

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 11, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 52: FY 2011 AND FY 2012 FINAL REVENUE PROJECTIONS AND ADJUSTMENTS

Annually, at the beginning of April, City staff re-estimates current fiscal year and subsequent fiscal year revenues. The result of those projections show a projected overall increase of \$1.7 million in FY 2011 revenues and a projected increase of \$1.8 million in FY 2012 revenues.

FY 2011 revenues improved based on recent collections in the areas of personal property, utility, business license taxes and fire system retesting, ambulance, and parking fees. They also include an increase in federal prisoner per diems.

FY 2012 revenue estimates have been increased to reflect the adjustments based on FY 2011 collections plus an increase in revenues from the Commonwealth.

The following table below includes FY 2011 and FY 2012 revenue estimation changes from January to April.

Change from January Revenue Estimates	FY 2011	FY 2012
Personal Property	900,000	500,000
Local Sales Tax	0	100,000
Utility Tax	200,000	200,000
Business License Tax	450,000	225,000
Transient Lodging	(200,000)	(100,000)
Restaurant Food	(300,000)	(275,000)
Admissions	(100,000)	(100,000)
Other Miscellaneous	(100,000)	(75,000)
Licenses, permits and fees	110,000	60,000
Charges for services	250,000	32,468
Intergovernmental Revenues	481,100	1,262,089
Total	1,691,100	1,829,557

The revenue re-estimates described in detail below reflect current tax rate and revenue policies continued or already reflected in the FY 2012 Proposed Budget.

The FY 2011 and FY 2012 revenue estimates in the Proposed FY 2011 budget document were based on revenues and trends through December 2010. The latest estimates are based on revenue collections through March 2010, with exceptions as noted below. Staff will continue to monitor actual revenues and adjust the monthly revenue projections for the current fiscal year in the context of the Monthly Financial Report. Based on actual receipts and trends through March, the FY 2011 revenue estimates have been changed as detailed in the next pages. These technical revenue adjustments will be reflected on the preliminary and final Add/Delete list.

FY 2011 Revenue Adjustments

FY 2011 Adjustment	Tax Revenue
+\$0.9 million	Increase in Vehicle Personal Property taxes of \$1.0 million, from \$15.7 million to \$16.7 million, increase in Business Personal Property taxes of \$0.2 million, from \$16.7 million to \$16.9 million, and a decrease in delinquent Personal Property collections of \$0.3, from \$1.3 million to \$1.0 million.
+\$0.2 million	Increase in Utility Tax collections from \$10.7 million to \$10.9 million based on year-to-date collections through February.
+\$0.5 million	Increase in Business License Tax (BPOL) collections from \$28.8 million to \$29.3 million.
-\$0.2 million	Decrease in Transient Lodging Tax collections from \$11.8 million to \$11.6 million as the result of lower than expected collections through February 2011.
-\$0.3 million	Decrease in Restaurant Food Tax collections from \$16.0 million to \$15.7 million based on lower than expected collections through January 2011.
-\$0.1 million	Decrease in Admissions tax from \$1.2 million to \$1.1 million due to lower than expected collections through February 2011.
-\$0.1 million	Decrease in Telecommunications Tax collections from \$0.7 million to \$0.6 million due to lower than expected collections through February, 2011.
	Fees & Other Sources
+\$0.1 million	Increase in Fire Re-testing Fee revenue from \$0.6 million to \$0.7 million.
+\$0.5 million	Increase in Federal Prisoner Per Diem revenue from \$6.5 million to \$7.0 million due to an increase in the number of federal prisoners housed at the Adult Detention Center.
+\$0.1 million	Increase in Ambulance Fee revenue from \$2.3 million to \$2.4 million due to higher than expected collections.
+\$0.2 million	Increase in Parking Meter revenue from \$2.1 million to \$2.3 million due to higher than expected collections.
+\$1.7 million	Total Change

FY 2012 Revenue Adjustments

FY 2012 Adjustment	Tax Revenue
+\$0.5 million	Increase in Vehicle Personal Property taxes of \$0.6 million, from \$16.1 million to \$16.7 million, an increase in Business Personal Property taxes of \$0.2 million, from \$16.7 million to \$16.9 million, and a decrease in delinquent collections of \$0.3 million from \$1.3 million to \$1.0 million.
+\$0.1 million	Increase in Sales Taxes from \$24.1 million to \$24.2 million. It is expected that Sales taxes will increase from their projected FY 2011 level by approximately 2.1%.
+\$0.2 million	Increase in Utility Taxes from \$11.0 million to \$11.2 million. It is expected that Utility taxes will increase from their projected FY 2011 levels by 2.75%.
+\$0.2 million	Increase in Business License (BPOL) tax revenues from \$30.0 million to \$30.2 million. It is expected that BPOL revenues will increase from their projected FY 2011 levels by 3.25%.
-\$0.1 million	Decrease in Transient Lodging revenues from \$12.6 million to \$12.5 million. It is expected that Transient Lodging revenues will increase from their projected FY 2011 levels by 7.8%.
-\$0.3 million	Decrease in Restaurant Food revenues from \$16.6 million to \$16.3 million. It is expected that Restaurant Food revenues will increase from their projected FY 2010 levels by 3.8%.
-\$0.1 million	Decrease in Admissions tax from \$1.2 million to \$1.1 million due to lower than expected collections through February 2011.
-\$0.1 million	Decrease in Telecommunications Tax revenue \$0.7 million to \$0.6 million due to lower than expected collections.
	Fees & Other Sources
+\$0.1 million	Increase in Fire Re-testing Fee revenue from \$0.6 million to \$0.7 million.
+\$0.6 million	Increase in Federal Prisoner Per Diem revenue from \$6.1 million to \$6.7 million due to an increase in the number of federal prisoners housed at the Adult Detention Center.
+\$0.7 million	Increase in Revenue from the Commonwealth due to an increase in State H.B. 599, Sheriff and Commonwealth's Attorney revenues from \$10.7 million to \$11.04 million
+\$0.2 million	Intergovernmental revenue projections increased after the Virginia legislature modified Governor Kaine's proposed budget which formed the basis of the City's proposed budget. HB599 revenues increased from \$5.0 million to \$5.6 million (\$0.6 million), and Compensation Board revenues increased from \$6.3 million to \$7.3 million (\$1.0 million). These increases were offset by the restoration of an across-the-board cut of \$1.3 million and a reduction in the State prisoner per diem from \$0.6 million to \$0.5 million (\$0.1 million).
+\$1.8 million	Total Change