



Legislation Text

File #: 13-0514, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: NOVEMBER 7, 2012

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 September 30, 2012

ISSUE: Receipt of the City’s Monthly Financial Report for the period ending September 30, 2012.

RECOMMENDATION: That City Council receive the following Monthly Financial Report for the period ending September 30, 2012.

BACKGROUND: N/A

DISCUSSION: Final revenues and expenditures for FY 2012 will be reported in November in the City’s audited Comprehensive Annual Financial Report (CAFR). We will realize the revenue surplus we reported to City Council during budget deliberations. This surplus and uses of the fund balance are outlined in Budget Memo #58 and included in the table below.

Use of Fund Balance	
Use	Amount
Support FY 2013 Expenditures at of Revenues	(\$2.58 million
FY 2014 Capital Improvement Pro	\$1.76 million
Encumbrances (estimated)	\$1.70 million
Compliance with Financial Policies	\$1.10 million
Additional Equipment Replacemen	\$0.26 million
One-Time Land Use and Planning	\$0.84 million

Funding for Innovation and Professional Development Fund	\$0.45 million
Total	\$8.68 million*

*Doesn't add up due to rounding.

These funds will be included in the re-appropriation ordinance in December.

ECONOMIC HIGHLIGHTS:

This is the second of four monthly financial reports specifically focused on segments of the City's tax base as background for the FY 2014 proposed budget to be presented on February 26, 2013. A report on the state of the real estate market and development was delivered at the October 9, 2012 City Council meeting. The November report features an update on State and federal revenues. Reports on local non-property taxes and personal property taxes are planned to be delivered in December and January respectively, to be followed by the annual real estate property assessment report in January.

The November 13, 2012 report to City Council will include a live presentation by Carolyn Coleman, Director of the National League of Cities' Center for Federal Relations, on the potential impact of Budget Control Act of 2011 federal spending reductions on the national and regional economy. As stated in last month's report, federal reductions have the potential to impact City revenues through the impact of reduced federal jobs and contracts on the local economy and by reduced federal funding and grants to local programs.

In FY 2012, the City received \$55.5 million in General Fund revenue from the State and federal governments. This represented 8.6 percent of total General Fund revenues for FY 2012. FY 2012 was the first year in which intergovernmental revenues returned to the amount received in FY 2008. The State personal property tax relief reimbursement, the single largest source of intergovernmental revenue, remained flat in FY 2012 for the fifth straight year after being reduced from FY 2007 to FY 2008.

Through the first quarter of FY 2013, intergovernmental revenues are on a similar pace, with the City having collected 99.2 percent of the revenues received through the first quarter of FY 2012.

REVENUE HIGHLIGHTS:

Year-to-Date Revenues: As of September 30, 2012, actual General Fund revenues totaled \$58.6 million, which is 3.0 percent more than the revenues for the same period last year. Most of this increase is related to personal property taxes that were billed earlier in FY 2013 than in FY 2012. Government accounting principles require that most taxes and intergovernmental revenues received in July be counted as revenue for the fiscal year ended June 30, 2012. See the online reference (Attachment 2 - Revenues) for more information. Three months does not provide enough data to recognize any trends, either positive or negative.

- **Other Local Taxes:** The decrease is primarily a result of the timing payments.
- **Fines and Forfeitures:** Collections in this category primarily reflect budgeted increases for red light cameras installing in FY 2012.
- **Revenue from Use of Money and Property:** The decrease is primarily due to continued low interest rates.

- **Other Revenues:** The increase is primarily due to \$162,000 in revenues from the sale of surplus property.

EXPENDITURE HIGHLIGHTS:

Year-to-Date Expenditures: As of September 30, 2012, actual General Fund expenditures totaled \$132.3 million, an increase of \$12 million, or 9.9 percent, above expenditures for the same period last year. Personnel expenditures remain on par with the budget but are 4.0 percent less than the previous year because of the percentage of payrolls processed in the period. Non-personnel spending increased 19 percent. For most departments, differences in spending patterns for non-personnel this early in the year reflect the timing of bill payments and not necessarily changes in spending patterns. We are closely monitoring and controlling these expenditures to be at or below budget.

- **Health Department:** The Health Department made the first \$0.97 million quarterly payment to the Commonwealth of Virginia to cover the City's local commitment earlier in FY 2013 than in FY 2012.
- **Transit subsidies:** The increase is due to the timing of the City's payment to WMATA.
- **Debt Service:** The increase in debt service reflects planned expenditures for the FY 2012 General Obligation bonds.
- **Schools:** The City will provide approximately 75.8 percent of the estimated funds required to operate the City public school system in FY 2013.

FISCAL IMPACT: N/A

ATTACHMENTS:

Online Reference 1-The Economy
Online Reference 2-Revenues
Online Reference 3-Expenditures

STAFF:

Laura Triggs, Chief Financial Officer
Morgan Routt, Office of Management and Budget
Berenice Harris, Finance Department
Melinda Barton, Finance Department

NATIONAL LEAGUE of CITIES

2012 Officers

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Bluffton, Indiana

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Marie Lopez Rogers
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15
11-13-12

October 29, 2012

The Honorable Harry Reid
Majority Leader
United States Senate
S-221 U.S. Capitol
Washington, D.C. 20510

The Honorable John Boehner
Speaker
United States House of Representatives
H-232 U.S. Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
Republican Leader
United States Senate
S-230 U.S. Capitol
Washington, D.C. 20510

The Honorable Nancy Pelosi
Democratic Leader
United States House of Representatives
H-204 U.S. Capitol
Washington, D.C. 20515

Dear Congressional Leaders,

On behalf of the 19,000 cities across the country that it represents, the National League of Cities (NLC) calls on Congress to adopt a bipartisan and balanced plan to deficit reduction to avoid the harm that would result from implementing the automatic across-the-board spending cuts, also known as sequestration. Any deficit reduction plan should balance targeted spending cuts with revenue enhancements, while preserving growth-enabling investments in our communities.

As the national economy begins to show signs of improvement, cities are continuing to feel the prolonged effects of the economic downturn. Our local and regional economies are characterized by struggling housing markets, slow consumer spending, and high levels of unemployment. These effects continue to drive declines in city revenues used to fund important local priorities. In response to the downturn, cities are making tough choices to balance their budgets and have cut personnel, cancelled job-creating infrastructure projects, and cut back on key services for their residents. But, even with those challenges, cities have continued to find innovative ways to invest in the long-term health of their communities, and our local economies are starting to show signs of a slow recovery.

Sequestration is not a responsible way to achieve deficit reduction and, if allowed to occur in January 2013, would have a devastating impact on our already fragile economic recovery. The Congressional Budget Office has warned that sequestration combined with the expiration of current tax provisions could very well lead to another recession.

More specifically, the indiscriminant cuts in non-defense discretionary spending called for in the sequestration process will be detrimental to important priorities for our communities. According to the White House Office of Management and Budget, among other programs, sequestration will lead to deep reductions in federal spending on transportation, education, housing, public safety, and water quality programs. Sequestration will also mean a cut in the subsidy that cities relied upon when they issued, and



investors invested in, Build America Bonds to finance much needed infrastructure improvements in their communities. Given the decline in local revenues on account of the economic downturn and the actions we've already taken to balance our budgets, cities will not be able to compensate for the shortfalls in these programs that will be brought on by sequestration, which will mean further cut backs in important programs and services, including those that drive economic growth in our communities.

Besides cuts in non-defense programs, sequestration also calls for deep reductions in defense programs. We share the concerns expressed by others that these cuts will have a detrimental impact on the defense industry and will lead to job losses in our communities for the contractors who provide essential scientific, engineering, and technical services in support of our nation's security, as well as the many suppliers and vendors, who make up a critical mass of small businesses in our communities and who serve those contractors. This industry and these businesses make significant contributions to our local economies by employing local residents and supporting our local tax bases and other local organizations and businesses. At a time when cities are already struggling to recover from the recession, these cuts would compound our challenges in meeting the needs of our residents and improving our local economies.

As elected leaders, we join with you in recognizing the magnitude of the federal government's fiscal challenges and the need for fiscal responsibility. We also appreciate that tough choices must be made to bring the budget into balance and achieve deficit reduction. However, we strongly agree with the growing consensus of members of Congress from both sides of the aisle and the Administration that sequestration will have a significant and detrimental impact on our fragile economic recovery, our national security, and our nation's families and must be avoided.

It is not too late for Congress and the Administration to take action to help the country avoid sequestration and to put in place a bipartisan and balanced plan to reduce the deficit. NLC and the cities we represent look forward to partnering with you to find this common sense solution that will support economic growth and recovery in our communities.

Sincerely,



Ted Ellis
Mayor, Bluffton, Indiana



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Ted Ellis
Mayor, Bluffton, Indiana



SELECTED ECONOMIC INDICATORS

	Change on Previous Year
Consumer Price Index (CPI-U)	
for the Washington-Baltimore, DC-MD-VA-WV Area (as of Sept 2012)	2.8%
For the United States (as of Sept 2012)	2.0%
Core CPI-U (excludes food and energy) (as of Sept 2012)	2.0%
(Source: U.S. Department of Labor, Bureau of Labor Statistics)	

	Current Month	Prior Month	Prior Year
Unemployment Rates			
Alexandria (as of Sept 2012)	4.4%	4.6%	4.8%
Virginia (as of Sept 2012)	5.9%	5.9%	6.5%
United States (as of Sept 2012)	7.8%	8.1%	9.1%
(Source: U.S. Department of Labor, Bureau of Labor Statistics)			

	Current Quarter	Prior Quarter	Prior Year
Office Vacancy Rates			
Alexandria	14.4%	14.8%	12.3%
Northern Virginia	14.2%	14.0%	12.9%
Washington, DC Metro area (As of 2nd quarter, 2012)	12.3%	12.2%	11.4%
(Source: CoStar)			

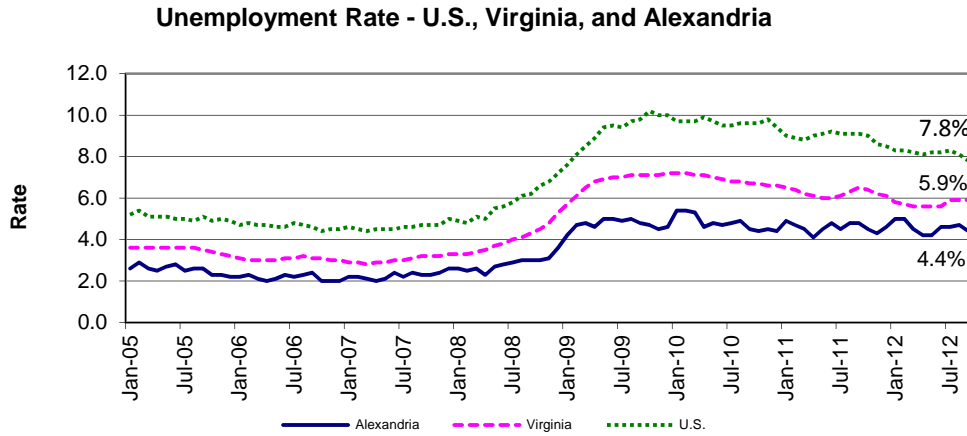
	Current Year	Prior Year	Change on Previous Year
New Business Licenses			
3 month trailing average (As of August 2012)	73	64	14.1%
(Source: Finance Department)			

	Current Year	Prior Year	Change on Previous Year
New Commercial Construction (excluding Apartment Buildings) and Building Renovations (Fiscal YTD as of Sept 2012)			
Number of new building permits	0	0	0.0%
Value of new building permits (\$ millions)	\$0.0	\$0.0	0.0%
(Source: Office of Code Administration)			

	Current Year	Prior Year	Change on Previous Year
New Multi-family Construction (including Apartment & Condominium Buildings) (Fiscal YTD as of Sept 2012)			
Number of new building permits	1	4	-75.0%
Value of new building permits (\$ millions)	\$29.5	\$12.8	130.5%

	Current Year	Prior Year	Change on Previous Year
Residential Real Estate Indicators			
Residential Dwelling Units Sold (Calendar YTD ending Sept 2012)	1,538	1,350	13.9%
Median Residential Sales Price (As of Sept 2012)	\$492,500	\$495,000	-0.5%
(Source: Department of Real Estate Assessments)			

	Current Year	Prior Year	Change on Previous Year
Foreclosures			
3 month trailing average (As of August 2012)	12	19	-36.8%
Source: Dept of Real Estate Assessments			

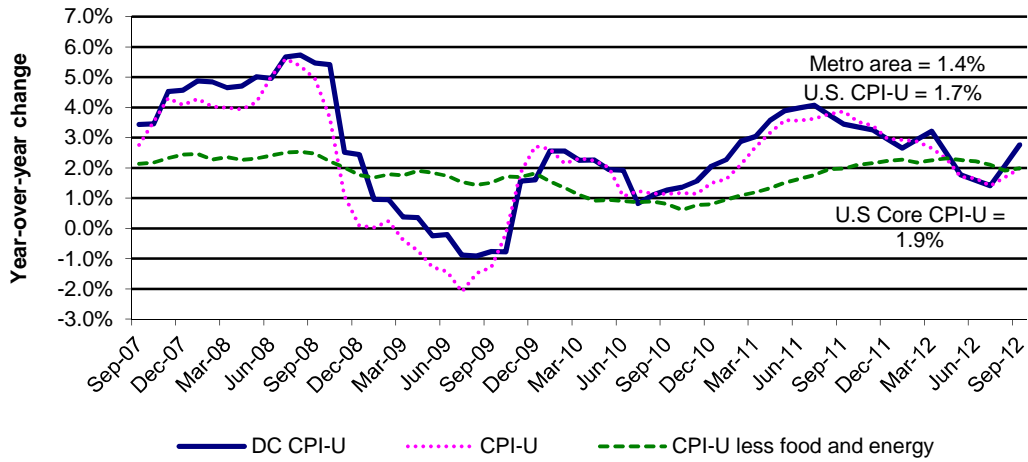


Source: U.S. Department of Labor, Bureau of Labor Statistics
 Through September 2012
 *Alexandria unemployment is not seasonally-adjusted, while U.S. and Virginia are seasonally-



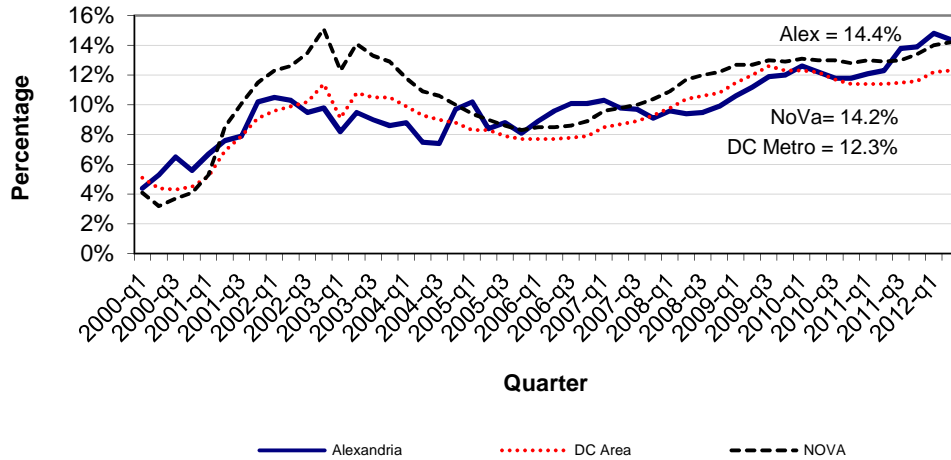
Source: Virginia Employment Commission
 Through September 2012
 *Not seasonally adjusted.

Annual Change in Consumer Price Index

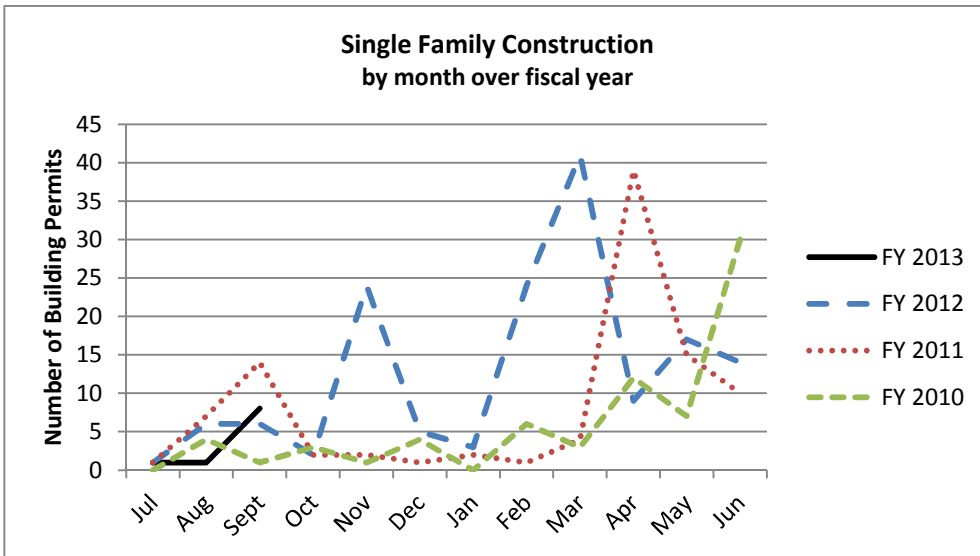


Source: U.S. Department of Labor, Bureau of Labor Statistics Through September 2012

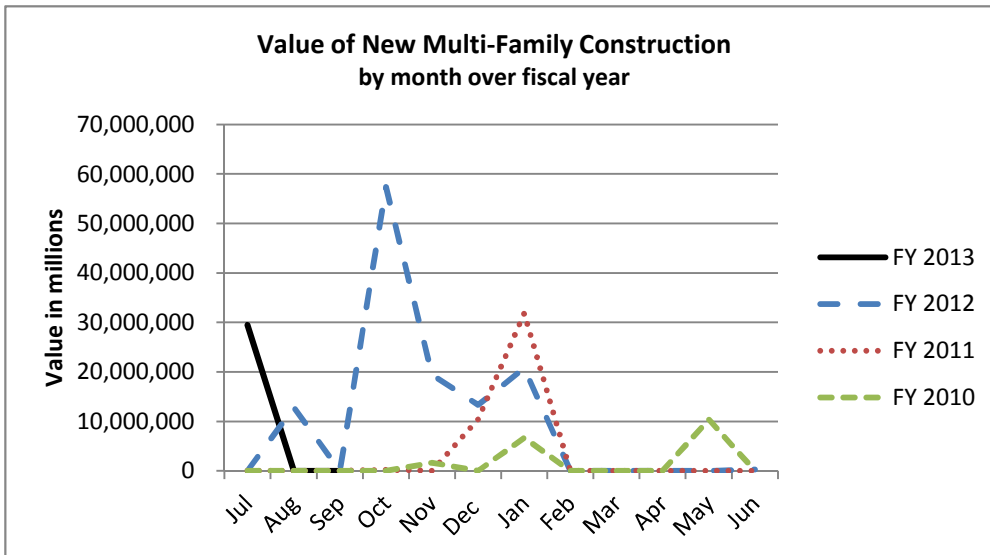
Office Vacancy Rates



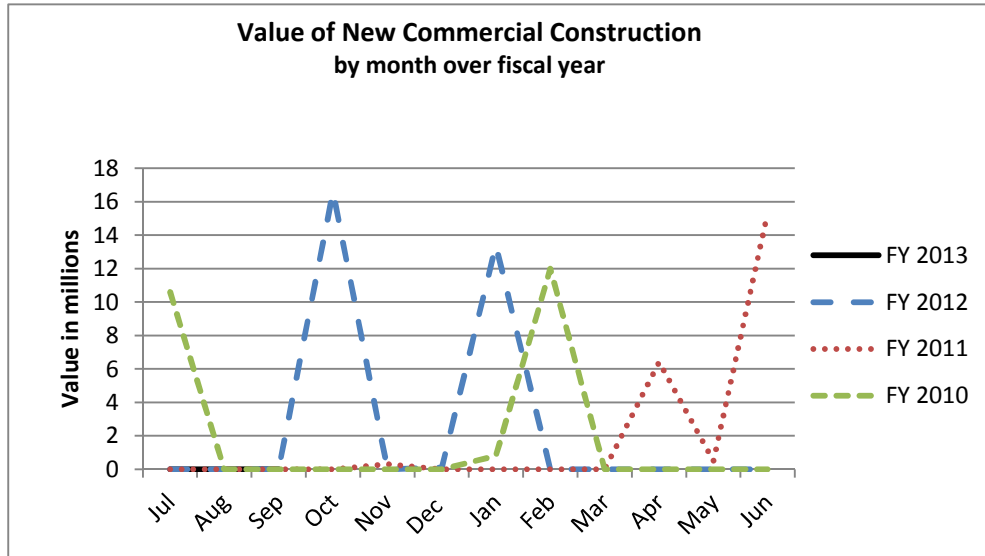
Source: CoStar Through 2nd quarter, 2012



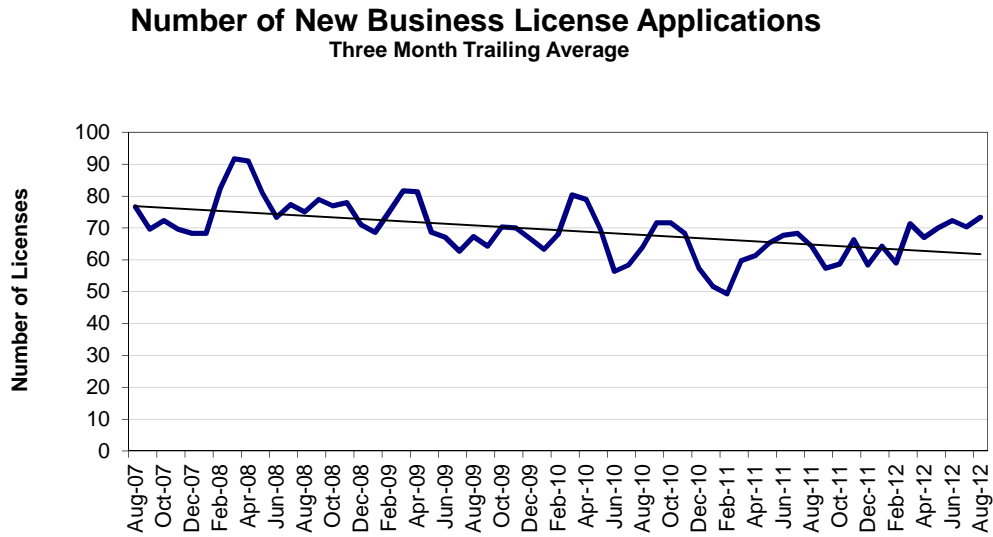
Source: Code Administration
Through September 2012



Source: Code Administration
Through September 2012



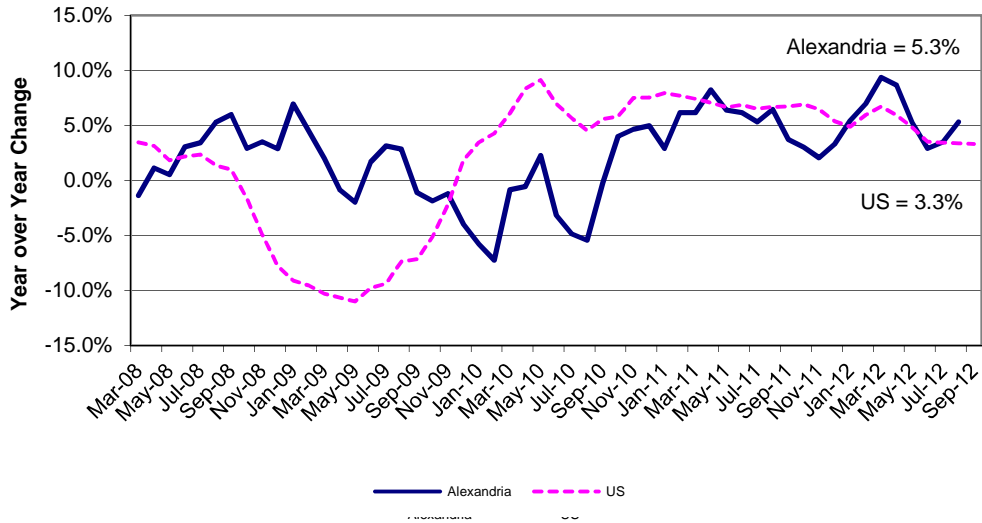
Source: Code Administration
Through September 2012



Source: Finance Department
Through August 2012

**Annual Change in U.S. Retail Sales
& Alexandria Sales Tax Collections**

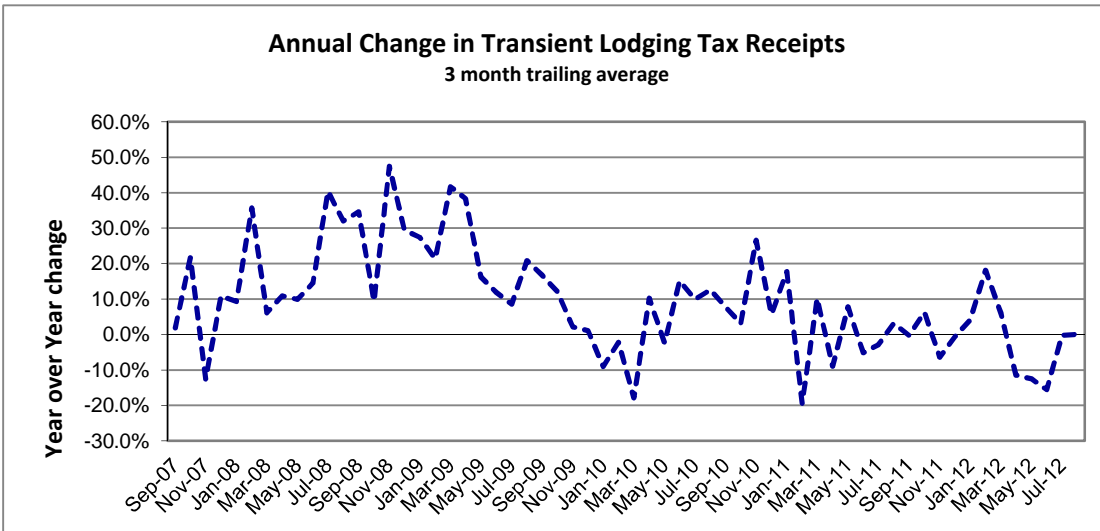
3 month trailing average



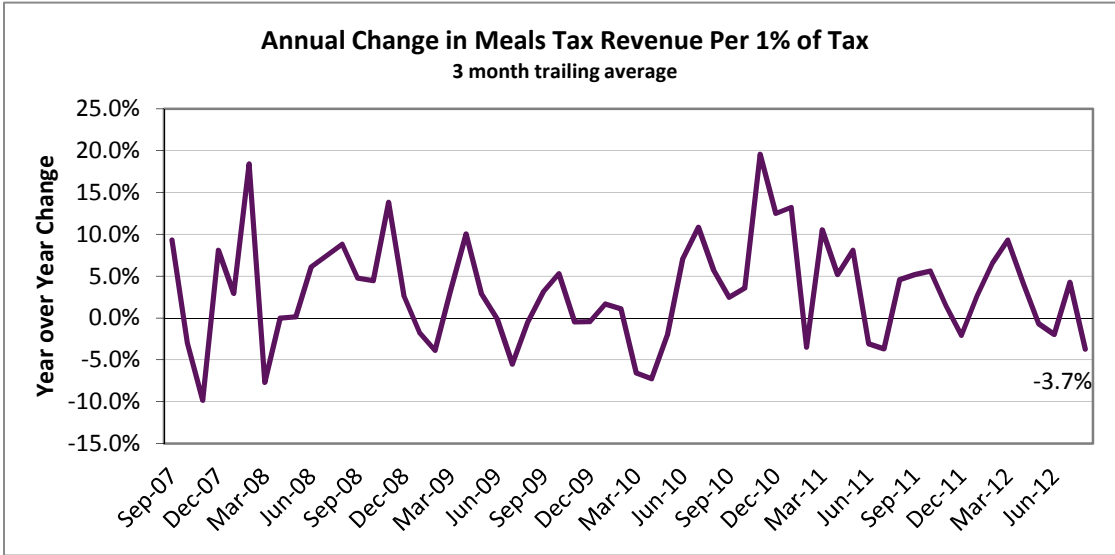
Source: Finance Department, U.S. Census Bureau
Alexandria data through August 2012; US through September 2012

Annual Change in Transient Lodging Tax Receipts

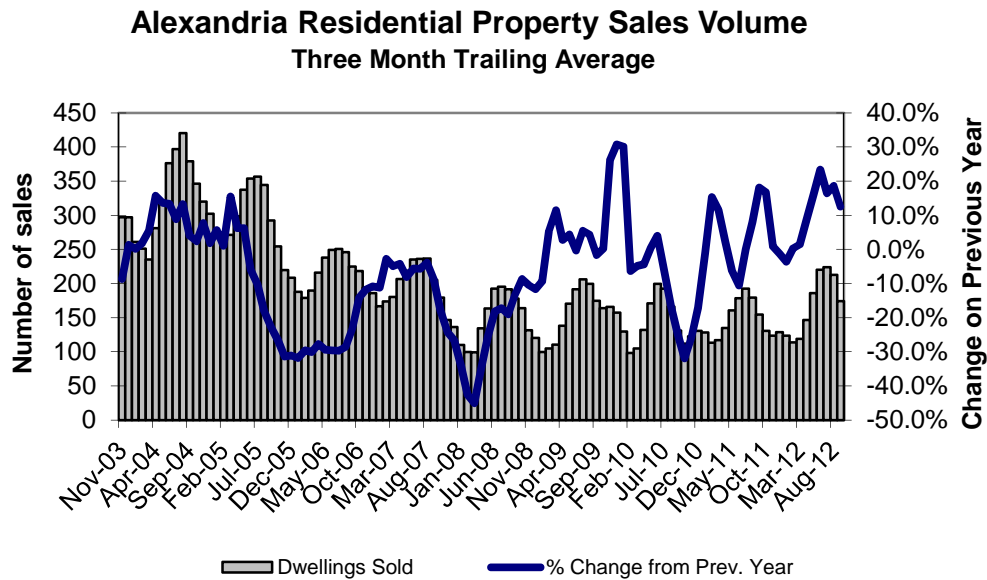
3 month trailing average



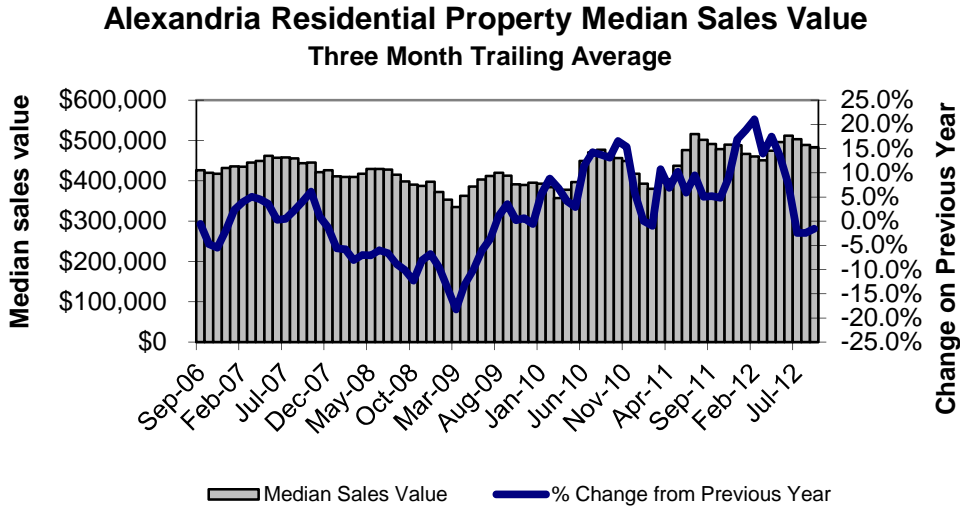
Source: Finance Department
Through August 2012



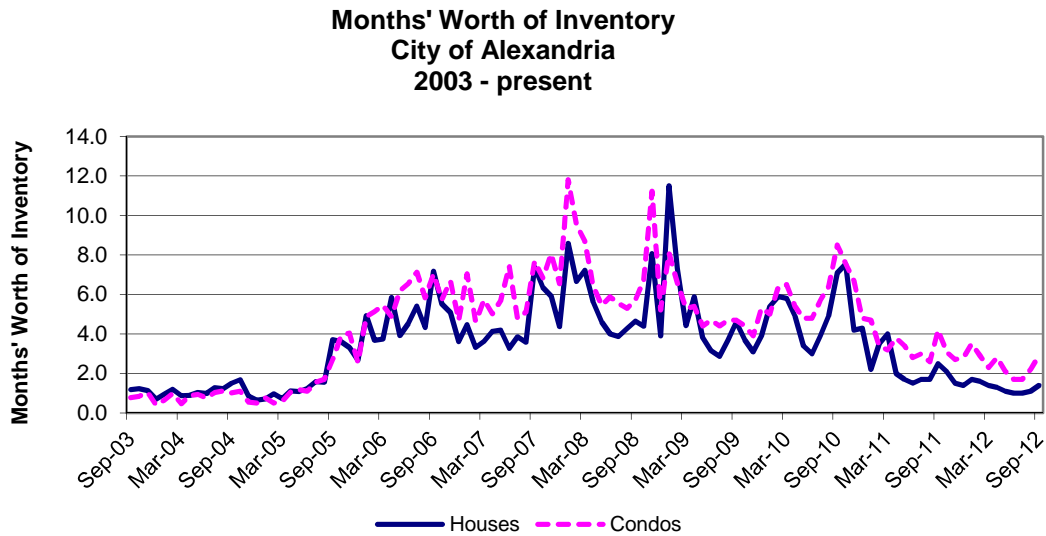
Source: Finance Department
Through August 2012



Source: Department of Real Estate Assessments
Through September 2012

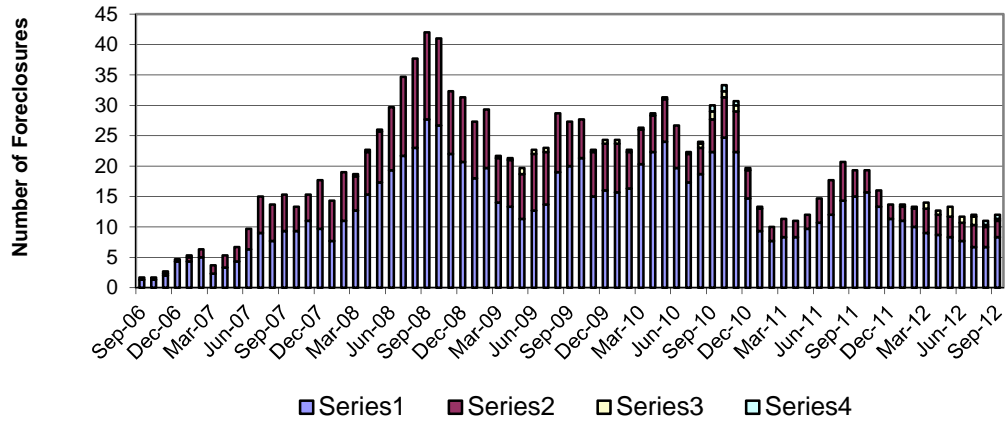


Sources: Metropolitan Regional Information Systems; Department of Real Estate Assessments Through September 2012



Source: Metropolitan Regional Information Systems Through September 2012

New Foreclosures in Alexandria
3 month trailing average



Source: Department of Real Estate Assessments
Through September 2012

**CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING SEP 30, 2012 AND SEP 30, 2011**

	A	B	C	D=C/B	E	F=(C-E)/E
	FY2012 PRE-AUDIT ACTUALS	FY2013 REVISED BUDGET	FY2013 REVENUES THRU 09/30/12	%	FY2012 REVENUES THRU 09/30/11	%
				OF BUDGET		CHANGE
General Property Taxes						
Real Property Taxes.....	\$ 323,784,070	\$ 333,929,291	\$ 2,262,633	0.7%	\$ 2,103,684	8%
Personal Property Taxes.....	37,897,525	37,500,000	21,298,277	56.8%	19,615,854	9%
Penalties and Interest.....	2,092,976	2,375,000	231,946	9.8%	215,802	7%
Total General Property Taxes	\$ 363,774,571	\$ 373,804,291	\$ 23,792,856	6.4%	\$ 21,935,340	8%
Other Local Taxes						
Local Sales and Use Taxes.....	\$ 24,949,593	\$ 24,900,000	\$ 2,095,616	8.4%	\$ 1,947,945	0%
Consumer Utility Taxes.....	10,322,623	11,100,000	1,445,238	13.0%	1,866,155	0%
Communication Sales and Use Taxes.....	11,030,711	11,940,000	934,537	7.8%	1,112,874	0%
Business License Taxes.....	31,468,958	33,000,000	209,718	0.6%	245,164	-14%
Transient Lodging Taxes.....	11,375,121	12,400,000	1,882,798	15.2%	1,861,810	1%
Restaurant Meals Tax.....	16,313,765	16,900,000	2,431,644	14.4%	2,509,381	-3%
Tobacco Taxes.....	2,674,157	2,600,000	471,342	18.1%	473,306	0%
Motor Vehicle License Tax.....	3,348,075	3,400,000	1,493,139	43.9%	1,510,251	-1%
Real Estate Recordation.....	5,152,593	4,900,000	1,045,198	21.3%	814,902	28%
Admissions Tax.....	1,093,182	1,000,000	216,666	21.7%	223,054	-3%
Other Local Taxes.....	3,372,455	2,710,275	88,308	3.3%	4,510	1858%
Total Other Local Taxes	\$ 121,101,233	\$ 124,850,275	\$ 12,314,204	9.9%	\$ 12,569,352	-2%
Intergovernmental Revenues						
Revenue from the Fed. Government.....	\$ 10,780,154	\$ 9,657,640	\$ -	0.0%	\$ 590,982	0%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	\$ 23,578,531	11,789,265	50.0%	11,789,265	0%
Revenue from the Commonwealth.....	21,125,448	\$ 20,360,485	4,739,311	23.3%	4,277,698	11%
Total Intergovernmental Revenues	\$ 55,484,133	\$ 53,596,656	\$ 16,528,576	30.8%	\$ 16,657,945	-1%
Other Governmental Revenues And Transfers In						
Fines and Forfeitures.....	\$ 4,869,295	\$ 4,664,000	\$ 1,236,857	26.5%	\$ 963,160	28%
Licenses and Permits.....	2,373,449	\$ 2,157,975	\$ 635,650	29.5%	\$ 666,361	-5%
Charges for City Services.....	16,474,114	\$ 15,891,959	\$ 2,909,001	18.3%	\$ 2,663,619	9%
Revenue from Use of Money & Prop.....	3,947,855	\$ 3,420,000	814,086	23.8%	\$ 985,640	-17%
Other Revenue.....	1,195,494	\$ 782,000	\$ 378,085	48.3%	\$ 213,957	77%
Transfer from Other Funds.....	1,394,903	\$ 1,854,502	\$ -	0.0%	\$ -	0%
Total Other Governmental Revenues	\$ 30,255,110	\$ 28,770,436	\$ 5,973,679	20.8%	\$ 5,492,737	9%
TOTAL REVENUE	\$ 570,615,047	\$ 581,021,658	\$ 58,609,315	10.1%	\$ 56,655,374	3%
Appropriated Fund Balance						
General Fund.....	-	9,515,300	-	-	-	-
Appropriated refunding bond proceeds	73,454,827	-	-	-	-	-
Reappropriation of FY 2012						
Encumbrances And Other		2,588,843				
Supplemental Appropriations....	-	-	-	-	-	-
TOTAL	\$ 644,069,874	\$ 593,125,801	\$ 58,609,315	9.9%	\$ 56,655,374	3%

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING SEP 30, 2012 AND SEP 30, 2011**

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2012	FY2013	FY2013	%	FY2012	EXPENDITURES
	PRE-AUDIT ACTUALS	REVISED BUDGET	EXPENDITURES THRU 09/31/12	OF BUDGET EXPENDED	EXPENDITURES THRU 09/30/11	% CHANGE
Legislative & Executive.....	\$ 5,260,582	\$ 6,641,605	\$ 1,511,954	22.8%	\$ 1,305,375	16%
Judicial Administration.....	\$ 38,078,180	\$ 41,615,761	\$ 10,469,572	25.2%	\$ 9,764,638	7%
Staff Agencies						
Information Technology Services.....	\$ 7,066,313	\$ 8,382,803	\$ 2,483,206	29.6%	\$ 2,054,044	21%
Management & Budget.....	1,011,271	1,053,192	190,931	18.1%	220,441	-13%
Finance.....	11,093,830	11,338,869	2,416,821	21.3%	2,309,071	5%
Real Estate Assessment.....	1,591,527	1,768,888	399,689	22.6%	365,410	9%
Human Resources.....	2,876,753	3,285,013	631,976	19.2%	667,872	-5%
Planning & Zoning.....	5,575,500	5,646,076	1,471,163	26.1%	1,406,623	5%
Economic Development Activities.....	4,655,791	4,930,951	1,232,630	25.0%	1,207,827	2%
City Attorney.....	2,458,523	2,601,400	638,380	24.5%	569,956	12%
Registrar.....	1,164,912	1,336,170	384,181	28.8%	319,139	20%
General Services.....	12,300,194	12,382,567	2,653,052	21.4%	2,729,628	-3%
Total Staff Agencies	\$ 49,794,614	\$ 52,725,929	\$ 12,502,029	23.7%	\$ 11,850,011	6%
Operating Agencies						
Transportation & Environmental Services.....	28,624,160	28,773,579	7,644,660	26.6%	7,982,173	-4%
Fire.....	36,999,841	38,777,246	10,537,053	27.2%	10,290,595	2%
Police.....	51,293,299	52,177,620	14,539,410	27.9%	13,712,971	6%
Emergency Communications.....	5,979,383	6,347,675	1,398,555	22.0%	1,323,659	0%
Code.....	766,443	963,808	210,270	21.8%	195,476	8%
Transit Subsidies.....	7,477,390	7,350,378	3,339,617	45.4%	2,046,107	63%
Community and Human Services.....	14,706,544	13,711,741	3,725,916	27.2%	4,453,097	-16%
Health.....	7,833,184	8,356,965	1,910,561	22.9%	911,248	110%
Historic Resources.....	2,800,516	2,792,711	699,826	25.1%	677,482	3%
Recreation.....	19,087,330	20,657,771	5,429,136	26.3%	5,172,167	5%
Total Operating Agencies	\$ 175,568,090	\$ 179,909,494	\$ 49,435,004	27.5%	\$ 46,764,975	6%
Education						
Schools.....	174,956,420	179,486,405	26,145,139	14.6%	26,198,229	0%
Other Educational Activities.....	12,288	11,721	2,930	25.0%	3,072	-5%
Total Education	\$ 174,968,708	\$ 179,498,126	\$ 26,148,069	14.6%	\$ 26,201,301	0%
Capital, Debt Service and Miscellaneous						
Debt Service.....	43,473,292	48,514,314	16,150,984	33.3%	11,246,833	44%
Non-Departmental.....	13,674,274	13,167,090	4,244,163	32.2%	4,306,580	-1%
General Cash Capital.....	13,818,129	6,955,483	6,955,483	100.0%	4,915,986	41%
Contingent Reserves.....	-	-	-	-	-	-
Total Capital, Debt Service and Miscellaneous	\$ 144,116,005	\$ 68,636,887	\$ 27,350,630	39.8%	\$ 20,469,399	33.6%
TOTAL EXPENDITURES	\$ 587,786,179	\$ 529,027,802	\$ 127,417,258	24.1%	\$ 116,355,699	9.5%
Cash Match (Transportation/Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund).....						
Transfer to Housing.....	37,813,128	43,967,990	-	0.0%	-	-
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Transfer to DASH.....	8,460,569	11,084,000	2,771,000	25.0%	2,007,000	38%
TOTAL EXPENDITURES & TRANSFERS	\$ 642,390,717	\$ 593,125,801	\$ 132,329,552	22.3%	\$ 120,371,123	9.9%
Total Expenditures by Category						
Salaries and Benefits.....	189,163,914	197,744,976	45,585,399	23.1%	47,434,367	-4%
Non Personnel (includes all school funds).....	453,226,803	395,380,825	86,744,153	21.9%	72,936,756	19%
Total Expenditures	\$ 642,390,717	\$ 593,125,801	\$ 132,329,552	22.3%	\$ 120,371,123	9.9%



Federal Deficit Reduction Efforts and Cities

City of Alexandria, VA
November 13, 2012

Carolyn Coleman
Director of Federal Relations
National League of Cities
Washington, D.C.

Helping Cities Leaders Build Better Communities

Today's Topics

- The Unsustainable Fiscal Path
- Efforts to Reduce the Federal Deficit
- Automatic Spending Cuts
- City Fiscal Conditions
- City Position on Deficit Reduction Efforts
- Questions and Answers

As Ratings of Federal Government Fall, State and Local Hold Steady



PEW RESEARCH CENTER Apr. 4-15, 2012.

The Unsustainable Fiscal Path

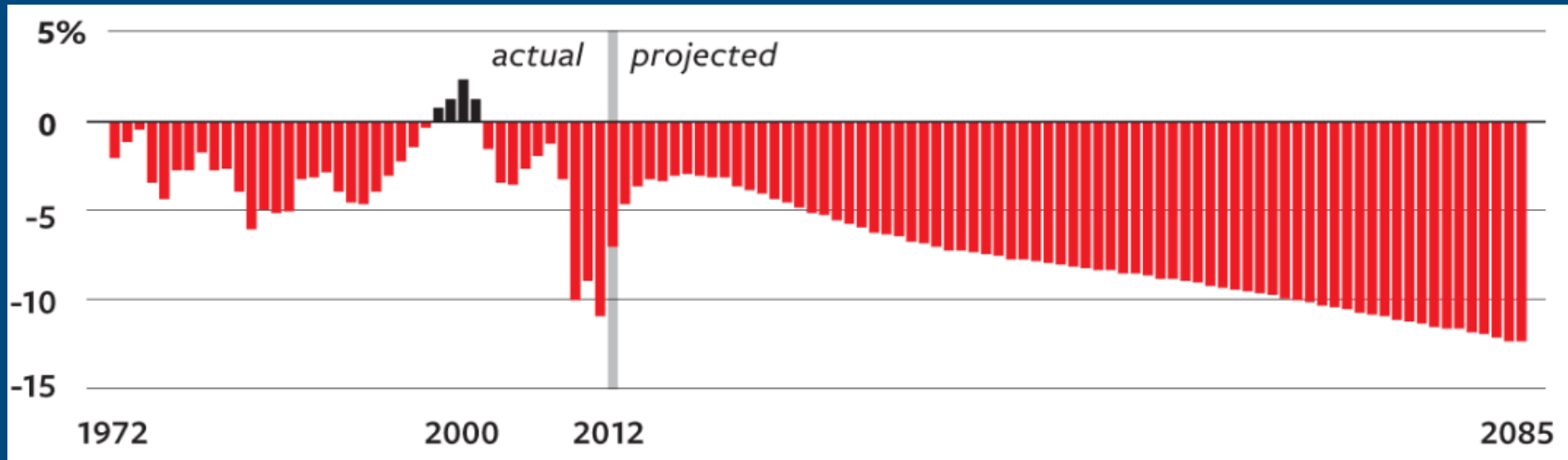
- In 2010, federal spending was 24 percent of GDP, the highest level since WWII.
- In 2010, tax revenues were at 15 percent of GDP, the lowest level since 1950.
- Since the last time our budget was balanced in 2001, the federal debt has increased dramatically, rising from 33 percent of GDP to 62 percent of GDP in 2010.

Source: Report of the National Commission on Financial Responsibility and Reform, 2010

An Ever-Widening Budget Gap

The Deficit Has Grown to Unsustainable Levels

Budget Surplus or Deficit as Percentage of GDP by Fiscal Year*



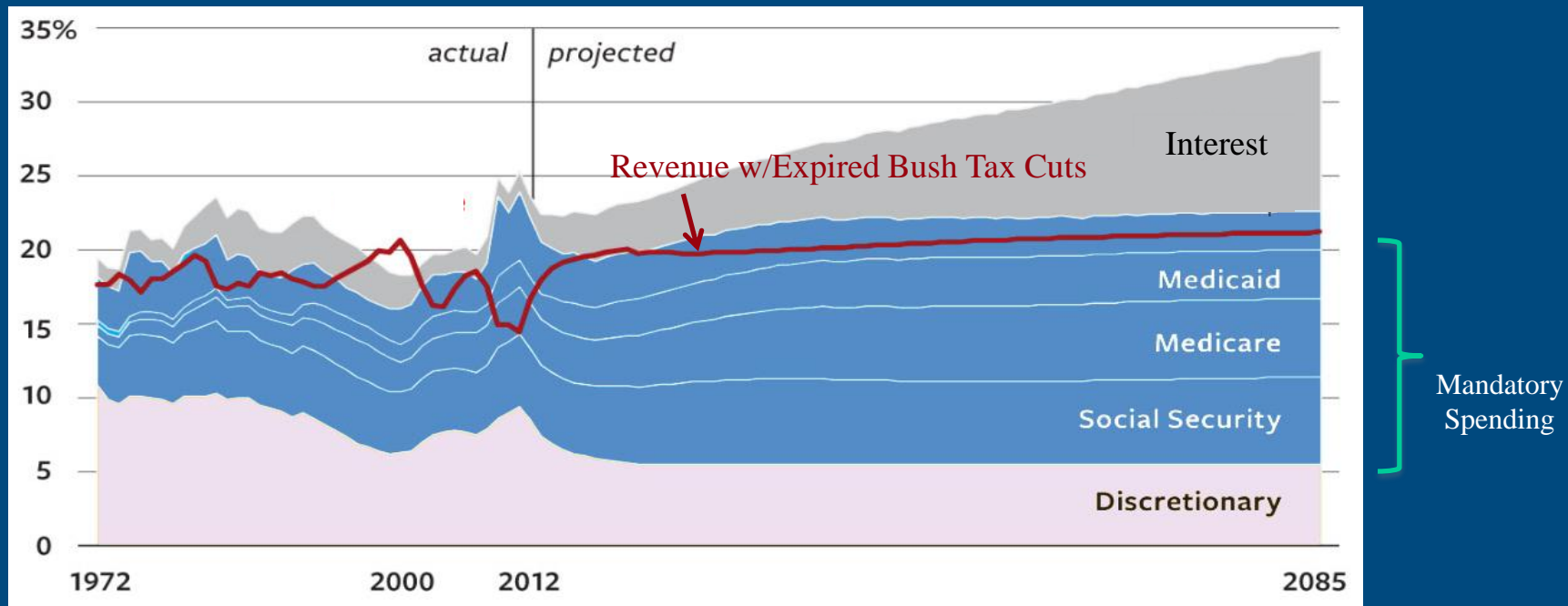
Source: Congressional Budget Office Historical Budget Data (1972-99); Office of Management and Budget, Fiscal 2012 Budget (2000-85).

*Projection includes expiration of Bush tax cuts.

Why the Gap Has Widened

Mandatory Spending Is Outpacing Revenues

Federal Revenue and Outlays as a Percentage of GDP by Fiscal Year



Source: Congressional Budget Office Historical Budget Data (1972-99); Office of Management and Budget, Fiscal 2012 Budget (2000-85).

Efforts to Reduce the Deficit

- Bowles-Simpson Plan (not adopted)
- Budget Control Act:
 - Super Committee (failed to reach agreement)
 - Automatic Spending Cuts or Sequestration (set to take effect January 2013)
- Ryan Budget Proposal
- President Obama's Budget Proposal

The Automatic Spending Cuts

Sequestration Arose From the Ashes

If Congress does not reduce the deficit by \$1.2 trillion through 2021, automatic spending cuts (sequestration) will kick in starting in 2013.

If Sequestration Is Enforced	
Budget	Cuts 2013 to 2021
Defense	\$493.2B
Non-Defense	\$493.2B
Interest	\$216B
TOTAL	\$1.2T

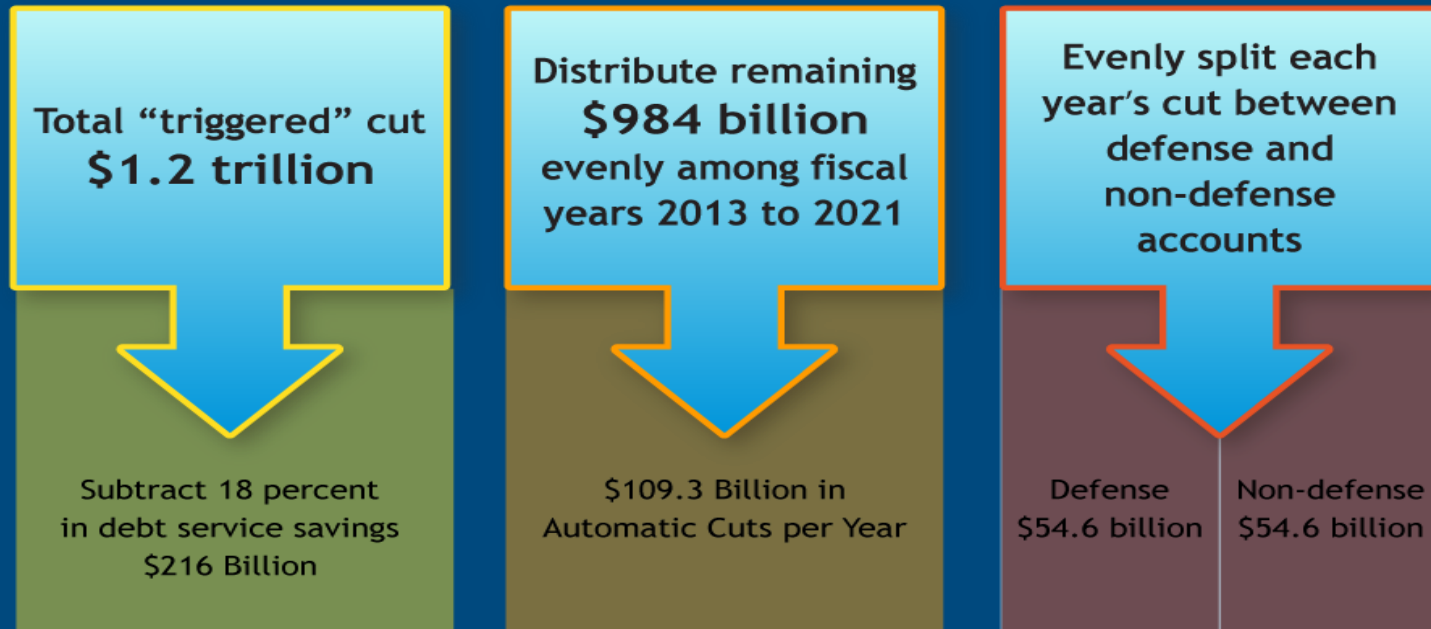
“It's irresponsible, it's bad policy, and we deserve better from our federal government.”

NLC President Ted Ellis, mayor, Bluffton, IN



Source: National Journal, Mar 15, 2012, “Hard Promises,” Nancy Cook; GAO Report, 2005; Center for Budget and Policy Priorities, 2011.

Breaking Down the Sequestration



Translating the Automatic Spending Cuts

- 9.4 percent to non-exempt defense discretionary spending
- 8.2 percent to non-exempt domestic discretionary spending
- 2.0 percent to Medicare, 7.6 percent to non-exempt non-defense mandatory programs, and 10 percent to non-exempt defense mandatory programs

Automatic Spending Cuts Will Do Harm

- Reduce the nation's GDP by \$215 billion;
- Decrease personal earnings of the workforce by \$109.4 billion;
- Cost the U.S. economy (and cities) 2.14 million jobs;
- Reduce GDP growth in 2013 by two – thirds; and
- Increase unemployment by as much as 1.5 percentage points raising the current national rate above 9 percent.

Source: *The Economic Impact of the Budget Control Act of 2011 on DOD and Non-DOD Agencies*, Stephen S. Fuller, Ph.D., Dwight Schar Faculty Chair and University Professor, Director, Center of Regional Analysis, George Mason University, Arlington, Virginia with Chmura Economics & Analytics Richmond, Virginia, July 2012

City Fiscal Conditions

- For the sixth straight, year city revenues continue to fall as financial pressures such as infrastructure, health care and pension costs combine with cuts in state and federal aid to weigh heavily on cities' bottom lines.
- Cities are making personnel cuts, delaying or canceling infrastructure projects and cutting local services.
- 2013 will continue to present challenges to city budgets due to stagnant housing markets, high unemployment, and looming federal budget cuts.

Source: 2012 NLC City Fiscal Conditions Report

Spending Cuts Have Hit Cities Already

Federal Program	FY 2010	FY 2012	Percent Change
Job Training	\$ 3.8 billion	\$ 2.6 billion	- 31.6%
Highways	\$ 41.8 billion	\$ 41.1 billion	- 1.70%
CDBG	\$ 4 billion	\$ 2.9 billion	- 27.5%
COPS	\$ 791 million	\$ 166 million	- 79.0%
Clean Water SRF	\$ 2.1 billion	\$ 1.5 billion	- 28.6%
Drinking Water SRF	\$ 1.4 billion	\$ 919 million	- 34.4%

The City Position on Deficit Reduction

- Congress and the Administration should stop the budget sequestration from going into effect; it is bad policy that will do more harm than good.
- Any deficit reduction plan should balance spending cuts with revenue enhancements.
- Spending cuts should not come from domestic discretionary programs alone - all options should be considered.
- The interest exemption on municipal bonds should be maintained – it is not a tax loophole.

Can We Avoid Sequester? **YES!**

- ✓ Enact legislation to repeal sequester before January 2, 2013
- ✓ Enact legislation to delay the cuts—and buy time for a grand bargain on the federal debt and deficit

Follow and engage with NLC on:



Blog | CitiesSpeak.org



Twitter | [leagueofcities](https://twitter.com/leagueofcities)



Facebook | [National League of Cities](https://www.facebook.com/NationalLeagueofCities)

Thank You

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National League of Cities
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SELECTED ECONOMIC INDICATORS

	Change on Previous Year
Consumer Price Index (CPI-U) for the Washington-Baltimore, DC-MD-VA-WV Area (as of Sept 2012)	2.8%
For the United States (as of Sept 2012)	2.0%
Core CPI-U (excludes food and energy) (as of Sept 2012)	2.0%

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

	Current Month	Prior Month	Prior Year
Unemployment Rates Alexandria (as of Sept 2012)	4.4%	4.6%	4.8%
Virginia (as of Sept 2012)	5.9%	5.9%	6.5%
United States (as of Sept 2012)	7.8%	8.1%	9.1%

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

	Current Quarter	Prior Quarter	Prior Year
Office Vacancy Rates Alexandria	14.4%	14.8%	12.3%
Northern Virginia	14.2%	14.0%	12.9%
Washington, DC Metro area (As of 2nd quarter, 2012)	12.3%	12.2%	11.4%

(Source: CoStar)

	Current Year	Prior Year	Change on Previous Year
New Business Licenses 3 month trailing average (As of August 2012)	73	64	14.1%

(Source: Finance Department)

New Commercial Construction (excluding Apartment Buildings) and Building Renovations			
(Fiscal YTD as of Sept 2012)			
Number of new building permits	0	0	0.0%
Value of new building permits (\$ millions)	\$0.0	\$0.0	0.0%

(Source: Office of Code Administration)

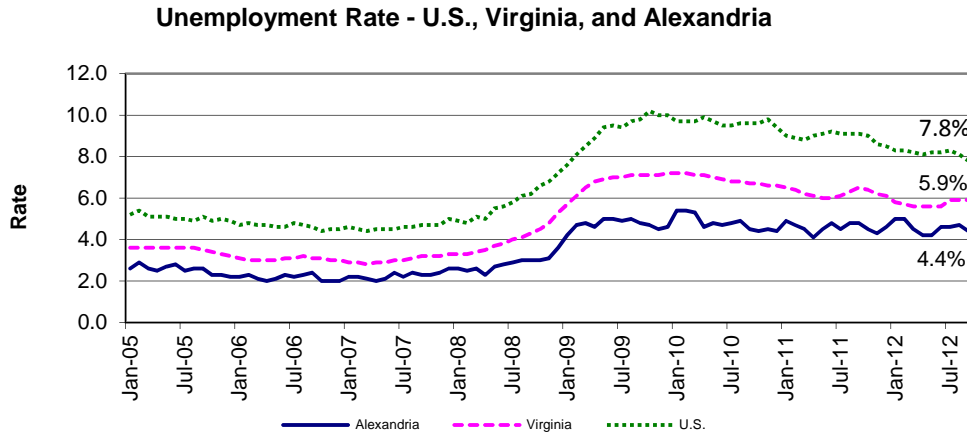
New Multi-family Construction (including Apartment & Condominium Buildings)			
(Fiscal YTD as of Sept 2012)			
Number of new building permits	1	4	-75.0%
Value of new building permits (\$ millions)	\$29.5	\$12.8	130.5%

Residential Real Estate Indicators			
Residential Dwelling Units Sold (Calendar YTD ending Sept 2012)	1,538	1,350	13.9%
Median Residential Sales Price (As of Sept 2012)	\$492,500	\$495,000	-0.5%

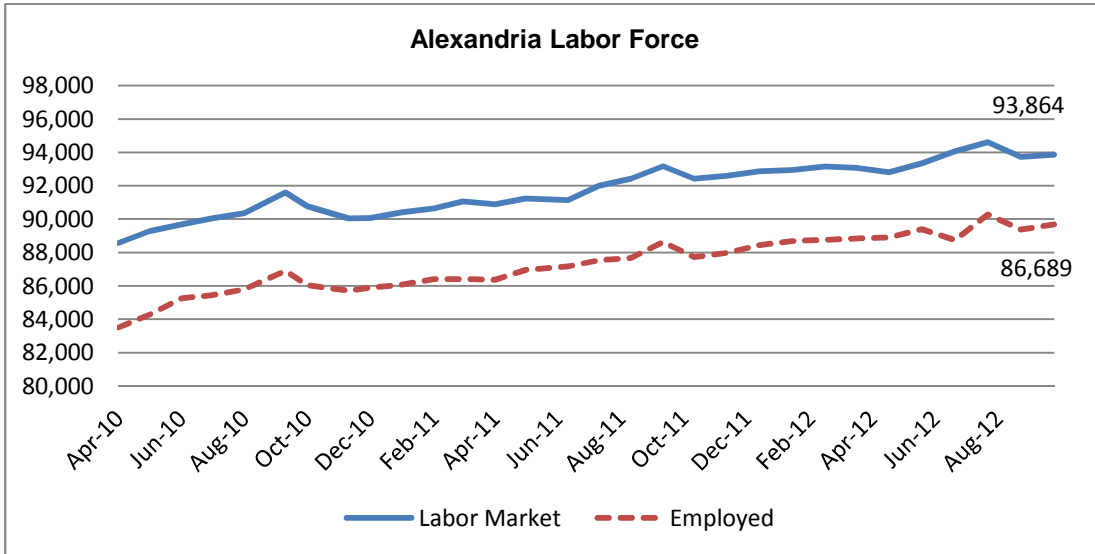
(Source: Department of Real Estate Assessments)

Foreclosures			
3 month trailing average (As of August 2012)	12	19	-36.8%

Source: Dept of Real Estate Assessments

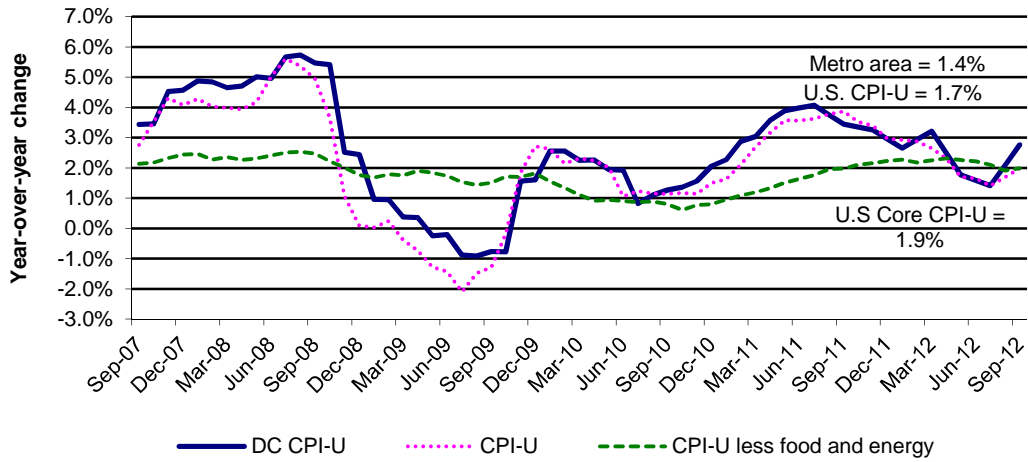


Source: U.S. Department of Labor, Bureau of Labor Statistics
 Through September 2012
 *Alexandria unemployment is not seasonally-adjusted, while U.S. and Virginia are seasonally-



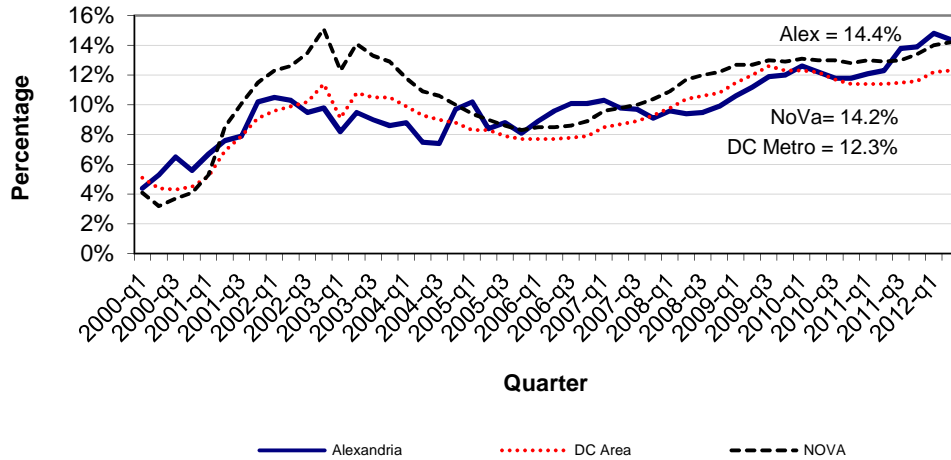
Source: Virginia Employment Commission
 Through September 2012
 *Not seasonally adjusted.

Annual Change in Consumer Price Index

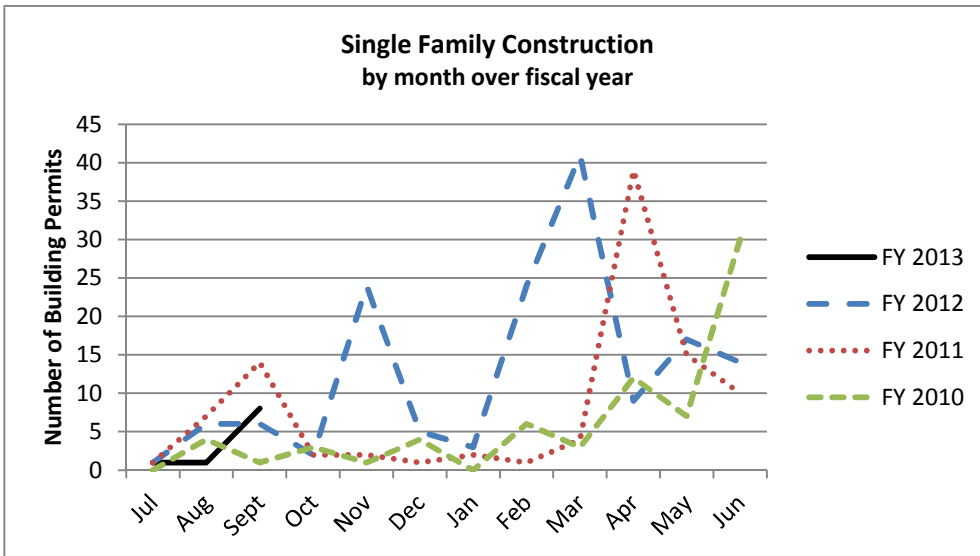


Source: U.S. Department of Labor, Bureau of Labor Statistics
Through September 2012

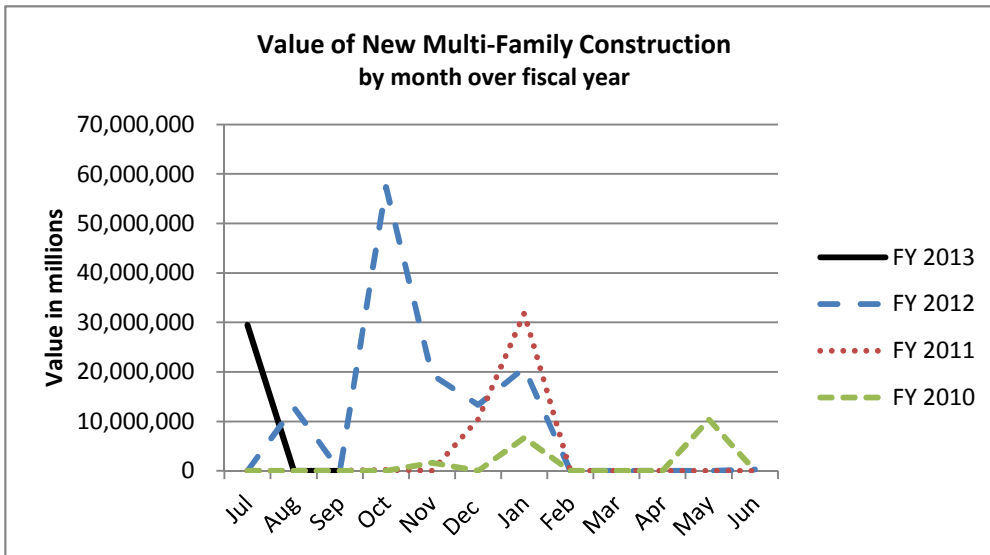
Office Vacancy Rates



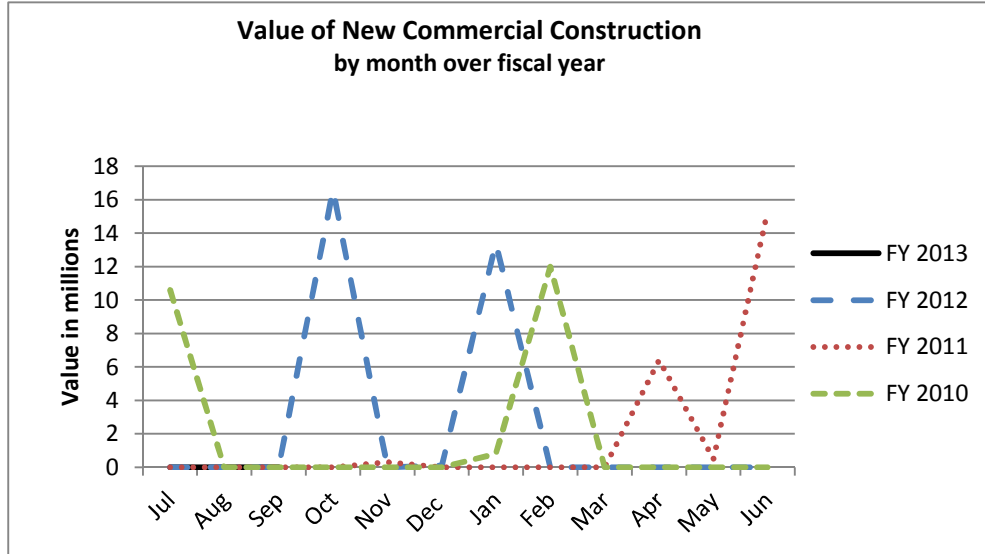
Source: CoStar
Through 2nd quarter, 2012



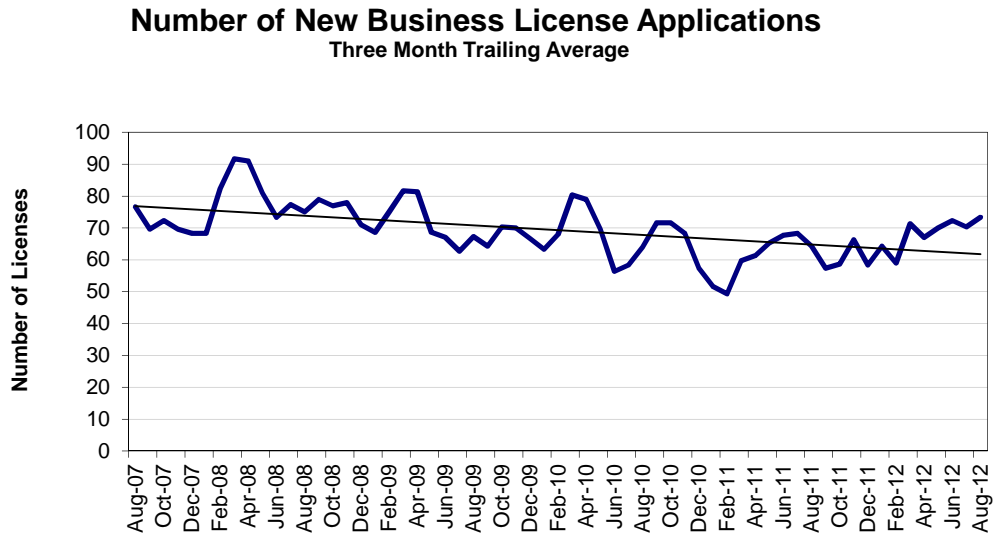
Source: Code Administration
Through September 2012



Source: Code Administration
Through September 2012



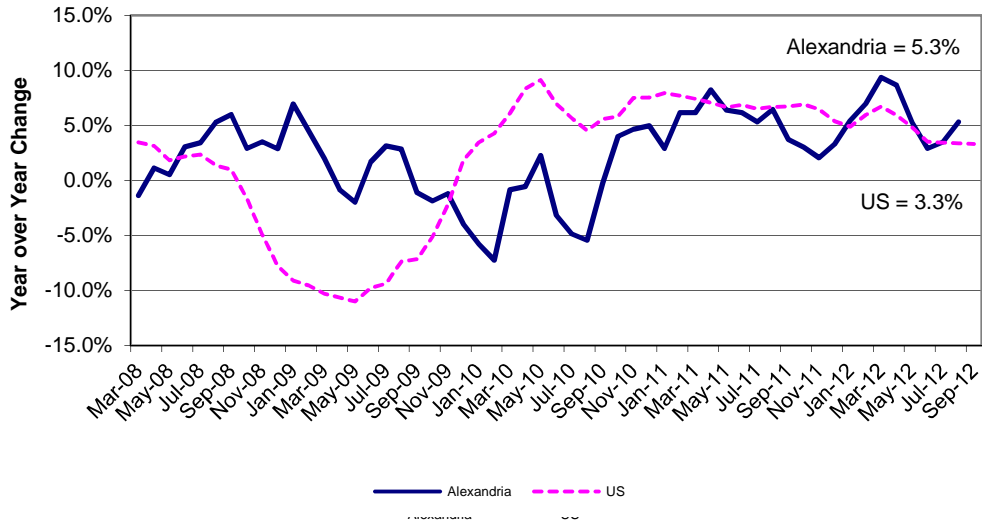
Source: Code Administration
Through September 2012



Source: Finance Department
Through August 2012

**Annual Change in U.S. Retail Sales
& Alexandria Sales Tax Collections**

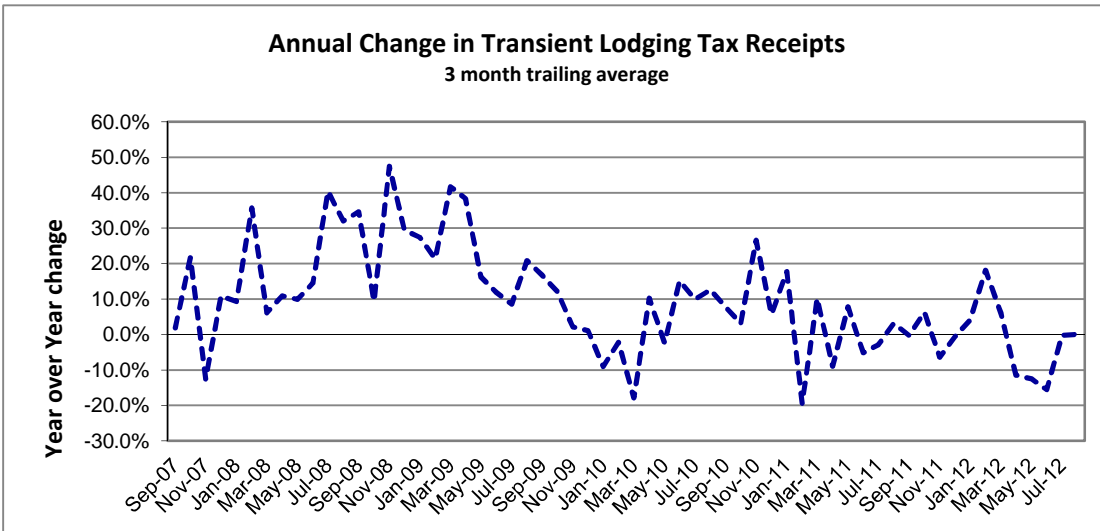
3 month trailing average



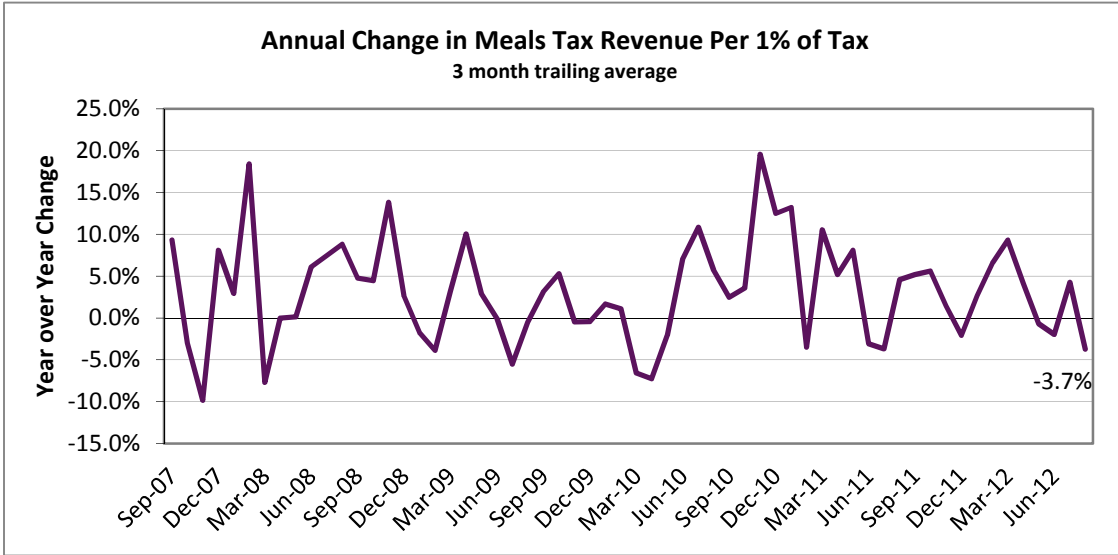
Source: Finance Department, U.S. Census Bureau
Alexandria data through August 2012; US through September 2012

Annual Change in Transient Lodging Tax Receipts

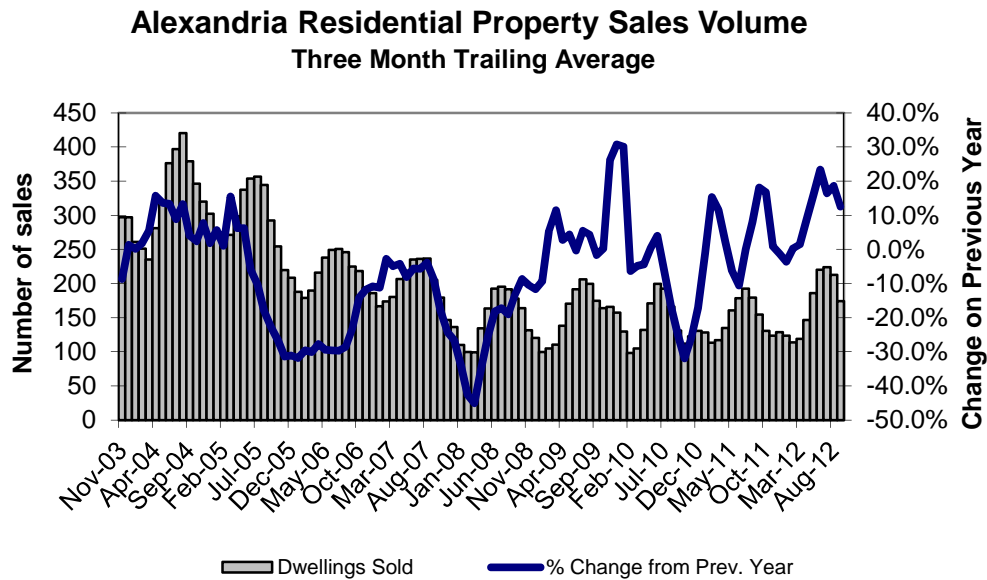
3 month trailing average



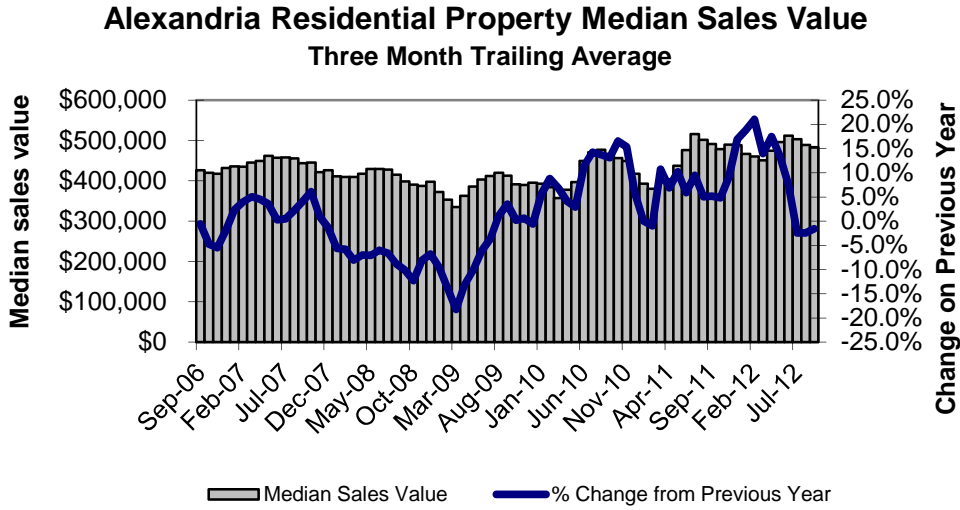
Source: Finance Department
Through August 2012



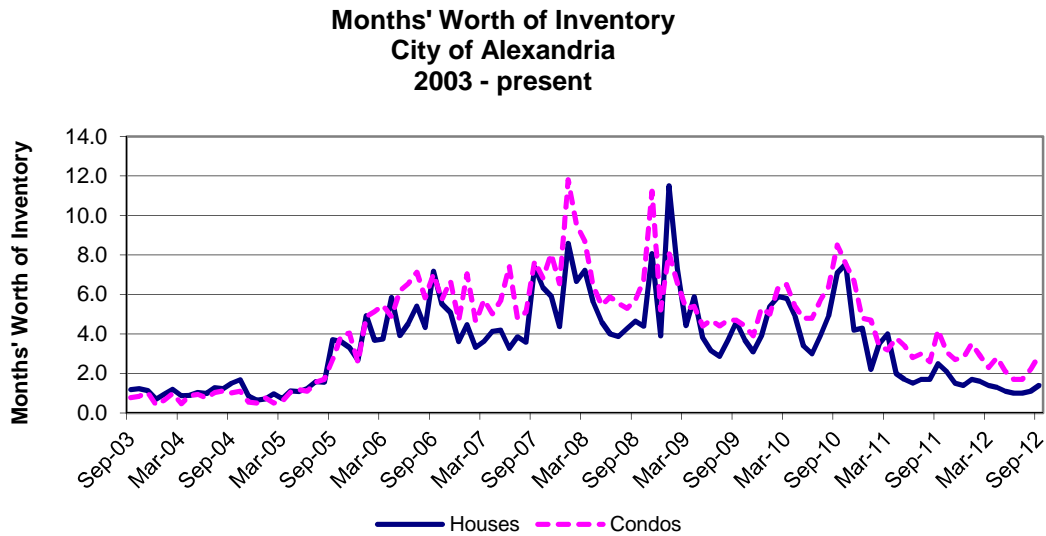
Source: Finance Department
Through August 2012



Source: Department of Real Estate Assessments
Through September 2012

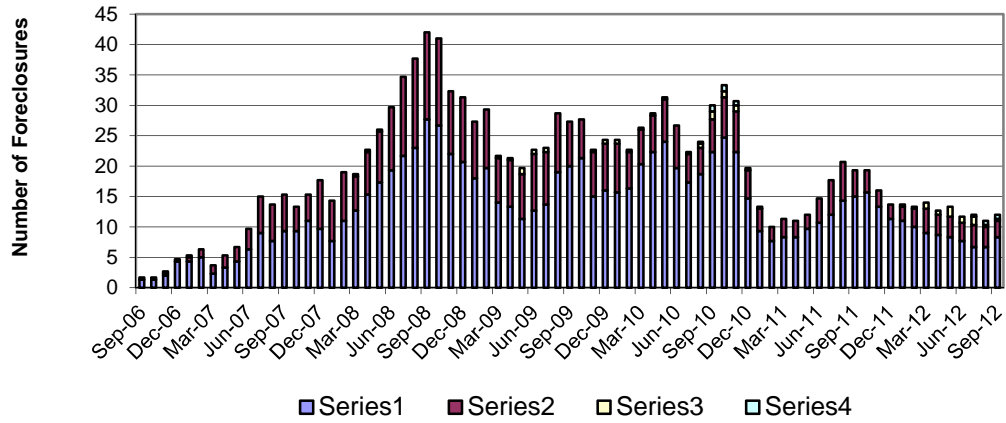


Sources: Metropolitan Regional Information Systems; Department of Real Estate Assessments Through September 2012



Source: Metropolitan Regional Information Systems Through September 2012

New Foreclosures in Alexandria
3 month trailing average



Source: Department of Real Estate Assessments
Through September 2012

**CITY OF ALEXANDRIA, VIRGINIA
COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING SEP 30, 2012 AND SEP 30, 2011**

	A	B	C	D=C/B	E	F=(C-E)/E
	FY2012 PRE-AUDIT ACTUALS	FY2013 REVISED BUDGET	FY2013 REVENUES THRU 09/30/12	%	FY2012 REVENUES THRU 09/30/11	%
				OF BUDGET		CHANGE
General Property Taxes						
Real Property Taxes.....	\$ 323,784,070	\$ 333,929,291	\$ 2,262,633	0.7%	\$ 2,103,684	8%
Personal Property Taxes.....	37,897,525	37,500,000	21,298,277	56.8%	19,615,854	9%
Penalties and Interest.....	2,092,976	2,375,000	231,946	9.8%	215,802	7%
Total General Property Taxes	\$ 363,774,571	\$ 373,804,291	\$ 23,792,856	6.4%	\$ 21,935,340	8%
Other Local Taxes						
Local Sales and Use Taxes.....	\$ 24,949,593	\$ 24,900,000	\$ 2,095,616	8.4%	\$ 1,947,945	0%
Consumer Utility Taxes.....	10,322,623	11,100,000	1,445,238	13.0%	1,866,155	0%
Communication Sales and Use Taxes.....	11,030,711	11,940,000	934,537	7.8%	1,112,874	0%
Business License Taxes.....	31,468,958	33,000,000	209,718	0.6%	245,164	-14%
Transient Lodging Taxes.....	11,375,121	12,400,000	1,882,798	15.2%	1,861,810	1%
Restaurant Meals Tax.....	16,313,765	16,900,000	2,431,644	14.4%	2,509,381	-3%
Tobacco Taxes.....	2,674,157	2,600,000	471,342	18.1%	473,306	0%
Motor Vehicle License Tax.....	3,348,075	3,400,000	1,493,139	43.9%	1,510,251	-1%
Real Estate Recordation.....	5,152,593	4,900,000	1,045,198	21.3%	814,902	28%
Admissions Tax.....	1,093,182	1,000,000	216,666	21.7%	223,054	-3%
Other Local Taxes.....	3,372,455	2,710,275	88,308	3.3%	4,510	1858%
Total Other Local Taxes	\$ 121,101,233	\$ 124,850,275	\$ 12,314,204	9.9%	\$ 12,569,352	-2%
Intergovernmental Revenues						
Revenue from the Fed. Government.....	\$ 10,780,154	\$ 9,657,640	\$ -	0.0%	\$ 590,982	0%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	\$ 23,578,531	11,789,265	50.0%	11,789,265	0%
Revenue from the Commonwealth.....	21,125,448	\$ 20,360,485	4,739,311	23.3%	4,277,698	11%
Total Intergovernmental Revenues	\$ 55,484,133	\$ 53,596,656	\$ 16,528,576	30.8%	\$ 16,657,945	-1%
Other Governmental Revenues And Transfers In						
Fines and Forfeitures.....	\$ 4,869,295	\$ 4,664,000	\$ 1,236,857	26.5%	\$ 963,160	28%
Licenses and Permits.....	2,373,449	\$ 2,157,975	\$ 635,650	29.5%	\$ 666,361	-5%
Charges for City Services.....	16,474,114	\$ 15,891,959	\$ 2,909,001	18.3%	\$ 2,663,619	9%
Revenue from Use of Money & Prop.....	3,947,855	\$ 3,420,000	814,086	23.8%	\$ 985,640	-17%
Other Revenue.....	1,195,494	\$ 782,000	\$ 378,085	48.3%	\$ 213,957	77%
Transfer from Other Funds.....	1,394,903	\$ 1,854,502	\$ -	0.0%	\$ -	0%
Total Other Governmental Revenues	\$ 30,255,110	\$ 28,770,436	\$ 5,973,679	20.8%	\$ 5,492,737	9%
TOTAL REVENUE	\$ 570,615,047	\$ 581,021,658	\$ 58,609,315	10.1%	\$ 56,655,374	3%
Appropriated Fund Balance						
General Fund.....	-	9,515,300	-	-	-	-
Appropriated refunding bond proceeds	73,454,827	-	-	-	-	-
Reappropriation of FY 2012						
Encumbrances And Other		2,588,843				
Supplemental Appropriations....	-	-	-	-	-	-
TOTAL	\$ 644,069,874	\$ 593,125,801	\$ 58,609,315	9.9%	\$ 56,655,374	3%

**COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING SEP 30, 2012 AND SEP 30, 2011**

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2012	FY2013	FY2013	%	FY2012	EXPENDITURES
	PRE-AUDIT ACTUALS	REVISED BUDGET	EXPENDITURES THRU 09/31/12	OF BUDGET EXPENDED	EXPENDITURES THRU 09/30/11	% CHANGE
Legislative & Executive.....	\$ 5,260,582	\$ 6,641,605	\$ 1,511,954	22.8%	\$ 1,305,375	16%
Judicial Administration.....	\$ 38,078,180	\$ 41,615,761	\$ 10,469,572	25.2%	\$ 9,764,638	7%
Staff Agencies						
Information Technology Services.....	\$ 7,066,313	\$ 8,382,803	\$ 2,483,206	29.6%	\$ 2,054,044	21%
Management & Budget.....	1,011,271	1,053,192	190,931	18.1%	220,441	-13%
Finance.....	11,093,830	11,338,869	2,416,821	21.3%	2,309,071	5%
Real Estate Assessment.....	1,591,527	1,768,888	399,689	22.6%	365,410	9%
Human Resources.....	2,876,753	3,285,013	631,976	19.2%	667,872	-5%
Planning & Zoning.....	5,575,500	5,646,076	1,471,163	26.1%	1,406,623	5%
Economic Development Activities.....	4,655,791	4,930,951	1,232,630	25.0%	1,207,827	2%
City Attorney.....	2,458,523	2,601,400	638,380	24.5%	569,956	12%
Registrar.....	1,164,912	1,336,170	384,181	28.8%	319,139	20%
General Services.....	12,300,194	12,382,567	2,653,052	21.4%	2,729,628	-3%
Total Staff Agencies	\$ 49,794,614	\$ 52,725,929	\$ 12,502,029	23.7%	\$ 11,850,011	6%
Operating Agencies						
Transportation & Environmental Services.....	28,624,160	28,773,579	7,644,660	26.6%	7,982,173	-4%
Fire.....	36,999,841	38,777,246	10,537,053	27.2%	10,290,595	2%
Police.....	51,293,299	52,177,620	14,539,410	27.9%	13,712,971	6%
Emergency Communications.....	5,979,383	6,347,675	1,398,555	22.0%	1,323,659	0%
Code.....	766,443	963,808	210,270	21.8%	195,476	8%
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Total Expenditures by Category						
Salaries and Benefits.....	189,163,914	197,744,976	45,585,399	23.1%	47,434,367	-4%
Non Personnel (includes all school funds).....	453,226,803	395,380,825	86,744,153	21.9%	72,936,756	19%
Total Expenditures	\$ 642,390,717	\$ 593,125,801	\$ 132,329,552	22.3%	\$ 120,371,123	9.9%



Federal Deficit Reduction Efforts and Cities

City of Alexandria, VA
November 13, 2012

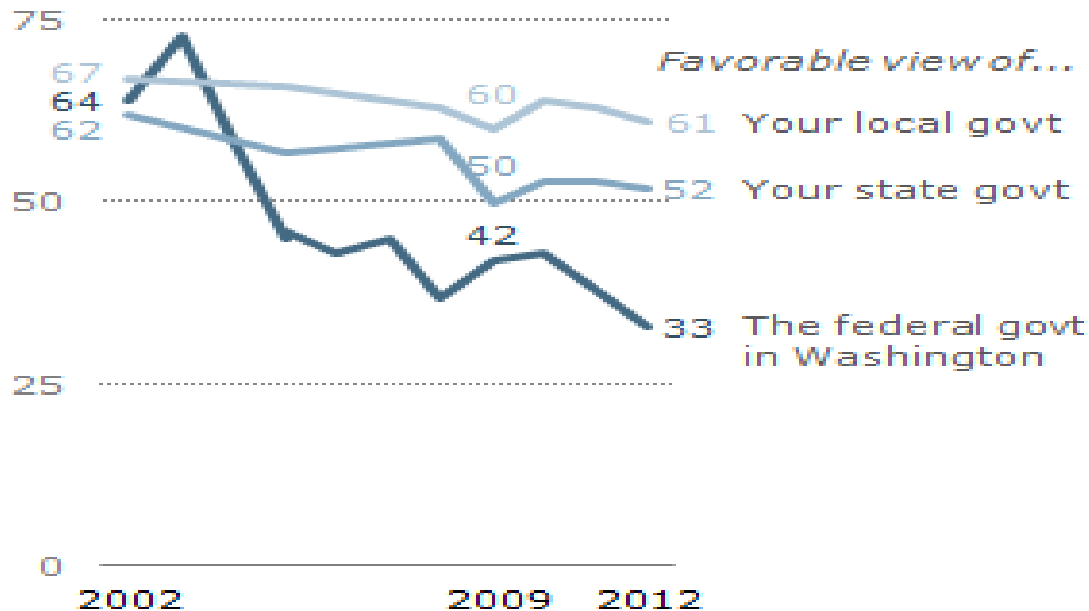
Carolyn Coleman
Director of Federal Relations
National League of Cities
Washington, D.C.

Helping Cities Leaders Build Better Communities

Today's Topics

- The Unsustainable Fiscal Path
- Efforts to Reduce the Federal Deficit
- Automatic Spending Cuts
- City Fiscal Conditions
- City Position on Deficit Reduction Efforts
- Questions and Answers

As Ratings of Federal Government Fall, State and Local Hold Steady



PEW RESEARCH CENTER Apr. 4-15, 2012.

The Unsustainable Fiscal Path

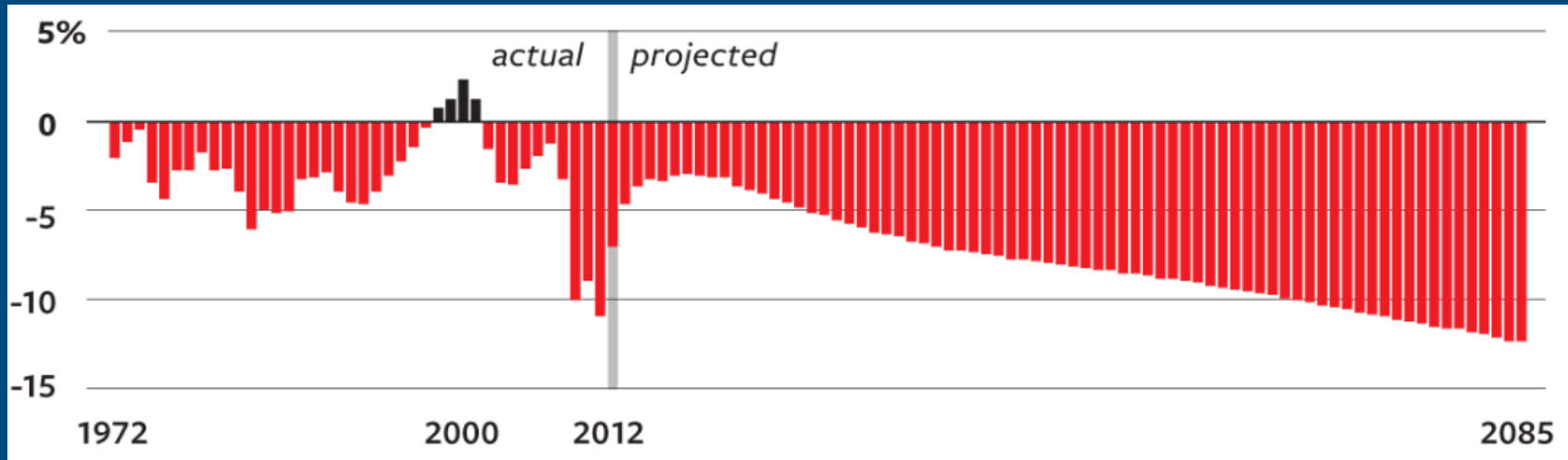
- In 2010, federal spending was 24 percent of GDP, the highest level since WWII.
- In 2010, tax revenues were at 15 percent of GDP, the lowest level since 1950.
- Since the last time our budget was balanced in 2001, the federal debt has increased dramatically, rising from 33 percent of GDP to 62 percent of GDP in 2010.

Source: Report of the National Commission on Financial Responsibility and Reform, 2010

An Ever-Widening Budget Gap

The Deficit Has Grown to Unsustainable Levels

Budget Surplus or Deficit as Percentage of GDP by Fiscal Year*



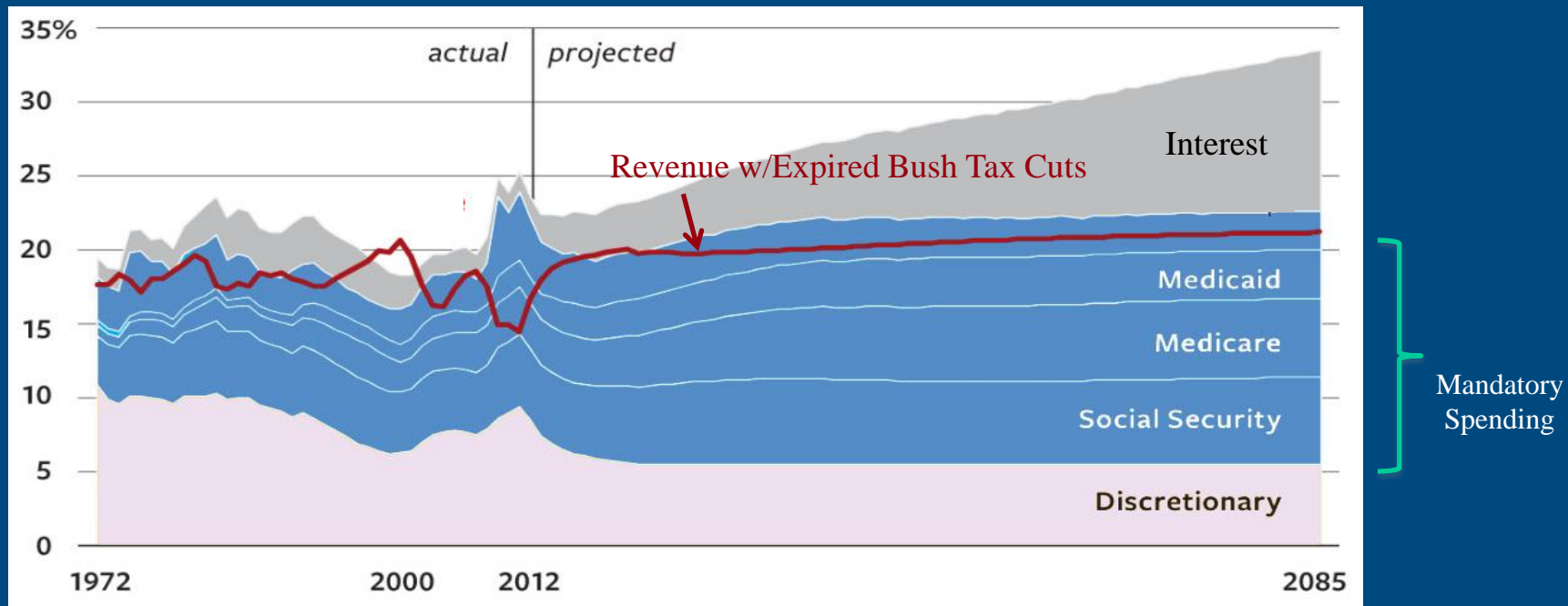
Source: Congressional Budget Office Historical Budget Data (1972-99); Office of Management and Budget, Fiscal 2012 Budget (2000-85).

*Projection includes expiration of Bush tax cuts.

Why the Gap Has Widened

Mandatory Spending Is Outpacing Revenues

Federal Revenue and Outlays as a Percentage of GDP by Fiscal Year



Source: Congressional Budget Office Historical Budget Data (1972-99); Office of Management and Budget, Fiscal 2012 Budget (2000-85).

Efforts to Reduce the Deficit

- Bowles-Simpson Plan (not adopted)
- Budget Control Act:
 - Super Committee (failed to reach agreement)
 - Automatic Spending Cuts or Sequestration (set to take effect January 2013)
- Ryan Budget Proposal
- President Obama's Budget Proposal

The Automatic Spending Cuts

Sequestration Arose From the Ashes

If Congress does not reduce the deficit by \$1.2 trillion through 2021, automatic spending cuts (sequestration) will kick in starting in 2013.

If Sequestration Is Enforced	
Budget	Cuts 2013 to 2021
Defense	\$493.2B
Non-Defense	\$493.2B
Interest	\$216B
TOTAL	\$1.2T

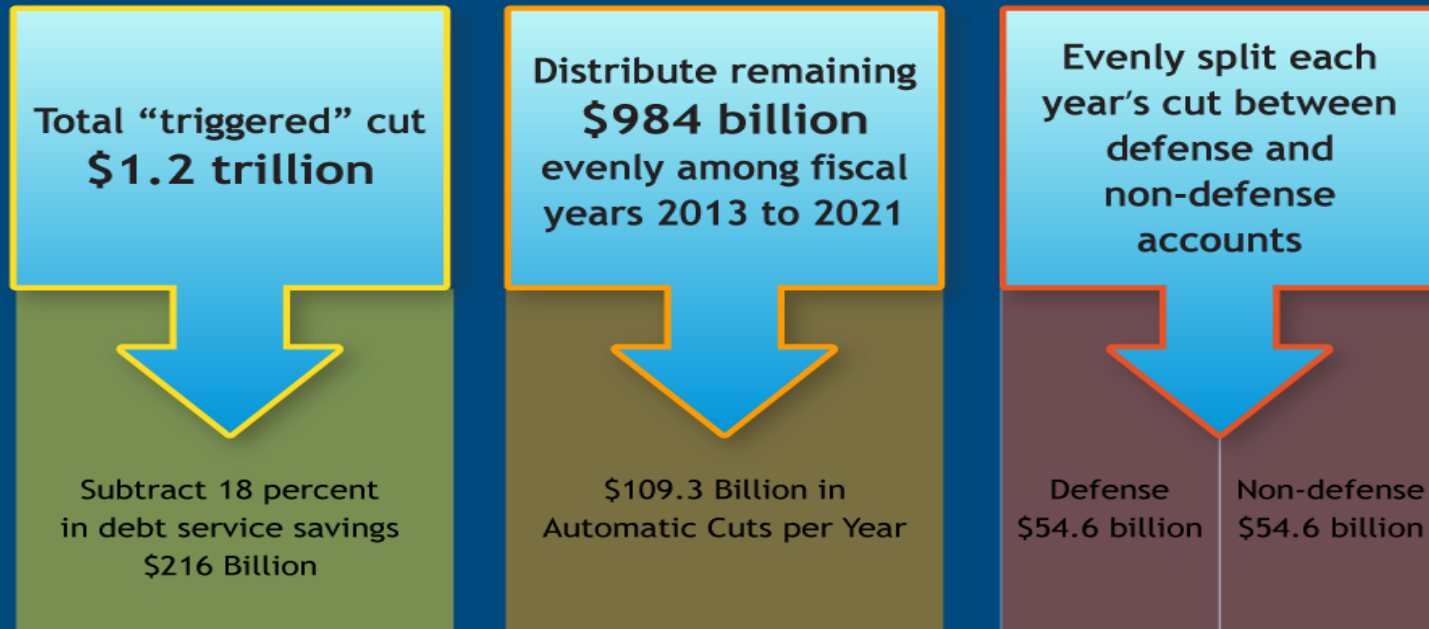
“It's irresponsible, it's bad policy, and we deserve better from our federal government.”

NLC President Ted Ellis, mayor, Bluffton, IN



Source: National Journal, Mar 15, 2012, “Hard Promises,” Nancy Cook; GAO Report, 2005; Center for Budget and Policy Priorities, 2011.

Breaking Down the Sequestration



Translating the Automatic Spending Cuts

- 9.4 percent to non-exempt defense discretionary spending
- 8.2 percent to non-exempt domestic discretionary spending
- 2.0 percent to Medicare, 7.6 percent to non-exempt non-defense mandatory programs, and 10 percent to non-exempt defense mandatory programs

Automatic Spending Cuts Will Do Harm

- Reduce the nation's GDP by \$215 billion;
- Decrease personal earnings of the workforce by \$109.4 billion;
- Cost the U.S. economy (and cities) 2.14 million jobs;
- Reduce GDP growth in 2013 by two – thirds; and
- Increase unemployment by as much as 1.5 percentage points raising the current national rate above 9 percent.

Source: *The Economic Impact of the Budget Control Act of 2011 on DOD and Non-DOD Agencies*, Stephen S. Fuller, Ph.D., Dwight Schar Faculty Chair and University Professor, Director, Center of Regional Analysis, George Mason University, Arlington, Virginia with Chmura Economics & Analytics Richmond, Virginia, July 2012

City Fiscal Conditions

- For the sixth straight, year city revenues continue to fall as financial pressures such as infrastructure, health care and pension costs combine with cuts in state and federal aid to weigh heavily on cities' bottom lines.
- Cities are making personnel cuts, delaying or canceling infrastructure projects and cutting local services.
- 2013 will continue to present challenges to city budgets due to stagnant housing markets, high unemployment, and looming federal budget cuts.

Source: 2012 NLC City Fiscal Conditions Report

Spending Cuts Have Hit Cities Already

Federal Program	FY 2010	FY 2012	Percent Change
Job Training	\$ 3.8 billion	\$ 2.6 billion	- 31.6%
Highways	\$ 41.8 billion	\$ 41.1 billion	- 1.70%
CDBG	\$ 4 billion	\$ 2.9 billion	- 27.5%
COPS	\$ 791 million	\$ 166 million	- 79.0%
Clean Water SRF	\$ 2.1 billion	\$ 1.5 billion	- 28.6%
Drinking Water SRF	\$ 1.4 billion	\$ 919 million	- 34.4%

The City Position on Deficit Reduction

- Congress and the Administration should stop the budget sequestration from going into effect; it is bad policy that will do more harm than good.
- Any deficit reduction plan should balance spending cuts with revenue enhancements.
- Spending cuts should not come from domestic discretionary programs alone - all options should be considered.
- The interest exemption on municipal bonds should be maintained – it is not a tax loophole.

Can We Avoid Sequester? **YES!**

- ✓ Enact legislation to repeal sequester before January 2, 2013
- ✓ Enact legislation to delay the cuts—and buy time for a grand bargain on the federal debt and deficit

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Thank You

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