

*City of Alexandria, Virginia*20  
3-8-11

## MEMORANDUM

DATE: MARCH 3, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

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

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

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

**DISCUSSION:** This report includes highlights of the City's financial condition and provides fiscal year (FY) 2011 financial information on revenues and expenditures of the General Fund for the period ending January 31, 2011. Detailed economic, revenue, and expenditure charts are also available from the City of Alexandria website at [alexandriava.gov/financialreports](http://alexandriava.gov/financialreports).

**ECONOMIC HIGHLIGHTS:**

- **The national economy continued to recover slowly.** Gross national product increased slightly in calendar year 2010. The rate of growth was 2.8 percent over 2009. The fourth quarter GDP also grew 2.8 percent over the previous year.
- **The national unemployment rate decreased to 9.0 percent in December.** Alexandria's December rate of 4.4 percent decreased from 4.6 percent in November and 4.6 percent at this point last year.
- **Local economic indicators showed improvement.** Local sales and meals tax revenues improved over last year and their growth exceeded that of the previous month. Hotel room rental occupancy decreased slightly, but room rates increased.
- **Commercial construction spending is sluggish at the national and local levels, while residential construction spending is sluggish at the national level but improving at the local level.** National construction spending for residential and commercial projects decreased in January. The number of residential construction projects in Alexandria has returned to FY 2009 levels, but the value of commercial construction continues to trail prior years. By the end of 2011, based on projects in the pipeline, it is expected that the value of new multi-family construction will exceed 2010 levels.

## REVENUE HIGHLIGHTS:

**Year-to-Date Revenues:** As of January 31, 2011, actual General Fund revenues totaled \$280.4 million, which is 2.2 percent higher than FY 2010 revenues for the same period last year. Most of this increase is related to the other local taxes category, which is up 6.0 percent over last year. The FY 2012 Proposed Budget contains a revised estimate for FY 2011 revenues. That estimate shows a revenue surplus of \$12.5 million or 2.3 percent compared to the original FY 2011 budget estimate of General Fund revenues for \$526.1 million, primarily due to real property revenues (due to higher assessments than previously forecast). As discussed at the October Council Retreat, this surplus was set aside primarily for capital.

- **Business License Tax:** The increase in this category reflects a change in the timing of payments due to an increase in the number of businesses on quarterly payment plans.
- **Licenses and Permits:** The category decrease is due to the transfer of the approximate \$3.8 million budget for new construction fees from the General Fund to a special revenue account beginning July 1, 2010, where they will be used to cover the cost of Code Enforcement's New Construction Division, which is now self-financed from these permit fees.
- **Revenue from the Federal Government:** The City has received \$1.2 million in FY 2011 for the Build America Bonds subsidy as compared to \$0.4 million in FY 2010.

## EXPENDITURE HIGHLIGHTS:

**Year-to-Date Expenditures:** As of January 31, 2011, actual General Fund expenditures totaled \$272.7 million, an increase of \$9.0 million, or 3.4 percent, above expenditures for the same period last year. The revised budget reflects amounts that were appropriated in the supplemental appropriation ordinance approved in December. Personnel expenditures remain on par with last year. These personnel expenditures are just slightly higher than the budget primarily because turnover savings are deducted from the budget on the first day of the fiscal year, while the savings are realized during the year. Non-personnel spending increased 4.8 percent. For most departments, differences in spending patterns for non-personnel in the first seven months of 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.

- **Fire:** As discussed orally at the January 11, 2011 City Council meeting, the Fire Department is projected to be over budget due to overtime expenditures, primarily due to a large number of firefighter and medic vacancies in the Department during the first half of the year. The Department and OMB will continue to monitor overtime and other expenditures and revise the projections as needed. We plan to forecast this deficit more precisely in next month's report.
- **Debt Service:** The increase reflects budgeted debt service for bonds issued in June 2009. A portion of the interest cost (\$1.2 million) is reimbursed from the federal government as part of the Build America Bond program.
- **Schools:** The City currently provides approximately 76 percent of the estimated funds required to operate the City public school system in FY 2011.

**ATTACHMENTS:**

Attachment 1-The Economy

Attachment 2-Revenues

Attachment 3-Expenditures

**STAFF:**

Bruce Johnson, Chief Financial Officer

Laura Triggs, Finance Director

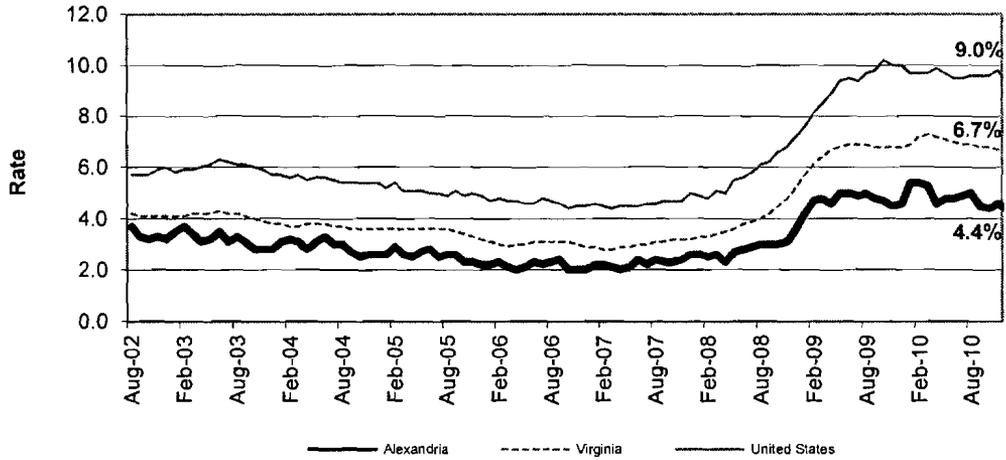
Ray Welch, Comptroller

Melinda Barton, Public Information Specialist

Morgan Routt, Assistant Director, OMB

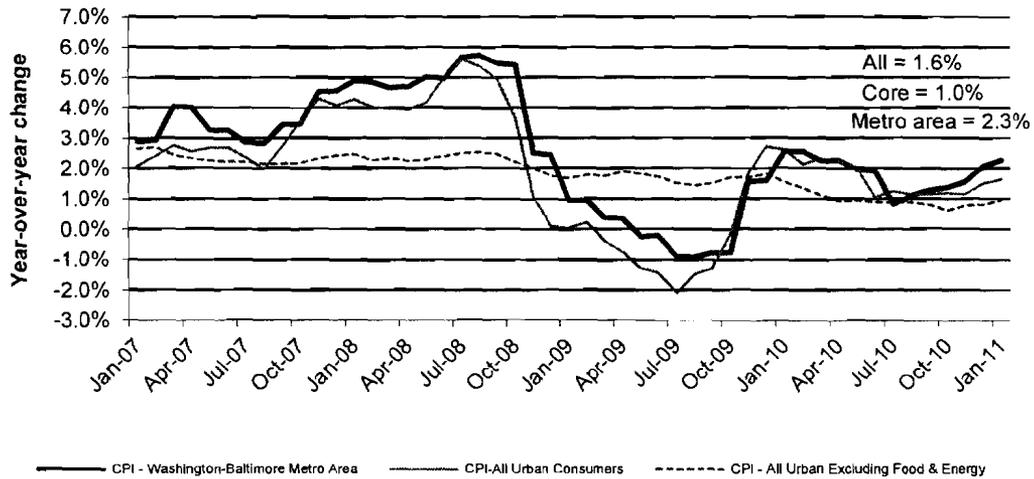
Attachment 1 - The Economy

Unemployment Rate - U.S., Virginia, and Alexandria



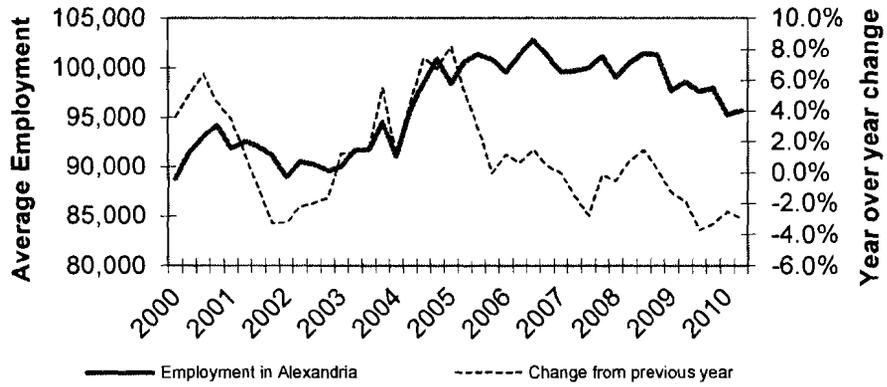
Source: U.S. Department of Labor, Bureau of Labor Statistics  
 U.S. through January, 2011; Alexandria, Virginia through December, 2010

Annual Change in Consumer Price Index



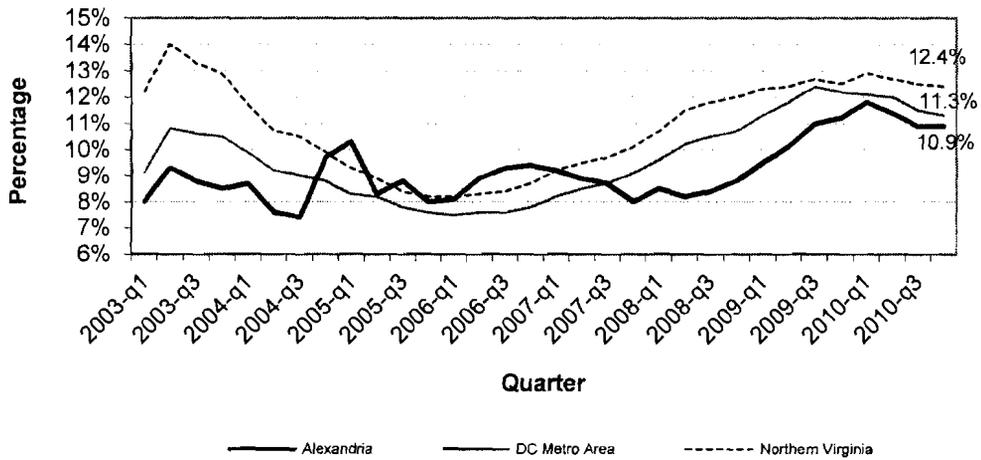
Source: U.S. Department of Labor, Bureau of Labor Statistics  
 Through January 2011

### Employment in Alexandria by quarter



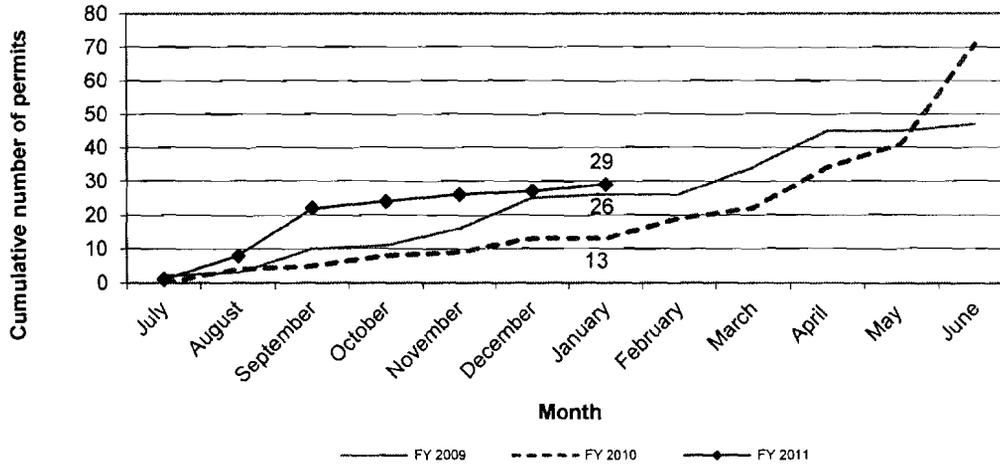
Source: Virginia Employment Commission  
Through 2nd quarter 2010

### Office Vacancy Rates



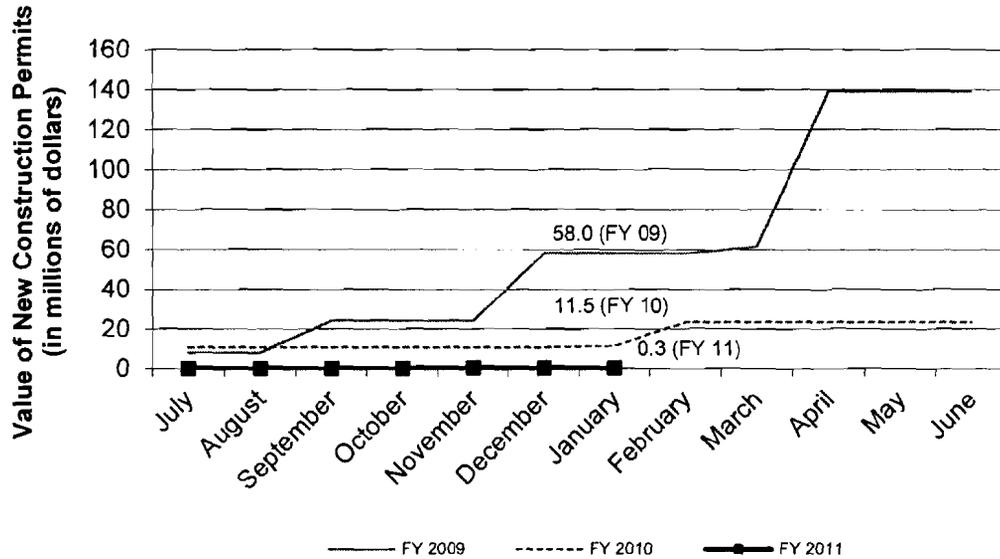
Source: CoStar  
Through 4th quarter, 2010

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



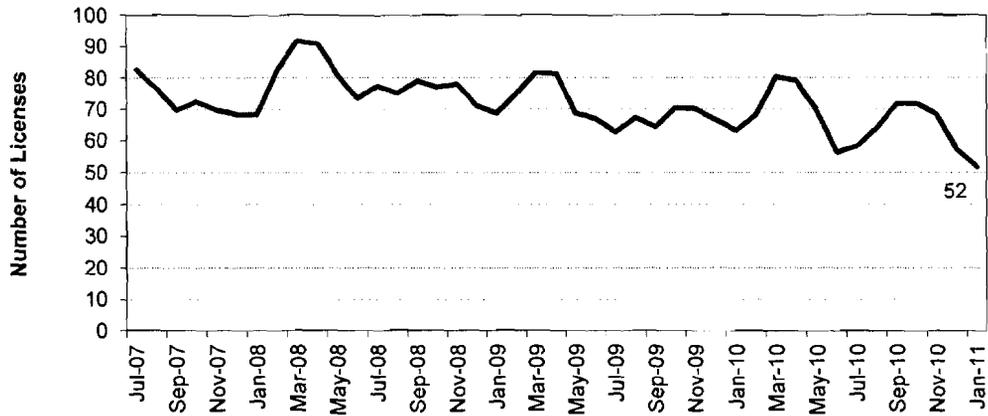
Source: Code Administration  
Through January, 2011

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



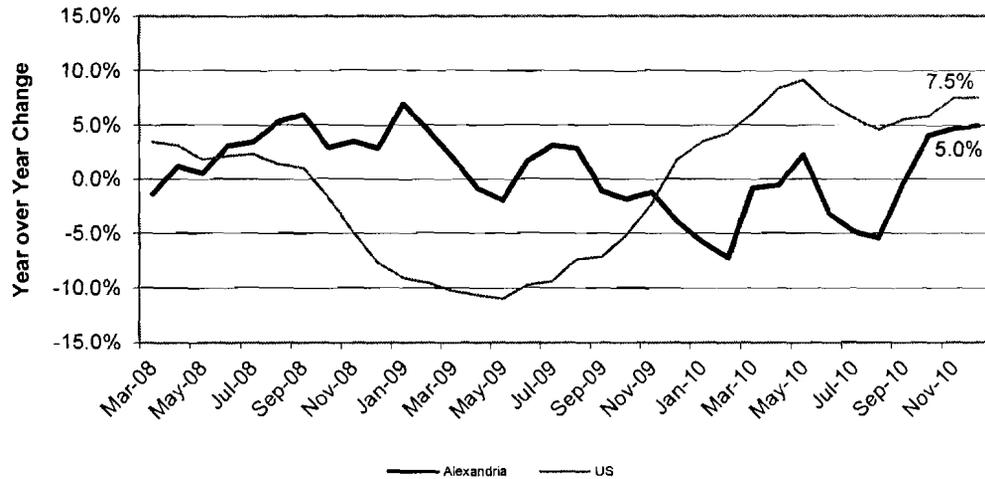
Source: Code Administration  
Through January, 2011

**Number of New Business License Applications**  
Three Month Trailing Average



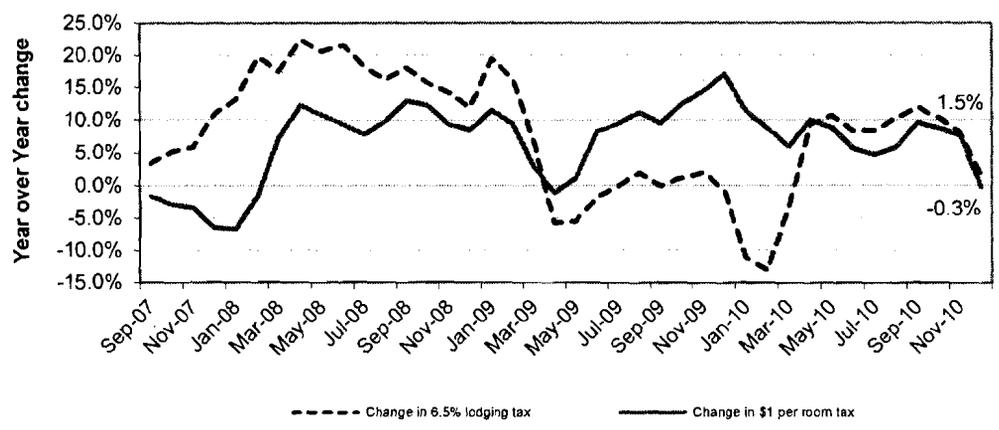
Source: Finance Department  
Through January, 2011

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



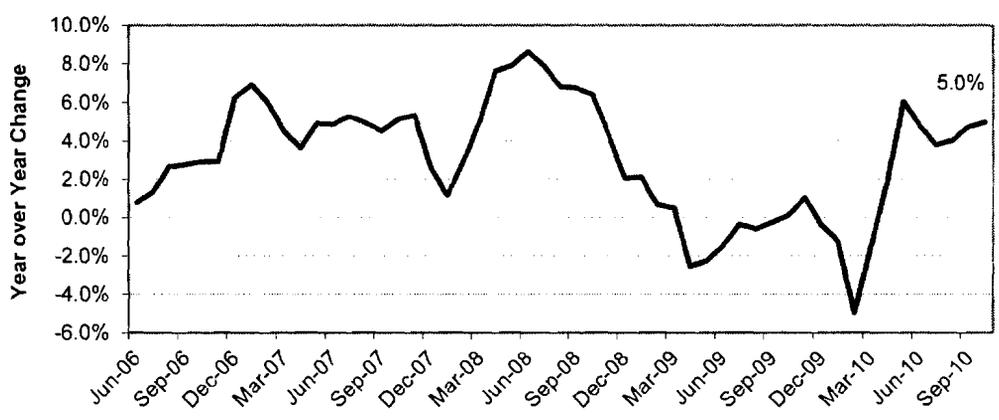
Source: Finance Department, U.S. Census Bureau  
Through December 2010

**Annual Change in Transient Lodging Tax Receipts**  
3 month trailing average



Source: Finance Department  
Through December, 2010

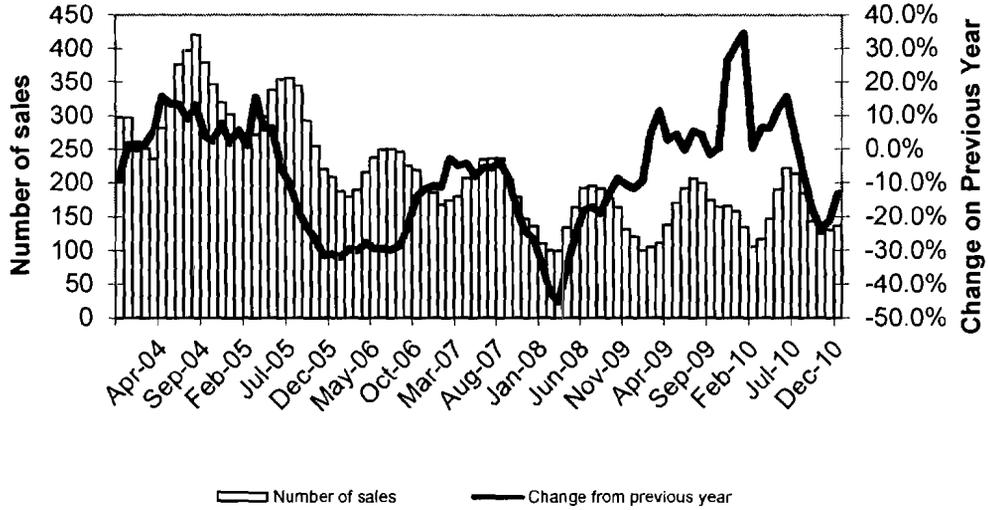
**Annual Change in Meals Tax Revenue Per 1 % of Tax**  
3 month trailing average



Source: Finance Department  
Through October 2010\*

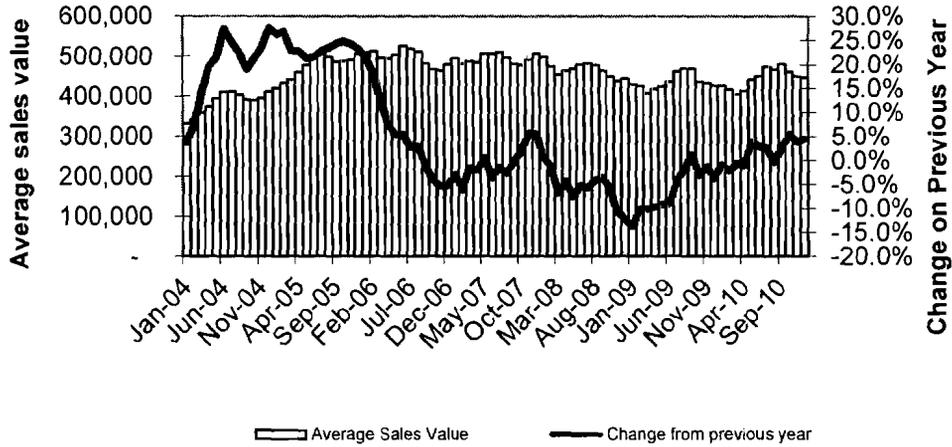
\*Meals tax collections typically lag because there are restaurant filings and payments that have not been processed by the end-of-the-month deadline.

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



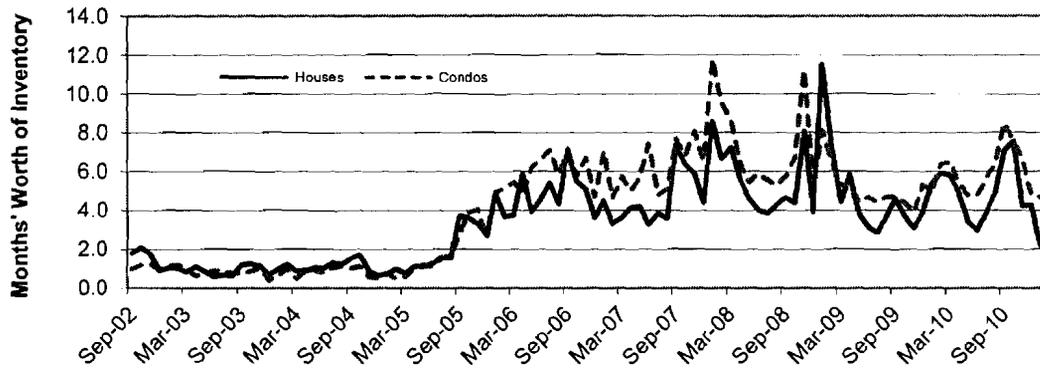
Source: Department of Real Estate Assessments  
Through December 2010

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



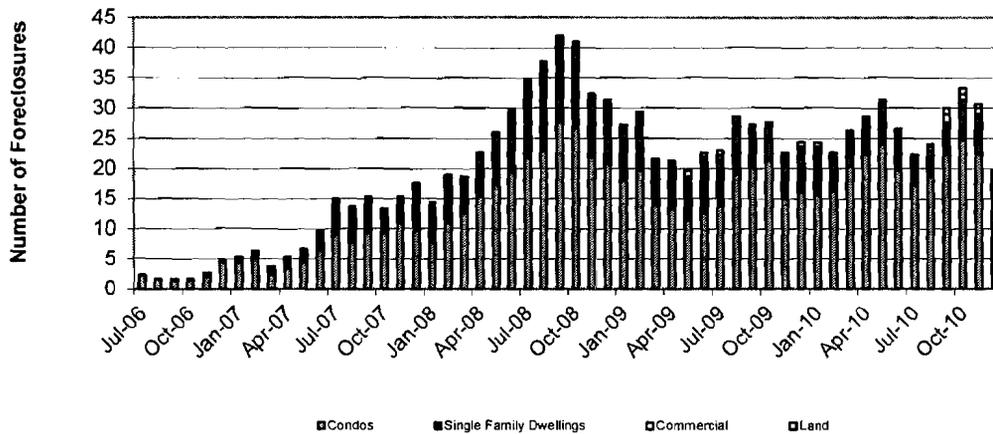
Source: Department of Real Estate Assessments  
Through December 2010

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



Source: Metropolitan Regional Information Systems  
Through January 2011

**New Foreclosures in Alexandria  
3 month trailing average**



Source: Department of Real Estate Assessments  
Through December 2010

SELECTED ECONOMIC INDICATORS

Attachment 1-The Economy

<b>Consumer Price Index (CPI-U)</b> <b>for the Washington-Baltimore,</b> <b>DC-MD-VA-WV Area</b> (as of January, 2011)	<b>Change on</b> <b>Previous Year</b>
<b>For the United States</b> (as of January, 2011)	2.3%
<b>Core CPI-U (excludes food and energy)</b> (As of January, 2011)	1.6%
(Source: U.S. Department of Labor, Bureau of Labor Statistics)	1.0%

<b>Unemployment Rates</b>	<b>Current Month</b>	<b>Prior Month</b>	<b>Prior Year</b>
<b>Alexandria</b> (as of December, 2010)	4.4%	4.6%	4.6%
<b>Virginia</b> (as of December, 2010)	6.7%	6.7%	6.8%
<b>United States</b> (as of December, 2010)	9.0%	9.4%	9.7%
(Source: U.S. Department of Labor, Bureau of Labor Statistics)			

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

<b>New Business Licenses</b> 3 month trailing average (As of January, 2011) <th><b>Current Year</b></th> <th><b>Prior Year</b></th> <th><b>Change on</b> <b>Previous Year</b></th>	<b>Current Year</b>	<b>Prior Year</b>	<b>Change on</b> <b>Previous Year</b>
(Source: Finance Department)	54	69	-21.7%

<b>New Commercial Construction</b> (Fiscal YTD as of January, 2011)			
Number of new building permits	1	4	-75.0%
Value of new building permits (\$ millions)	\$0.3	\$11.5	-97.4%
(Source: Office of Code Enforcement)			

<b>Residential Real Estate Indicators</b> (Calendar YTD ending December, 2010)			
Residential Dwelling Units Sold	1,856	1,902	-2.4%
Average Residential Sales Price	\$ 452,953	\$ 438,766	3.2%
(Source: Department of Real Estate Assessments)			

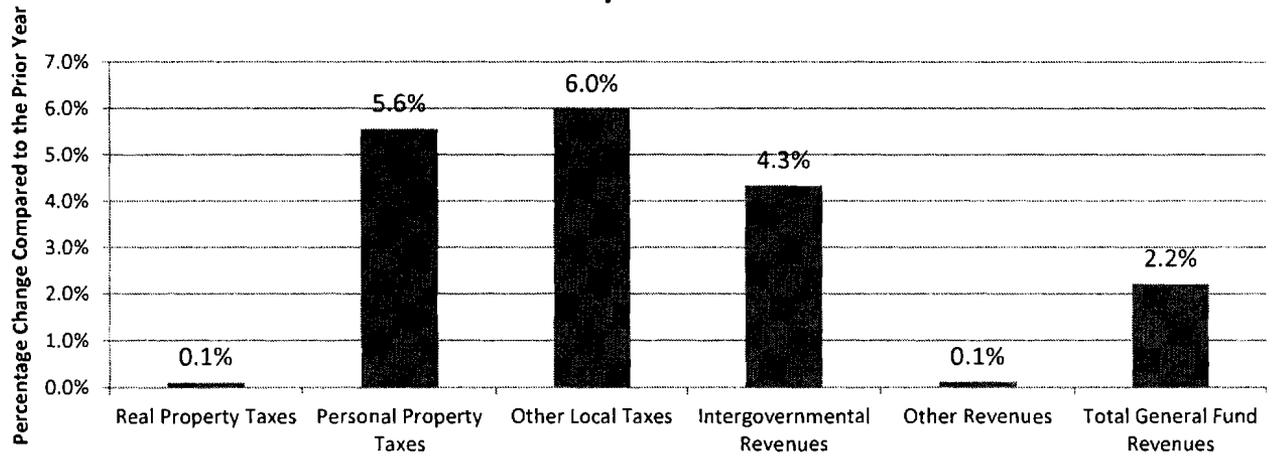
<b>Foreclosures</b> 3 month trailing average (As of December, 2010)			
Source: Dept of Real Estate Assessments	20	24	-16.7%

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

	A	B	B 2	C	D=C/B	E	F=(C-E)/E
	FY2010	FY2011	FY2011	FY2011	%	FY2010	%
	ACTUALS	REVISED BUDGET	PROJECTED REVENUES	REVENUES THRU 01/31/11	OF BUDGET	REVENUES THRU 01/31/10	CHANGE
<b>General Property Taxes</b>							
Real Property Taxes.....	\$ 302,666,192	\$ 296,237,904	\$ 307,976,901	\$ 151,249,244	51.1%	\$ 151,088,560	0%
Personal Property Taxes.....	32,923,178	32,300,000	33,700,000	32,495,820	100.6%	30,784,086	6%
Penalties and Interest.....	1,631,548	1,870,000	1,870,000	917,141	49.0%	750,526	22%
<b>Total General Property Taxes</b>	<b>\$ 337,220,918</b>	<b>\$ 330,407,904</b>	<b>\$ 343,546,901</b>	<b>\$ 184,662,205</b>	<b>55.9%</b>	<b>\$ 182,623,172</b>	<b>1%</b>
<b>Other Local Taxes</b>							
Local Sales and Use Taxes.....	\$ 22,744,483	\$ 23,500,000	\$ 23,700,000	\$ 9,780,902	41.6%	\$ 9,558,885	2%
Consumer Utility Taxes.....	10,462,233	10,500,000	10,700,000	5,383,297	51.3%	5,165,144	4%
Communication Sales and Use Taxes.....	11,315,541	11,600,000	11,600,000	4,817,074	41.5%	4,632,815	4%
Business License Taxes.....	30,295,624	30,200,000	28,800,000	2,979,358	9.9%	1,796,760	66%
Transient Lodging Taxes.....	10,824,410	11,100,000	11,800,000	5,381,330	48.5%	5,049,284	7%
Restaurant Meals Tax.....	14,908,999	15,400,000	16,000,000	7,628,467	49.5%	7,252,178	5%
Tobacco Taxes.....	2,910,382	2,900,000	2,900,000	1,424,976	49.1%	1,516,584	-6%
Motor Vehicle License Tax.....	3,172,254	3,200,000	3,200,000	2,805,651	87.7%	2,730,117	3%
Real Estate Recordation.....	3,313,547	3,800,000	3,800,000	1,876,897	49.4%	1,819,982	3%
Admissions Tax.....	1,125,172	1,200,000	1,200,000	551,292	45.9%	584,620	-6%
Other Local Taxes.....	3,298,706	3,030,000	2,830,000	360,227	11.9%	454,754	-21%
<b>Total Other Local Taxes</b>	<b>\$ 114,371,351</b>	<b>\$ 116,430,000</b>	<b>\$ 116,530,000</b>	<b>\$ 42,989,471</b>	<b>36.9%</b>	<b>\$ 40,561,123</b>	<b>6%</b>
<b>Intergovernmental Revenues</b>							
Revenue from the Fed. Government.....	\$ 8,804,712	\$ 8,826,689	\$ 8,725,244	\$ 5,159,040	58.4%	\$ 3,307,022	56%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	23,578,531	23,578,531	22,399,604	95.0%	22,399,604	0%
Revenue from the Commonwealth.....	20,082,668	19,769,080	20,098,964	10,741,538	54.3%	11,002,105	-2%
<b>Total Intergovernmental Revenues</b>	<b>\$ 52,465,911</b>	<b>\$ 52,174,300</b>	<b>\$ 52,402,739</b>	<b>\$ 38,300,182</b>	<b>73.4%</b>	<b>\$ 36,708,731</b>	<b>4%</b>
<b>Other Governmental Revenues And Transfers In</b>							
Fines and Forfeitures.....	\$ 3,941,372	\$ 4,646,020	\$ 4,494,000	\$ 2,477,990	53.3%	\$ 2,247,534	10%
Licenses and Permits.....	4,811,588	1,802,010	1,876,975	1,573,573	87.3%	2,691,838	-42%
Charges for City Services.....	13,803,578	14,902,302	14,175,471	7,794,833	52.3%	7,183,664	9%
Revenue from Use of Money & Prop.....	3,033,638	4,010,000	3,330,000	2,156,937	53.8%	1,975,340	9%
Other Revenue.....	787,960	783,700	763,000	448,974	57.3%	337,496	33%
Transfer from Other Funds.....	1,301,560	1,446,713	1,446,713	-	0.0%	-	0%
<b>Total Other Governmental Revenues</b>	<b>\$ 27,679,696</b>	<b>\$ 27,590,745</b>	<b>\$ 26,086,159</b>	<b>\$ 14,452,307</b>	<b>52.4%</b>	<b>\$ 14,435,872</b>	<b>0%</b>
<b>TOTAL REVENUE</b>	<b>\$ 531,737,876</b>	<b>\$ 526,602,949</b>	<b>\$ 538,565,799</b>	<b>\$ 280,404,165</b>	<b>53.2%</b>	<b>\$ 274,328,898</b>	<b>2%</b>
<b>Appropriated Fund Balance</b>							
General Fund.....	-	5,499,291	5,499,291	-	-	-	0%
Reappropriation of FY 2010 Encumbrances And Other Supplemental Appropriations....	-	7,272,932	-	-	-	-	0%
<b>TOTAL</b>	<b>\$ 531,737,876</b>	<b>\$ 539,375,172</b>	<b>\$ 544,065,090</b>	<b>\$ 280,404,165</b>	<b>52.0%</b>	<b>\$ 274,328,898</b>	<b>2%</b>

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



58.3% of Fiscal Year Completed  
56.32% of Payrolls Processed

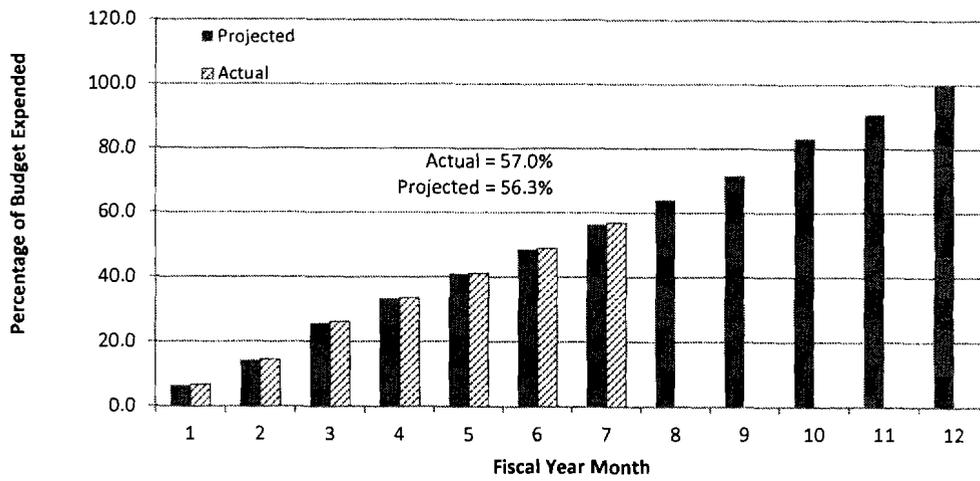
Online Reference 3

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

FUNCTION	A	B	C	D=C/B	E	F=(C-E)/E
	FY2010 ACTUALS	FY2011 REVISED BUDGET	FY2011 EXPENDITURES THRU 01/31/11	% OF BUDGET EXPENDED	FY2010 EXPENDITURES THRU 01/31/10	EXPENDITURES %
Legislative & Executive.....	\$ 7,117,967	\$ 7,737,648	\$ 4,079,436	52.7%	\$ 4,068,189	0%
Judicial Administration.....	\$ 37,436,864	\$ 38,722,758	\$ 22,244,681	57.4%	\$ 21,809,977	2%
<b>Staff Agencies</b>						
Information Technology Services.....	\$ 6,413,983	\$ 7,165,378	\$ 3,806,728	53.1%	\$ 3,666,098	4%
Management & Budget.....	1,102,234	1,185,929	608,305	51.3%	631,885	-4%
Finance.....	8,589,975	10,026,111	4,631,295	46.2%	4,506,256	3%
Real Estate Assessment.....	1,467,395	1,690,229	817,937	48.4%	825,256	-1%
Human Resources.....	2,847,170	2,735,618	1,487,306	54.4%	1,580,250	-6%
Planning & Zoning.....	5,453,956	5,554,337	2,976,731	53.6%	3,065,142	-3%
Economic Development Activities.....	3,239,109	3,833,611	2,605,920	68.0%	2,389,230	9%
City Attorney.....	2,294,946	2,803,772	1,231,786	43.9%	1,330,745	-7%
Registrar.....	1,014,068	1,131,051	664,796	58.8%	644,687	3%
General Services.....	11,369,943	11,773,511	6,470,608	55.0%	6,059,239	7%
<b>Total Staff Agencies</b>	<b>\$ 43,792,779</b>	<b>\$ 47,899,547</b>	<b>\$ 25,301,412</b>	<b>52.8%</b>	<b>\$ 24,698,788</b>	<b>2%</b>
<b>Operating Agencies</b>						
Transportation & Environmental Services.....	\$ 26,308,499	\$ 28,207,149	\$ 15,766,574	55.9%	\$ 15,174,333	4%
Fire and Code Administration.....	39,338,983	35,956,599	22,247,414	61.9%	22,231,363	0%
Police and Emergency Communications.....	51,980,201	52,691,408	29,366,010	55.7%	29,656,891	-1%
Transit Subsidies.....	5,168,369	8,245,933	5,815,081	70.5%	4,180,223	39%
Mental Health/Mental Retardation/ Substance Abuse.....	521,429	551,662	419,621	76.1%	338,769	24%
Health.....	7,598,198	8,102,191	4,204,150	51.9%	4,191,010	0%
Human Services.....	11,254,019	12,818,177	7,491,891	58.4%	7,705,507	-3%
Historic Resources.....	2,597,967	2,578,806	1,459,942	56.6%	1,499,843	-3%
Recreation.....	18,150,627	19,200,492	11,096,315	57.8%	11,058,268	0%
<b>Total Operating Agencies</b>	<b>\$ 162,918,292</b>	<b>\$ 168,352,417</b>	<b>\$ 97,866,998</b>	<b>58.1%</b>	<b>\$ 96,036,207</b>	<b>2%</b>
<b>Education</b>						
Schools.....	\$ 165,555,960	\$ 167,886,567	\$ 80,494,463	47.9%	\$ 79,323,475	1%
Other Educational Activities.....	12,304	12,229	9,172	75.0%	9,228	-1%
<b>Total Education</b>	<b>\$ 165,568,264</b>	<b>\$ 167,898,796</b>	<b>\$ 80,503,635</b>	<b>47.9%</b>	<b>\$ 79,332,703</b>	<b>1%</b>
<b>Capital, Debt Service and Miscellaneous</b>						
Debt Service.....	\$ 34,844,533	\$ 38,054,356	\$ 21,185,348	55.7%	\$ 16,432,209	28.9%
Non-Departmental.....	9,042,601	11,535,582	6,949,308	60.2%	8,092,435	-14.1%
Cash Capital.....	4,295,000	5,545,000	5,545,000	100.0%	4,400,038	26.0%
Contingent Reserves.....	-	874,170	-	0.0%	-	-
<b>Total Capital, Debt Service and Miscellaneous</b>	<b>\$ 48,182,134</b>	<b>\$ 56,009,108</b>	<b>\$ 33,679,656</b>	<b>60.1%</b>	<b>\$ 28,924,682</b>	<b>16.4%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 465,016,300</b>	<b>\$ 486,620,274</b>	<b>\$ 263,675,818</b>	<b>54.2%</b>	<b>\$ 254,870,546</b>	<b>3.5%</b>
<b>Cash Match (Mental Health/Mental Retardation/ Substance Abuse, Human Services and Library and Transfers to the Special Revenue Fund)</b>						
Transfer to Housing.....	41,469,222	37,069,884	-	-	-	-
Transfer to Library.....	1,471,393	1,606,566	841,141	52.4%	693,267	21.3%
Transfer to DASH.....	6,074,971	6,270,659	3,655,794	58.3%	3,541,708	3.2%
Transfer to DASH.....	7,907,789	7,807,789	4,551,941	58.3%	4,605,117	-1.2%
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>\$ 521,939,675</b>	<b>\$ 539,375,172</b>	<b>\$ 272,724,694</b>	<b>50.6%</b>	<b>\$ 263,710,638</b>	<b>3.4%</b>
<b>Total Expenditures by Category</b>						
Salaries and Benefits.....	\$ 180,224,174	\$ 180,732,360	\$ 102,942,827	57.0%	\$ 101,717,182	1.2%
Non Personnel (includes all school funds).....	341,715,501	358,642,812	169,781,867	47.3%	161,993,456	4.8%
<b>Total Expenditures</b>	<b>\$ 521,939,675</b>	<b>\$ 539,375,172</b>	<b>\$ 272,724,694</b>	<b>50.6%</b>	<b>\$ 263,710,638</b>	<b>3.4%</b>

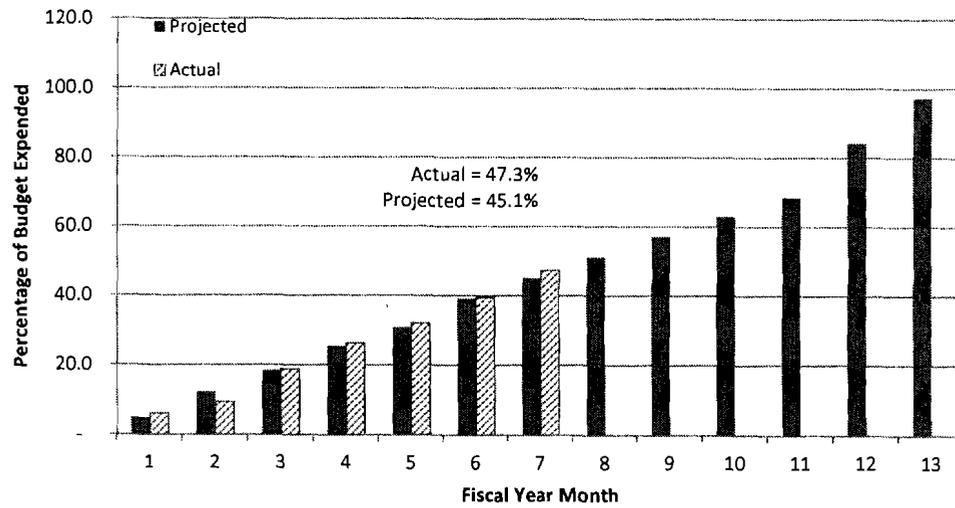
## Personnel

Actual vs. Expected Expenditures through January



## Non-Personnel

Actual vs. Expected Expenditures through January

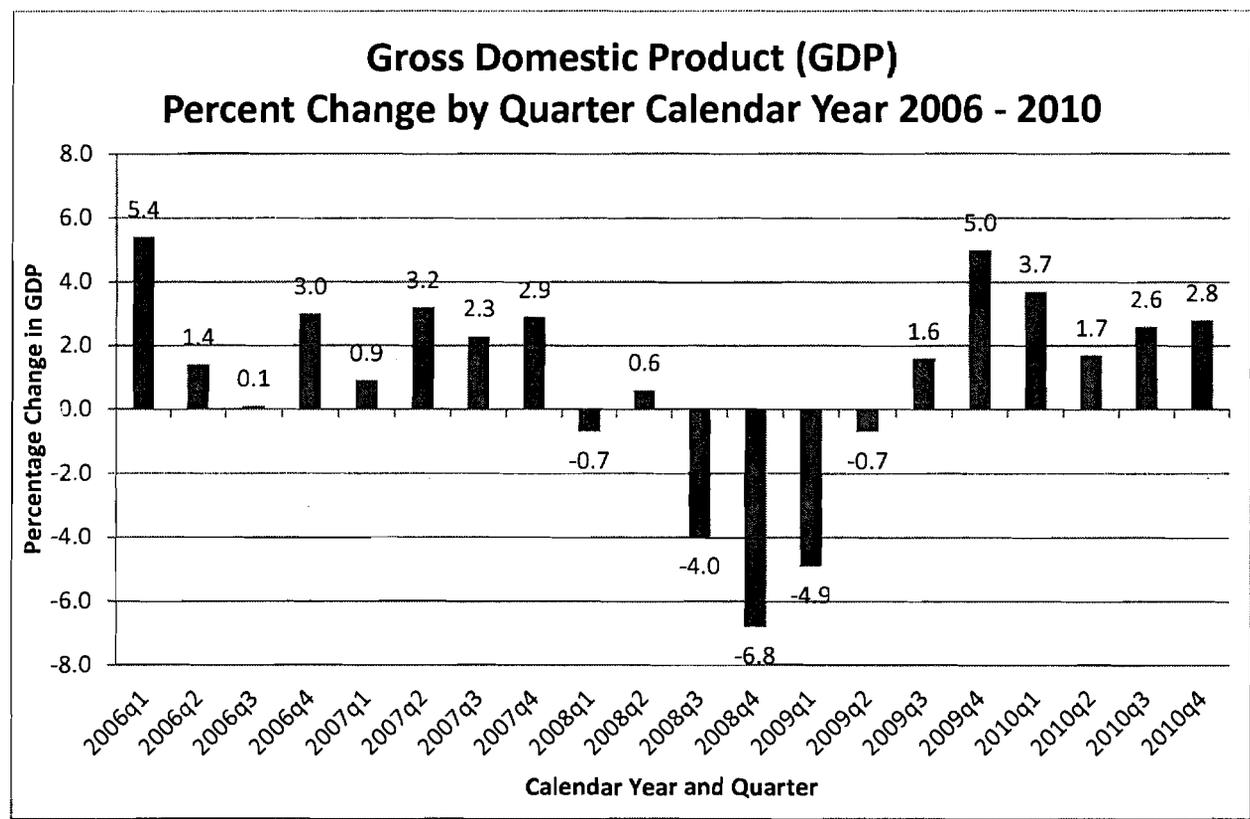


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### Attachment 1 – The Economy

#### National, State, and Regional Economy

The national economy continues to recover slowly. In the fourth quarter of calendar year 2010, the gross national product increased by an estimated 2.8 percent over fourth quarter 2009. This was the sixth consecutive quarter of positive GDP growth. On an annual basis, the GDP grew by 2.8 percent from 2009 to 2010.<sup>1</sup> U.S. unemployment decreased in January for the second consecutive quarter, from 9.4 percent in December to 9.0 percent.<sup>2</sup>



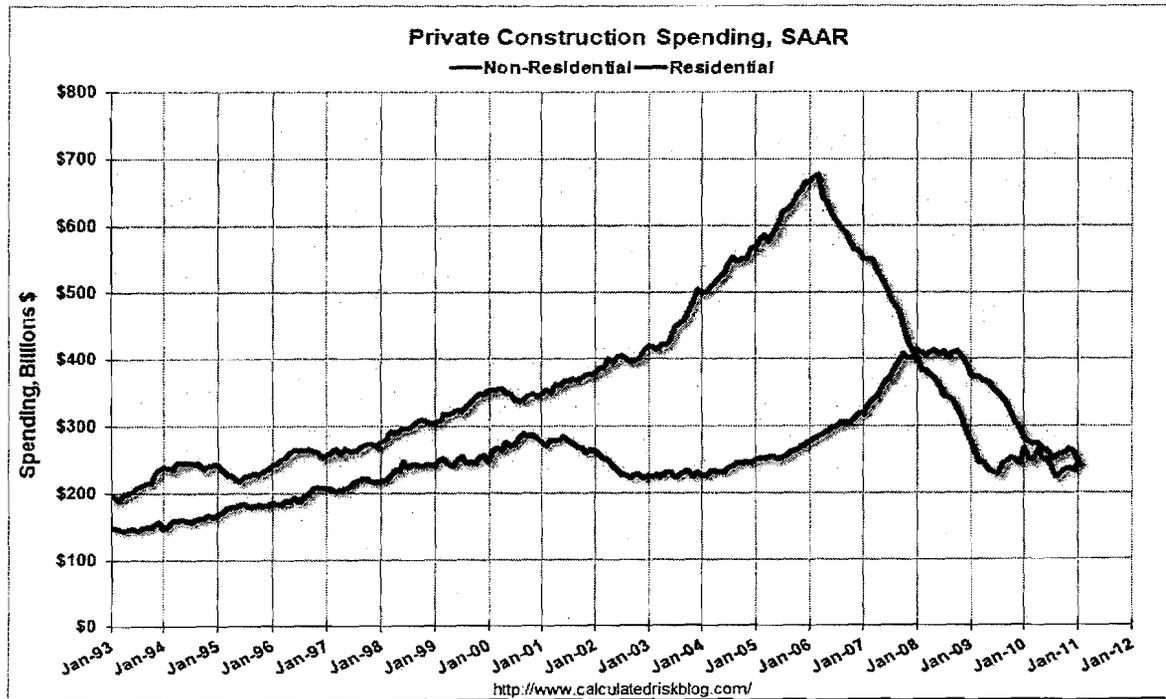
The national consumer price index for January is up 1.6 percent from the previous year, a slight increase from 1.5 percent in December, but the recent Federal Reserve bond buyback program, rising commodities prices, and political upheaval in the Middle East have increased concerns about the potential for inflation. In his recent twice-annual monetary policy report to Congress, Fed Chairman Ben S. Bernanke was cautiously optimistic about the national economic outlook and asserted that the Fed will monitor for and be prepared to respond to inflation.<sup>3</sup>

The recent events in the Middle East have affected fuel prices. As of March 2<sup>nd</sup>, the national average price of \$3.38 per gallon for regular gasoline is 19 cents higher than last week, 29 cents

<sup>1</sup> U.S. Bureau of Economic Analysis News Release; Friday, February 25, 2011; [www.bea.gov](http://www.bea.gov)  
<sup>2</sup> U.S. Bureau of Labor Statistics; [www.bls.gov](http://www.bls.gov)  
<sup>3</sup> Harding, Robin; "Fed ready to fight oil price threat"; [www.ft.com](http://www.ft.com); March 1, 2011

higher than last month, and 68 cents higher than last year.<sup>4</sup> Consumer spending is thought to be affected when prices reach approximately \$3.50 per gallon.<sup>5</sup> It is unknown whether the jump in prices will be a short-term result of temporary uncertainty or will be sustained if oil supplies eventually become significantly affected.

Housing and commercial construction continue to lag behind other segments of the economy. January construction spending was 5.9 percent below the previous year and 0.7 percent below the December estimate. The decrease from January 2009 reflects a 10.5 percent decrease in private construction partially offset by a 2.9 percent increase in public construction. Private construction represents 61.9 percent of total construction in January 2011, down from 65.1 percent in January 2010.<sup>6</sup>



<sup>4</sup> [www.fuelgaugereport.aaa.com](http://www.fuelgaugereport.aaa.com), 03/02/2011 3:03:00 AM

<sup>5</sup> Krauss, Clifford; "A Tipping Point for Oil Prices"; Green – A Blog About Energy and the Environment; <http://green.blogs.nytimes.com>; February 25, 2011, 2:08 PM

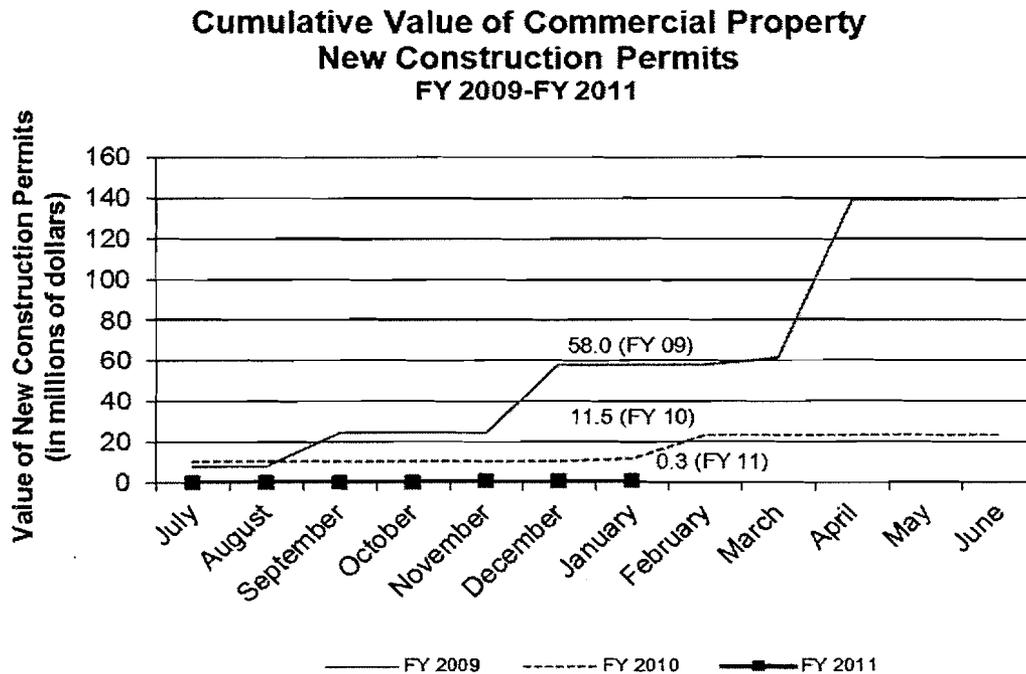
<sup>6</sup> U.S. Census Bureau News Release; Tuesday, March 1, 2011

## Alexandria's Economy and Revenues

The City's local economy largely reflects national trends. Unemployment decreased from 4.6 percent in November to 4.4 percent in December. The local unemployment rate was 4.6 percent in December 2009 and reached a calendar year 2010 high of 5.4 percent last January and February.<sup>7</sup>

The consumer price index for both the Washington, D.C. metropolitan area and the national average grew slightly in January. The regional CPI increased 2.3 percent over the previous year as compared to 2.1 in December 2010, while the national CPI grew by 1.6 percent as compared to 1.5 percent in December.<sup>8</sup>

Local construction activity coincides with national data, indicating that spending on non-residential construction is at a recent low and that the decrease in residential construction appears to have leveled off. Two new residential building permits were filed in January, bringing the cumulative fiscal year total to 29 as compared to 13 at this point in FY 2010 and 26 at this point in FY 2009. Only one new commercial construction project has been filed in FY 2011 at a value of \$300,000. The value of commercial construction projects underway at this point was \$11.5 million in FY 2010 and \$58.0 million in FY 2009.<sup>9</sup> By the end of 2011, based on projects in the pipeline, it is expected that the value of new multi-family construction will exceed 2010 levels.



<sup>7</sup> U.S. Bureau of Labor Statistics; [www.bls.gov](http://www.bls.gov)

<sup>8</sup> U.S. Bureau of Labor Statistics; [www.bls.gov](http://www.bls.gov)

<sup>9</sup> City of Alexandria Department of Code Administration

Local sales tax revenues increased over last year by 5.0 percent in December as compared to 4.6 percent in November. Meals tax revenues per one percent of tax also increased by 5.0 percent over last year in November as compared to 5.0 percent in October. In December, the number of hotel rooms rented decreased slightly by 0.3 percent from last year; however, taxes based on sales increased by 1.5 percent, indicating that room rates increased slightly.