

## TAX FACTS & ASSESSED VALUE

| Type                                    | Unit     | FY'05 Actual Rate | FY'06 Approved Rate |
|---|----------|-------------------|---------------------|
| Real Estate                             | \$100/AV | \$0.995           | \$0.915             |
| Personal Property and relief percentage | \$100/AV | \$4.75 / 70%      | \$4.75 / 70%        |
| Refuse Collection Disposal              | Hhld     | \$205             | \$229               |

|   |           |
|---|-----------|
| Average Residential Home Assessed Value | \$441,823 |
| Average Residential Tax Bill CY'04      | \$3,592   |
| Average Residential Tax Bill CY'05      | \$4,220   |

Median Assessed Value of Single-family Homes and Condominiums 2005

| Assessed Value            | Units  | Total Value     | Median Value |
|---------------------------|--------|-----------------|--------------|
| Less than \$100,000       | 118    | \$7,086,300     | \$83,800     |
| \$100,000 - \$249,999     | 8,662  | \$1,669,845,900 | \$193,200    |
| \$250,000 - \$499,999     | 17,294 | \$6,361,980,500 | \$366,400    |
| \$500,000 - \$749,999     | 7,345  | \$4,431,083,500 | \$591,800    |
| \$750,000 - \$999,999     | 2,200  | \$1,852,294,900 | \$827,200    |
| \$1,000,000 - \$1,999,999 | 1,041  | \$1,342,306,500 | \$1,210,000  |
| \$2,000,000 and over      | 152    | \$578,147,800   | \$2,462,500  |

In FY 2006, the value of each one-cent on the real property tax rate is approximately \$2.8 million for a twelve month period.

## FINANCIAL OUTLOOK

The FY 2006 Operating Budget and FY 2006-2011 Capital Improvement Program appropriately address the needs of current Alexandrians in a manner that is consistent with the City's financial ability to meet the needs of future generations.

The approved budget is financially sustainable. In November 2004 with the most recent issuance of new capital debt, the two primary bond rating agencies (Moody's Investor service and Standard and Poor's) again awarded Alexandria with Aaa/AAA ratings as a municipal government with an outstanding financial outlook and sound financial policies and practices.

The approved budget is an honest and transparent one, with no attempts to hide future costs or overestimate future revenues. In fact, the budget continues to be deliberately conservative in projecting future revenue precisely because that practice helps ensure that expenditures will not exceed revenue. The Council continues to operate under the rules for budget consideration reaffirmed in November of 2003 that have governed Council's consideration of the budget over the last decade. These rules have helped bring about the adoption of balanced budgets and the maintenance of adequate reserves.

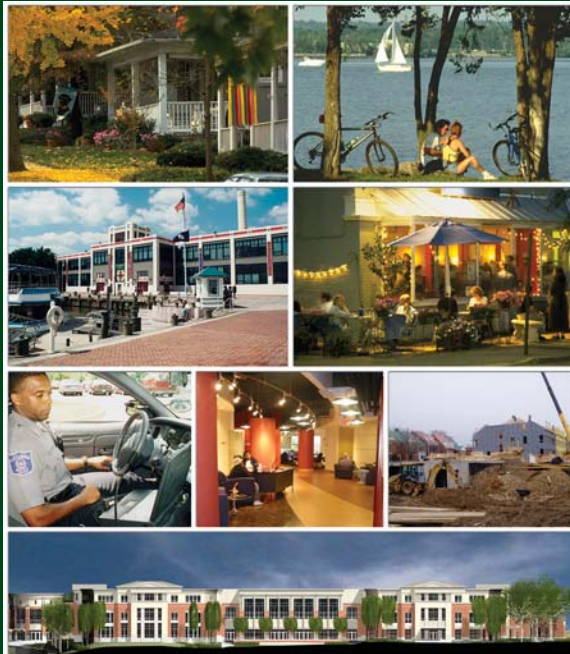
In addition, the budget's forecast scenarios for the next five years show that the operating budget outlook is reasonable given current trends in revenues and expenditures, and the borrowing anticipated for long term capital projects is at acceptable levels.

The regional, northern Virginia economy is very healthy, as is Alexandria's economy. Job growth in the region continues to lead the nation and Alexandria continues to share in this growth. It is expected that population and job growth in the City will continue at steady rates with anticipated economic growth and new development. Locally, the addition of the Patent and Trademark Office (PTO) is adding some 7,100 jobs to the City's employment base. Further, the build out of the area around PTO and Eisenhower East will add hundreds of new jobs in the next three to four years.

Reference copies of the budget are available online at [alexandriava.gov/budget](http://alexandriava.gov/budget) and are also available at all Alexandria City public libraries. Copies of the budget are available from the City at no cost. However, inventories are limited. Please call in advance to confirm availability.



# City of ALEXANDRIA, VIRGINIA



## BUDGET IN BRIEF FY 2006 ♦ APPROVED



### ALEXANDRIA CITY COUNCIL

William D. Euille, Mayor  
Redella S. Pepper, Vice Mayor  
Ludwig P. Gaines  
Rob Krupicka  
Andrew H. Macdonald  
Paul C. Smedberg  
Joyce Woodson

### CITY MANAGER

James K. Hartmann

Information about the budget is available online at [alexandriava.gov/budget](http://alexandriava.gov/budget) or by contacting:

Office of Management and Budget  
City Hall, 301 King Street, Room 3630  
703.838.4780

Monday - Friday, 8 AM to 5 PM

## FY 2006 APPROVED BUDGET OVERVIEW

The City Manager has approved a Fiscal Year 2006 Operating Budget of \$467.8 million, an increase of \$35 million or 8.1 percent over last year's budget, and a fiscal year 2006-2011 Capital Improvement Program (CIP) calling for \$327 million in City funding over 6 years, an increase from last year's amended CIP of \$318 million.

Three measures are approved to reduce rising real estate tax bills and the City's increasing reliance on real estate tax revenue, as well as increase funding for affordable housing programs:

- An eight cent reduction in the real estate tax rate.
- Substantial expansion of the new program begun in FY 2005 to provide targeted real estate tax relief to low and middle income home owners to keep home ownership affordable.
- The dedication of a portion of the tax on recording real property transactions for affordable housing programs or for further tax relief.

This budget provides a detailed roadmap for financing the implementation of the City Council's adopted Strategic Plan - including it's long term vision and set of major goals for Alexandria and its statement of the mission of our City government.

Preparation of the Approved Operating Budget and CIP also have been guided by the financial policies and practices that have guided the City's budget in past years. These include the Council-adopted policies relating to City debt, fund balances and employee compensation.

## EIGHT GOALS OF THE APPROVED BUDGET

The FY 2006 budget uses the seven goals of the strategic plan, plus one additional, implicit goal concerning public safety, as the foundation for budget planning. Those goals are:

- Quality development and redevelopment that is well planned and consistent with Alexandria's vision.
- A City that respects, protects and enhances the natural environment.
- An integrated, multi modal transportation system that efficiently and effectively gets people from point "A" to point "B."
- A strong local economy that is growing in varied small businesses and job opportunities.
- A caring community that is diverse and affordable.
- A City government that is financially sustainable, efficient and community oriented.
- Public schools that are among the best in Northern Virginia (in partnership with the Alexandria Schools).
- A safe community maintained by high quality public safety organizations and efficient judicial administration.

By advancing these goals, the Approved Operating Budget and CIP are intended to work toward the City Council's long term vision for Alexandria. That vision is:

*Alexandria 2015 is a vibrant, diverse, historic, and beautiful City with unique neighborhoods and multiple urban villages where we take pride in our great community.*

## MAJOR FACTORS SHAPING THE APPROVED BUDGET

- The budget approved \$6.8 million (2.7 percent increase) in discretionary supplementals for City and transit operations that are designed to help the City achieve the strategic vision, mission and goals outlined in the Strategic Plan.
- Three measures are approved to reduce rising real estate tax bills and the City's increasing reliance on real estate tax revenue, as well as increased funding for affordable housing programs.
- Significant increased costs are necessary to maintain current City and transit services and programs.
- The operating budget has to bear the debt service costs reflecting previous decisions to borrow as a means of financing capital projects.
- A close review was undertaken of the base budget and the adjustments needed to maintain current City services and polices, including a review of the vacancy savings captured in the budget and expenditure reductions taken by City-managed departments.
- The Public School's budget is 98.5 percent funded as a result of three technical adjustments and one substantive reduction, and the School's capital request through FY 2011 is funded at 88 percent.
- Capital Improvement Program costs are up, reflecting the cost of past borrowing and future plans to continue to improve the City's infrastructure and facilities.

## FY 2006 APPROVED EXPENDITURE INCREASES

The Approved General Fund Operating Budget expenditures total \$467.8 million. This is a \$35.0 million increase over the FY 2005 amended budget or an 8.1 percent increase.

The General Fund operating budget increase of \$35 million is allocated as follows:

- \$18.9 million for City operations (a 7.6 percent increase) including a 2.0 percent cost of living adjustment (COLA) for City employees and other pay adjustments to maintain comparability with other jurisdictions;
- \$2.8 million for affordable housing purposes;
- \$2.1 million in increased transit subsidies for WMATA and DASH (a 20 percent increase);
- \$8.6 million for the Alexandria City Public Schools (a 6.6 percent increase) including a 2.0 percent COLA for School employees; and
- \$2.6 million in debt service and cash contributions for capital projects (a 5.8 percent increase).

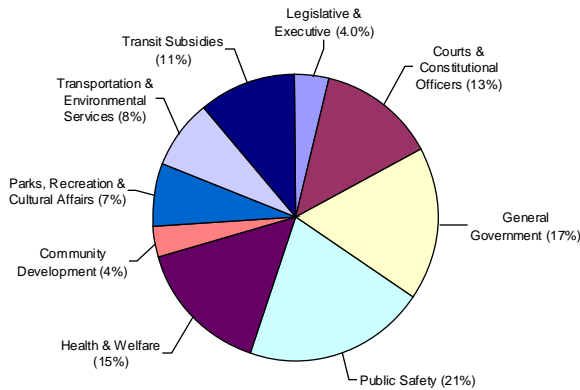
### EXPENDITURE SUMMARY

| General Fund                                   | (In Millions)   |                  |
|--|-----------------|------------------|
|  | FY 2005 Amended | FY 2006 Approved |
| City Operating Expenditures                    | 248.1           | 269.8            |
| Transit Subsidies                              | 10.4            | 12.5             |
| City Appropriation to Schools                  | 130.1           | 138.8            |
| Capital Projects/Debt Service                  | 44.3            | 46.8             |
| <b>Total General Fund Budget</b>               | <b>\$432.9</b>  | <b>\$467.8</b>   |
| <b>Total Other Funds Budget</b>                | <b>\$88.5</b>   | <b>\$95.1</b>    |
| <b>Total City and Schools Operating Budget</b> | <b>\$521.3</b>  | <b>\$562.9</b>   |

## FY 2006 APPROVED EXPENDITURE SUMMARY

In the budget, \$16 million or 46 percent of the increase maintains current City services and programs (including a provision of a 2 percent cost of living adjustment and implementation of the pay benchmark study) and \$2 million to maintain current WMATA and DASH transit services.

### COSTS TO MAINTAIN CURRENT SERVICES AND POLICIES (Excluding Education) (City Operations = \$16 Million, WMATA & DASH = \$2 Million)



The budget also approved \$6.0 million in new discretionary spending on City operations. This new spending is partially offset or "funded" by approximately \$1.1 million in expenditure reductions in operations.

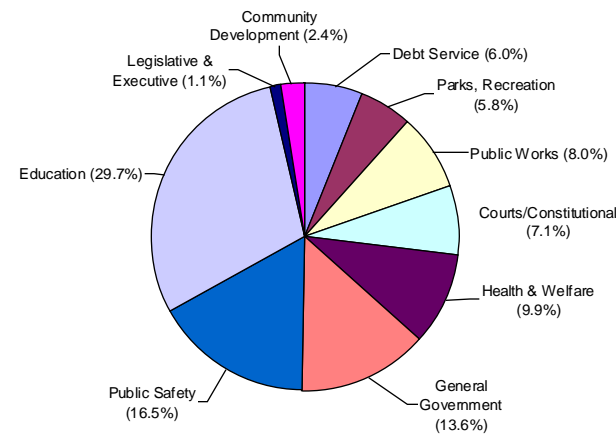
## WORKFORCE COMPENSATION

This budget continues to adhere to the City's compensation philosophy designed to maintain comparability with pay levels provided by other jurisdictions for public employees. It includes:

- \$3.4 million for merit pay increases for City employees;
- \$3.6 million for a 2.0 percent cost of living adjustment (COLA) for City employees;
- \$0.9 million to make necessary adjustments in the pay schedules of certain positions that lag behind salaries for similar positions in other Washington area jurisdictions required by the City's compensation philosophy;
- \$1.5 million for marketplace driven increases in health insurance for current and retired City employees;
- \$0.8 million for employee retirement contributions; and
- \$0.7 million to budget adequately for necessary public safety overtime costs.

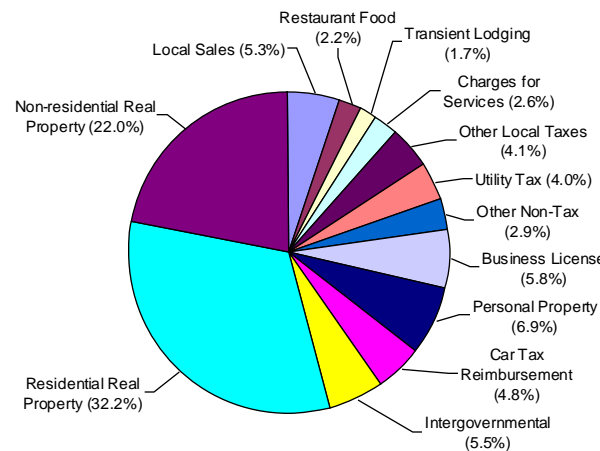
The approved School budget is also sufficient to fund the cost of merit pay increases, a 2.0 percent COLA and increased retirement and health insurance costs for School employees.

## FY 2006 COMBINED GENERAL FUND EXPENDITURES, WHERE IT GOES...



FY 2006 General Fund Expenditures ..... \$467,829,951

## FY 2006 COMBINED GENERAL FUND REVENUES, WHERE IT COMES FROM...



FY 2006 General Fund Revenues ..... \$463,499,951  
 Prior-Year Surplus ..... \$4,330,000  
**Total General Fund Revenues and Prior-Year Surplus ..... \$467,829,951**

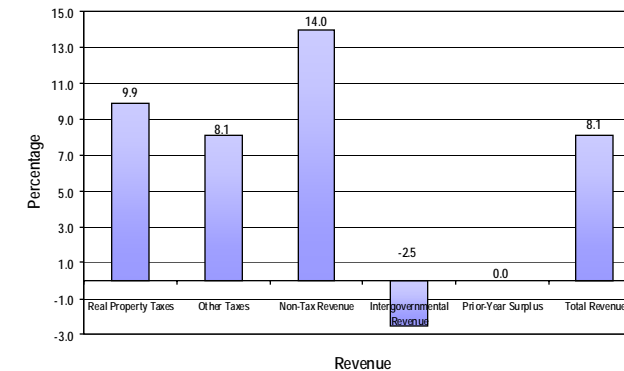
## FY 2006 APPROVED REVENUE SUMMARY

The Approved General Fund revenues are projected at \$463.5 million. To provide sufficient resources to balance the FY 2006 budget, an additional \$4.3 million in FY 2004 surplus revenues are planned to be utilized. As a result, the total of \$467.8 million is available to support the approved City and Schools General Fund expenditures, an 8.1 percent increase in total revenues.

Real Estate tax revenues are projected at \$251.1 million, a 9.9 percent increase as compared to last year's approved budget, reflecting the combination of increased assessments and new construction.

- This also includes a reduction in the real estate tax rate by 8 cents per \$100 assessed value and the program providing real estate tax relief to elderly and disabled homeowners.
- The collection of other taxes are expected to increase by 8.1 percent; other non-tax revenues are expected to increase by 14.0 percent; and intergovernmental revenue from federal and State sources are expected to decrease by 2.5 percent from last year's approved budget.
- The budget also includes an increase in sanitary sewer fees from \$0.60 to \$1.00 per 1000 gallons, and an increase in solid waste fees from \$205 to \$229 per residence to keep both activities self-supporting through user fees.

### PERCENTAGE RATE OF GROWTH BY REVENUE SOURCE



## ALEXANDRIA CITY PUBLIC SCHOOLS

Alexandria wants public schools that always are among the very best in Northern Virginia. The City's primary role in achieving this end is responsibly funding the schools' operating and capital needs. The approved operating budget for FY 2006 provides \$138.8 million in City funds for operations, a \$8.6 million increase over last year (reflecting three technical adjustments that total \$1.8 million less than the amount requested by the School Board and a substantive reduction of \$300 thousand). City funding for public education operations increases by 6.6 percent over FY 2005, which compares to the average 7.1 percent rate of growth in the School's budget over the last 5 years.

This \$8.6 million increase is sufficient to fund all the costs necessary to maintain current services and programs, such as merit increases, a 2.0 percent COLA, increased retirement and health insurance costs, and implementation of the federally-mandated No Child Left Behind Act. The technical adjustment of \$1.8 million represents a closer to actual assumption about vacancy savings (\$620 thousand) available to the schools due to employee turnover; additional State revenues (\$440 thousand) to be received for school operations; and the elimination of overfunding of the Schools' Supplemental Retirement System (\$700 thousand).

## ALEXANDRIA CITY PUBLIC SCHOOLS

The approved City CIP for FY 2006-2011 includes \$67.0 million to fund all but \$150 thousand of the Schools' adopted CIP through FY 2008. It partially funds the School Board's request from FY 2009 through FY 2011 by providing \$27.4 million, a reduction of \$13.1 million from the request.

## CAPITAL IMPROVEMENT PROGRAM

The City of Alexandria's Capital Improvement Program is a comprehensive plan which identifies the City's future infrastructure and facility needs, and the corresponding funding required to meet those needs.

Capital Improvement Program costs are up reflecting the cost of past borrowing and future plans to continue to improve the City's infrastructure. Last year's amended CIP totaled \$318 million over six years; this year's approved CIP totals \$326.8 million through FY 2011. The approved CIP contains some new projects, increased costs for existing projects, and some reductions compared to last year's CIP. These new projects and increased costs are in support of the eight goals of the budget.

The six-year CIP would be funded by \$148.5 million in borrowing and \$178.3 million from City funds, including: \$134.1 million in cash capital contributions from current revenues, \$14.2 million from the open space trust fund, \$22 million from sewer use and connection fees, \$4.7 million from fund balance, \$1.8 million from bond interest earnings, and \$1.4 million from other sources. With one proposed modification to the debt policy guidelines, the CIP complies with the policy limits governing the amount of allowable debt and debt service costs, and should continue to ensure triple-A ratings by the two major bond rating agencies.

The major building projects funded in the CIP over the next 6 years include a new public high school, a new police headquarters, renovated Patrick Henry, Charles Houston and Chinguapin Recreation Centers, and a new All-City Sports Complex. Significant funding also is provided for transportation and sewer infrastructure projects.

The CIP for fiscal years 2006 through 2011 provides \$326.8 million as follows:

- \$94.4 million for public schools;
- \$68.5 million for public buildings, including \$48.8 million for construction of the new police headquarters;
- \$54.7 million for streets, bridges, pedestrian improvements, undergrounding of utilities and other traffic improvements and mass transit;
- \$56.2 million for recreation and parks, including \$20 million for renovations and improvements to the Chinguapin Recreation Center, \$5 million in City funds for a possible All-City Sports Complex, and \$14.2 million for open space acquisition;
- \$23.3 million for reconstruction, extension and rehabilitation of sewers;
- \$21.1 million for information technology projects; and
- \$8.6 million for community development, libraries and other regional commitments.