



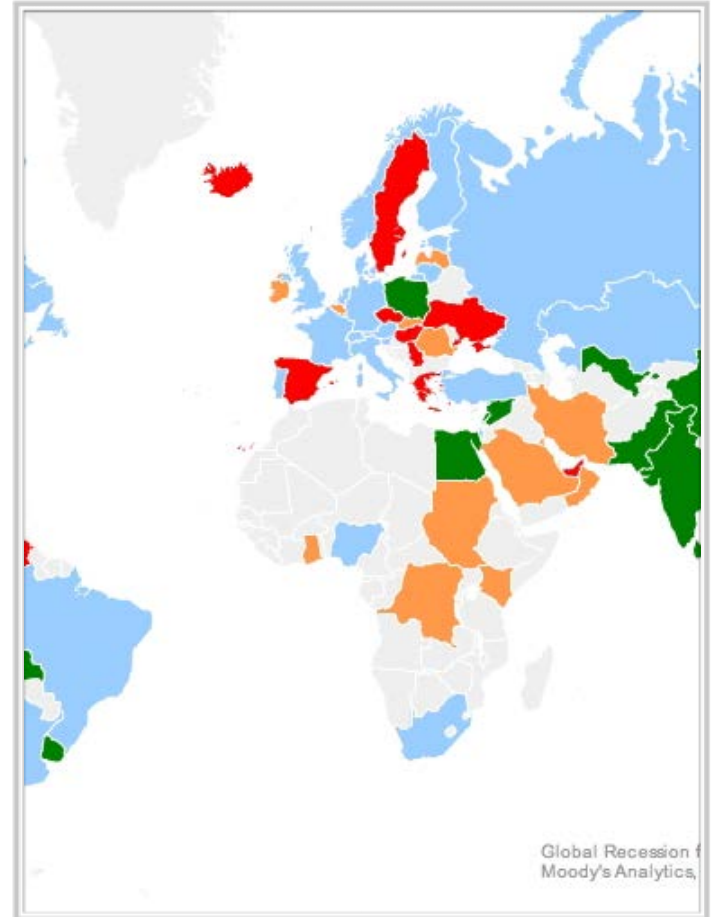
2016 Economic Outlook & Revenue Overview

Prepared for the Salt Lake County Council and Mayor

October 13, 2015

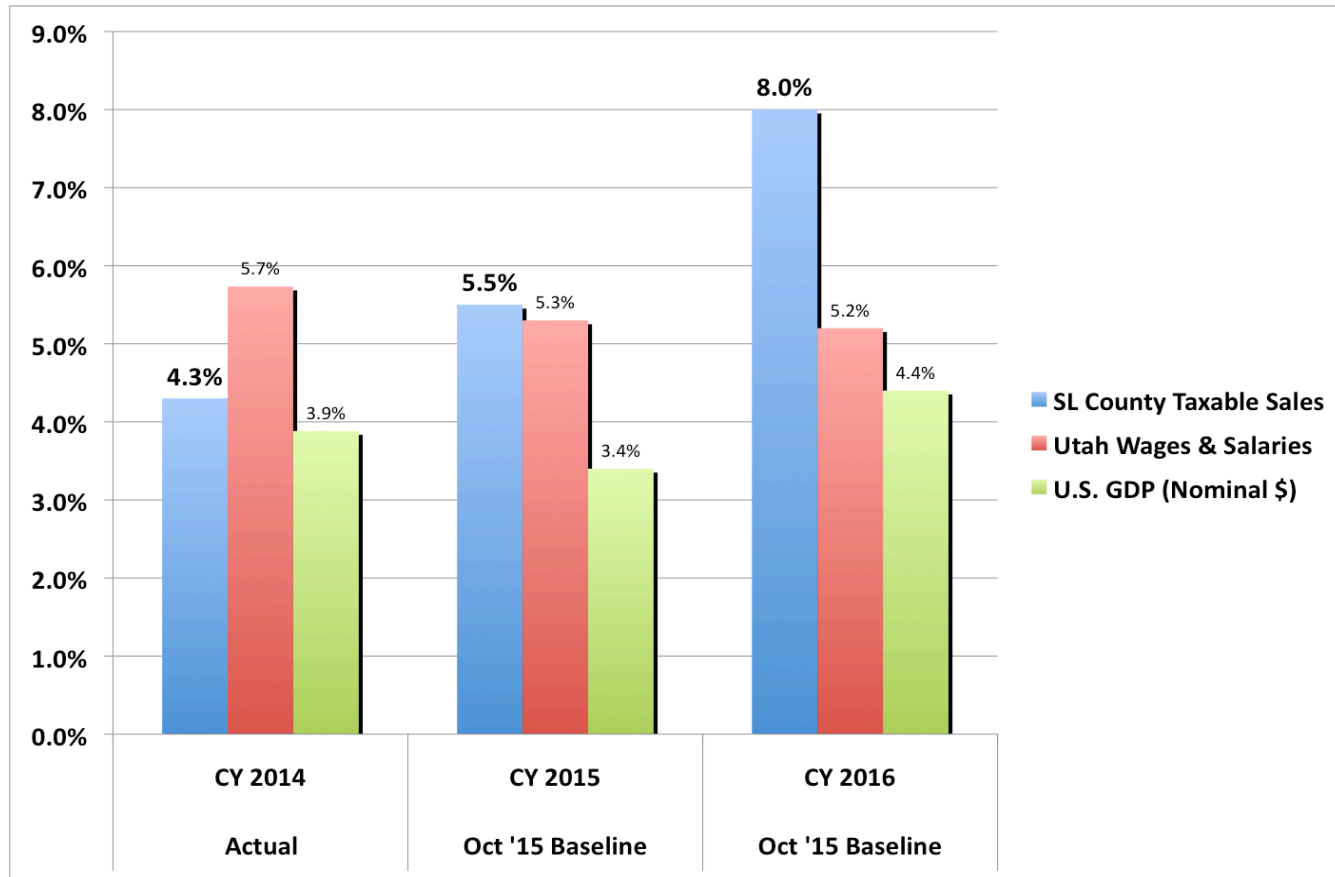
Rod Kitchens
Doug Macdonald
Jeff Thredgold

October 2015 Economic Forecast Summary



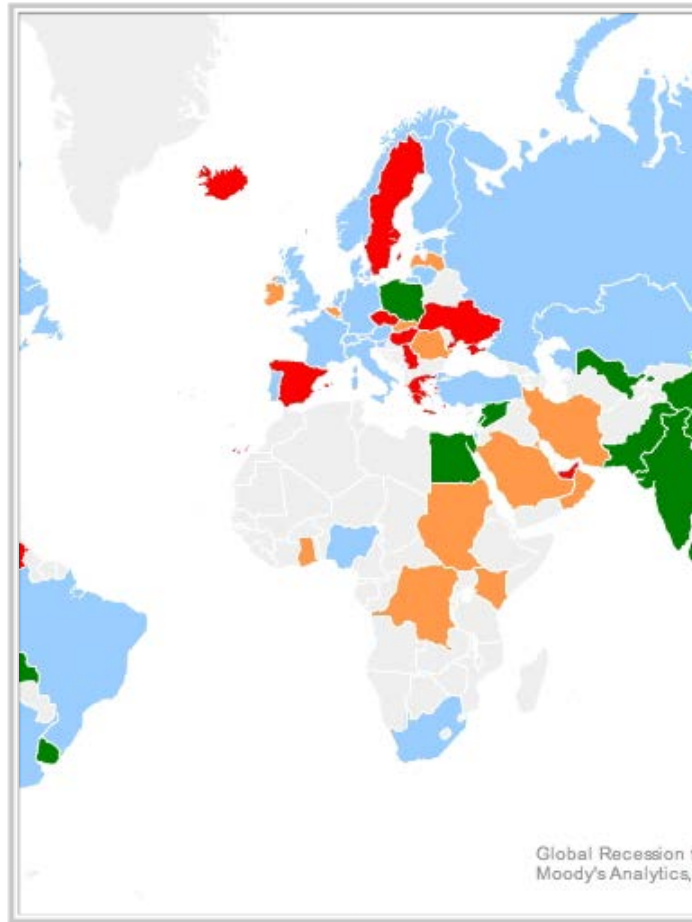


Taxable Sales Will Strengthen As We Move Into 2016



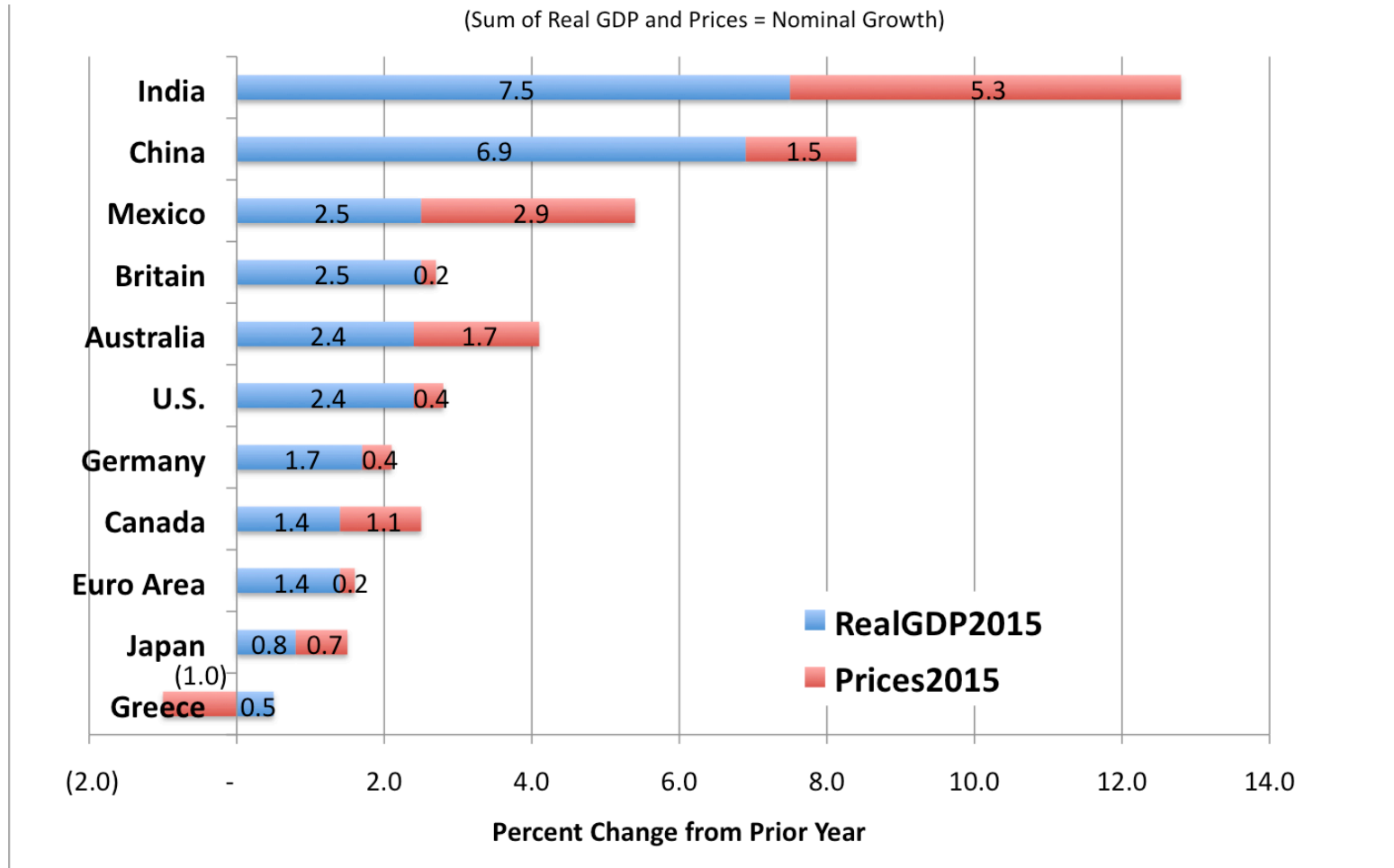


The World





U.S. Growth in the Center of its Trading Partners



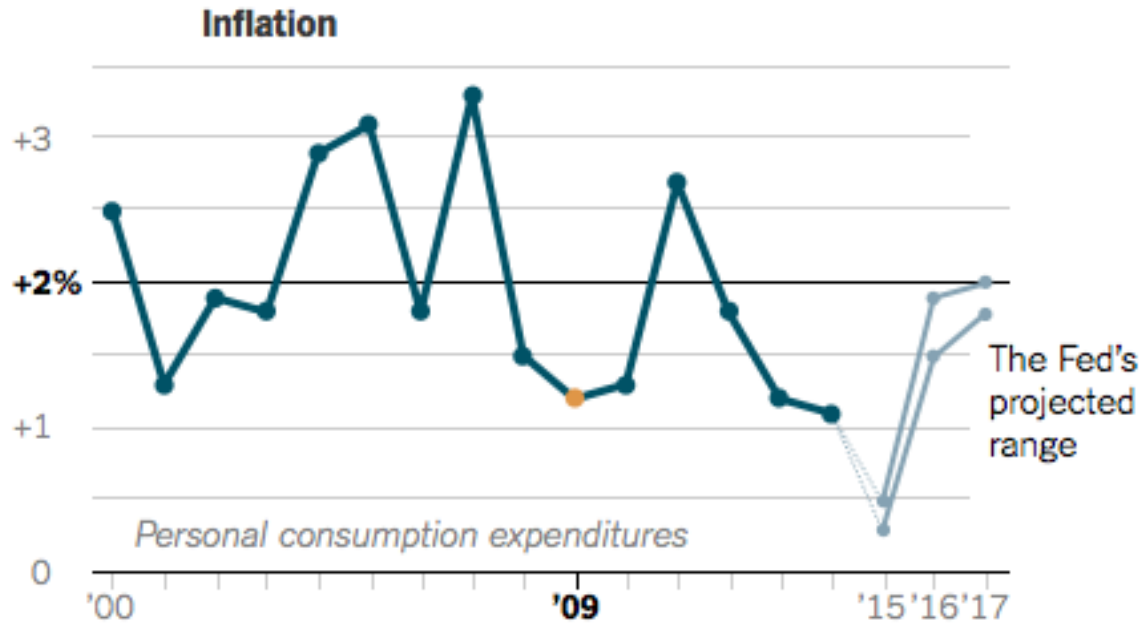
Source: The Economist, Sept. 5, 2015



The Nation



Why the Fed Held Pat



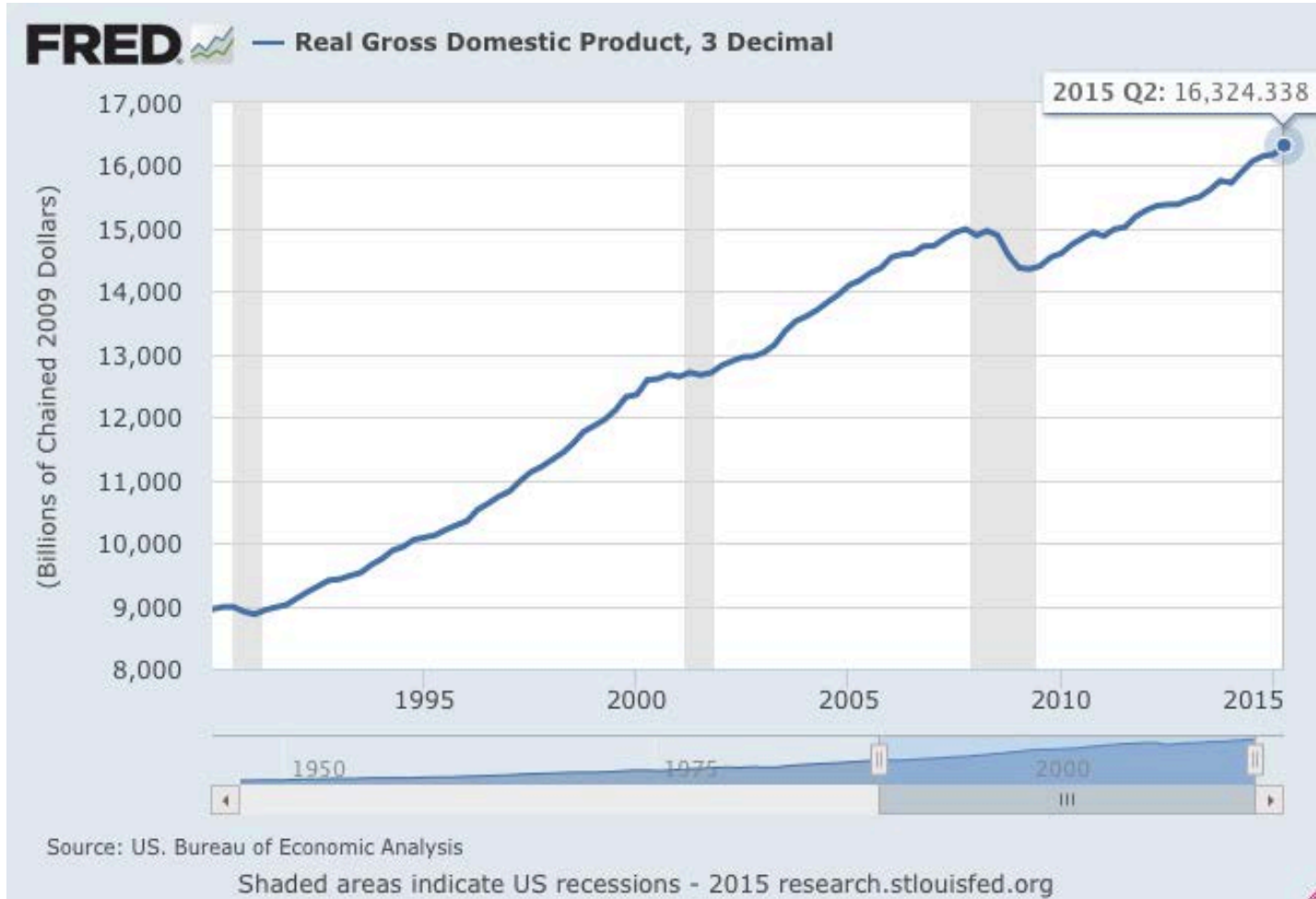


2016 U.S. growth will range from 2.7 – 3.3%

- The U.S. is doing better than most -- **principle driver of growth is domestic demand**
- Prospects for consumer spending (domestic demand, roughly 70% of GDP) look **bright**, thanks to **solid jobs and income** growth, **lower energy prices**, **low interest rates**, and wage gains outpacing inflation
- **Capital spending will be led** by commercial & manufacturing structures and by **information processing & industrial equipment**

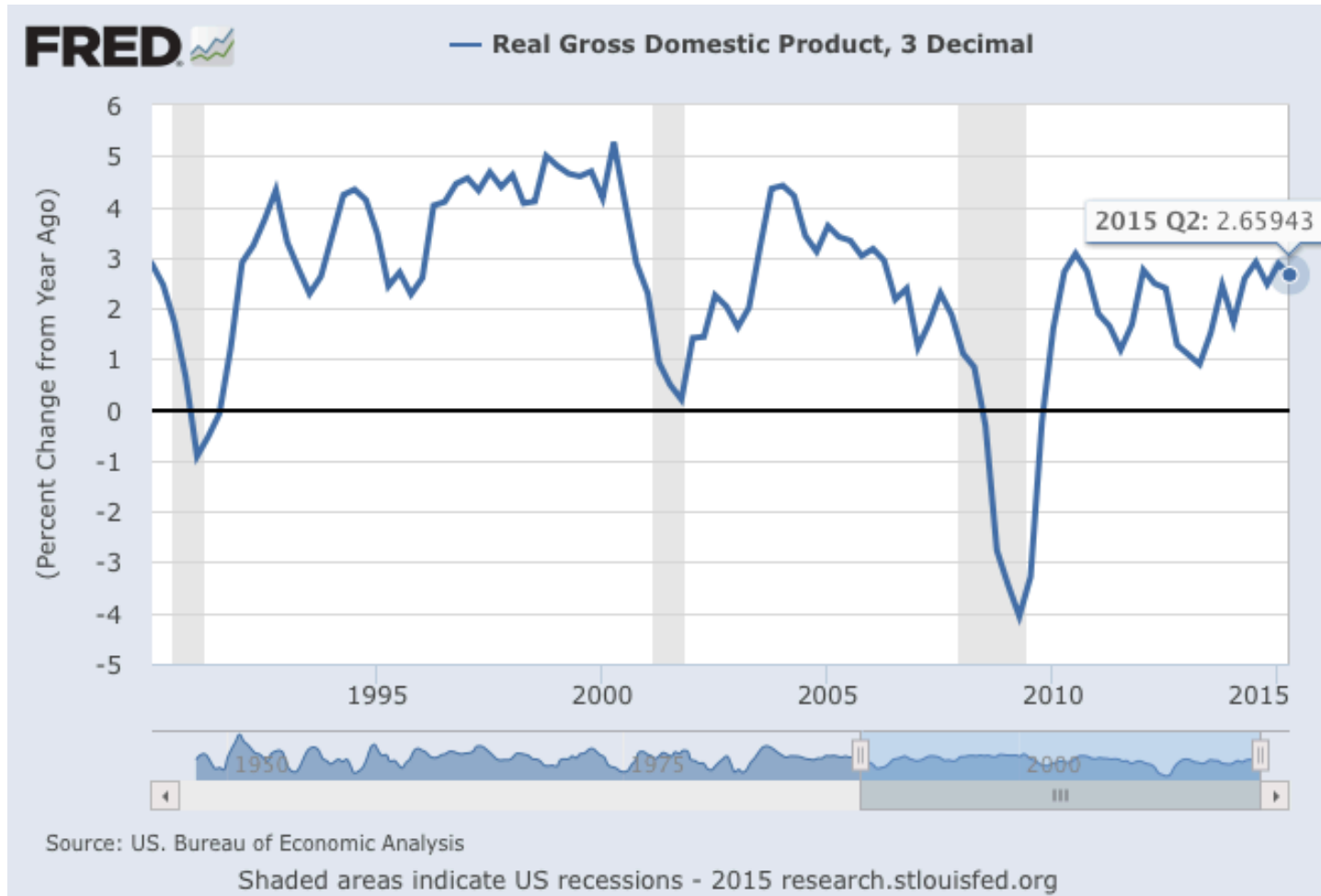


U.S. economy expected to rise 2.5% in 2015





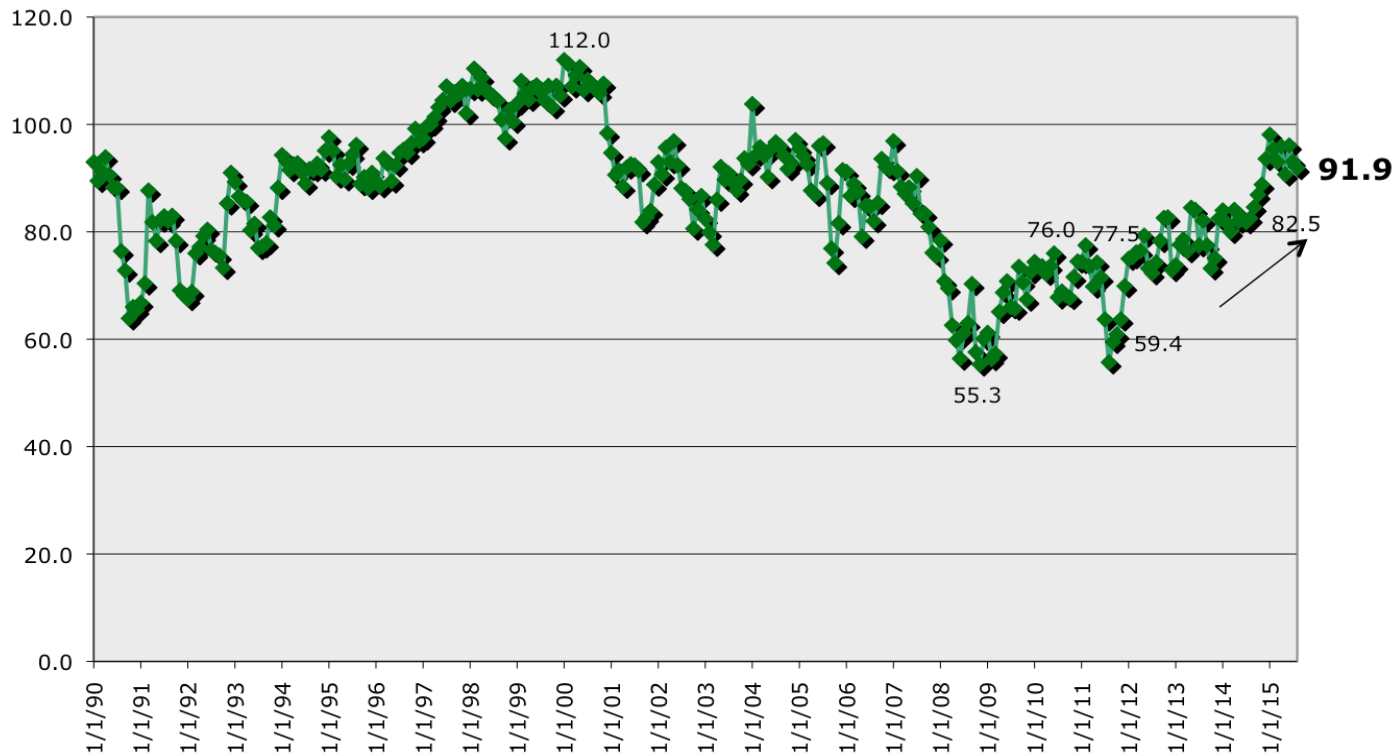
U.S. economy expected to rise 2.5% in 2015





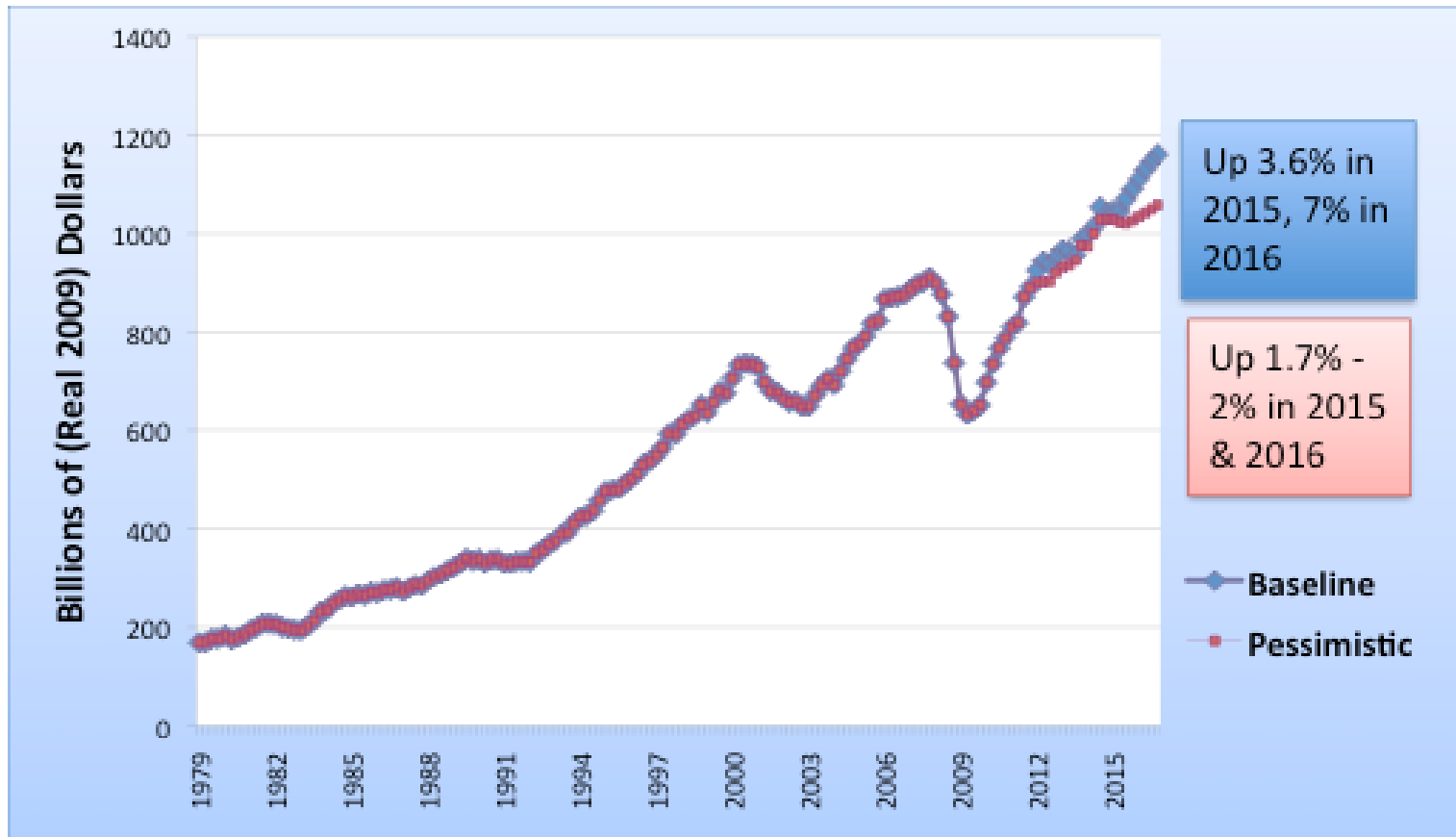
Higher Consumer Confidence and Low Gas Prices Spark Strong Truck Sales in 2015

U.S. Consumer Sentiment Index



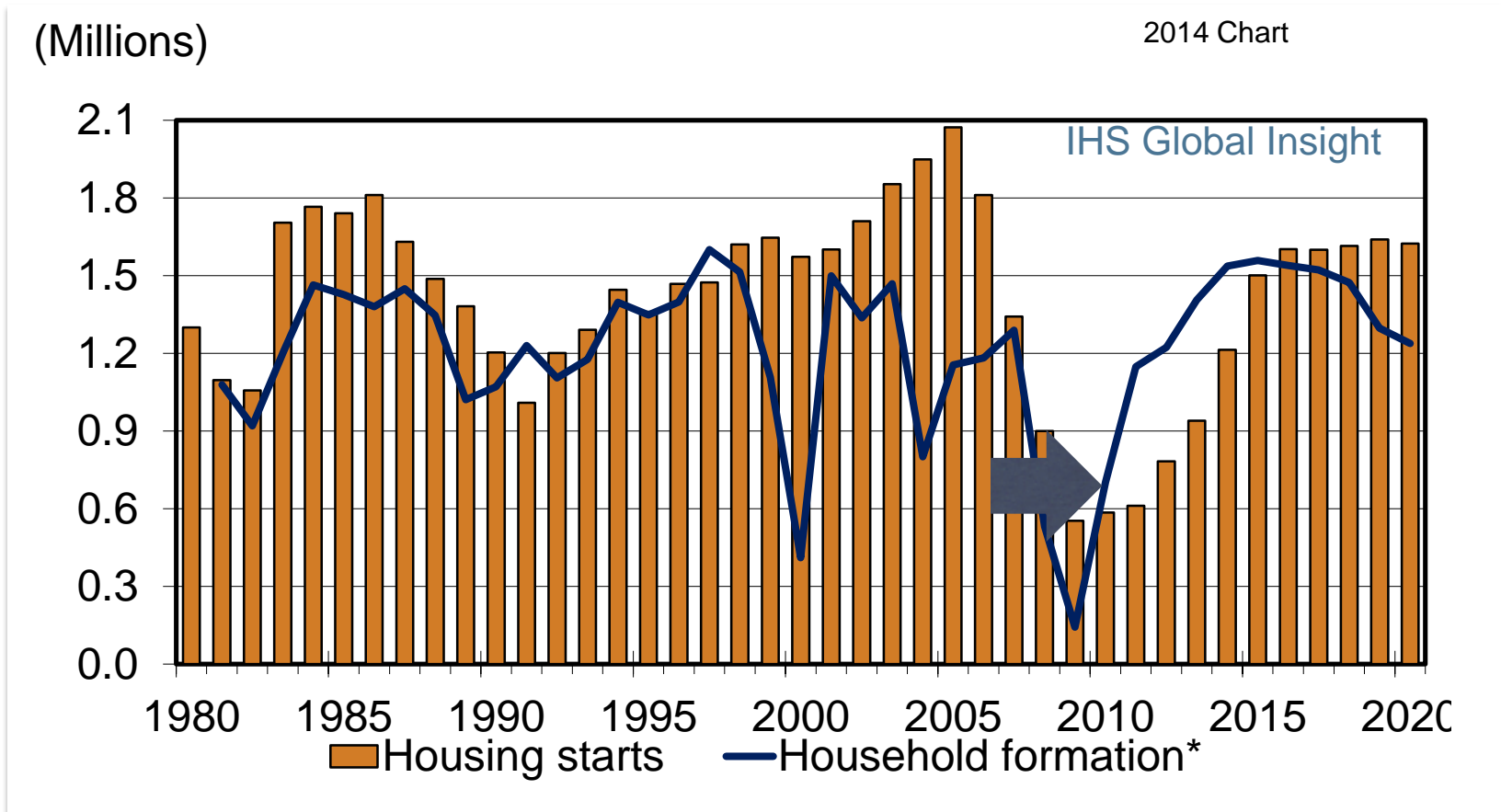


U.S. Business Equipment & Software Expected to Grow 7.0% in 2016





Rebound in U.S. household formation supports increases in housing starts





The County Economy



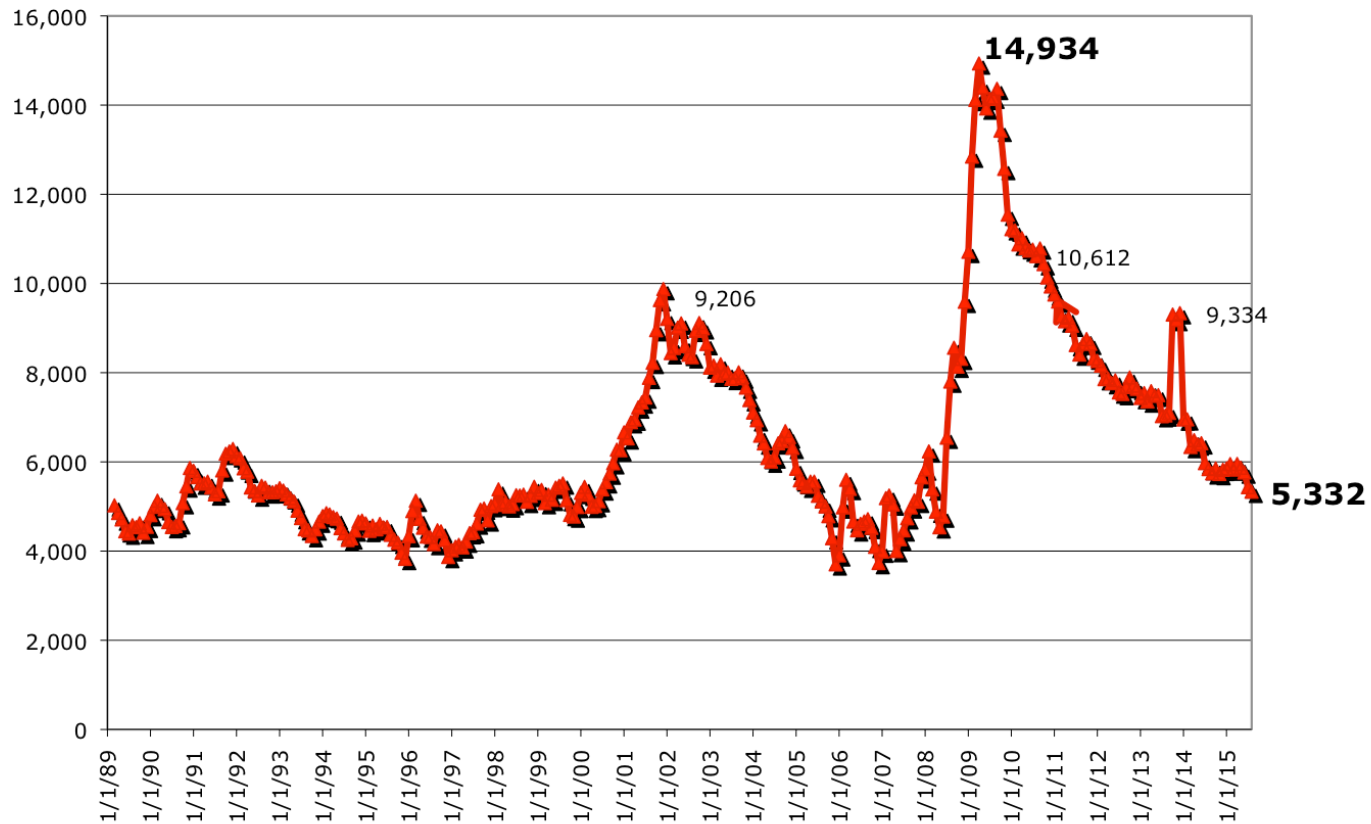
State of Utah and Salt Lake County Economies

1. Utah **job growth gains 4%** in 2015, about 1% faster than in 2012-2014
2. Salt Lake County home building values rebound **15%** this year after **3% drop** in 2014
3. **Strong consumer confidence** and low gas prices propel new car and truck sales



Six-Month Leading Indicator - Unemployment Claims Drop Below 6,000

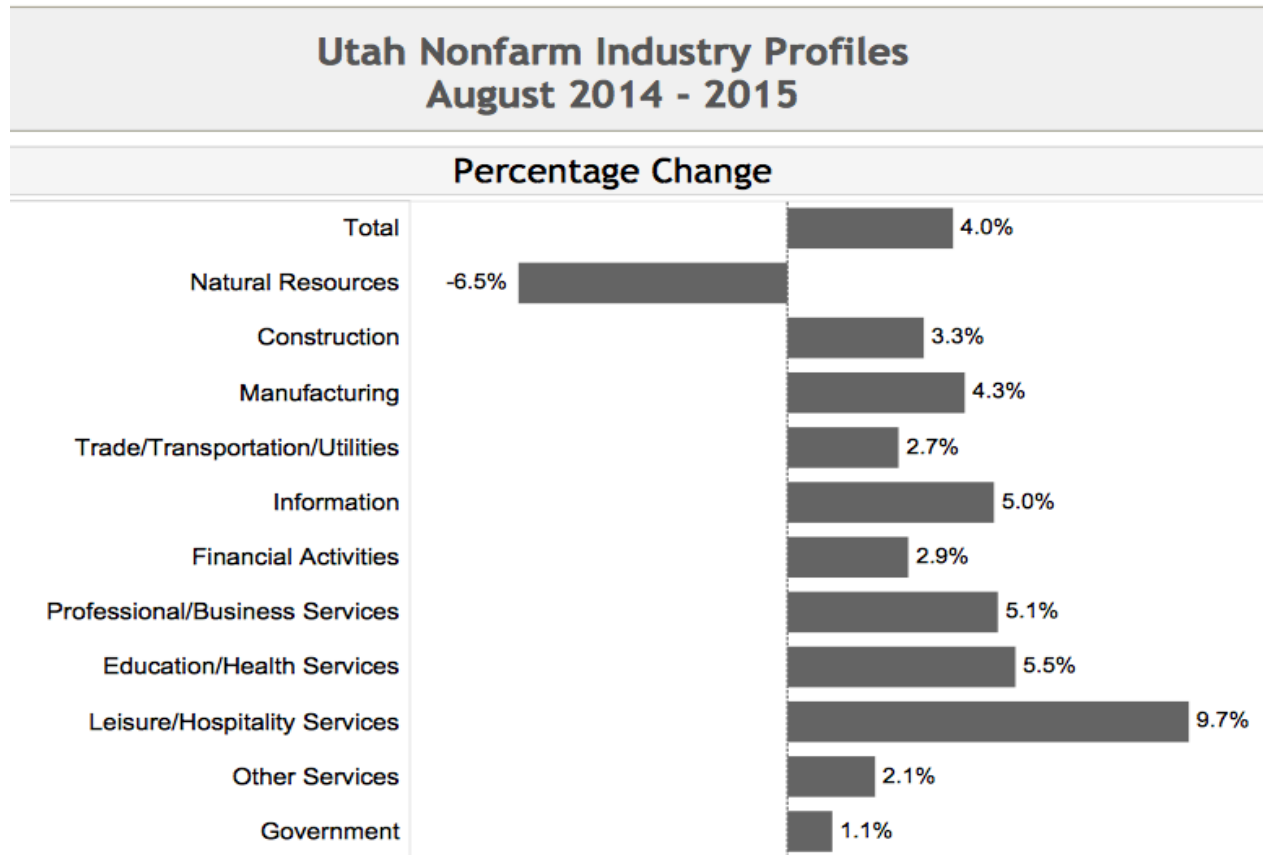
Utah Initial Unemployment Claims
(6 month leading indicator, 3 month average, seasonally adjusted)





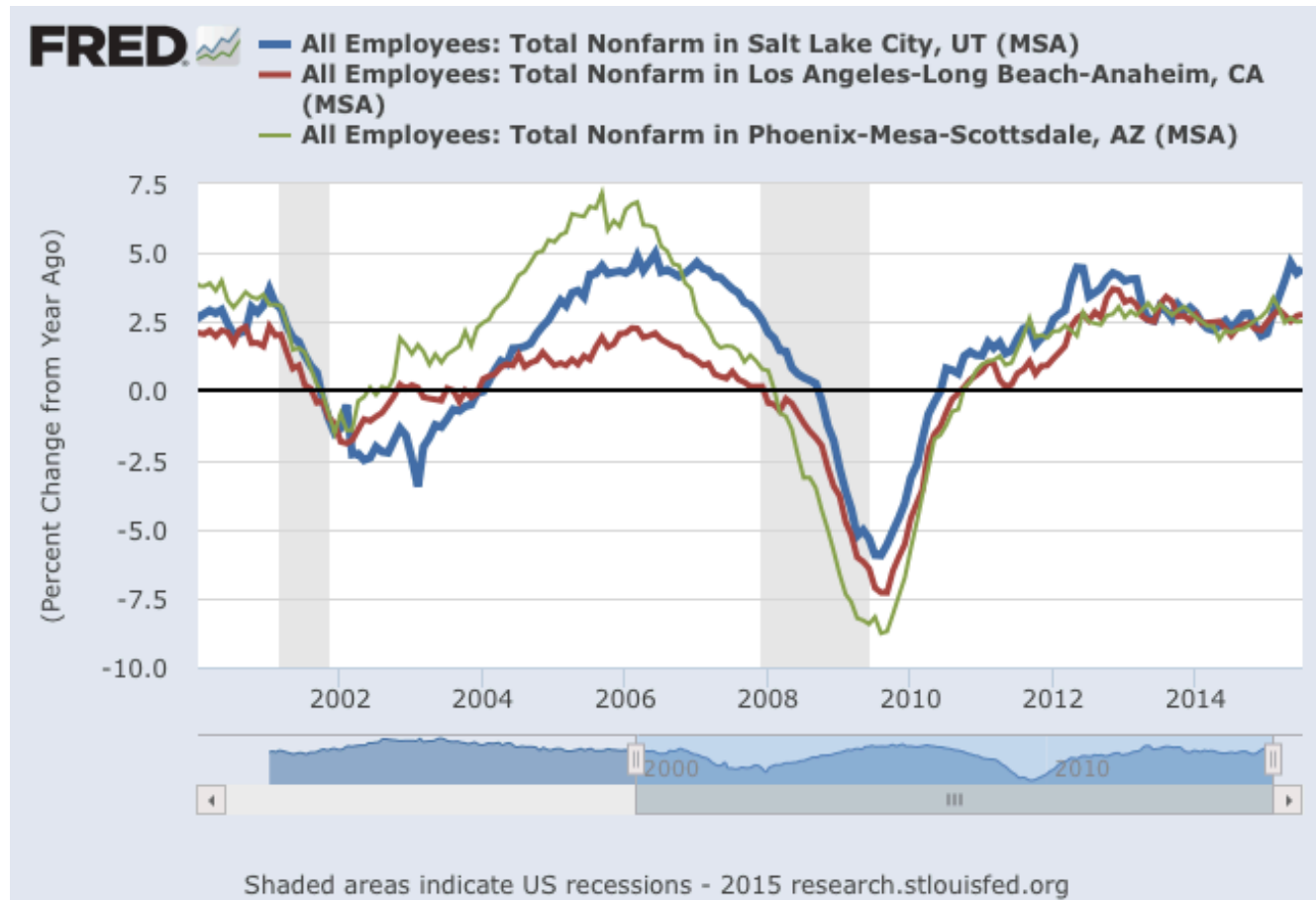
”Utah’s economy is still operating at full employment, with strong job growth across diverse industries.”

Carrie Mayne, Chief Economist, Dept. of Workforce Services



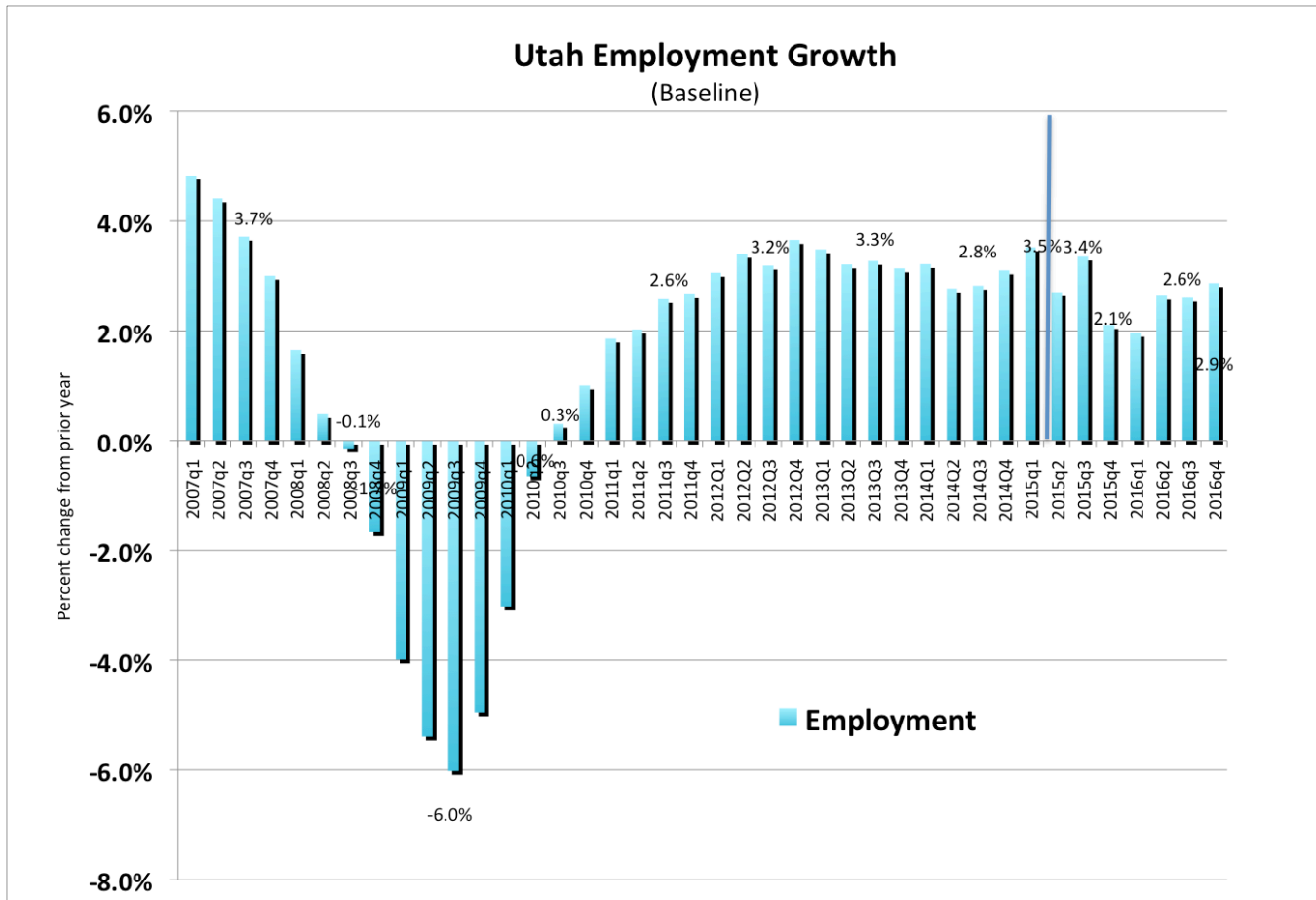


Salt Lake Metro Employment Jumps to 4% LA & Phoenix Metros growing at 2.5%



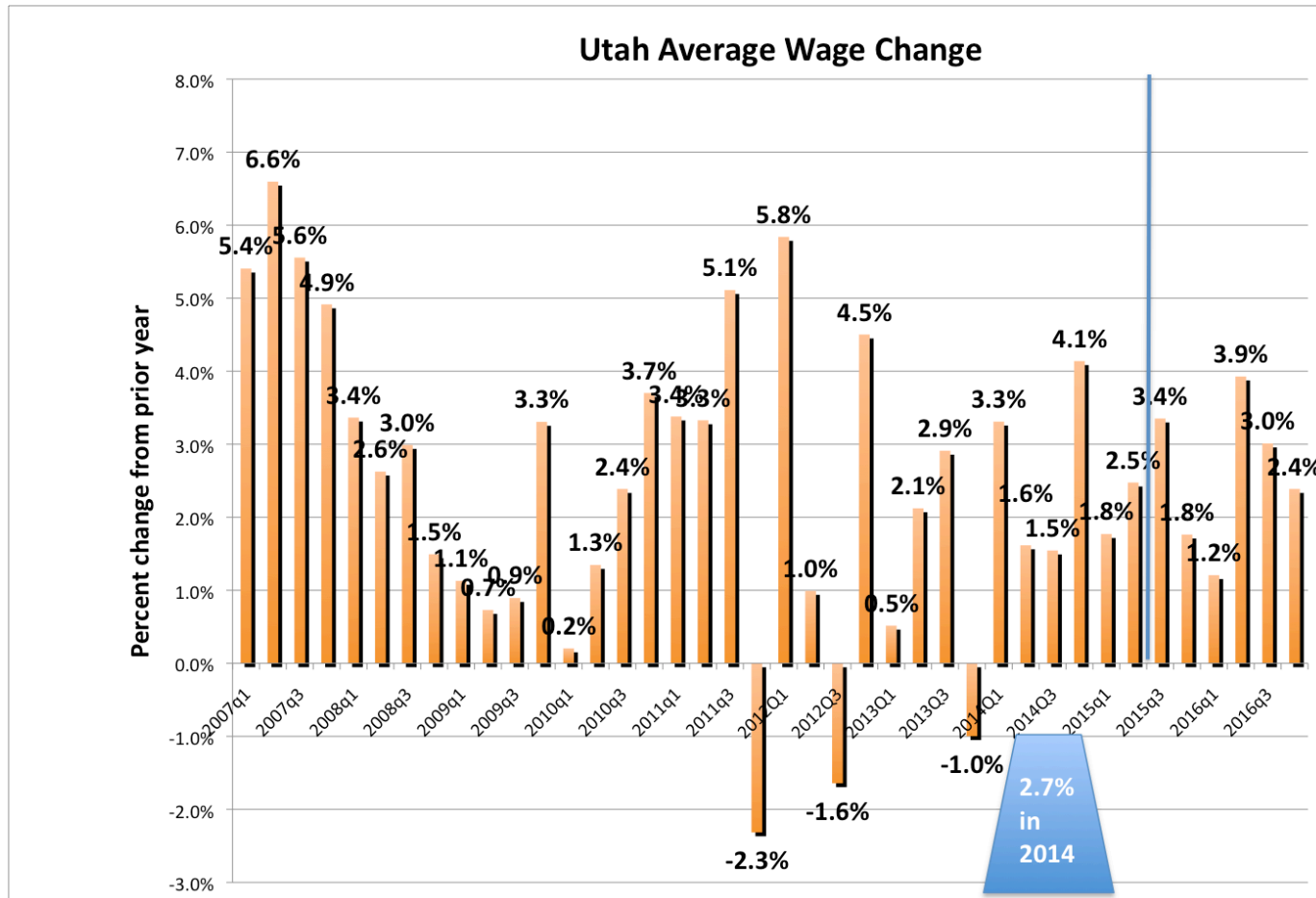


Utah employment growth will rise at least 2.5% in 2015



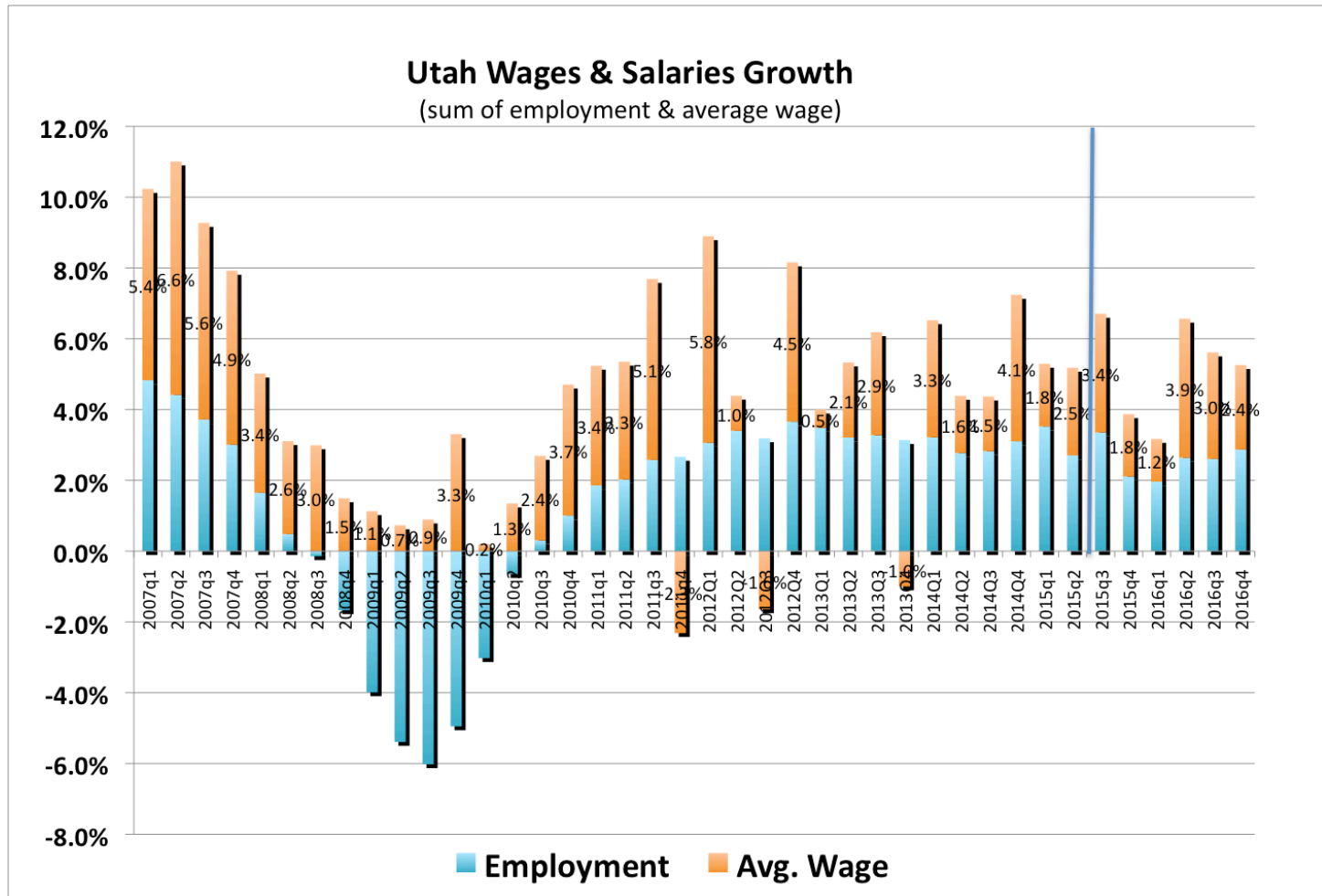


Utah Average Wages Should Rise 2.3% in 2015 and 2.6% in 2016



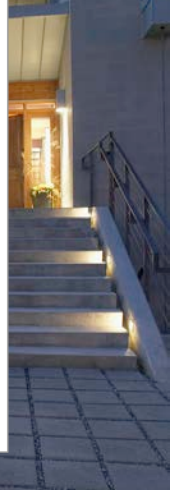
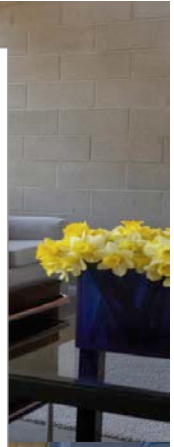
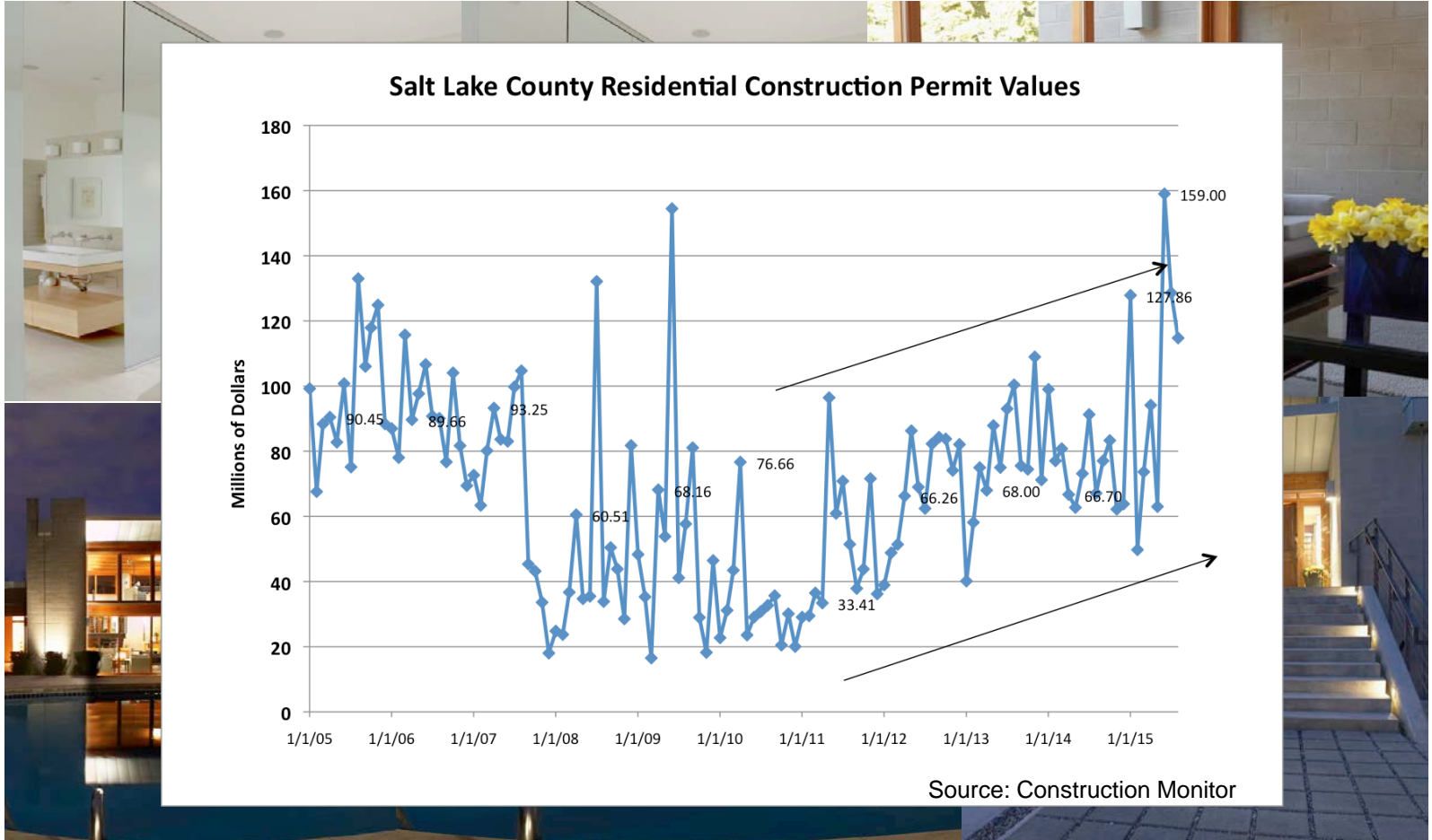


Utah Payrolls will Improve 5.2% in 2015 & 2016





January-August @ \$811M -- up 17% to 31% YTD

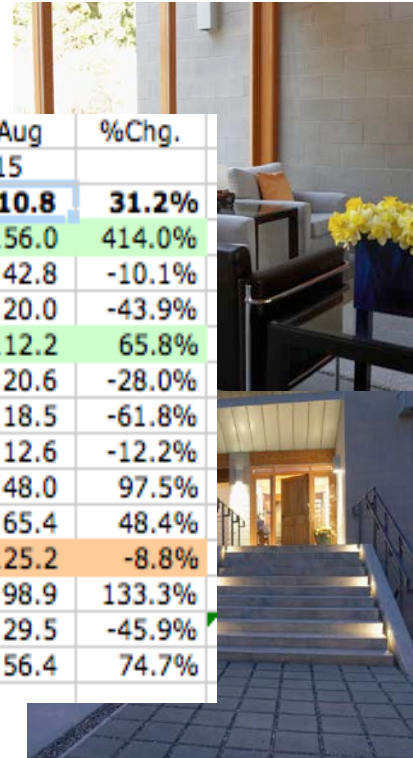




Salt Lake County Residential Construction Permit Values

	CY2013	CY2014	% Chg.	Jan-Aug 2014	Jan-Aug 2015	%Chg.
Salt Lake County	\$ 928.6	\$ 904.1	-2.6%	\$ 617.8	\$ 810.8	31.2%
Salt Lake City	16.0	35.5	121.6%	30.4	156.0	414.0%
Bluffdale	76.4	68.1	-10.8%	47.5	42.8	-10.1%
Draper	80.7	70.0	-13.2%	35.7	20.0	-43.9%
Herriman	129.6	113.8	-12.3%	67.7	112.2	65.8%
Holladay	27.8	39.8	43.2%	28.6	20.6	-28.0%
Midvale	68.1	55.2	-19.0%	48.5	18.5	-61.8%
Murray	14.3	18.5	29.5%	14.4	12.6	-12.2%
Riverton	42.5	31.7	-25.3%	24.3	48.0	97.5%
Sandy	56.0	56.9	1.6%	44.1	65.4	48.4%
South Jordan	238.4	221.0	-7.3%	137.3	125.2	-8.8%
West Jordan	61.1	63.5	3.9%	42.4	98.9	133.3%
West Valley	47.8	66.4	39.1%	54.6	29.5	-45.9%
Unincorp. County	57.4	50.6	-11.9%	32.3	56.4	74.7%

Source: Construction Monitor





Car & Truck Sales – Speeding Up



Salt Lake County		% Chg.
2013	\$ 2.48 B	14.8%
2014	\$ 2.63	5.6%
2015 1 st Half	\$ 1.38	8.3%



Salt Lake County Taxable Sales: 2nd Quarter 2015

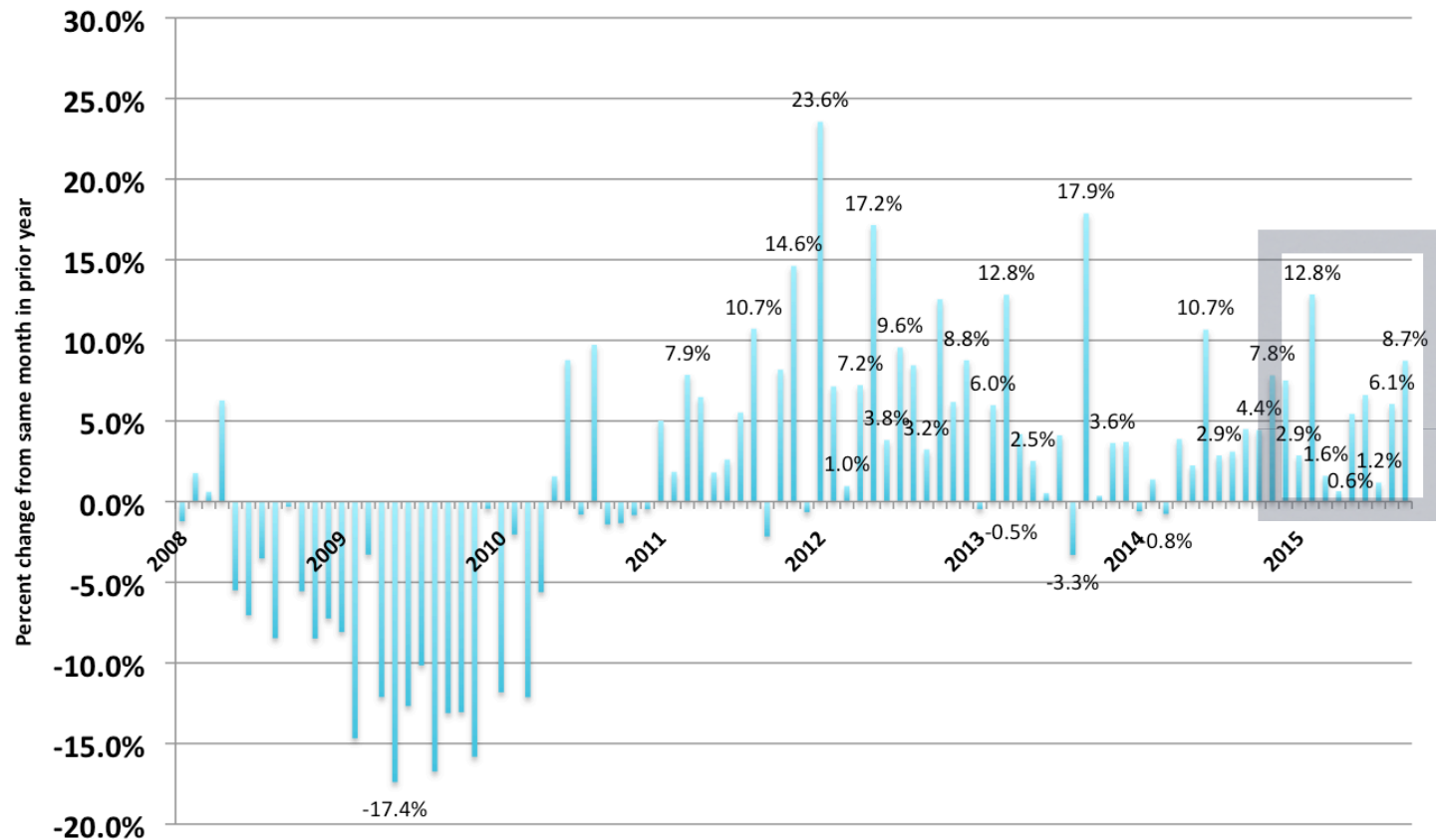
	Sales in Million\$	% Change From Prior Year
Retail – Motor Vehicle	731	9.4 %
Retail – General Merchandise	559	3.3
Retail – Groceries	450	6.0
Retail – Building	317	5.4
Services – Restaurants	504	7.4
Services – Information	258	1.7
Manufacturing	242	6.8
Wholesale Durables	557	7.1
Total	\$ 5,951	5.6 %

Source: Utah State Tax Commission



Year-to-date up 4.5%
 Last three months up 5.4%

Salt Lake County 1/4% Sales Tax



October 2015 Forecast

Salt Lake County Taxable Sales Key Forecast Drivers

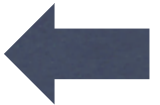
Key Economic Drivers	2013	2014	Oct 2015	Oct 2015	Oct 2015
	Actual	Actual	2015 Baseline	2016 Pessimistic	2016 Baseline
Real GDP (Gross Domestic Product \$B)	15,583 1.5%	15,962 2.4%	16,360 2.5%	16,540 1.1%	16,816 2.8%
Consumer Price Index	1.5%	1.6%	-0.2%	2.3%	1.6%
Nominal GDP (\$B)	16,768 3.7%	17,419 3.9%	18,010 3.4%	17,477 3.4%	18,010 4.4%
Utah Employment	3.3%	3.0%	2.9%	1.2%	2.5%
Utah Average Wages	1.1%	2.7%	2.3%	0.9%	2.6%
Utah Wages (Payroll)	4.4%	5.7%	5.3%	2.2%	5.2%
SL County Residential Construction Values	11.8%	-2.6%	15.8%	-2.2%	6.0%
U.S. Equipment & Software Purchases	3.2%	5.8%	3.6%	3.7%	7.0%
U.S. Savings Rate	4.9%	4.9%	5.0%	6.5%	5.1%
U.S. Consumer Sentiment Index	79.2	84.1	94.0	88.4	94.8
Landslide, Fed Sequester, NSA	0.750	0.500	0.250	1.000	0.200
Salt Lake County Taxable Sales	2.8%	4.3%	5.5%	3.1%	8.0%
Salt Lake County 1/4% Sales Tax	3.5%	5.3%			





October 2015 Forecast

Baseline	CY 2014	CY 2015	CY 2016
Utah Taxable Sales (RAWG)	4.70%	4.00%	6.00%
SL County Taxable Sales (Econowest)	4.34%	5.51%	8.00%
Population Impact	-0.05%	-0.18%	-0.18%
Est. Growth in SLCo. Distribution	4.47%	4.58%	6.83%
Year-to-date (7 months)		4.50%	
"Pessimistic - Global Growth Slows"			
Utah Taxable Sales (RAWG)	4.00%	1.00%	3.00%
SL County Taxable Sales (Econowest)	4.73%	3.74%	1.22%
Population Impact	-0.05%	-0.18%	-0.18%
Est. Growth in SLCo. Distribution	4.31%	2.20%	1.94%





Revenue Overview



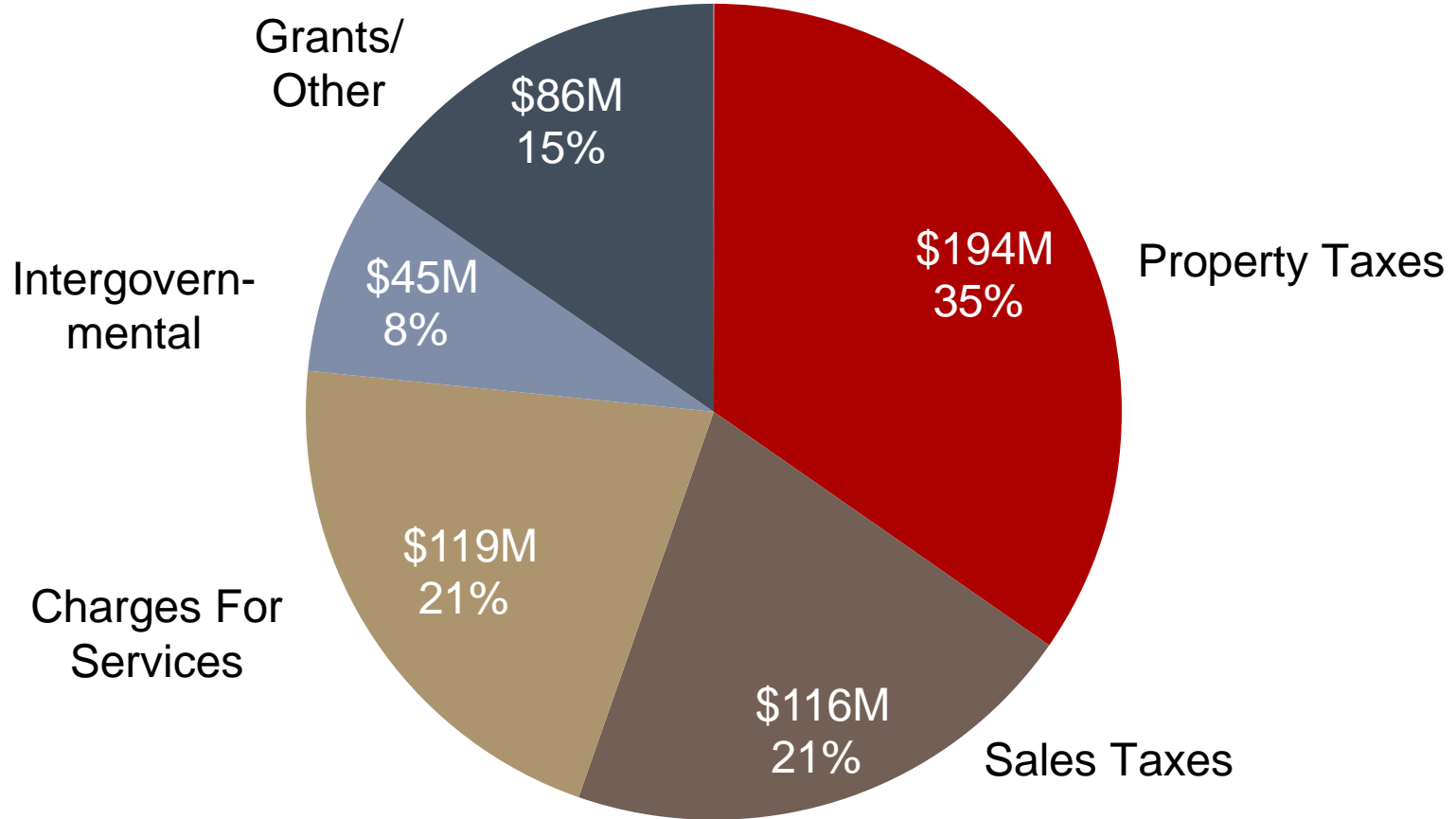
Definition of General Fund and Related Funds

- The General Fund’s “related” funds are
 - Those that depend on the GF for financial support
 - Receive current year funding from the GF in the form of fund transfers
 - Contribute to the General Fund such as the TRCC fund
 - Includes
 - All County-wide “Tax” funds (except the Bond Debt Service Fund)
 - Grant fund
 - TRCC fund
 - Open Space fund
 - ZAP fund - administration portion



General Fund & Related Funds 2016 Projected Revenues

\$561M Total







2015 Property Tax Revenue

- Projected new growth for 2016
 - Reviewed permit authorized construction trends for residential and non-residential properties
 - Reviewed personal property (business equipment) taxable values with the Assessor's staff
 - Consulted with the District Attorney's Office about centrally-assessed property values
 - Projection vetted with Revenue Committee



Real Property

- New growth for rate setting based on change in value net of reappraisal



Value (\$B)	2016 Budget	2015 Budget	Change*		Δ Trend*
Countywide	73.7	71.9	1.8	2.5%	
Library	51.5	50.2	1.3	2.5%	

* Represents new growth and does not include changes due to reappraisal.



RDA / CDRA Offsets



- Tax increment financing (TIF) captures new growth in value and diverts it from taxing entities
- New projects come online every year
- 2016 projection of growth based on 4 year average

Value (\$B)	2016 Budget	2015 Budget	<i>Change</i>		Δ Trend
Countywide	(7.228)	(6.724)	(0.504)	7%	
Library	(3.739)	(3.409)	(0.330)	10%	



Personal Property



- Depreciates rather than appreciates
- New growth for rate setting based on prior year values

Value (\$B)	2016 Budget	2015 Budget	<i>Change</i>		Δ Trend
Countywide	5.39	5.68	(0.284)	(5.0%)	
Library	3.17	3.33	(0.158)	(4.8%)	









Centrally-Assessed Property

- Projected reduction in Mining and Telecom taxable value in 2016
- Partially offset by expected increases in airlines and gas

Value (\$B)	2016 Budget	2015 Budget	<i>Change</i>		Δ Trend
Countywide	6.33	6.57	(0.242)	(3.7%)	
Library	4.46	4.69	(0.228)	(4.9%)	



2016 New Growth Summary — Countywide







Value (\$B)	2016 Budget	2015 Budget	Change		Δ Trend
Real Property*	73.70	71.90	1.80	2.5%	
Personal Property	5.39	5.68	(0.28)	(5.0%)	
Centrally Assessed	6.33	6.57	(0.24)	(3.7%)	
CDRA Capture	(7.23)	(6.72)	(0.50)	7.5%	
SCME Capture	(0.03)	(0.03)	-	-	
TOTAL	78.16	77.39	0.77	1.0%	

* The 2016 value, % change, and trend of changes represents new growth and does not include changes due to reappraisal.



2016 New Growth Summary

— Library

Value (\$B)	2016 Budget	2015 Budget	<i>Change</i>		Δ Trend
Real Property*	51.50	50.24	1.26	2.5%	
Personal Property	3.17	3.33	(0.16)	(4.8%)	
Centrally Assessed	4.46	4.69	(0.23)	(4.9%)	
CDRA Capture	(3.74)	(3.41)	(0.33)	9.7%	
SCME Capture	(0.03)	(0.03)	-	-	
TOTAL	55.36	54.82	0.54	1.0%	

* The 2016 value, % change, and trend of changes represents new growth and does not include changes due to reappraisal.



Property Tax Revenue Projection — Countywide Tax Funds

Fund (\$M)	2016 Budget	2015 Budget	<i>New Growth</i>		<i>Public Safety Rededicated Revenue</i>
General	134.1	123.9	1.2	1.0%	8.9
Flood Control	6.4	6.3	0.1	1.0%	
Health	11.1	11.0	0.1	1.0%	
Governmental Immunity	1.6	1.6	0.0	1.0%	
Capital Improvements	5.5	5.4	0.1	1.0%	
Planetarium	3.0	3.0	0.0	1.0%	
Total Countywide Tax Funds	161.6	151.2	1.5	1.0%	8.9
Bond Debt Service	29.7	37.5	(7.8)	(21%)	(7.8)



Property Tax Revenue Projections — Other Funds

Fund (\$M)	2016 Budget	2015 Budget	<i>New Growth</i>	
Gov Immunity Unincorp	0.8	0.8	0.007	1.0%
Library	36.5	36.1	0.361	1.0%
State Tax Admin	21.8	21.6	0.216	1.0%
Total Other Funds	59.0	58.4	0.584	1.0%

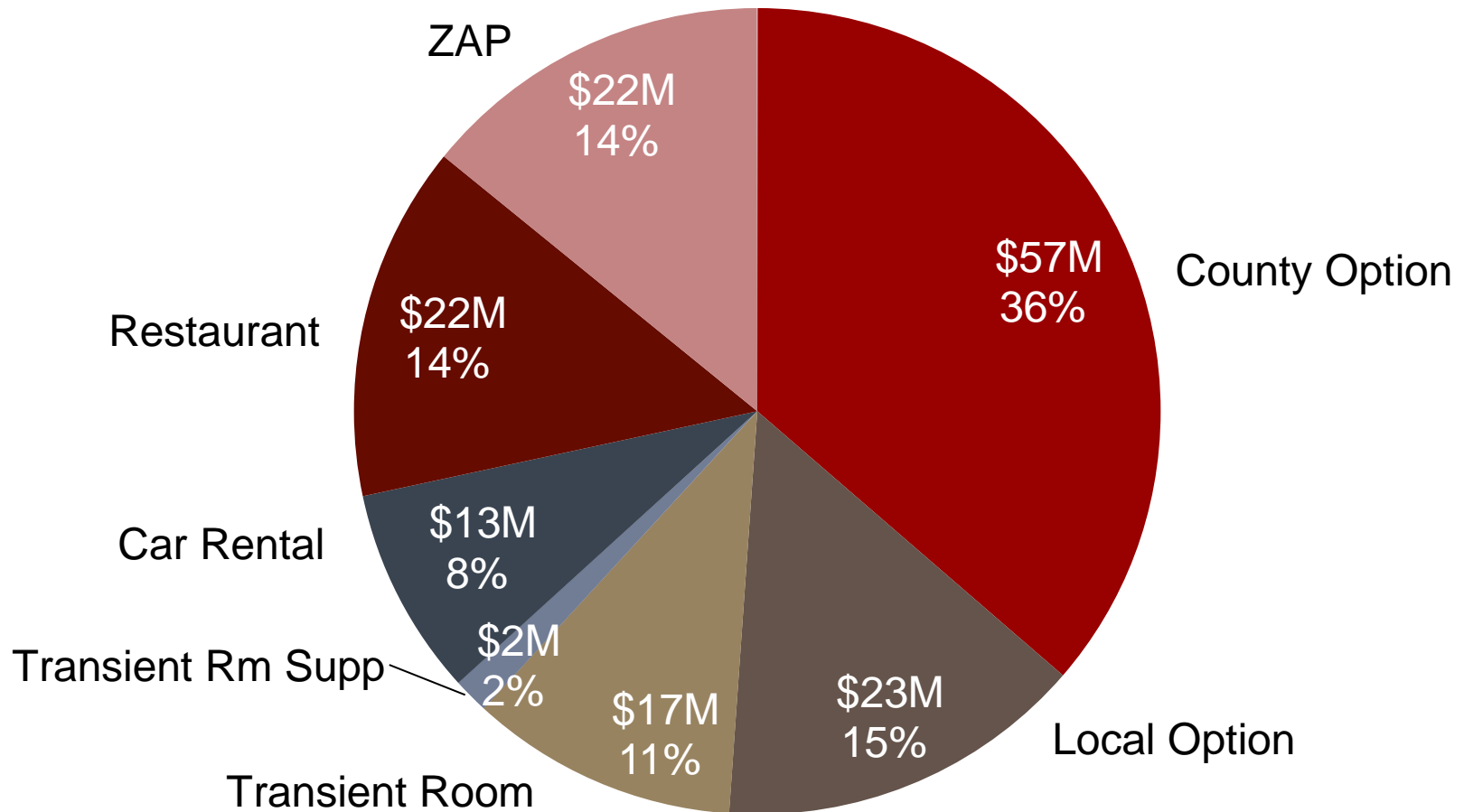


Sales Tax Revenue











Sales and Use Tax 2016 Projected Revenues

\$156M Total





Sales Tax Projections

Sales Tax (\$M)	2016	2015	<i>Change</i>		Trend ('07-'16)
	Budget	Budget			
Local Option	23.0	22.4	0.6	2.7%	
County Option	56.6	53.6	3.0	5.6%	
Transient Room	16.7	15.6	1.1	7.1%	
Transient Room Supp.	2.3	2.2	0.2	7.0%	
Car Rental	13.0	12.2	0.8	6.6%	
Restaurant	22.2	21.0	1.2	5.7%	
ZAP	22.0	20.9	1.1	5.3%	
TOTAL	155.8	147.9	8.0	5.4%	



Sales Tax

Comparative Purchasing Power

Sales Tax (\$M)	Most Recent 12 Months		Prerecession Peak 12 Months	<i>Recent* vs. Peak</i>	
	Actual	Adjusted for Inflation*			
County Option	53.2	47.0	49.6	<i>(2.5)</i>	<i>(5.1%)</i>
Transient Room	18.0	15.6	16.3	<i>(0.7)</i>	<i>(4.3%)</i>
Car Rental	12.4	11.0	11.3	<i>(0.3)</i>	<i>(2.6%)</i>
Restaurant	20.9	18.8	16.1	<i>2.7</i>	<i>17.1%</i>

* Adjusted for inflation using the West Urban CPI.

** Analysis excludes Local Option sales tax due to an annexation in 2014, and ZAP sales tax due to a change in tax base, making Y/Y comparisons difficult.



2016 New Growth Property & Sales Tax Revenue — General Fund & Related Funds

Fund (\$M)	Property Tax	Sales Tax	Total New Growth
General	1.24	3.23	4.47
Flood Control	0.06		0.06
Health	0.11		0.11
Planetarium	0.03		0.03
Capital Improvements	0.05		0.05
State Tax Admin	0.22		0.22
TRCC		2.15	2.15
ZAP		0.87	0.87
Total	1.71	6.25	7.96

* Does not include the Public Safety Rededicated Revenue of \$9.4M.



2016 New Growth Property & Sales Tax Revenue — All Funds

Fund (\$M)	Property Tax	Sales Tax	Total New Growth
General	1.24	3.23	4.47
Flood Control	0.06		0.06
Health	0.11		0.11
Planetarium	0.03		0.03
Capital Improvements	0.05		0.05
State Tax Admin	0.22		0.22
TRCC		2.15	2.15
ZAP		0.87	0.87
Governmental Immunity	0.02		0.02
Gov Immunity Unincorp	0.01		0.01
Library	0.36		0.36
Municipal Services		0.60	0.60
Visitor Promotion		1.10	1.10
Total	2.10	7.95	10.05

* Does not include the Public Safety Rededicated Revenue of \$9.4M.



Other Revenues



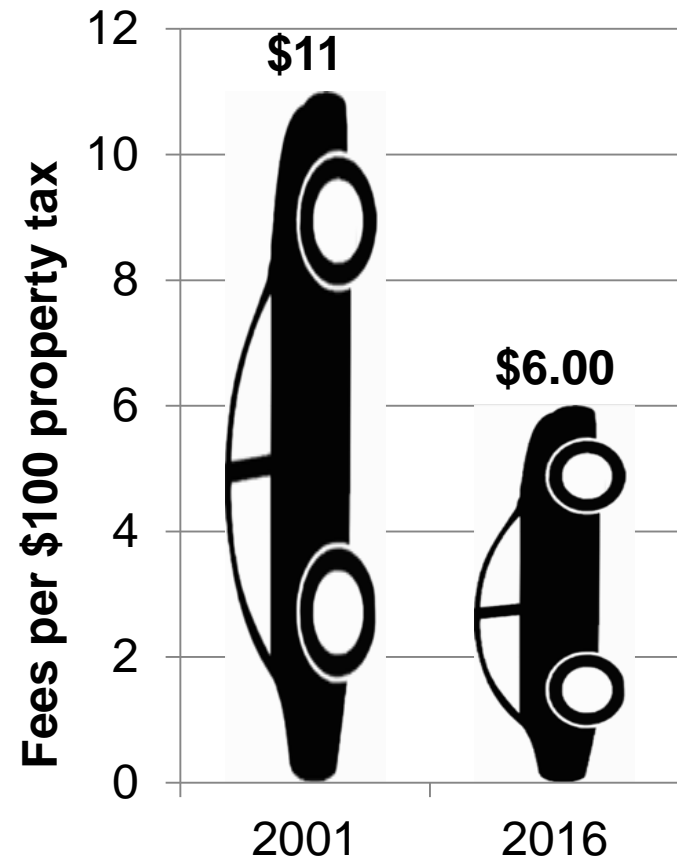
Motor Vehicle Fee-in-lieu of Property Tax

Fund (\$M)	2016	2015	<i>Change</i>	
	Budget	Budget		
General	7.99	7.47	0.52	6.9%
Flood Control	0.39	0.39	-	-
Health	0.66	0.66	-	-
Governmental Immunity	0.09	0.09	-	-
State Tax Admin	1.32	1.32	-	-
Capital Improvements	0.33	0.33	-	-
Clark Planetarium	0.18	0.16	0.02	14.1%
Gov Immunity Unincorp	0.03	0.03	-	-
Library	2.37	2.37	-	-
Bond Debt Service	1.78	2.25	(0.47)	(20.8%)
TOTAL	15.14	15.07	0.07	0.5%



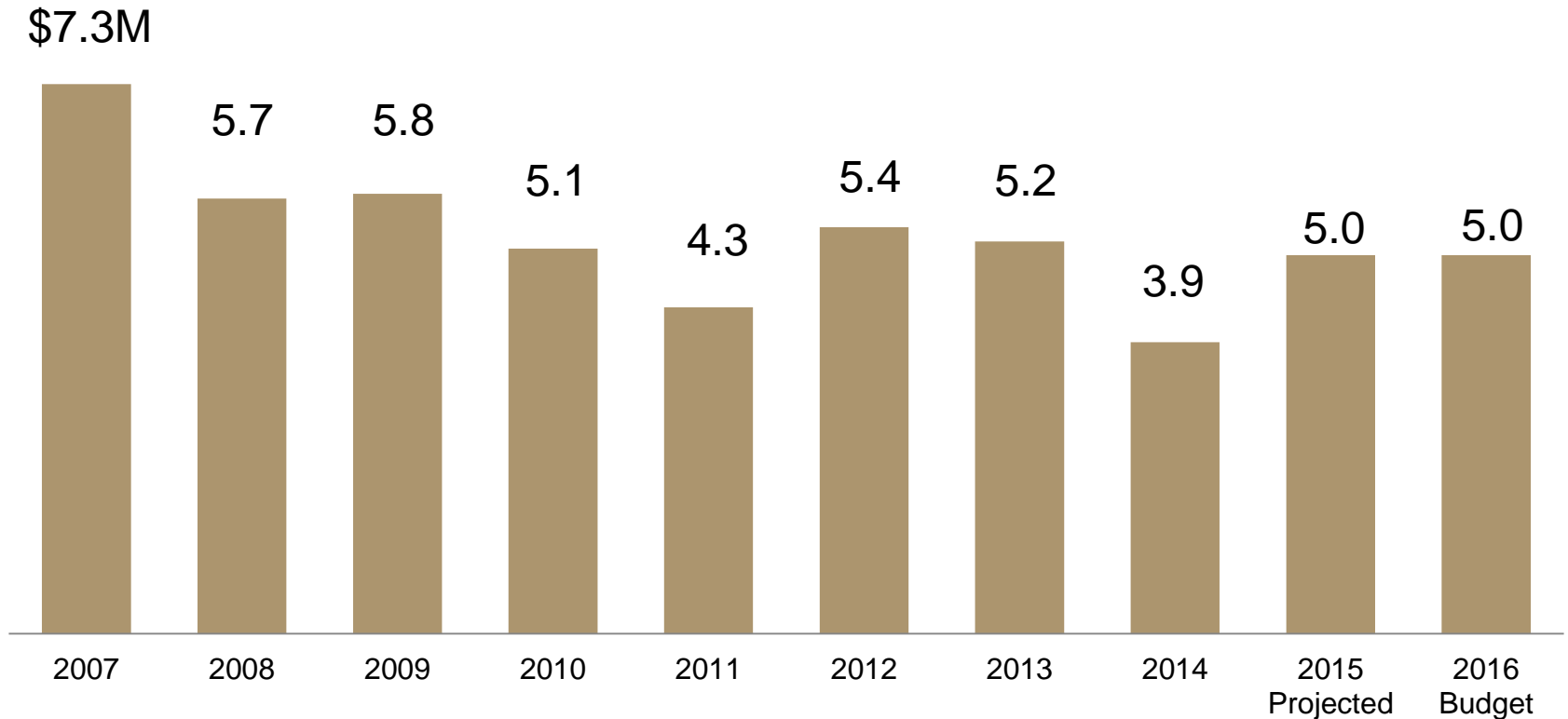
Structural and Economic Decline in Motor Vehicle Fees

- Age-based fee not increased for inflation
- Has decreased from \$11 per \$100 of property tax in 2001 to a projected \$6.00 per \$100 of property tax in the General Fund in 2016
- Will be consumed by inflation unless the legislature increases the fee schedule





Recorder Revenue Trend





Reserve Status at Tentative Budget Stage By Fund

Fund (\$M)	Ending Fund Balance	Minimum Reserve	<i>Excess or (Deficiency)</i>
General	14.0	30.8	(16.9)
Flood Control	1.2	0.6	0.6
Health	2.8	2.1	0.7
Planetarium	1.7	0.4	1.2
Municipal Services	(8.2)	3.0	(11.2)
Library	6.7	2.1	4.6
Tax Administration	1.6	1.4	0.2
TOTAL	19.8	40.5	(20.8)