FY2021 Financial Forecasts

December 2, 2019
1.9% - Annualized GDP growth rate in 2019

2.1% - Increase in the region’s Coincident Index over 2018
1.4% - Decline in Leading Index over Sep 2018

0.9% - Consumer Price Index year-over-year growth for Washington-Arlington-Alexandria

2.6% - Median home price growth over Sep 2018
1.5 - 2% - Median home price growth projected in 2020
FY2020 Approved GF Revenue
$99.3M

- Real Estate Tax - Residential: 47%
- Real Estate Tax - Commercial: 12%
- Personal Property: 6%
- Sales Tax: 5%
- Meals Tax: 3%
- BPOL: 4%
- Other Taxes: 5%
- Licenses & Permits: 1%
- Charges for Services: 4%
- Other: 4%
- Use of Fund Balance: 4%
- State & Federal: 5%

December 2, 2019
RE Assessed Value: **3.6% growth**

- **Residential:** 3.7% growth  
  - Market growth: 2.8%  
  - New construction: $28M

- **Commercial:** 3.5% growth  
  - Market growth: 1.5%  
  - New construction: $25M

**Fairfax County:** 3.04%  
- Residential 2.08%  
- Non-residential 1.84%  
- New Construction 1.03%

**City of Alexandria**  
- Residential 2 - 3%
Preliminary FY 2021 Revenue Forecast

RE Tax Growth: 3.6%

All Other Taxes Growth: 1.8%
(Personal Property, Sales, Meals, BPOL, Other Taxes)

Total Tax Revenue Growth: 3.1%

New Revenue: $2.5 million
Historical Real Property Trends

2011-2019 Average Growth
Total: 3.9%
Commercial: 4.8%
Residential: 3.6%
FY2020 median home value was $695,500

Of the $1,000 median home tax bill increase in the last 5 years, approx. $450 is for major capital projects
Key Revenue Trends
Personal Property Tax

FY 2017 includes 3% increase in tax rate from $4.84/$100 AV to $5.00/$100 AV
Key Revenue Trends
Sales Tax

FY21 over FY20: 8.1%
3-YR Ave: 7.1%
5-Yr Ave: 6.5%
10-Yr Ave: 4.2%
Key Revenue Trends
Sales Tax (Monthly)

FY2019 = $5.2M
FY2018 = $4.7M
FY2017 = $4.6M
FY2016 = $4.2M
Key Revenue Trends
Meals Tax

FY21 over FY20: 6.1%
3-YR Ave: 6.6%
5-Yr Ave: 4.7%
10-Yr Ave: 4.1%
Key Revenue Trends
Meals Tax (Monthly)

FY2019 Actual = $3.5M
FY2018 Actual = $3.3M
FY2017 Actual = $3.2M
FY2016 Actual = $2.9M

December 2, 2019
Key Revenue Trends
Business License Tax

FY21 over FY20: 5.2%
3-YR Ave: 4.7%
5-Yr Ave: 5.1%
10-Yr Ave: 4.7%
Key Revenue Trends
Other Taxes

FY21 over FY20: -5.1%
3-YR Ave: 1.5%
5-Yr Ave: 1.5%
10-Yr Ave: 1.9%
## Recent History of Operating Expenditure Growth

<table>
<thead>
<tr>
<th></th>
<th>3-YR</th>
<th>5-Yr</th>
<th>7-Yr</th>
<th>10-Yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Growth (organic)*</td>
<td>4.2%</td>
<td>3.6%</td>
<td>3.6%</td>
<td>2.4%</td>
</tr>
<tr>
<td>General Government **</td>
<td>1.9%</td>
<td>2.4%</td>
<td>4.7%</td>
<td>2.3%</td>
</tr>
<tr>
<td>School Transfer</td>
<td>3.3%</td>
<td>4.7%</td>
<td>6.4%</td>
<td>3.9%</td>
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<tr>
<td>Seat Enrollment</td>
<td>1.8%</td>
<td>1.8%</td>
<td>2.9%</td>
<td>3.0%</td>
</tr>
<tr>
<td>CFC Population***</td>
<td>0.7%</td>
<td>1.7%</td>
<td>2.0%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

* Revenues net of tax increases  
** Excludes Debt Service  
*** Source: Based on population numbers provided by Weldon Cooper Center for Public Service for years 2008-2018, except for 2010, which is based on U.S. Census estimate. 2019 estimate is not available.
Health Insurance *  $210,000

Compensation**   $650,000

Contract Increases   $400,000

WMATA            $350,000

Retirement       ($150,000)

Fire Station 6 Staffing   TBD

* Health Insurance premiums for FY2021 will be available in February 2020
** Projecting at the same levels at FY2020 increases
<table>
<thead>
<tr>
<th></th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Capital Reserve</strong></td>
<td>$11,119</td>
<td>$19,360</td>
<td>$21,750</td>
<td>$23,675</td>
<td>$26,734</td>
<td>$29,966</td>
</tr>
<tr>
<td><strong>Debt Service - New</strong></td>
<td>$1,657</td>
<td>$8,135</td>
<td>$7,763</td>
<td>$6,681</td>
<td>$6,558</td>
<td>$6,218</td>
</tr>
<tr>
<td><strong>FY18, FY19 RE Tax (6.5 cents)</strong></td>
<td>2758</td>
<td>2,885</td>
<td>2,048</td>
<td>2,100</td>
<td>2,150</td>
<td>1,714</td>
</tr>
<tr>
<td><strong>ROI on Pension (1.5 cents)</strong></td>
<td>640</td>
<td>640</td>
<td>640</td>
<td>640</td>
<td>640</td>
<td>640</td>
</tr>
<tr>
<td><strong>Use of Cap Reserve</strong></td>
<td>(1,741)</td>
<td>4,610</td>
<td>5,075</td>
<td>3,941</td>
<td>3,768</td>
<td>3,864</td>
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<tr>
<td><strong>Lease Payment</strong></td>
<td>6,500</td>
<td>7,000</td>
<td>7,000</td>
<td>7,000</td>
<td>7,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Ending Cap Reserve</strong></td>
<td>$19,360</td>
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<td>$23,675</td>
<td>$26,734</td>
<td>$29,966</td>
<td>$26,102</td>
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</tbody>
</table>
Potential Use of One-time Funds

- Library Renovation Project
- City Hall Public Safety Improvements
- Neighborhood Traffic Calming
- School Revenue Share

FY2020: $1.7 million
FY2019: $2.5 million
Total: $4.2 million
Recent Comprehensive Plan Updates

- City Vision (2017)
- Mobility for all Modes (2014)
- Parks for People (2015)
- Area Plan Objectives
- Housing Chapter (2019)
- Demographics Chapter (2019)

Chapters being updated

- Environmental Sustainability Chapter (2020)
- Facilities & Utilities Chapter (2020)
Two-Year Work Plan (2018-2020)

- Vibrant Commercial Districts
- Economic Development
- Housing Affordability & Inclusivity
- Core Government Services
- Major Capital Projects
- Neighborhood Traffic Calming
- Storm Water
- Council Retreat Jan 2020
Complexity of City projects & programs requires high level training and experience.

Highly competitive region for talented employees.

Challenge in filling key vacancies.
<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Budget Guidance</td>
<td>Dec. 9</td>
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<tr>
<td>Superintendent’s Budget Proposal</td>
<td>Jan. 14</td>
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<tr>
<td>CIP Presentation Planning Commission</td>
<td>Feb. 3</td>
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<tr>
<td>School Board Budget Recommendation</td>
<td>Feb. 18</td>
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<tr>
<td>City Manager’s Budget Proposal</td>
<td>Mar. 9</td>
</tr>
<tr>
<td>Public Hearings of Budget Ordinance</td>
<td>Mar. 23 / Apr. 13</td>
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<tr>
<td>Adoption of FY2021 Budget Ordinance</td>
<td>Apr. 27</td>
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</tbody>
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