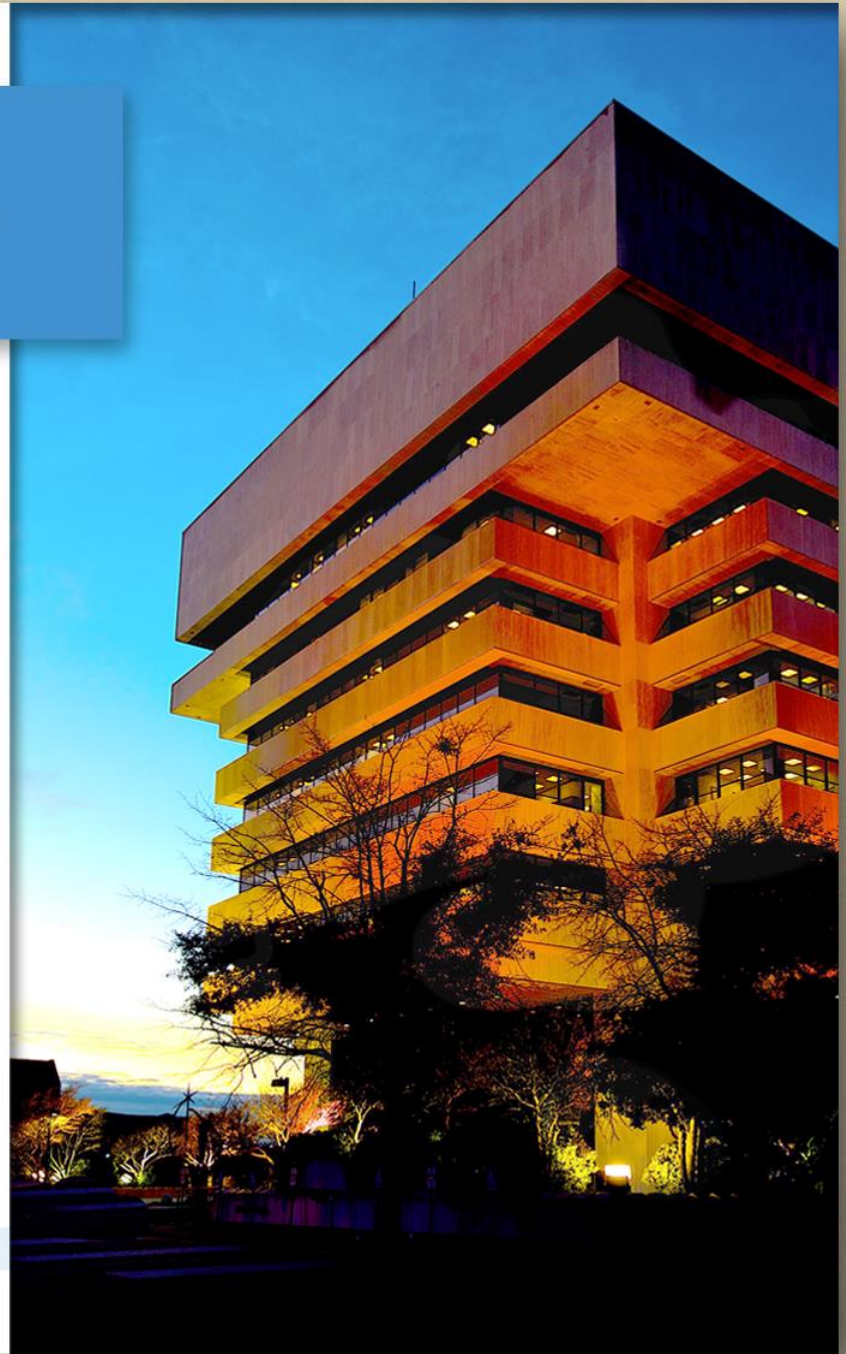


HAMPTON VA

Preliminary Revenue Projections Fiscal Year 2019



Revenues: Review of Preliminary Projections for FY2019

Total General Fund Revenues

	Budget FY2018	Projections FY2019	Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
Recurring Revenues	\$331,491,320	\$335,673,440	\$ 4,182,120	1.3%
One-Time Revenues	\$ 5,728,989	\$ 5,728,989	\$ -	0.0%
	<u>\$ 337,220,309</u>	<u>\$ 341,402,429</u>	<u>\$ 4,182,120</u>	<u>1.2%</u>

- **Increase in recurring revenues of \$4.1 Million or 1.3%**
- **Of the \$4.1 million increase in recurring revenues, \$3 million is available for general appropriations. The other \$1.1 million is committed for specific purposes.**
- **The major revenue drivers: general property taxes, other local taxes and revenues from use of money and property (97% of the total increase).**

Revenues: Review of Preliminary Projections for FY2019

General Property Taxes

(In Thousands)

Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 182,526	\$ 185,609	\$ 3,083	1.7%

Real Estate Taxes

- The Assessor is projecting that total taxable assessments will increase by .86% (weighted average).
- Translates to a \$1.9 M increase in revenues - from \$126.3 M to \$128.2 M (represents 38% of the revenue budget).
- No change in collection rate - 98.4%

Revenues: Review of Preliminary Projections for FY2019

General Property Taxes - continued

Real Estate Taxes - continued

- Each penny = \$1,034,495
- Other cities are expecting:
 - 2.7% City of Norfolk
 - 2.8% Virginia Beach
 - 3.0% City of Newport News
 - 4.2% City of Chesapeake
 - 5.47% City of Portsmouth

Revenues: Review of Preliminary Projections for FY2019

General Property Taxes - continued

(In Thousands)

Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 182,526	\$ 185,609	\$ 3,083	1.7%

Personal Property Taxes

Factors impacting FY19

- **New car registrations in Hampton for CY2017 were in line with CY2016.**
- **Used car wholesale prices experienced a 3.6% increase from 2016 to 2017.**
- **Used car sales have been steady for CY2017.**
- **First full-year billing for privately owned Motor Homes and Trailers used for recreational purposes only.**

Revenues: Review of Preliminary Projections for FY2019

General Property Taxes - continued

(In Thousands)

Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 182,526	\$ 185,609	\$ 3,083	1.7%

Personal Property Taxes

- **Projecting FY19 personal property taxes to be \$39.8 million, an increase of \$.9 million or 2.4% (represents 12% of the revenue budget).**
- **Collection rate of 94 % - no change from FY18.**

Revenues: Review of Preliminary Projections for FY2019

Other Local Taxes

(In Thousands)

Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 79,150	\$ 79,672	\$ 522	1%

- **The Largest Five Other Local Taxes:**

- 1) Meal tax
- 2) Sales and Use tax
- 3) Business License tax
- 4) Communications Sales tax
- 5) Utility taxes – Electric and Gas

- Represents approximately 78% of the total other local taxes projection.

Revenues: Review of Preliminary Projections for FY2019

Other Local Taxes - continued

(In Thousands)

Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 79,150	\$ 79,672	\$ 522	1%

- **Meal tax is tracking approximately 3% over the prior fiscal year. We expect this revenue to trend near the 3% average growth for the past three years – driven by the national trend of Americans dining out an average of 3.3 times a week and the expected impact from an increase in inflation. Therefore, we have projected it to increase to \$21.1 million, an increase of approximately \$414,000.**

Revenues: Review of Preliminary Projections for FY2019

Other Local Taxes - continued

(In Thousands)

Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 79,150	\$ 79,672	\$ 522	1%

- **Year-to-date sales tax collections are tracking 2.8% under the budget estimate. We believe this is due to a number of things: 1) closings of Macy's and Kmart and 2) the impact of E-commerce on retail stores.**
- **We expect some recovery in this tax during fiscal year 2019. We are maintaining the sales tax revenue estimate at \$15.5 million.**

Revenues: Review of Preliminary Projections for FY2019

Other Local Taxes - continued

(In Thousands)

Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 79,150	\$ 79,672	\$ 522	1%

- **Business license tax estimate will remain the same as last year at \$11.9 million.**

Revenues: Review of Preliminary Projections for FY2019

Other Local Taxes - continued

(In Thousands)

Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 79,150	\$ 79,672	\$ 522	1%

- **The state communication taxes became effective on January 1, 2007.**
- **It is composed of a 5% tax on all communication services, state E-911 tax of \$.75 per access line and a public right-of-way use fee of \$1.11 per cable subscriber per month.**
- **Replaced the City's utility tax on telephone, local E-911 service tax, utility tax on cable service and cable franchise fee. For fiscal year 2006, these taxes generated approximately \$9.9 million for the City.**

Revenues: Review of Preliminary Projections for FY2019

Other Local Taxes - continued

(In Thousands)

Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 79,150	\$ 79,672	\$ 522	1%

- **The City's communication taxes under the state program has not exceeded what we were collecting under our local taxes.**
- **Communication taxes are expected to decline by \$267,200 for a projection of approximately \$8.4 million.**
- **Utility taxes - Electric and Gas are expected to be flat at \$5 million.**

Revenues: Review of Preliminary Projections for FY2019

Other Local Taxes - concluded

(In Thousands)

Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 79,150	\$ 79,672	\$ 522	1%

- **Based on current trends and the addition of two new hotels, we expect lodging taxes to grow to \$3.4 M in FY19 – an increase of \$203,000.**

Revenues: Review of Preliminary Projections for FY2019

License, Permits and Privileged Fees

(In Thousands)

Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS proj
<u>\$ 1,365</u>	<u>\$ 1,365</u>	<u>\$ -</u>	<u>0%</u>

- **Based on current trends, we're expecting the license and permit activity and values to remain flat for FY2019.**

Revenues: Review of Preliminary Projections for FY2019

Fines and Forfeitures

(In Thousands)

Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
<u>\$ 1,616</u>	<u>\$ 1,391</u>	<u>\$ (225)</u>	<u>-14%</u>

- Court fines are tracking 29% less than the FY18 budget. Decline is due to decrease in traffic summons and the implementation of extended payment plans. Thus, we're reducing the budget by \$214,000.**

Revenues: Review of Preliminary Projections for FY2019

Revenues from Use of Money & Property

(In Thousands)

Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 1,035	\$ 1,498	\$ 463	45%

- **This revenue category is primarily composed on interest income that we earn on cash balances and investments.**
- **We expect the Federal Reserve to increase its benchmark short-term interest rate several times over the next year.**
- **Therefore, we have increased our interest income estimate for FY19 by \$466,000.**

Revenues: Review of Preliminary Projections for FY2019

Charges for Services

(In Thousands)

Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
<u>\$ 9,036</u>	<u>\$ 9,288</u>	<u>\$ 252</u>	<u>3%</u>

- **In FY18, City Council approved the Fire Division’s request to start billing residents for applicable co-pay and deductible amounts for the EMS transport fees. These billings have increased revenue to cover the budget gap realized in FY17. However, we’re still reviewing the trend for this revenue and expect to finalize the revised estimate soon. For now, EMS transport fees are estimated at \$3.9 M.**

Revenues: Review of Preliminary Projections for FY2019

Charges for Services - concluded

(In Thousands)

Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
\$ 9,036	\$ 9,288	\$ 252	3%

- **Landfill Host fees are expected to increase by \$110,000 to \$910,432.**
- **Slight increase of \$62,000 in Fees for School Age Programs (\$1.35 million).**
- **Park and Recreation fees are projected to remain flat at \$1.1 M.**

Revenues: Review of Preliminary Projections for FY2019

Miscellaneous Revenue

(In Thousands)

Approved Budget FY2018	Projection FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% Incr/(Decr) Apprv VS Proj
<u>\$ 4,424</u>	<u>\$ 4,512</u>	<u>\$ 88</u>	<u>2%</u>

- **\$87,000 increase in reimbursements from schools.**

Revenues: Review of Preliminary Projections for FY2019

State/Federal Revenues

(In Thousands)

	Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% % Incr/(Decr) Apprv VS Proj
Recovered Costs	\$ 8,485	\$ 8,485	\$ -	0%
Shared Expenses-State	9,432	9,432	-	0%
Non-Categorical-State	830	830	-	0%
Categorical-State\Fed	31,562	31,562	-	0%
Federal	31	31	-	0%
	<u>\$ 50,340</u>	<u>\$ 50,340</u>	<u>\$ -</u>	<u>0%</u>

- **Staff has not adjusted the state revenues yet. We are waiting on the General Assembly to finalize the state's budget.**

Revenues: Review of Preliminary Projections for FY2019

Transfers and Fund Balance

	(In Thousands)			
	Approved Budget FY2018	Projections FY2019	\$ Amount Incr/(Decr) Apprv VS Proj	% % Incr/(Decr) Apprv VS proj
Fund Balance	\$ 5,729	\$ 5,729	\$ -	0%
Transfer from School Op Fund	\$ 2,000	\$ 2,000	\$ -	0%
	<u>\$ 7,729</u>	<u>\$ 7,729</u>	<u>\$ -</u>	<u>0%</u>

- **Plan to use \$3.6 million from unassigned fund balance (savings account) for the 2019 CIP.**
- **Plan to use \$354,588 for the PC replacement program.**

Revenues: Review of Preliminary Projections for FY2019

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