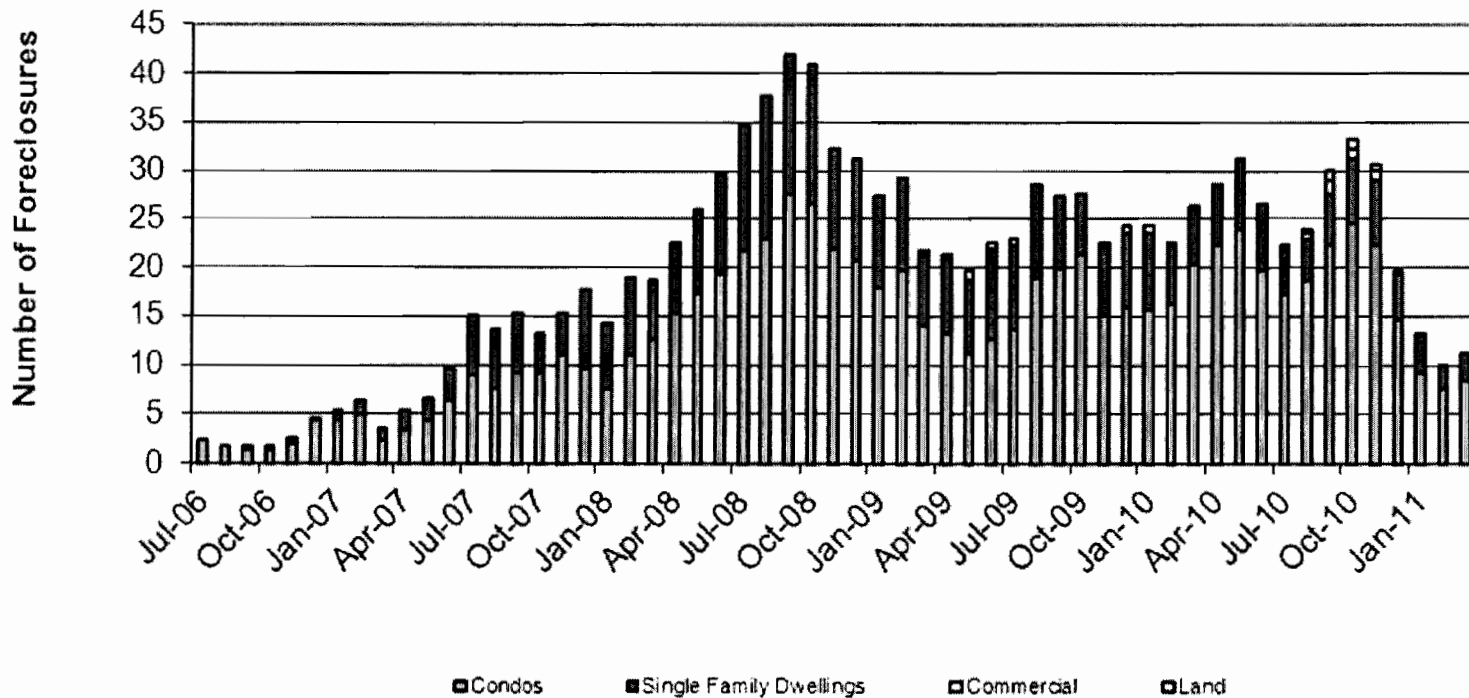
Economic Indicators

2009		2009 Per	
Rank	Location	Capita	2008
		Income	Rank
1	Loving, TX	\$150,933	1
2	Teton, WY	\$127,823	2
3	New York, NY	\$105,554	3
4	Marin, CA	\$89,139	5
5	Pitkin, CO	\$84,264	6
6	Fairfield, CT	\$74,767	7
7	Arlington, VA	\$73,187	11
8	Westchester, NY	\$71,728	8
9	Alexandria, VA	\$70,846	12
10	San Mateo, CA	\$69,562	9
11	Somerset, NJ	\$69,385	13
12	Fairfax, VA	\$69,241	15
13	Washington, DC	\$68,843	21
14	San Francisco, CA	\$68,727	10
15	Slope, ND	\$68,720	--



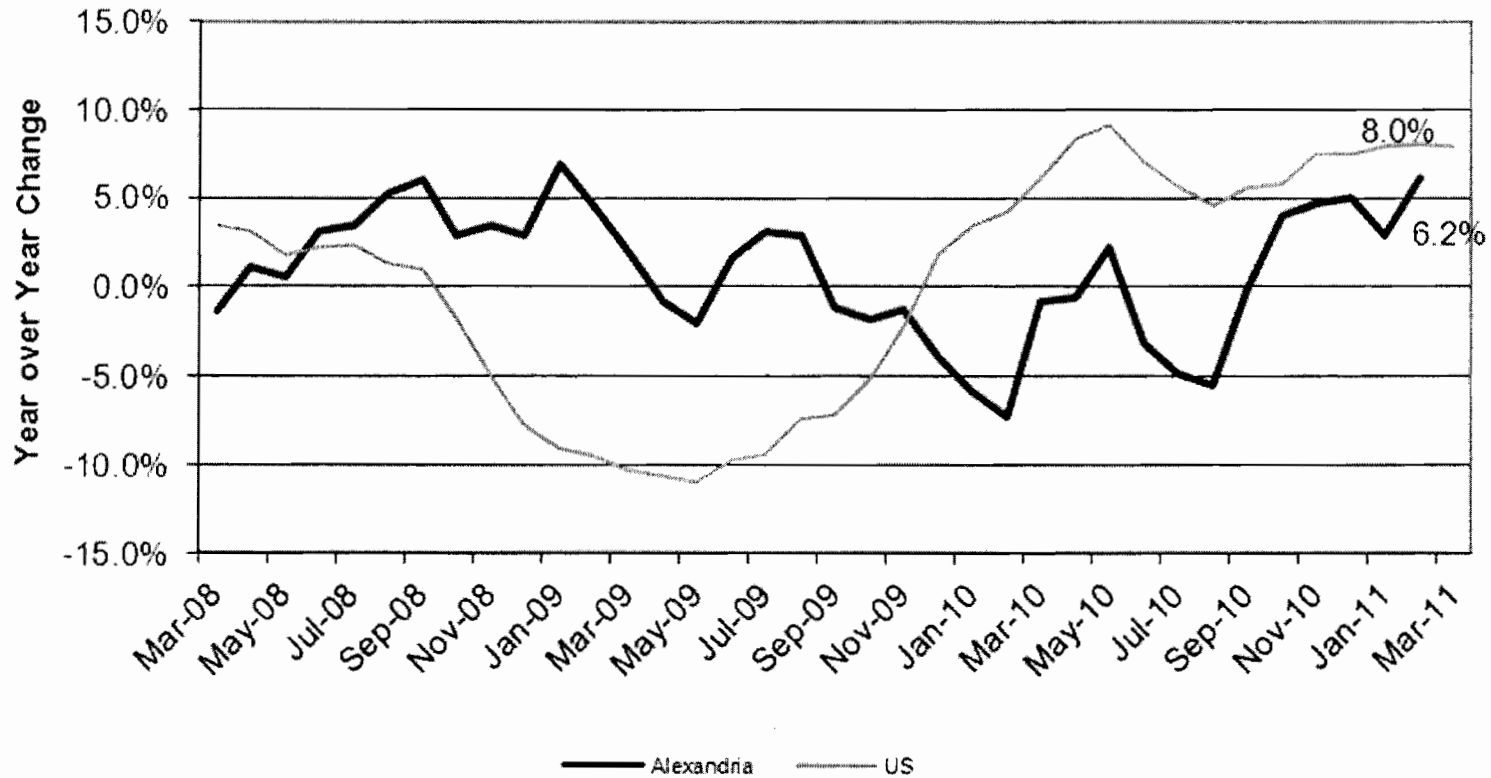
Economic Indicators

New Foreclosures in Alexandria 3 month trailing average



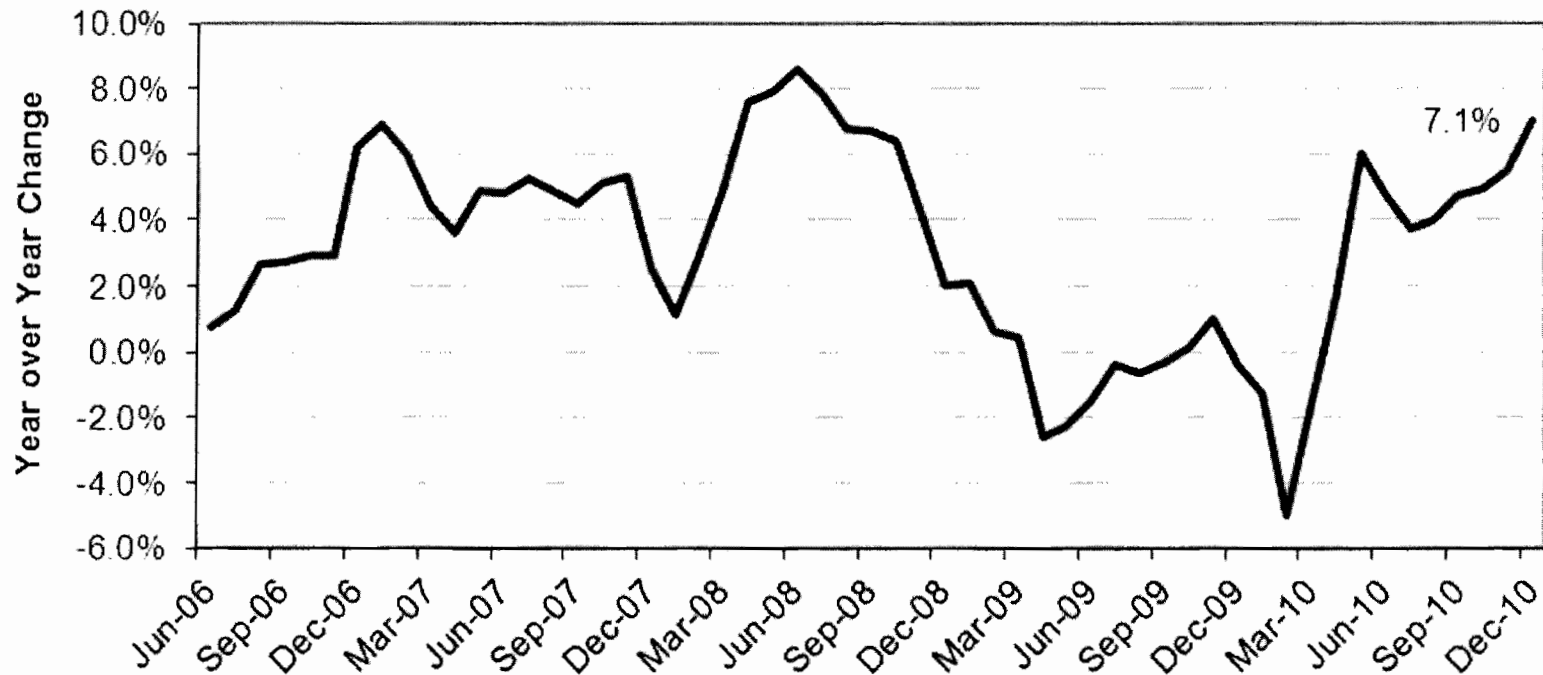
Economic Indicators

**Annual Change in U.S. Retail Sales
& Alexandria Sales Tax Collections**
3 month trailing average



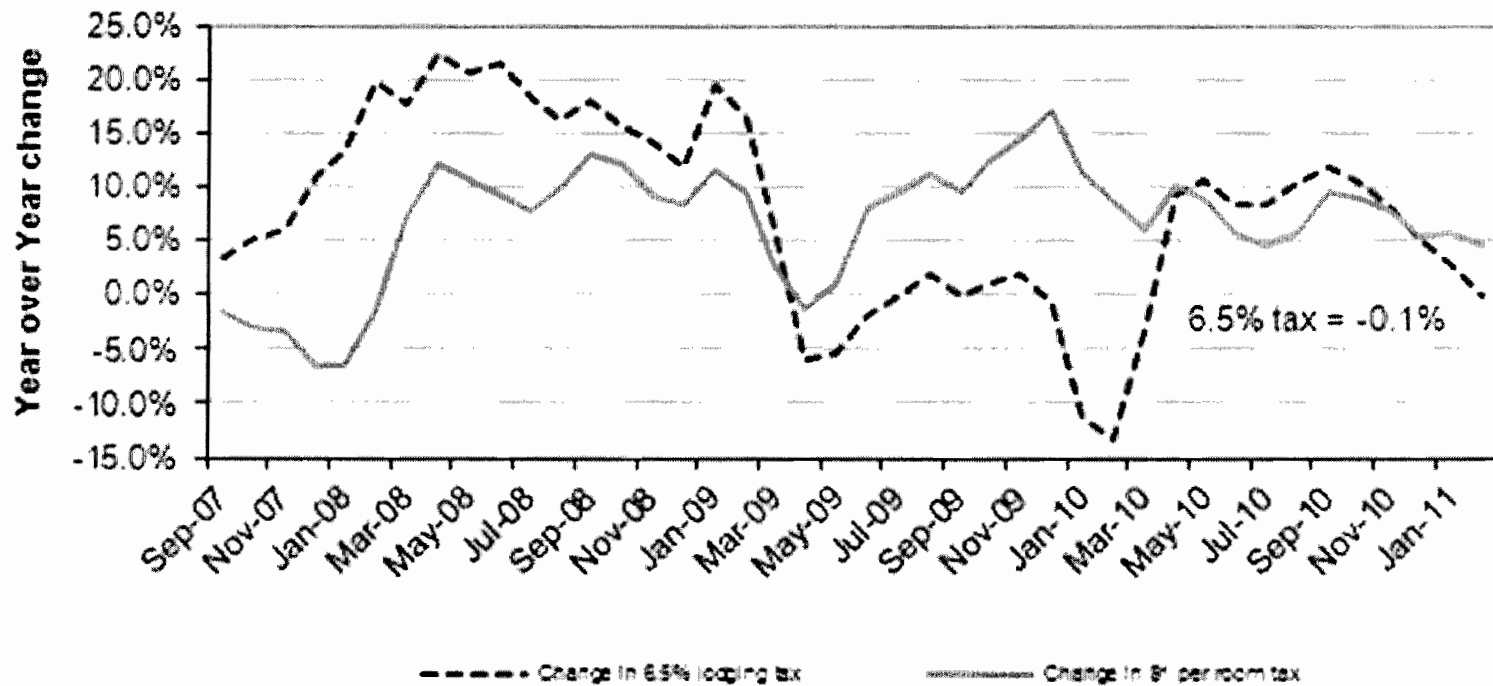
Economic Indicators

Annual Change in Meals Tax Revenue Per 1 % of Tax
3 month trailing average



Economic Indicators

Annual Change in Transient Lodging Tax Receipts
3 month trailing average



Economic Indicators

Gross Domestic Product (GDP)
Percent Change by Quarter Calendar Year 2006 - 2011

