

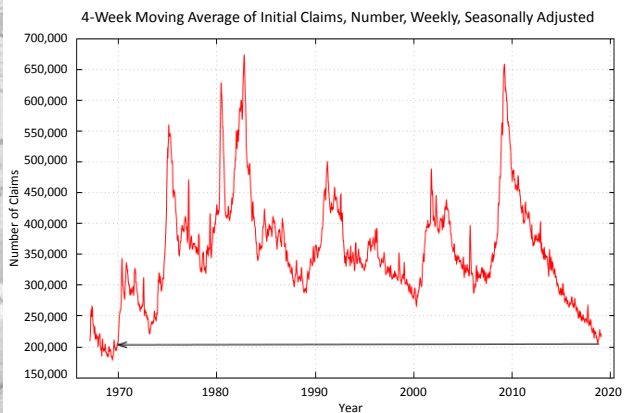


# FY2020 Revenue Work Session

Board of Supervisors Meeting February 27, 2019

## National Fundamentals on Track

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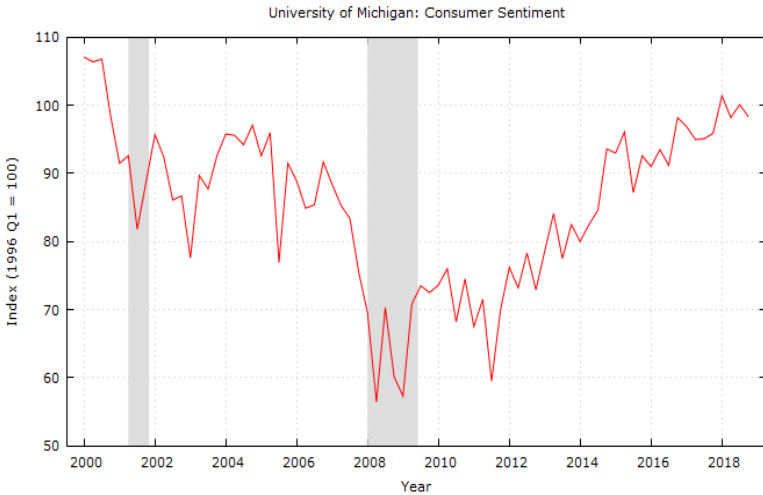


Indicator	Prior Year Reading	Latest Reading
GDP Growth	2.8%	3.4%
Unemployment Rate	4.1%	4.0%
Housing Starts	1.303 m	1.256 m
Advance Retail Sales	\$435.39 m	\$452.97 m
Light Vehicle Sales	17.523 m	17.402 m

Sources: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, U.S. Bureau of the Census, and Board of Governors of the Federal Reserve System

# High Consumer Confidence

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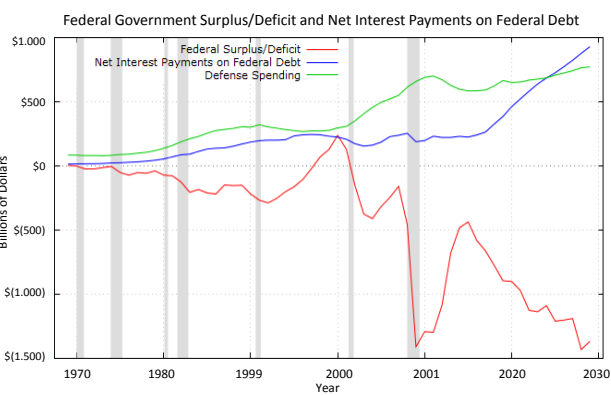


Sources: University of Michigan – Surveys of Consumers.

- Consumer confidence trending at highest levels since 2000
- Average hourly earnings and personal incomes are increasing, resulting in higher consumer expenditures
- Could lead to inflationary pressures...

# Economic Headwinds Cloud Outlook

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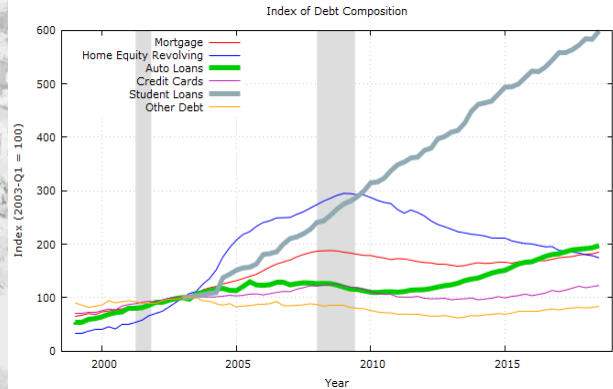
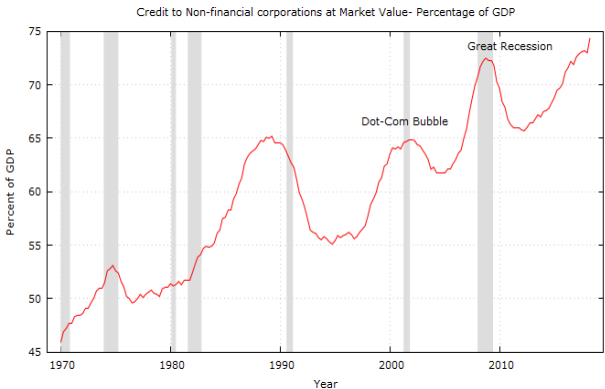


Expansion Begins	Expansion Ends	Duration (Months)
March 1991	November 2001	120
June 2009		116
February 1961	December 1969	106
November 1982	July 1990	92
June 1938	February 1945	80
November 2001	December 2007	73
March 1975	January 1980	58

Sources: Congressional Budget Office, and The National Bureau of Economic Research (NBER)

# Consumer, Corporate Debt Growing

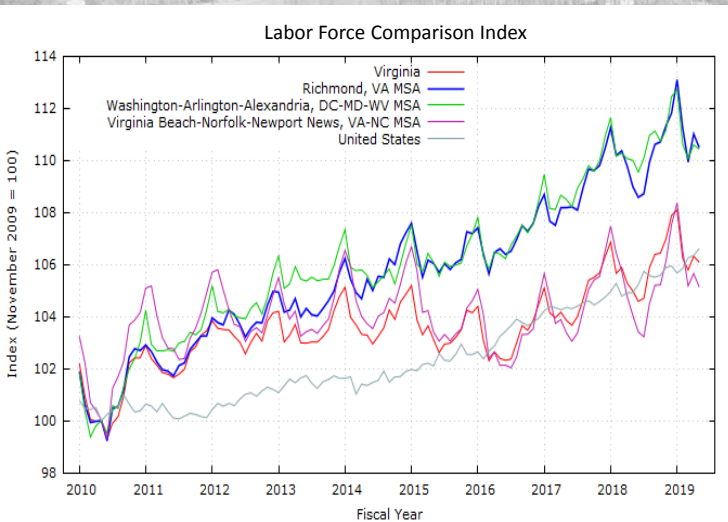
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Sources: Bank for International Settlements, and the Federal Reserve Bank of New York/Equifax. Calculations by Budget and Management.

# Local Economy Outpacing State

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- Unemployment for metro-RVA at lowest level in over a decade
- Metro labor force growing faster than State
- Over the last few years metro labor force has kept pace with Northern Virginia, and in the last year grown faster

Sources: U.S. Bureau of Labor Statistics. Calculations by Budget and Management.

# Key Indicators of Local Conditions

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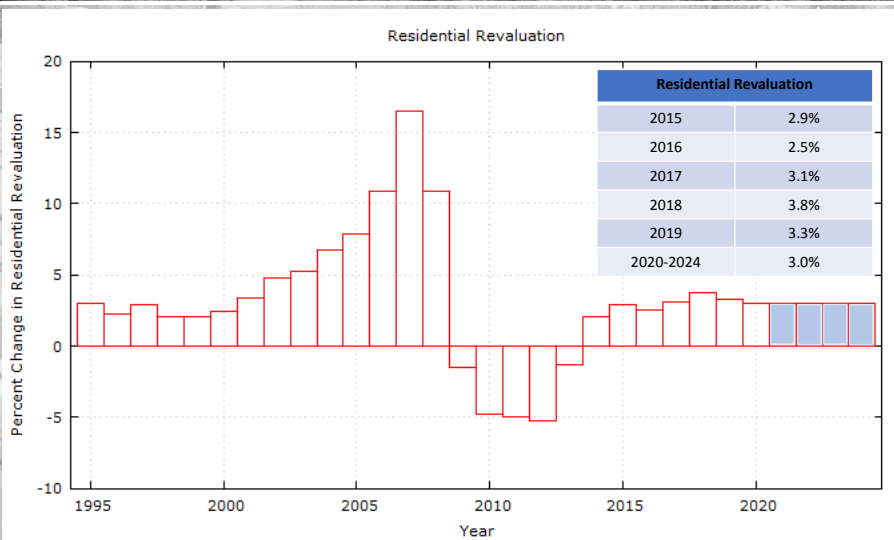


Indicator	Latest Reading	Prior Year Reading	Change
Unemployment	2.50%	3.30%	-0.8 percentage points
Payroll Employment	179,993	175,987	2.3%
Average Weekly Wage	\$881	\$861	2.3%
Consumer Spending (YTD)	\$21,788,373	\$20,742,986	5.04%
1-Family Permits (YTD)	716	650	10.15%
Commercial Permit Value (YTD)	\$127,044,772	\$87,298,582	45.53%
Average Home Sales Price	\$287,034	\$278,640	3.01%

Sources: U.S. Bureau of Labor Statistics, Virginia Department of Taxation, Chesterfield County Department of Building Inspections, and Richmond Association of Realtors.

# Primary Engine Running Well

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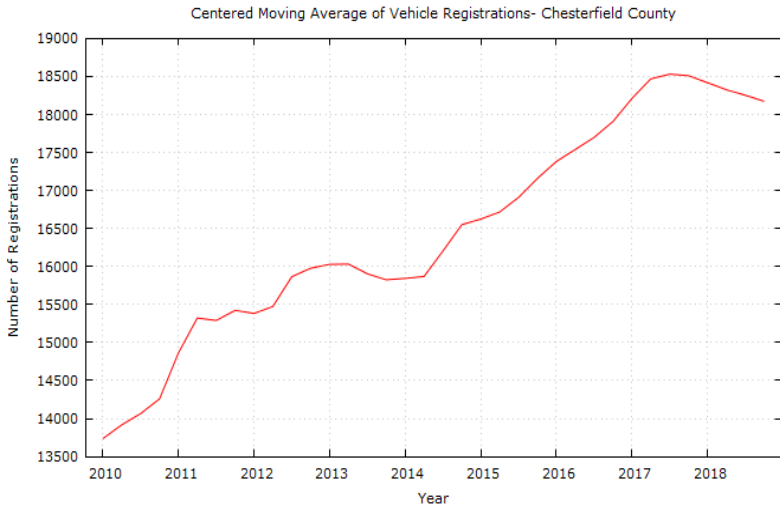


Source: Chesterfield County Department of Real Estate Assessments.

- Residential revaluations +3.25% in 2019
- Commercial assessments grew at fastest rate in over a decade
- Forecast assumes steady growth in line with long-run averages

# Local Whispers of Caution

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Sources: Virginia Department of Motor Vehicles. Calculations by Budget and Management.

- Elements of local market following national trends, shifting to slower growth
- Indicators to watch
  - Vehicle Registrations
  - Tourism Expenditures
- Housing market may be entering uncertain period

# Revenue Portfolio

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Revenue Source	2019 Budget	2020 Proposed
General Property Taxes		
Real Estate	353,824,500	372,440,800
Personal Property	72,341,900	76,574,800
Special Assessments	5,249,900	5,298,000
Other General Property Taxes	22,260,000	23,858,600
Other Local Taxes	122,245,200	125,269,900
Permits and Fees	7,200,900	7,238,700
Use of Money and Property/Fines and Forefeitures	3,625,700	5,366,700
Service Charges	13,843,400	14,946,900
State Revenue	74,530,000	74,904,300
Federal Revenue	8,337,300	9,743,400
Recovered Costs and Misc/Other Financing Sources/Reserves and Fund Balance	28,450,000	15,565,500
<b>Total Revenue</b>	<b>711,908,800</b>	<b>731,207,600</b>

YoY growth +2.7%

# Summary

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- Measured growth for FY2020 with a positive, yet cautious outlook
- Pressures on the expenditure side of the budget continue to be at the forefront of conversations as the FY20 plan is crafted
- Focus on sustainability as resources are evaluated, deployed
- Dates to know:
  - March 13, work session on proposed budget
  - March 27, budget public hearings
  - April 10, budget adoption



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