



Legislation Text

File #: 13-0944, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 8, 2013

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER /s/

DOCKET TITLE:

Consideration of the Monthly Financial Report for the Period Ending March 31, 2013.

ISSUE: Receipt of the City's Monthly Financial Report for the period ending March 31, 2013.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending March 31, 2013.

DISCUSSION: This report includes highlights of the City's financial condition and provides fiscal year (FY) 2013 financial information on revenues and expenditures of the General Fund for the period ending March 31, 2013. Detailed economic, revenue, and expenditure charts (Online References) are also available from the City's website at alexandriava.gov/FinancialReports.

ECONOMIC HIGHLIGHTS:

- **The growth in consumer prices slowed down in March.** According to data from the Bureau of Labor Statistics, the national Consumer Price Index for All Urban Consumers (CPI-U) increased 1.5 percent in March 2013, the lowest annual increase since July 2012 and the second lowest since December 2010. This deceleration was predominantly due to a 1.6 percent decrease in the energy index caused by a 3.1 percent drop in the gasoline index and a 2.4 percent drop in the fuel oil index. The core CPI, excluding food and energy, increased by 1.9 percent, reflecting a relatively stable rate of inflation since August 2012. The DC CPI-U showed an annual increase of 1.4 percent in March 2013, reflecting a steady deceleration in regional consumer price growth since September 2012. As with the national CPI-U, the DC CPI-U increase was the lowest since July 2012, tying it for the lowest increase since late 2010, and most likely reflects a decrease in energy prices.
- **Increased office vacancy rates and decreased new construction signal trouble for the local and regional commercial real estate markets.** According to CoStar data, the City's office vacancy rate increased to 16.2 percent in first quarter 2013, compared to a 15.0 percent office vacancy rate for Northern Virginia and 12.9 percent for the DC Metropolitan Area. According to data from the City's Department of Code Administration, the number of commercial permits has increased 166.7 percent fiscal year to date, but the value of those permits has decreased by 27.6 percent. The number of multi-family permits has decreased 76.3 percent fiscal year to date, while the value of multi-family permits has decreased 39.9 percent. Unless there is improvement later in the year, these numbers could result in a smaller increase in total assessments for commercial real estate in general and the office and office/retail condominium segments specifically during calendar year 2013 than was experienced in 2012.
- **On a positive note, housing inventories and sales data reflect a seller's market in residential real estate.** According to data from Metropolitan Regional Information Systems (MRIS), the inventory for houses decreased to 0.8 months in March, reaching its lowest level since March 2005, and the inventory for condominiums remained flat at 1.6 months. According to data from the City's Department of Real Estate Assessments, the three-month average for residential real estate sales was up 21.1 percent year-over-year in February, and the three-month average median sales price was up 1.1 percent, excluding foreclosures and short sales. It's important to note that, according to data from the Department of Code Enforcement, the number of permits for one- and two-family residential construction was down 55.9 percent from 2012 calendar year to date, and the value of these permits was down 47.7 percent for the same period.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of March 31, 2013, nine months into the fiscal year, actual General Fund revenues totaled \$378.6 million, which is 9.7 percent higher than FY2012 for the same period. Most of this

increase reflects refunding bond proceeds, the bulk of which was used to fund the refunded bonds listed in the expenditure report. The rest of the increase is mainly related to general property taxes (real estate and personal property).

- **Other Local Taxes:** The increase is mainly due to the timing of the receipt of telecommunications taxes.
- **Fines and Forfeitures:** Collections in this category primarily reflect budgeted increases for red light cameras installed in FY 2012.
- **Other Revenue:** The increase is primarily due to \$0.2 million in the sale of surplus property and insurance recoveries.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of March 31, 2013, actual General Fund expenditures totaled \$410.2 million, an increase of \$45.0 million, or 12.3 percent, above expenditures for the same period last year. Personnel expenditures remain consistent with the budget at 4.5 percent higher than last year. Non-personnel spending increased 17.2 percent from the same period in FY 2012, primarily for budgeted debt service and the payment to the refunding bond escrow agent for refunded bonds. We are closely monitoring and controlling these expenditures to be at or below budget.

- **Information Technology:** Increased costs are due to the timing of payments to contractors for service agreements.
- **Registrar:** Increased costs are primarily due to budgeted costs for the presidential election. Costs for the additional primary and voting machines may exceed the budget. Staff will propose a transfer as appropriate in the transfer resolution.
- **Planning and Zoning:** Increased costs are for temporary personnel staffing to handle increased workloads for planning activities. To the extent additional fees are available to support the additional activities, staff will recommend an appropriation of those fees as part of the supplemental appropriation. Department staff will monitor non-personnel spending in order to remain at or below budget.
- **Fire:** Fire overtime costs are currently projected to be over the current budget again this year as the number of minimum staffing overtime hours are already higher than at this time last year. However, unlike prior years, the Fire Departments' full-time salaries budget is projected to absorb this overage. As newer employees are hired for the new station to replace retiring firefighters, their salaries and overtime costs are lower than those of the senior firefighters who were the only ones eligible to work these hours in previous years.
- **Police:** During the last several fiscal years, APD has experienced a high attrition rate among sworn staff largely due to a large number of retirements. To offset the impact of this high attrition rate, 18 recruits were put into the July Police Academy. This resulted in higher payrolls in the beginning of the fiscal year. Attrition is expected to continue and future payrolls will be lower due to anticipated retirements and other separations.

- **Debt Service:** The increase in debt service reflects planned expenditures for the FY 2012 General Obligation and refunding bonds.

ATTACHMENTS:

ONLINE REFERENCES:

Online Reference 1-The Economy

Online Reference 2-Revenues

Online Reference 3-Expenditures

STAFF:

Laura Triggs, Chief Financial Officer

Morgan Routt, Assistant Director, Office of Management & Budget

Berenice Harris, Finance Department

Melinda Barton, Finance Department

SELECTED ECONOMIC INDICATORS

Online Reference 1

Consumer Price Index (CPI-U) for the Washington-Baltimore, DC-MD-VA-WV Area (as of Mar 2013)	Change on Previous Year
For the United States (as of Mar 2013)	1.4%
Core CPI-U (excludes food and energy) (as of Mar 2013)	1.5%
(Source: U.S. Department of Labor, Bureau of Labor Statistics)	1.9%

Unemployment Rates	Current Month	Prior Month	Prior Year
Alexandria (as of Feb 2013)	4.5%	4.9%	5.0%
Virginia (as of Feb 2013)	5.6%	5.6%	5.9%
United States (as of Mar 2013)	7.6%	7.7%	8.3%
(Source: U.S. Department of Labor, Bureau of Labor Statistics)			

Office Vacancy Rates	Current Quarter	Prior Quarter	Prior Year
Alexandria	16.2%	15.8%	15.6%
Northern Virginia	15.0%	14.9%	14.0%
Washington, DC Metro area (As of 1st quarter 2013)	12.9%	12.7%	12.1%
(Source: CoStar)			

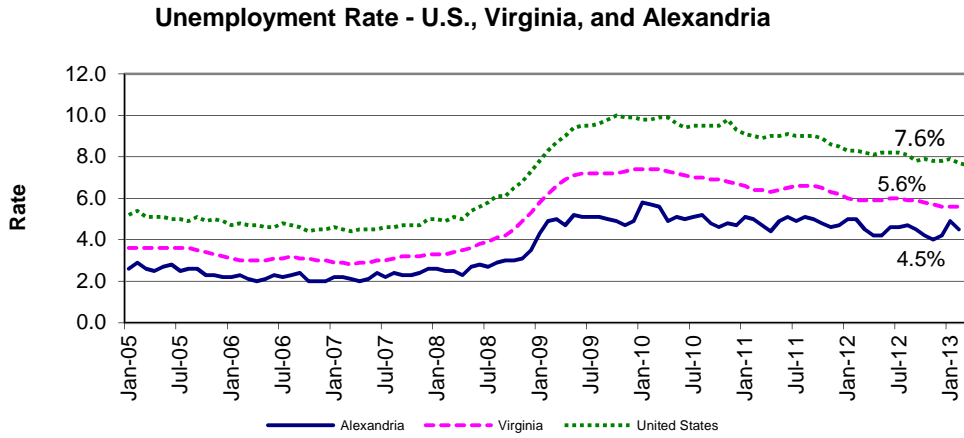
New Business Licenses	Current Year	Prior Year	Change on Previous Year
3 month trailing average (As of Mar 2013)	83	71	16.9%
(Source: Finance Department)			

<u>New Commercial Construction (excluding Apartment Buildings) and Building Renovations</u>			
(Fiscal YTD as of Mar 2013)			
Number of new building permits	8	3	166.7%
Value of new building permits (\$ millions)	\$21.8	\$30.1	-27.6%
(Source: Office of Code Administration)			

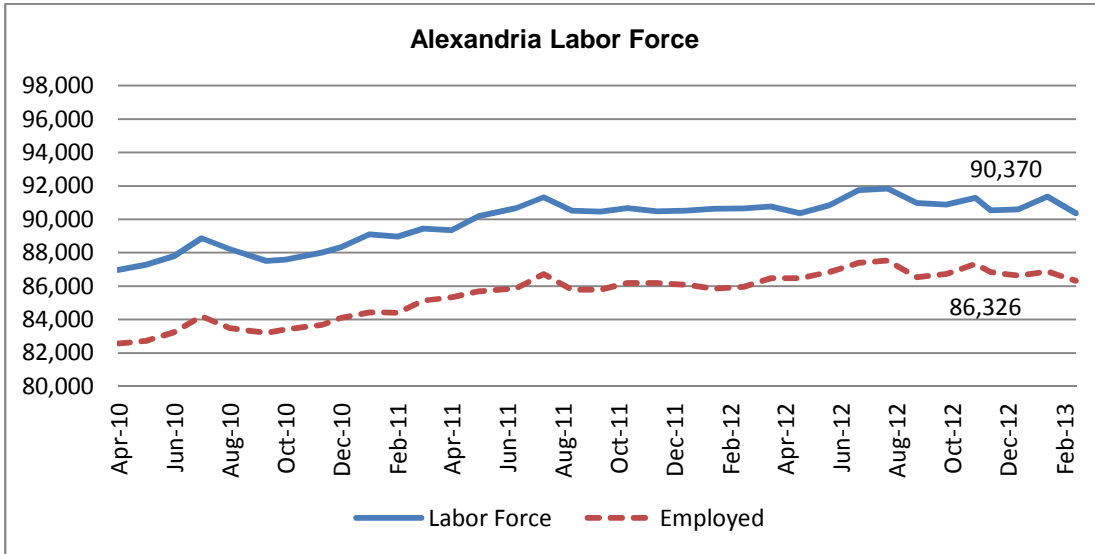
<u>New Multi-family Construction (including Apartment & Condominium Buildings)</u>			
(Fiscal YTD as of Mar 2013)			
Number of new building permits	14	61	-77.0%
Value of new building permits (\$ millions)	\$74.4	\$123.7	-39.9%

<u>Residential Real Estate Indicators</u>			
Residential Dwelling Units Sold (Calendar YTD ending Feb 2013)	255	200	27.5%
Median Residential Sales Price (As of Feb 2013)	\$445,500	\$466,500	-4.5%
(Source: Department of Real Estate Assessments)			

<u>Foreclosures</u>			
3 month trailing average (As of Feb 2013)	8	13	-38.5%
Source: Dept of Real Estate Assessments			

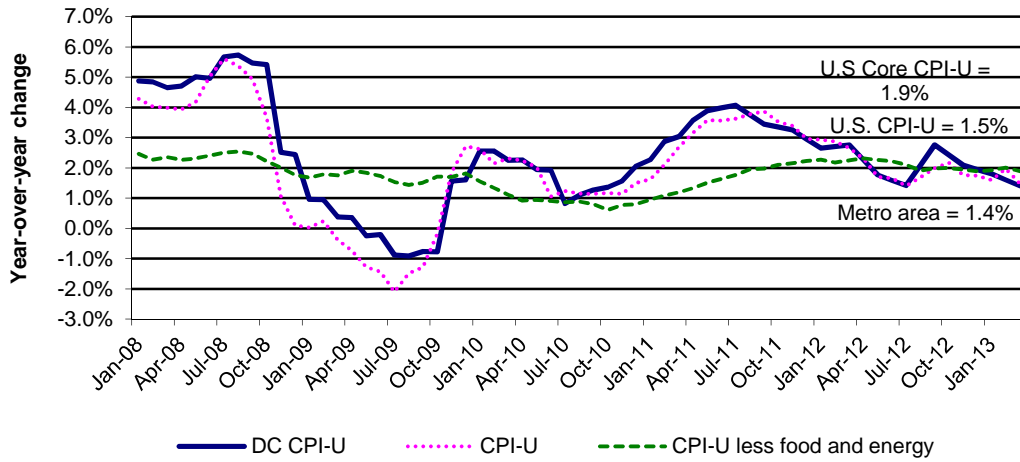


Source: U.S. Department of Labor, Bureau of Labor Statistics
 U.S. data through March; Virginia and Alexandria data through February
 *Alexandria unemployment is not seasonally-adjusted, while U.S. and Virginia are seasonally-



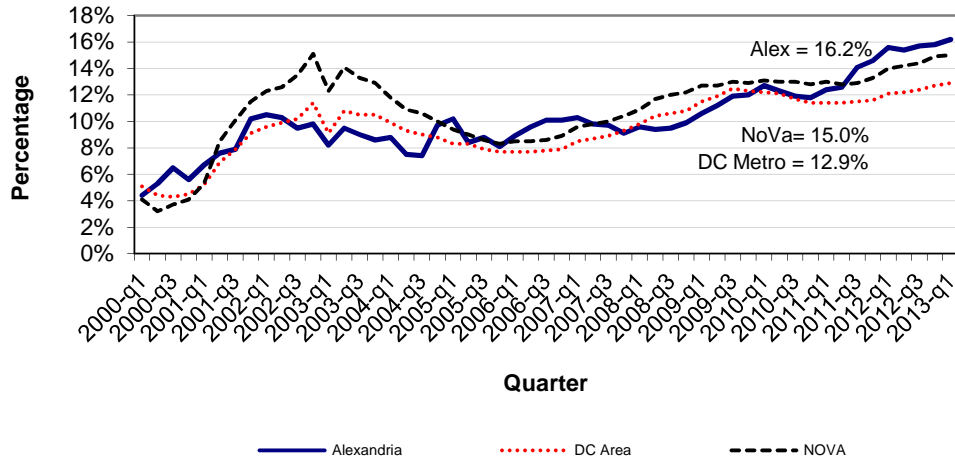
Source: Virginia Employment Commission
 Through February 2013

Annual Change in Consumer Price Index

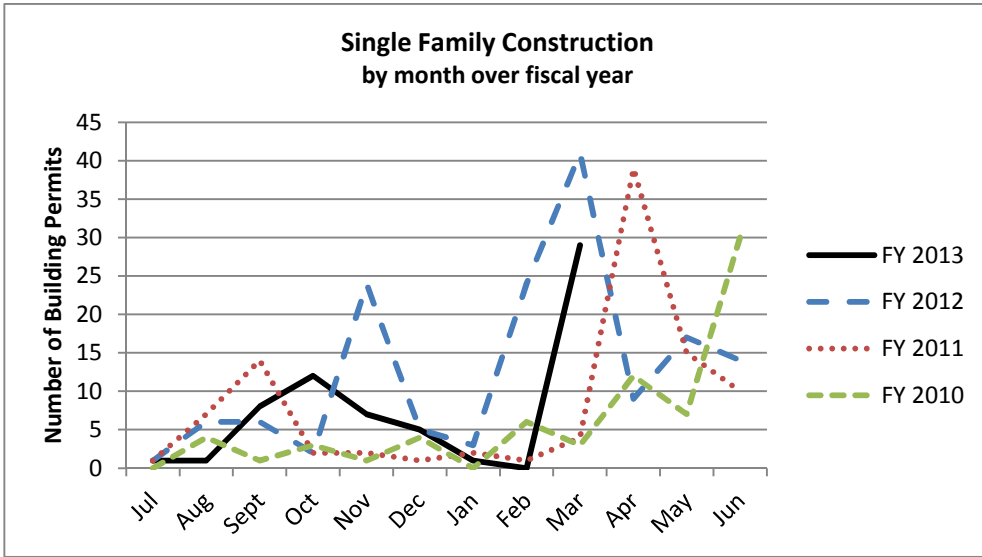


Source: U.S. Department of Labor, Bureau of Labor Statistics
Through March 2013

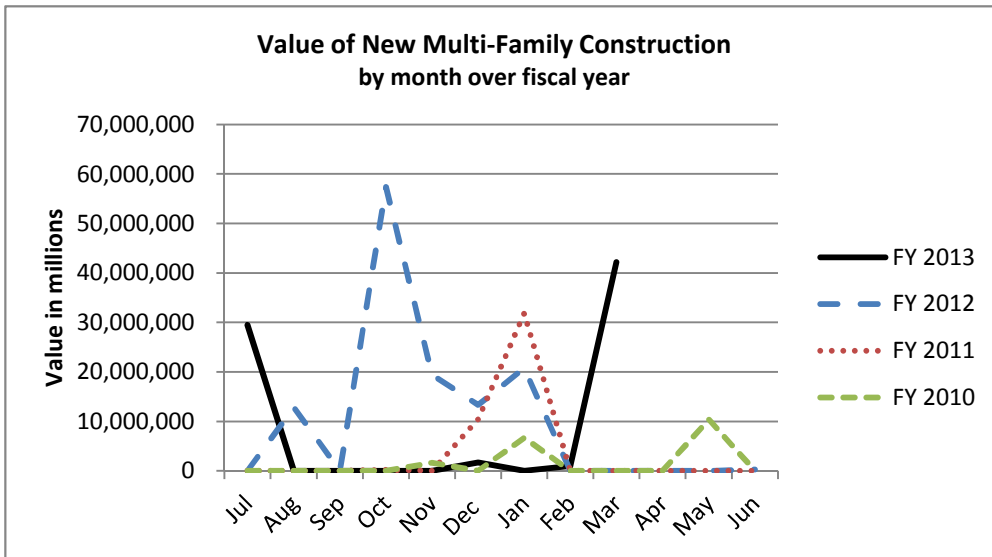
Office Vacancy Rates



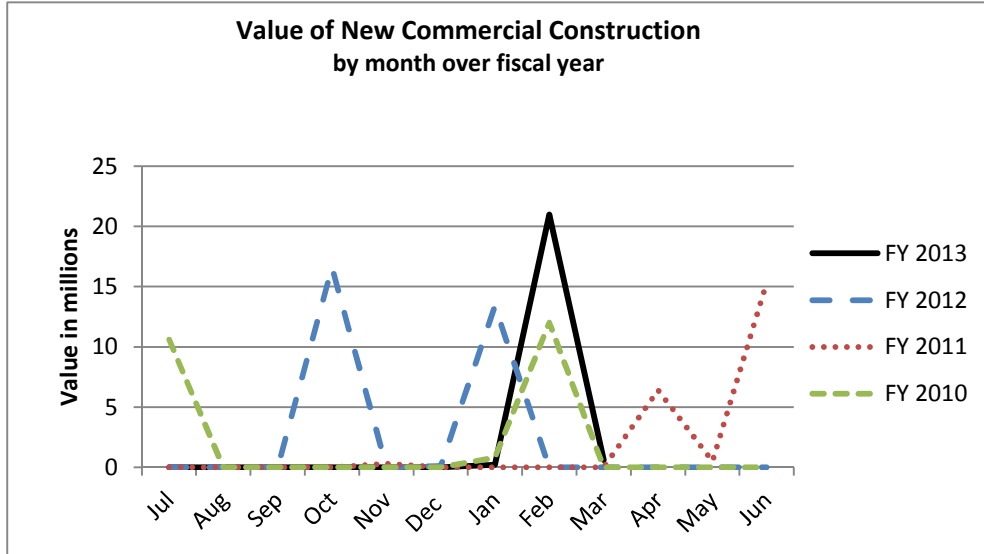
Source: CoStar
Through 1st quarter 2013



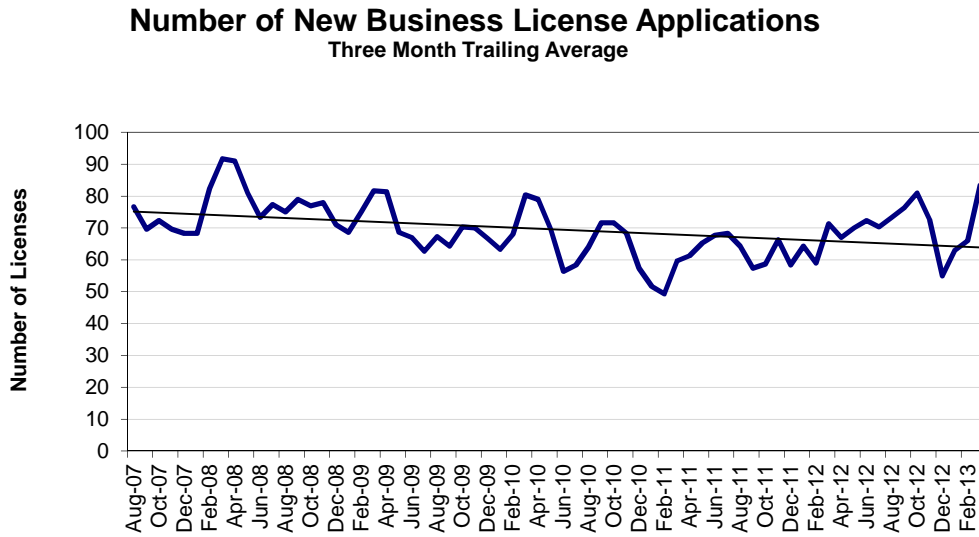
Source: Code Administration
Through March 2013



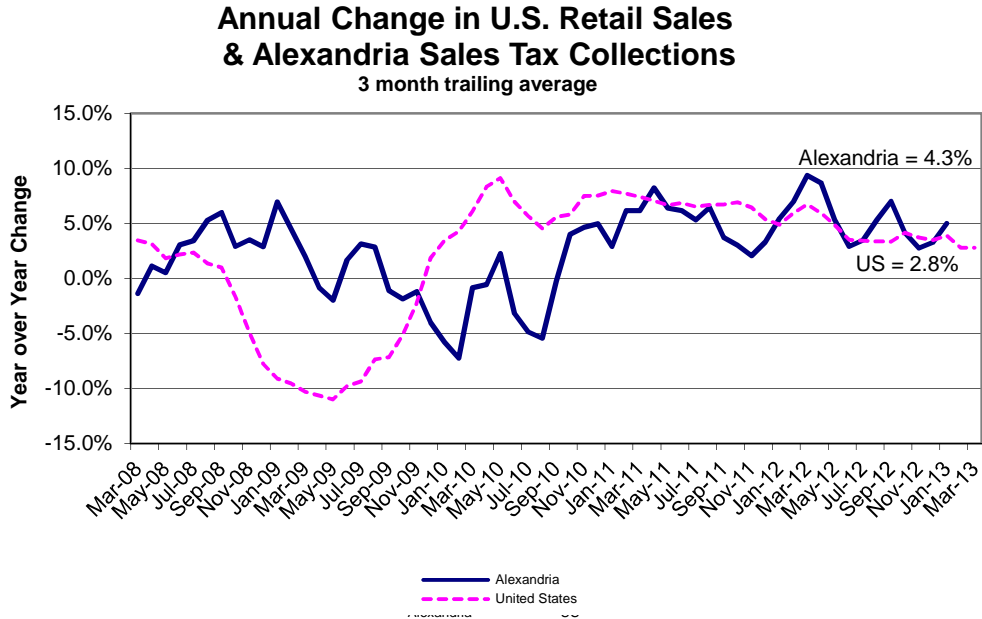
Source: Code Administration
Through March 2013



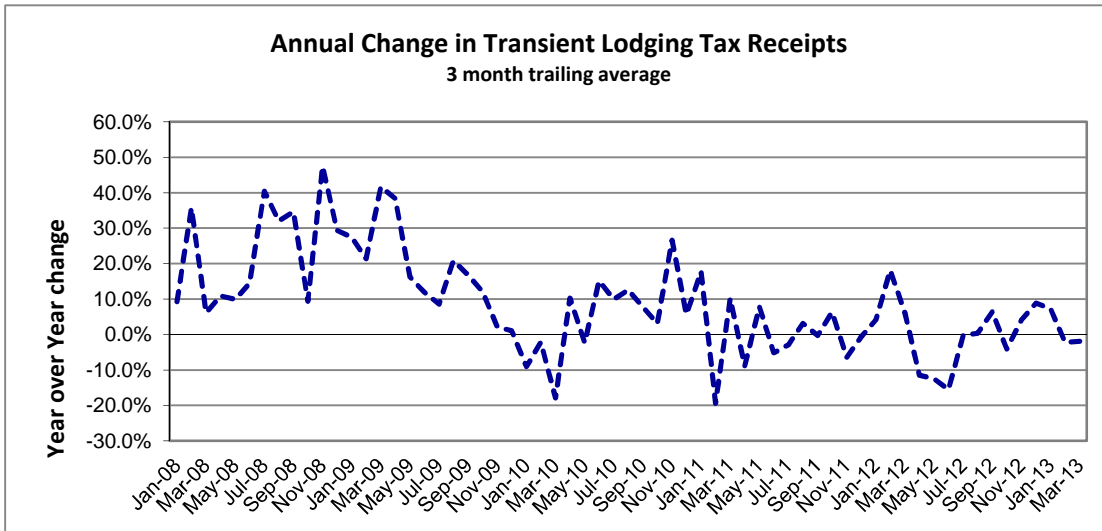
Source: Code Administration
Through March 2013



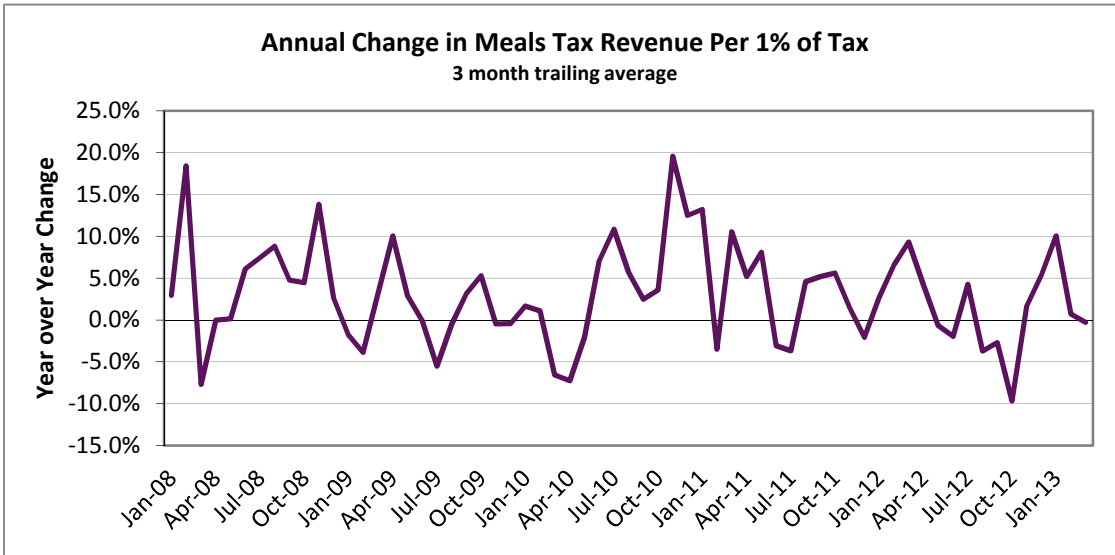
Source: Finance Department
Through March 2013



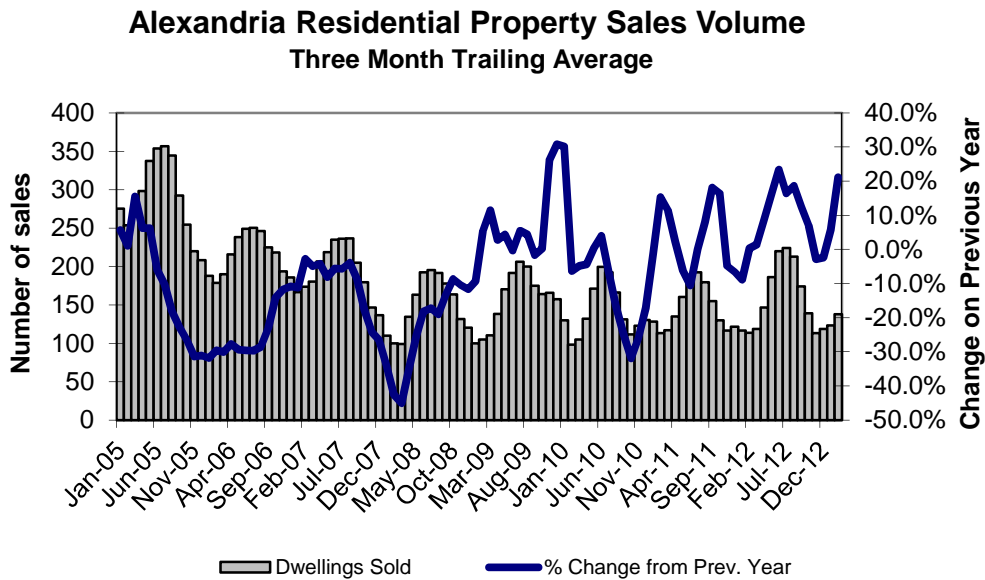
Source: Finance Department, U.S. Census Bureau
 Alexandria data through January 2013; US through March 2013



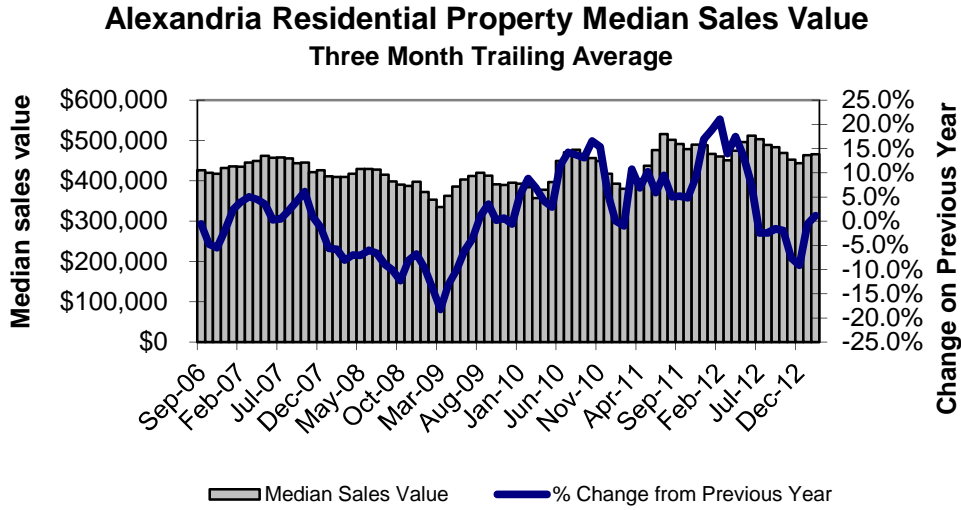
Source: Finance Department
 Through March 2013



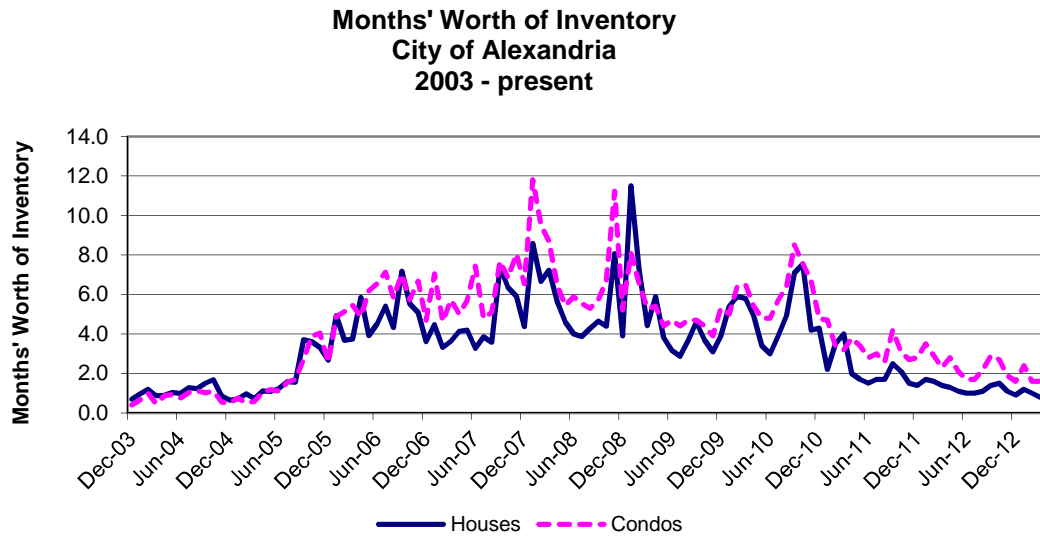
Source: Finance Department
Through March 2013



Source: Department of Real Estate Assessments
Through February 2013

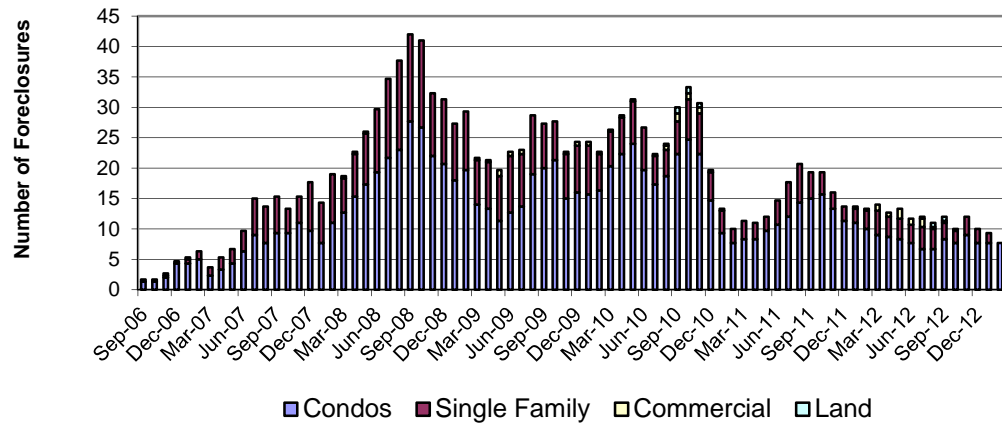


Sources: Metropolitan Regional Information Systems; Department of Real Estate Assessments Through February 2013



Source: Metropolitan Regional Information Systems Through March 2013

New Foreclosures in Alexandria
3 month trailing average



Source: Department of Real Estate Assessments
Through February 2013

CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING MAR 31, 2013 AND MAR 31, 2012

	A	B	B2	C	D=C/B	E	F=(C-E)/E
	FY2012	FY2013	FY 2012	FY2013	%	FY2012	%
	ACTUALS	REVISED BUDGET	PROJECTED REVENUES	REVENUES THRU 3/31/13	OF BUDGET	REVENUES THRU 3/31/12	CHANGE
General Property Taxes							
Real Property Taxes.....	\$ 323,784,070	\$ 333,929,291	\$ 343,472,248	\$ 165,552,940	49.6%	\$ 160,077,559	3.4%
Personal Property Taxes.....	37,897,525	37,500,000	39,700,000	38,650,560	103.1%	36,210,027	6.7%
Penalties and Interest.....	2,092,976	2,375,000	2,375,000	1,449,906	61.0%	1,455,401	-0.4%
Total General Property Taxes	\$ 363,774,571	\$ 373,804,291	\$ 385,547,248	\$ 205,653,406	55.0%	\$ 197,742,987	4.0%
Other Local Taxes							
Local Sales and Use Taxes.....	\$ 24,949,593	\$ 24,900,000	\$ 26,100,000	\$ 14,869,308	59.7%	\$ 14,193,638	4.8%
Consumer Utility Taxes.....	10,322,623	11,100,000	10,200,000	7,210,632	65.0%	6,966,131	3.5%
Communication Sales and Use Taxes.....	11,030,711	11,940,000	11,940,000	6,525,516	54.7%	6,336,101	3.0%
Business License Taxes.....	31,468,958	33,000,000	31,825,000	30,249,864	91.7%	28,783,933	5.1%
Transient Lodging Taxes.....	11,375,121	12,400,000	12,300,000	7,075,822	57.1%	6,756,865	4.7%
Restaurant Meals Tax.....	16,313,765	16,900,000	16,900,000	10,607,709	62.8%	10,152,664	4.5%
Tobacco Taxes.....	2,674,157	2,600,000	2,600,000	1,717,362	66.1%	1,759,364	-2.4%
Motor Vehicle License Tax.....	3,348,075	3,400,000	3,400,000	3,215,518	94.6%	3,067,346	4.8%
Real Estate Recordation.....	5,152,593	4,900,000	5,200,000	3,680,382	75.1%	3,431,799	7.2%
Admissions Tax.....	1,093,182	1,000,000	1,000,000	712,027	71.2%	700,653	1.6%
Other Local Taxes.....	3,372,455	2,710,275	2,710,275	466,821	17.2%	374,108	24.8%
Total Other Local Taxes	\$ 121,101,233	\$ 124,850,275	\$ 124,175,275	\$ 86,330,961	69.1%	\$ 82,522,602	4.6%
Intergovernmental Revenues							
Revenue from the Fed. Government.....	\$ 10,780,154	\$ 9,657,640	\$ 9,657,640	\$ 5,477,815	56.7%	\$ 5,870,005	-6.7%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	\$ 23,578,531	\$ 23,578,531	23,106,960	98.0%	23,106,960	0.0%
Revenue from the Commonwealth.....	21,125,448	\$ 20,360,485	\$ 20,260,485	15,930,835	78.2%	16,059,487	-0.8%
Total Intergovernmental Revenues	\$ 55,484,133	\$ 53,596,656	\$ 53,496,656	\$ 44,515,610	83.1%	\$ 45,036,452	-1.2%
Other Governmental Revenues And Transfers In							
Fines and Forfeitures.....	\$ 4,869,295	\$ 4,664,000	\$ 4,764,000	\$ 3,728,570	79.9%	\$ 3,434,284	8.6%
Licenses and Permits.....	2,373,449	\$ 2,157,975	\$ 2,157,975	\$ 1,675,193	77.6%	\$ 1,754,222	-4.5%
Charges for City Services.....	16,474,114	\$ 15,891,959	\$ 15,691,959	\$ 10,978,671	69.1%	\$ 10,469,156	4.9%
Revenue from Use of Money & Prop.....	3,947,855	\$ 3,420,000	\$ 3,460,000	3,212,784	93.9%	\$ 3,082,801	4.2%
Other Revenue.....	1,195,494	\$ 828,991	\$ 782,000	1,154,865	139.3%	\$ 952,229	21.3%
Transfer from Other Funds.....	1,394,903	\$ 2,104,502	\$ 1,854,502	2,104,502	100.0%	\$ -	-
Total Other Governmental Revenues	\$ 30,255,110	\$ 29,067,427	\$ 28,710,436	\$ 22,854,585	78.6%	\$ 19,692,692	16.1%
TOTAL REVENUE	\$ 570,615,047	\$ 581,318,649	\$ 591,929,615	\$ 359,354,562	61.8%	\$ 344,994,733	4.2%
Appropriated Fund Balance							-
General Fund.....	-	6,839,538			-	-	-
Appropriated refunding bond proceeds	73,454,827	19,256,545	19,256,545	19,256,545			-
Reappropriation of FY 2012							-
Encumbrances And Other		15,607,293	11,835,855				-
Supplemental Appropriations....	-	-		-	-	-	-
TOTAL	\$ 644,069,874	\$ 623,022,025	\$ 623,022,015	\$ 378,611,107	60.8%	\$ 344,994,733	9.7%

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING MAR 31, 2013 AND MAR 31, 2012**

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2012 ACTUALS	FY2013 REVISED BUDGET	FY2013 EXPENDITURES THRU 03/31/13	% OF BUDGET EXPENDED	FY2012 EXPENDITURES THRU 03/31/12	EXPENDITURES % CHANGE
Legislative & Executive.....	\$ 5,260,582	\$ 7,220,572	\$ 4,613,508	63.9%	\$ 4,028,375	14.5%
Judicial Administration.....	\$ 38,078,180	\$ 41,850,349	\$ 30,571,559	73.0%	\$ 29,420,114	3.9%
Staff Agencies						
Information Technology Services.....	\$ 7,066,313	\$ 8,382,803	\$ 5,642,369	67.3%	\$ 5,047,342	11.8%
Management & Budget.....	1,011,271	1,053,192	706,446	67.1%	735,300	-3.9%
Finance.....	11,093,830	11,385,860	7,405,317	65.0%	7,168,895	3.3%
Real Estate Assessment.....	1,591,527	1,768,888	1,060,882	60.0%	1,186,455	-10.6%
Human Resources.....	2,876,573	3,305,013	2,204,601	66.7%	2,097,682	5.1%
Planning & Zoning.....	5,575,500	5,746,076	4,386,550	76.3%	4,174,621	5.1%
Economic Development Activities.....	4,655,791	4,930,951	3,571,032	72.4%	3,501,960	2.0%
City Attorney.....	2,458,523	2,619,499	1,883,148	71.9%	1,815,180	3.7%
Registrar.....	1,164,912	1,367,797	1,135,150	83.0%	839,049	35.3%
General Services.....	12,300,194	12,382,567	8,930,527	72.1%	8,923,799	0.1%
Total Staff Agencies	\$ 49,794,614	\$ 52,942,646	\$ 36,926,022	69.7%	\$ 35,490,283	4.0%
Operating Agencies						
Transportation & Environmental Services.....	28,624,160	29,217,550	20,481,581	70.1%	20,846,926	-1.8%
Fire.....	36,999,841	39,667,246	30,062,933	75.8%	28,134,884	6.9%
Police.....	51,293,299	52,335,200	39,845,979	76.1%	38,089,270	4.6%
Emergency Communications.....	5,979,383	6,349,920	4,503,386	70.9%	4,823,235	-6.6%
Code.....	766,443	963,808	554,986	57.6%	602,106	-7.8%
Transit Subsidies.....	7,477,390	7,350,378	5,439,043	74.0%	5,713,804	-4.8%
Community and Human Services.....	14,706,544	14,021,703	10,683,792	76.2%	11,416,331	-6.4%
Health.....	7,833,184	8,258,636	6,962,994	84.3%	6,720,688	3.6%
Historic Resources.....	2,800,516	2,855,295	2,100,177	73.6%	2,132,893	-1.5%
Recreation.....	19,087,330	20,666,036	14,865,672	71.9%	13,860,950	7.2%
Total Operating Agencies	\$ 175,568,090	\$ 181,685,772	\$ 135,500,543	74.6%	\$ 132,341,087	2.4%
Education						
Schools.....	174,956,420	179,611,472	114,518,358	63.8%	111,498,310	2.7%
Other Educational Activities.....	12,288	11,721	8,791	75.0%	9,216	-4.6%
Total Education	\$ 174,968,708	\$ 179,623,193	\$ 114,527,149	63.8%	\$ 111,507,526	2.7%
Capital, Debt Service and Miscellaneous						
Debt Service.....	43,473,292	48,514,314	31,759,035	65.5%	26,393,380	20.3%
Expenses on Refunding Bonds.....	73,150,310	19,256,545	19,126,637	99.3%	-	-
Non-Departmental.....	13,674,274	12,728,863	7,639,619	60.0%	8,264,440	-7.6%
General Cash Capital.....	13,818,129	6,955,483	6,955,483	100.0%	4,915,986	41.5%
Contingent Reserves.....	-	436,856	-	0.0%	-	-
Total Capital, Debt Service and Miscellaneous	\$ 144,116,005	\$ 87,892,061	\$ 65,480,774	74.5%	\$ 39,573,806	65.5%
TOTAL EXPENDITURES	\$ 587,786,179	\$ 551,214,593	\$ 387,619,555	70.3%	\$ 352,361,191	10.0%
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds	37,813,128	51,163,423	7,606,871	14.9%	800,000	850.9%
Transfer to Housing.....	2,185,179	2,167,845	1,110,843	51.2%	984,692	12.8%
Transfer to Library.....	6,145,662	6,878,164	5,158,623	75.0%	4,983,715	3.5%
Transfer to DASH.....	8,460,569	11,598,000	8,698,500	75.0%	6,021,000	44.5%
TOTAL EXPENDITURES & TRANSFERS	\$ 642,390,717	\$ 623,022,025	\$ 410,194,392	65.8%	\$ 365,150,598	12.3%
Total Expenditures by Category						
Salaries and Benefits.....	189,163,914	199,450,845	147,260,889	73.8%	140,870,276	4.5%
Non Personnel (includes all school funds).....	453,226,803	423,571,180	262,933,503	62.1%	224,280,322	17.2%
Total Expenditures	\$ 642,390,717	\$ 623,022,025	\$ 410,194,392	65.8%	\$ 365,150,598	12.3%