



City of Alexandria

City Council Chambers at
Del Pepper Community
Resource Center
4850 Mark Center Drive
Alexandria, VA 22311

Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 6, 2021

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of the Monthly Financial Report for the Period Ending November 30, 2020.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending November 30, 2020.

RECOMMENDATION: That City Council receives the Monthly Financial Report.

BACKGROUND: The following discussion is a summary of the Monthly Financial Report for this period. Detailed comparative schedules are attached.

REVENUES

As of November 30, 2020, General Fund revenues totaled \$342.0 million, a decrease of \$7.9 million or 2.3% less than the revenues collected at the same time in FY 2020. Through the first five months, approximately 45.0 percent of budgeted revenues have been collected. Timing anomalies are most pronounced early in the fiscal year, which can be the cause of the significant year over year variance. In FY 2020, Personal Property taxes were due on October 5, but in FY 2021, Council extended the deadline to December 15. Real Estate taxes were due on November 16.

At this time in FY 2021, the City's total revenue collection is not noticeably different than what was projected for the first five months of the fiscal year; however, revenue collections are likely to decline as COVID-19's continued impact on the City's finances will be greater than the budget projections from the Spring. The development and possible revisions to the FY 2021 General Fund revenue budget included a careful review of each revenue category to estimate the impact COVID-19 might have on receipts and many categories were reduced in advance of continued impacts on the City's economy from the pandemic. Based on current pandemic and economic forecasts and fiscal trends, the post COVID-19 economic recovery will likely be

longer than earlier projected, and revenues will be less than currently budgeted.

With FY 2021 revenues currently projected to be \$10 million less than budgeted, staff has reviewed options to keep the FY 2021 budget in balance and increased use of fund balance to \$10.9 million. At the City Council Retreat on November 7, 2020, a number of these options were identified including the continuation of the selective hiring freeze, use of contingent reserves, bond refinancing savings, some use of federal FEMA reimbursement from FY 2020 which FEMA did not agree to pay until FY 2021, and early implementation of FY 2022 reductions. However, continued needs from the community for food, housing, and business support could add additional expenses. In November 2020, City Council appropriated additional funds from the FEMA award to continue food security and rental assistance initiatives into February. Several major revenue categories are described in detail below. Attachment three provides the comparison of the cumulative impact of the COVID-19 pandemic on the City's consumer spending. In aggregate, the impact on the City's revenue since February is a loss of revenue of \$14.6 million. The most significant decline is in Transient Lodging tax revenue, which is down 70 percent since February or a loss of \$7.6 million in the past nine months. Losses in Meals Sales Tax revenue are less, with a 36.8 percent decline, or \$7.1 million.

Personal Property tax revenues are showing a significant decline compared to FY 2020. This is due primarily to the change in the due date. In FY 2020, with an October 5 due date, the City had collected 88.4 percent of the total tax levy by the end of November. In FY 2021, with a December 15 due date, only 73.6 percent of the total levy has been collected by the end of November. It is also important to note that the total levy in FY 2021 (tax year 2020) is 5 percent lower than last year's levy. As noted at the City Council Retreat, this is due to COVID-19 causing lower new car sales which then triggered a lower number of new cars being added to the tax rolls in Calendar Year 2020.

Sales tax revenue is consistent with receipts from November 2020. As expected, based on travel and restaurant trends, Meals Sales tax revenue is 15.6% lower and Transient Lodging tax is 67.5% lower than this period last year. Non-tax revenues are also showing the effects of the pandemic for a variety of reasons. Social distancing and "safer at home" directives are significantly impacting revenues that are dependent on entrance and rental fees like recreation classes and facility rentals.

Revenue from the Use of Money and Property is lower than last fiscal year due to interest rates on City cash being significantly lower than prior years resulting in reduced revenue from investments. Lower interest rates were anticipated and the budget for Interest on General Fund Investments was reduced significantly for FY 2021. Permits and Licenses are over \$2 million more than receipts in November 2019 due to the collection of past due invoices for Temporary Parking permits by a utility company.

CARES and Additional Federal Stimulus and Relief Funds

The new \$90 billion COVID Second Stimulus Funding did not include direct assistance for state and local governments. The Stimulus Funding bill did add resources to some existing grant funding streams (e.g., CDBG, Substance Abuse and Mental Health Services Treatment Block Grants) and direct aid for transit, rental assistance and payroll protection which will help to alleviate the financial pressures facing many in our community.

EXPENDITURES

As of November 30, 2020, General Fund expenditures totaled \$234.8 million, a decrease of \$20.6 million or 8.1% compared to the same time period for FY 2020. There is primarily due to continued decreased rate of spending for most City departments. The impacts of the City's selective hiring freeze is reflected in the

variance between the two fiscal years for nearly all City agencies. Transit subsidies are less than budgeted due to WMATAs use of CARES funding resulting in a temporary reduced need for full budgeted funding from localities. Some of this WMATA savings will be used to help offset lost farebox revenue for DASH. Most of the departments that are not showing a year over year savings receive their funds on a quarterly basis (Health Department Alexandria Economic Development Partnership, Inc.). With the recent presidential election, the Registrar of Voters is also trending significantly higher than FY 2020. These costs have been budgeted, and the additional costs for mailing that were incurred are expected to be reimbursed to us by state and other grants.

ATTACHMENTS:

Attachment 1: Comparative Statement of General Fund Revenues

Attachment 2: Comparative Statement of General Fund Expenditures

Attachment 3: Consumer Spending Comparisons 2020 and 2019

STAFF:

Laura Triggs, Deputy City Manager

Kendel Taylor, Director, Finance Department

Morgan Routt, Director, Office and Management and Budget

Mayuri Middough, Division Chief of Administration