

From: [Craig Quigley](#)
To: [Craig Quigley](#)
Subject: EXECUTIVE INSIGHT BRIEF | January 19, 2018
Date: Friday, January 19, 2018 6:15:02 PM
Attachments: [image001.png](#)

Ladies & Gentlemen, below please find this week's edition of *Executive Insight Brief* from The Roosevelt Group.

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EXECUTIVE INSIGHT BRIEF – JANUARY 19, 2018

WEEK IN REVIEW

Tuesday, January 16

- Former White House chief strategist Steve Bannon, who testified before the House Intelligence Committee on Tuesday, [was subpoenaed](#) last week by Special Counsel Robert Mueller to testify before a grand jury.
- The Justice Department [announced](#) it will ask the Supreme Court to overturn a lower court's ruling that partially revived the Deferred Action for Childhood Arrivals program.
- White House Physician Ronny Jackson [said](#) Trump is in "excellent" health and that he has "no concerns" about the president's cognitive ability.

Wednesday, January 17

- White House Chief of Staff John Kelly [reportedly told](#) lawmakers that the U.S. will never build President Trump's proposed border wall, and that some of his campaign promises were "uninformed."

- During an interview with Reuters, Trump [said](#) that Russia is hindering U.S. efforts to negotiate with North Korea, and that Pyongyang is getting “closer every day” to being capable of shooting a missile that would reach the U.S.
- North and South Korea [agreed](#) to march together under one flag at the opening ceremony of the Olympics in Pyeongchang, South Korea, next month.

Thursday, January 18

- Amazon [has released](#) a list of 20 possible locations for its second headquarters, including Austin, Boston, Columbus, Nashville, Toronto, and Washington DC.
- Bitcoin rallies more than 30%, topping \$12,000 after a sharp [sell-off](#) between Monday and Wednesday.
- Facebook has [agreed](#) to begin ranking news sources by quality to help battle misinformation on social media.

Friday, January 19

- Earlier today, Senator Chuck Schumer of New York, the Democratic leader, wrapped up a closed-door meeting with President Trump at the White House, with [no imminent deal](#) to avert a shutdown. If lawmakers fail to reach an agreement on some kind of spending bill, the government will partially shut down at 12:01am on Saturday.
- [Immigration](#) is the largest area of contention, with Democrats demanding protections for “Dreamers,” and Republicans insisting that government funding not be tied to immigration.
- Defense officials agree that a failure to pass a budget will fundamentally affect the military’s readiness. On Thursday, Speaker of the House Paul Ryan [linked](#) the lack of consistent funding to training accidents and the deaths of 80 service members last year.
- For more information about a shutdown and answers to frequently asked questions, click [here](#).
- While everyone was focused on the potential shutdown, the Pentagon [released](#) the National Defense Strategy. Mattis’ top priority? Stay ahead of China and Russia.

LOOK AHEAD

Assuming the government averts a shutdown, the following events are

taking place on Capitol Hill next week:

Tuesday, January 23

- **OVERSIGHT HEARING:** The Senate Committee on Energy and Natural Resources holds a hearing titled, "[Hearing to Examine the Performance of the Electric Power System Under Certain Weather Conditions.](#)"
- **PUBLIC HEALTH HEARING:** The Senate Committee on Health, Education, Labor and Pensions holds a hearing titled, "[Facing 21st Century Public Health Threats: Our Nation's Preparedness and Response Capabilities, Part 2.](#)"

Wednesday, January 24

- **HOMELAND SECURITY HEARING:** The Senate Committee on Homeland Security and Governmental Affairs holds a hearing titled, "[Reauthorizing DHS: Positioning DHS to Address New and Emerging Threats to the Homeland.](#)"
- **OVERSIGHT HEARING:** The Senate Budget Committee holds a hearing titled, "[CBO Oversight Hearing.](#)"

Thursday, January 25

- **EDUCATION HEARING:** The Senate Committee on Health, Education, Labor and Pensions holds a hearing titled, "[Reauthorizing the Higher Education Act: Access and Innovation.](#)"

From: [Craig Quigley](#)
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Subject: Executive Insight Brief | January 26, 2018
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EXECUTIVE INSIGHT BRIEF – JANUARY 26, 2018

WEEK IN REVIEW

Monday, January 22

- At a Center for Strategic Studies panel, Pentagon experts [blamed](#) unpredictable spending for a shrinking defense industrial base and the stagnation of research and development on new technologies.
- The federal government remained closed after shutting down at 12:01 am on Saturday. The Washington Post analyzes the lessons learned [here](#).

Tuesday, January 23

- A three-day shutdown of the federal government came to an [end](#) after Senate Democrats accepted an offer from Senate Majority Leader Mitch McConnell to pass a continuing resolution funding the government and the Children's Health Insurance Program, while postponing debate on

immigration legislation. The Senate voted 81-18 to pass the bill, which later passed in the House.

- The U.S. Army [announced](#) plans to send 1000 additional troops to Afghanistan as part of a new combat team, the Security Force Assistance Brigade.

Wednesday, January 24

- The Senate [confirmed](#) Jerome Powell as the new Chair of the Federal Reserve. He is expected to follow the policies of outgoing Chair Janet Yellen.
- It was [reported](#) that Attorney General Jeff Sessions was interviewed by Special Counsel Robert Mueller as part of the ongoing Russia investigation.
- The former doctor for the U.S. Gymnastics team, Larry Nassar, was [sentenced](#) to 175 years in prison after more than 150 women accused him of sexual abuse.

Thursday, January 25

- Former Secretary of State Henry Kissinger [testified](#) in front of the Senate Armed Services Committee, warning that if the U.S. and China allowed North Korea to keep its nuclear weapons, other countries will seek to obtain them.
- Senate Judiciary Chairman, Chuck Grassley, [announced](#) he will release transcripts of the Committee's interview with Donald Trump Jr. about the 2016 meetings at Trump Tower.

Friday, January 26

- President Trump [addressed](#) the World Economic Forum in Davos, saying that an "America First" policy is not the same as "America alone." Watch the entire speech [here](#).
- The New York Times [reported](#) that President Trump sought to have Special Counsel Mueller fired last June, only backing down after the White House counsel threatened to resign.
- Steve Wynn, casino billionaire and RNC finance Chair, is accused of sexual misconduct by former employees, the Wall Street Journal [reports](#).
- Additionally, [reports](#) show Hillary Clinton protected a top staffer accused of sexual harassment during her 2008 presidential campaign.

LOOK AHEAD

Tuesday, January 30

- **MILITARY READINESS HEARING:** The House Armed Services Committee holds a hearing titled, "[Readying the US Military for Future Warfare.](#)"
- **CYBER SECURITY HEARING:** House Small Business Committee holds a hearing titled, "[Small Business Information Sharing: Combating Foreign Cyber Threats](#)"
- **NORTH KOREA HEARING:** The Senate Armed Services Committee holds a hearing titled, "[Situation on the Korean Peninsula and U.S. Strategy in the Indo-Pacific Region](#)"
- **HOMELAND SECURITY HEARING:** The House Homeland Security Committee holds a hearing titled, "[Securing Our Surface Transportation Systems.](#)"

Hampton Roads Economic Monthly

Hampton Roads 2018 Economic Forecast

by Greg Grootendorst, Chief Economist, James Clary, Senior Economist and Beth Vandell Program Support Specialist

It has now been over a decade since Hampton Roads first began to feel the effects of the Great Recession. In the first three years following the recession, the region lost 48,000 civilian jobs and 11,000 military personnel. The region remains well below pre-recession employment levels, down 17,600 civilian employees and 24,400 military personnel.

The Hampton Roads economy has struggled to gain footing in recent years as ongoing uncertainty in Washington, D.C. has exacerbated the impact of reduced federal expenditures and cuts to the region's military personnel. As a result, private sector civilian job growth has experienced a slow recovery and remains 1.9 percent below its pre-recession peak.

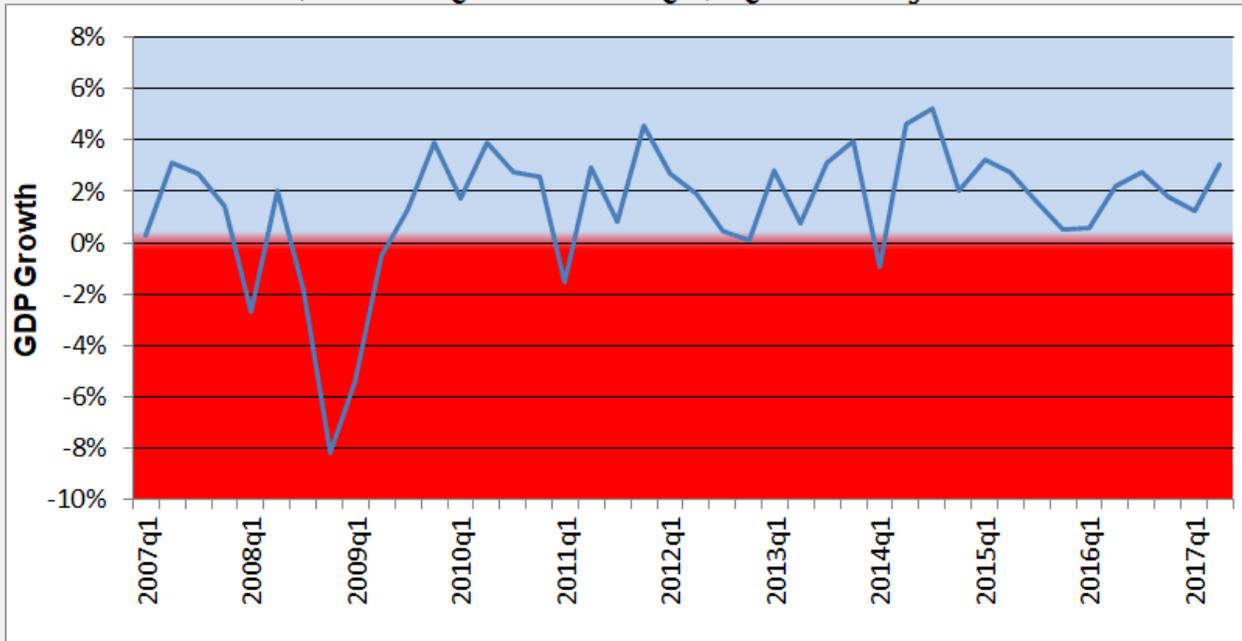
While regional economic headwinds will persist into 2018, we expect the Hampton Roads economy to continue to expand at a moderate pace of 1.3 percent. Continued growth in the national economy, stronger consumer expenditures, and low energy prices will yield growth for the region's economy, albeit at a tepid pace.

Changing priorities in Washington could have a significant impact on the region in coming years, especially in 2019 and beyond. Commitments to the Norfolk Naval Shipyard and to Newport News Shipbuilding bode well for longer-term employment growth in Hampton Roads. In the meantime, labor force expectations remain conservative, with expected civilian employment growth at 1 percent.

Hampton Roads 2018 Economic Forecast

	2017 (Year to Date)	2018 Forecast
U.S.		
Real GDP	2.3%	2.8%
Interest Rates		
Short Government Rates	1.0%	1.8%
Long Government Rates	2.3%	2.8%
Hampton Roads		
Gross Product	NA	1.3%
Civilian Employment	-0.3%	1.0%
Unemployment Rate	4.3%	4.2%
Retail Sales	2.8%	2.7%
Auto and Truck Sales	-5.1%	-1.8%
Value of Single-Family Residential Building Permits	16.2%	2.0%

GDP, Annualized Growth Rate United States, 2007Q1 - 2017Q2, Quarterly

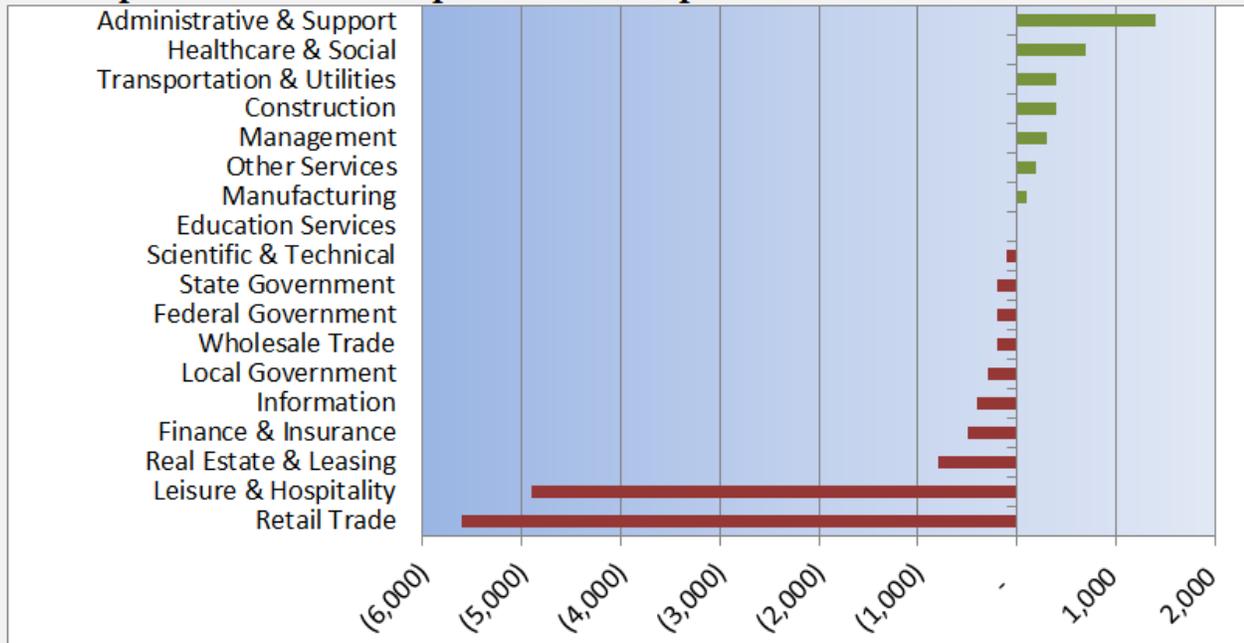


Source: Bureau of Labor Statistics, HRPDC

GDP: Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. GDP growth increased in the second quarter to 3.0%, from 1.7% in the first quarter of 2017.

The most important news for Hampton Roads results from a 4.7% expansion in national defense expenditures between the first and second quarter. Additionally, personal consumption expenditures continued to strongly expand.

Employment Growth by Industry Hampton Roads, Sep 2016 – Sep 2017, Year-over-Year



Source: Bureau of Labor Statistics, HRPDC

Employment Growth by Industry: As the job market grows or declines, there will be some industries whose experience does not resemble the regional trend. Regional employment in retail trade and leisure & hospitality have declined precipitously year-over-year according to the employment data released by the Bureau of Labor Statistics; however, these lower levels of employment do not align with strong retail sales seen over the summer.

Employment, Seasonally Adjusted Hampton Roads, Jan 2007 - Sep 2017, Monthly

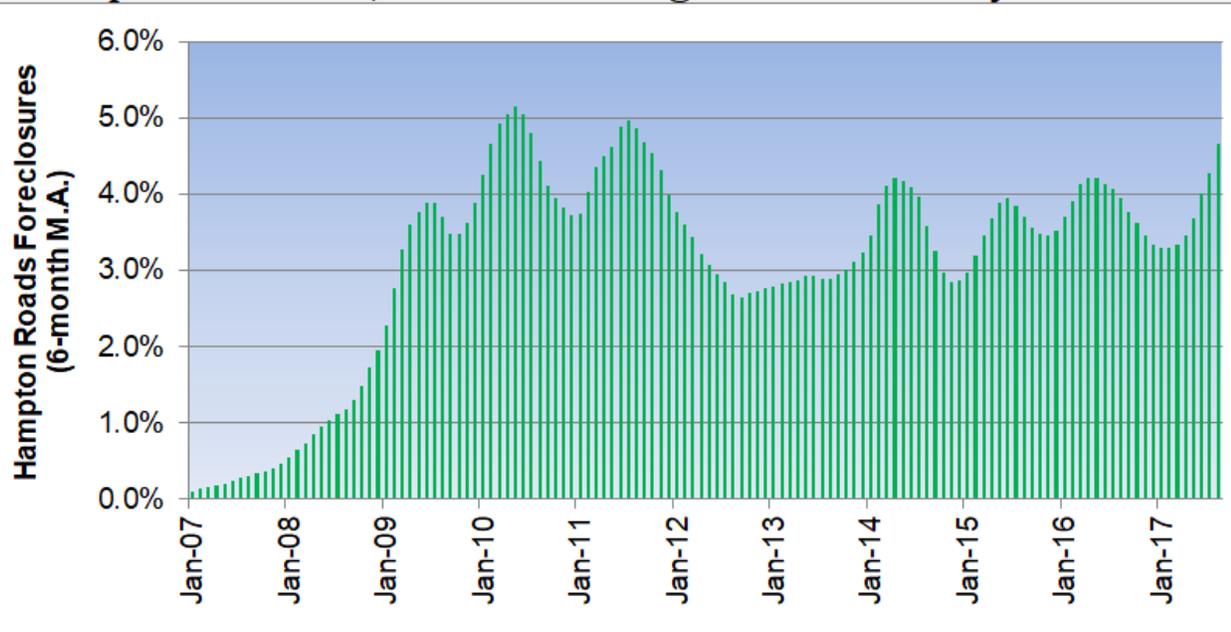


Source: Bureau of Labor Statistics. HRPDC

Employment: Non-agricultural civilian employment figures are considered the best estimate of labor market activity by the National Bureau of Economic Research. Regional civilian employment fell to 765,600 in September 2017 from 768,800 in August, and a decline of 11,700 jobs since September 2016 (-1.2%). Over the same time period, the state added 42,400 jobs, an increase of 1.1%.

Foreclosures

Hampton Roads, Jan 2007 – Aug 2017, Monthly

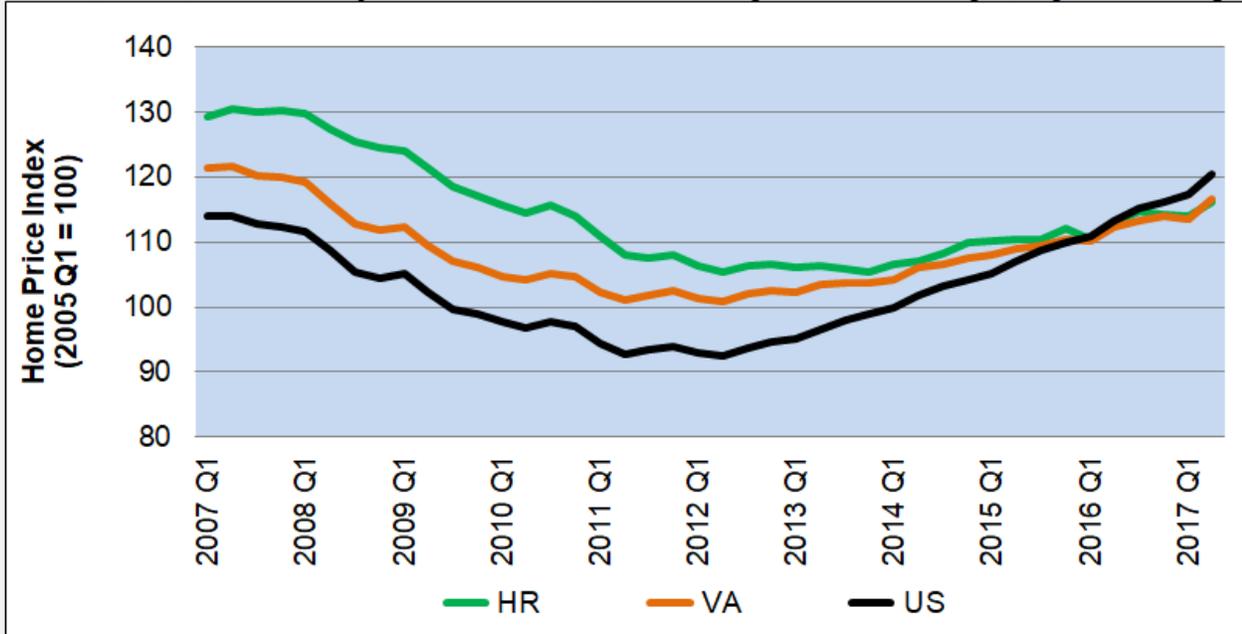


Source: RealtyTrac, HRPDC

Foreclosures: Foreclosures have a significant impact on the real estate market and the community, and depress home values on both a neighborhood and regional level. Distressed homes' share of total sales has particularly been shown to have an impact on the sale price of existing homes. During the housing boom, foreclosures were a negligible part of the local real estate market, but rose to 5.0% of all sales in July 2011. Distressed sales increased to 4.7% of all Hampton Roads existing home sales in August 2017 from 3.3% in March.

Home Price Index, All Transactions

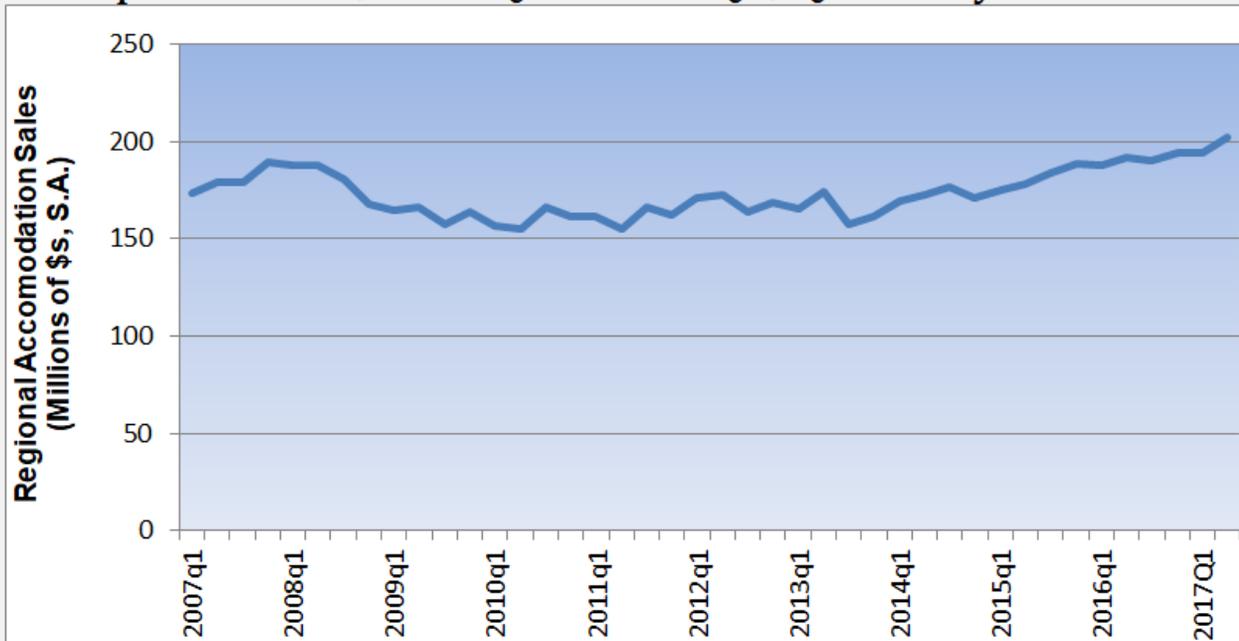
U.S., VA., & Hampton Roads, 2007Q1 - 2017Q2, Quarterly



Source: Federal Housing Finance Agency, HRPDC

Home Price Index: The home price index measures the value of homes by evaluating changing price levels through repeated sales of properties. The index provides the highest quality data available on the trends in the real estate market. Hampton Roads' home prices increased in the second quarter of 2017, and are 2.86% above the price levels last year, though this growth rate was below that of the nation and the state.

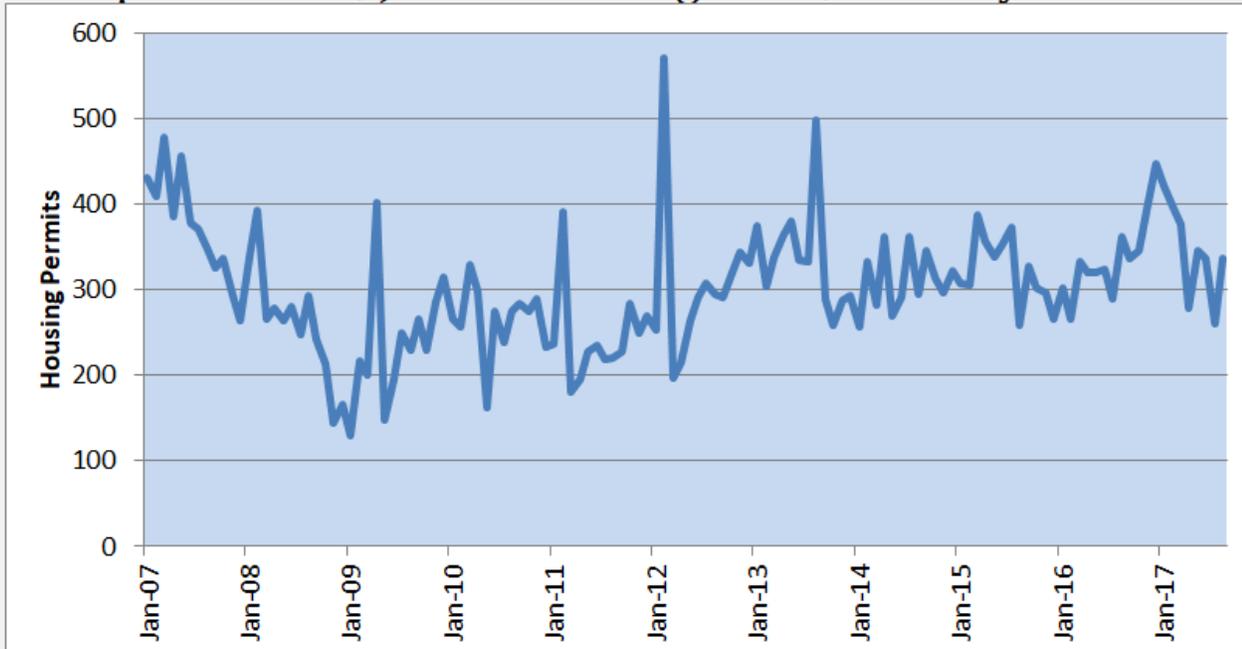
Taxable Accommodation Sales, Seasonally Adjusted Hampton Roads, 2007Q1 - 2017Q2, Quarterly



Source: Virginia Department of Taxation. HRPDC

Taxable Accommodation Sales: Hotel sales indicate the performance of the region's tourism sector. Tourism significantly contracted during the Great Recession and has been following a slow steady growth trend ever since. Seasonally adjusted hotel sales increased significantly in the third quarter of 2017, reaching \$202M (3.9%).

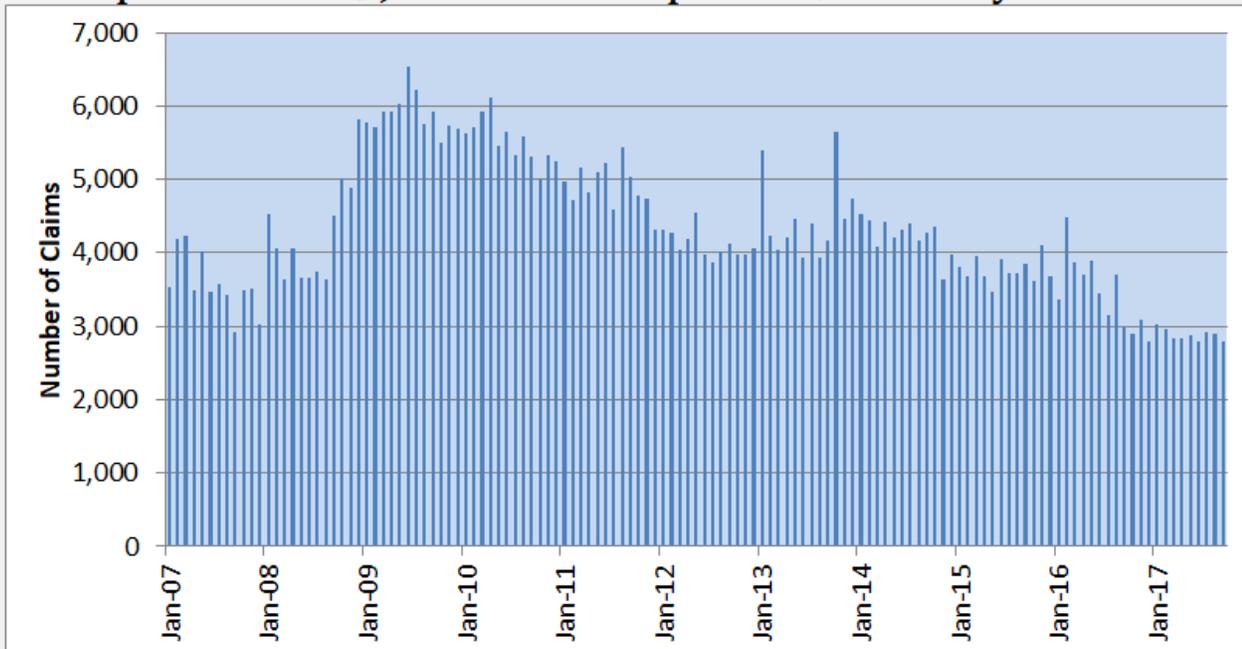
Single Family Housing Permits, Seasonally Adjusted Hampton Roads, Jan 2007 – Aug 2017, Monthly



Source: U.S. Census Bureau

Single Family Housing Permits: Permit data signals the level of construction employment and confidence regarding the future trajectory of the local economy. Single family permits popped up to 336 in August 2017, after declining to 260 in July (seasonally adjusted). The region continues to lag below the long-term average of 453 single family permits per month.

Initial Unemployment Claims, Seasonally Adjusted Hampton Roads, Jan 2007 – Sep 2017, Monthly



Source: Virginia Department of Labor, HRPDC

Initial Unemployment Claims: The number of Initial Unemployment Claims is a leading economic indicator, reflecting those who are forced to leave work unexpectedly, and thus revealing the strength of the job market with little lag time. The region's initial unemployment claims inched down to 2,789 in September 2017. Regional Claims have fallen to their lowest level since Dec 2016, and fourth lowest in the history of the region.

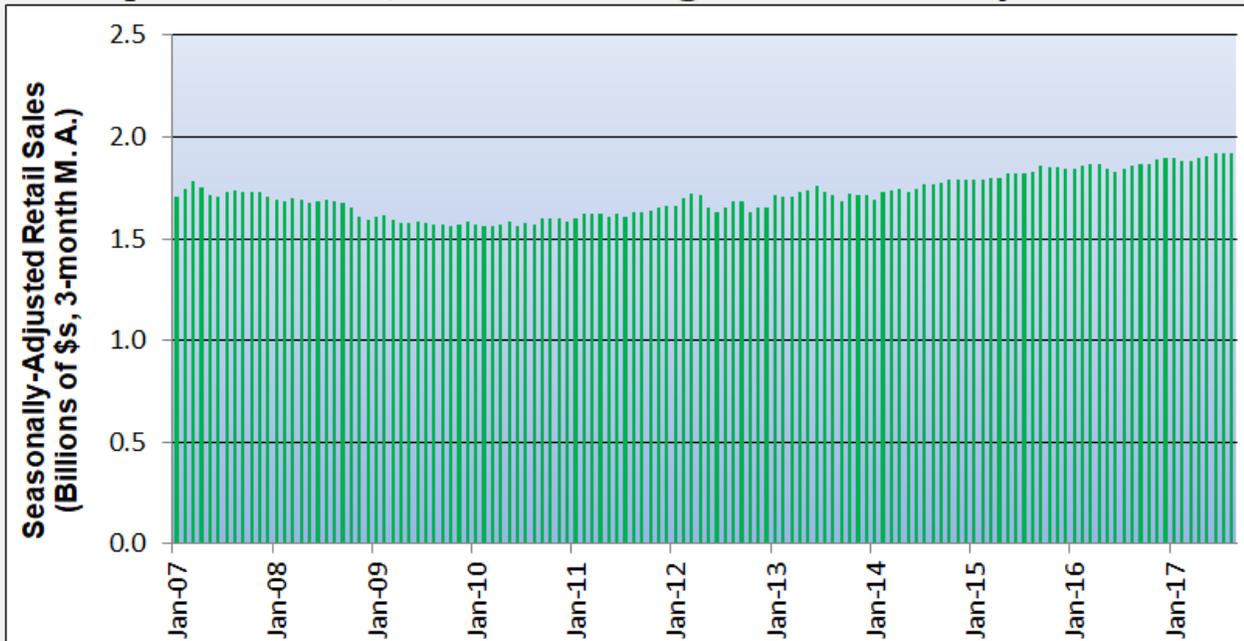
New Car Sales, Seasonally Adjusted Hampton Roads, Jan 2007 - Sep 2017, Monthly



Source: Virginia Automobile Dealers Association, HRPDC

New Car Sales: Car sales, as a durable good, may be put off until individuals' economic prospects improve; thus, the number of new car sales indicate the level of confidence that households in Hampton Roads have in their financial future. Car sales declined slightly in September, falling by 200 vehicles per month, but remain slightly above the region's long-term average.

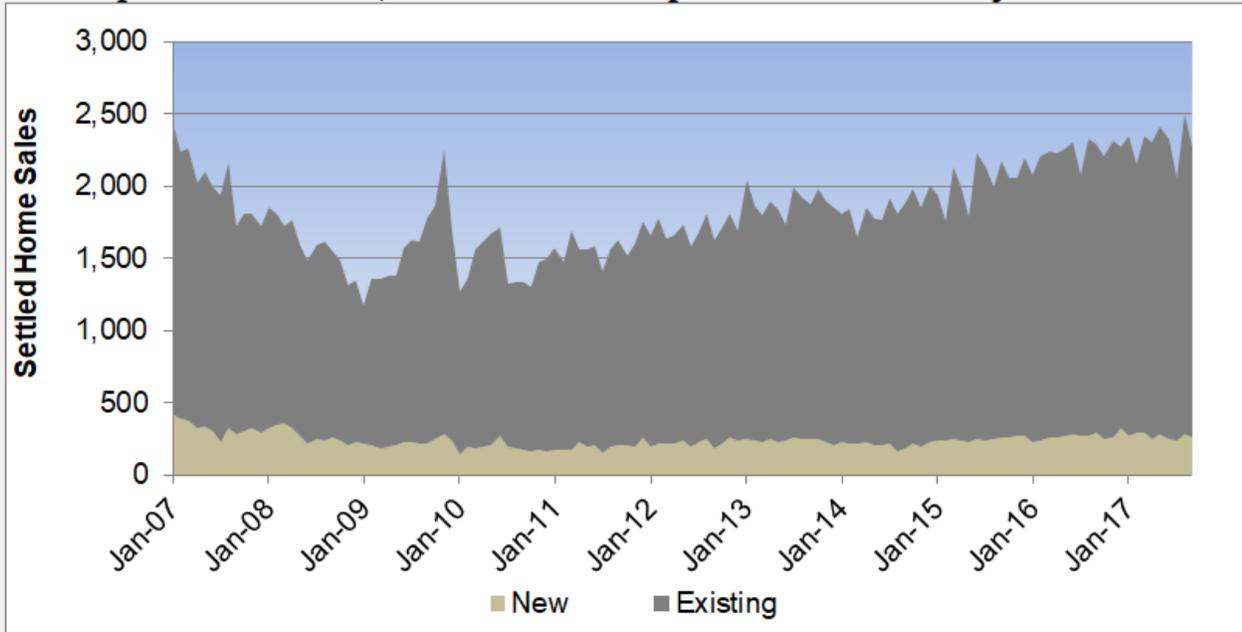
Retail Sales, Year over Year Growth Hampton Roads, Jan 2007 - Aug 2017, Monthly



Source: Virginia Department of Taxation, HRPDC

Retail Sales: Retail Sales in Hampton Roads, as measured by the 1% local option sales tax, serve as an indicator for consumption in the region. Hampton Roads' taxable monthly sales totaled \$1.92B in August of 2017 (seasonally adjusted), the third consecutive month at this level. August sales were 2.2% above 2016 sales, and if this growth continues into the fall and winter, would provide an excellent catalyst for regional expansion.

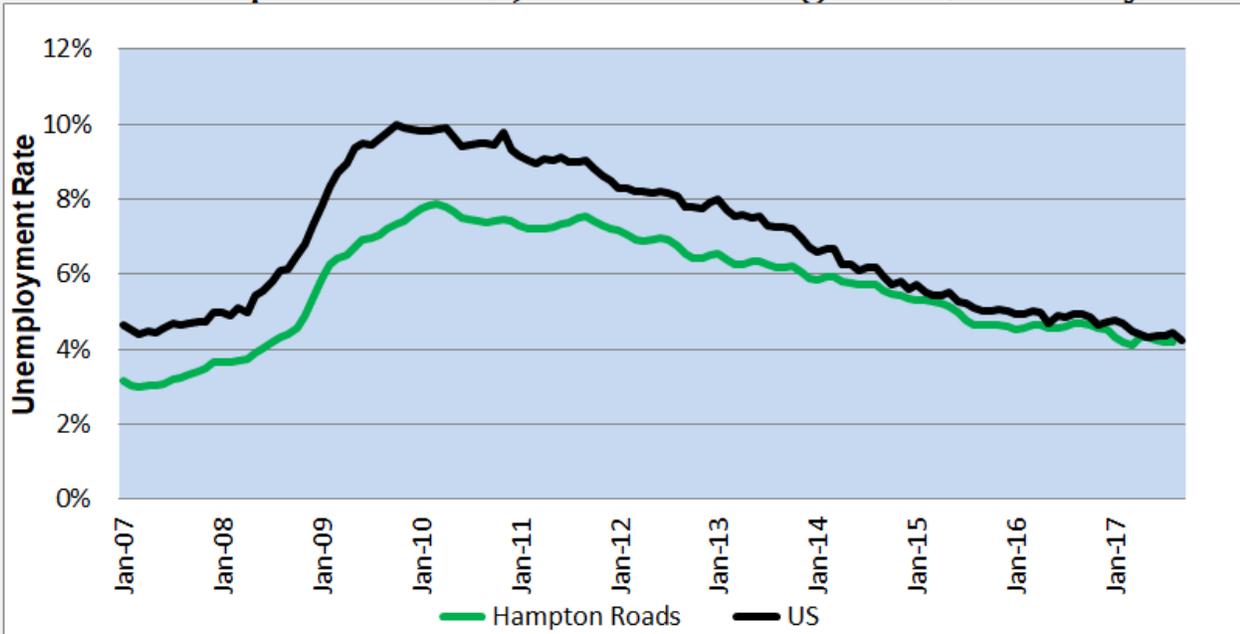
Number of Homes Sold, Seasonally Adjusted Hampton Roads, Jan 2007 – Sep 2017, Monthly



Source: REIN, HRPDC

Home Sales: Settled home sales measure the level of transactions on the real estate market over time, and a healthy real estate market should have a consistent level of activity. Existing home sales decreased to 2,005 in September 2017, in line with the recent trend of approximately 2,000 per month. New home sales edged down to 263 per month from 278 in August, in line with the recent trend of 250-260 sales per month.

Unemployment Rate, Seasonally Adjusted U.S. & Hampton Roads, Jan 2007 - Aug 2017, Monthly



Source: Bureau of Labor Statistics, HRPDC

Unemployment Rate: The unemployment rate is the percentage of the population actively seeking work, but unable to obtain a position. Hampton Roads' unemployment rate came in at 4.20% in August 2017, the third consecutive month at this level. Over the past six months there has not been sustained change in either the size of the regional labor force or in the number indicating that they are employed.

Notes on the Hampton Roads Recruit Fire Academy

The York County Department of Fire and Life Safety was proud to have seven personnel graduate as part of the Hampton Roads Recruit Fire Academy #1 on January 8, 2018. (See WYCG Program Notes on next page.)

For many years (approaching almost 40), fire departments throughout Hampton Roads have collaborated on providing our new “recruit” firefighters their initial basic training in a cooperative fashion. Some departments trained as part of the “Tidewater Regional Fire Academy” (TRFA), and some departments trained as the “Southside Regional Fire Academy” (SRFA). Both have been done in a cooperative manner with little or no funding crossing jurisdictional lines, but they are made possible through the sharing of personnel resources (i.e., instructors, etc.) and equipment resources (i.e., typical firefighting apparatus and equipment).

These programs have been recognized across the country as models of excellent regional cooperation and collaboration. They are also unique in that there is not one location where they are conducted because the programs operate under a distributed program concept whereby the department overseeing a particular class may provide the facility(ies) and/or work out arrangements to share at other facilities. This arrangement has proven to work very well. These programs have offered the critical firefighting skills and a physical fitness regimen which results in personnel being sufficiently trained to begin their firefighting career (essentially a “boot camp” for firefighters). While mentally/academically challenging and physically demanding, these programs have historically provided some of the best prepared firefighters in the country.

After long-standing collaboration among the various fire departments in Hampton Roads in the provision of the TRFA and SRFA programs, and the fact that the curriculums were very similar, the Fire Chiefs throughout Hampton Roads (under the auspices of the Hampton Roads Fire Chiefs Association) decided to establish one standard curriculum. Beginning in September of 2017, the programs (some of which may be being taught simultaneously at various locations) would be known as the “Hampton Roads Recruit Fire Academy” (HRRFA).

This particular graduation, as highlighted in the WYCG program, captures the culmination of the first HRRFA (HRRFA #1). Coincidentally, HRRFA #2, 3, 4, 5, and 6 are currently ongoing at various locations throughout the region with anticipated graduations at various dates in upcoming months. York County has 5 personnel in HRRFA #5 (with an assigned Lieutenant from York County and being managed out of Hampton). This “academy” (HRRFA #5) started in January and will graduate in May.

Stephen P. Kopczynski
Fire Chief, County of York
February 1, 2018



Now Airing
on WYCG-TV

Cox Ch. 46
Verizon Ch. 38

Hampton Roads Recruit Fire Academy #1 Graduation Ceremony

On Air Every Day at 10am, 3pm and 9:15pm*



The newly formed Hampton Roads Recruit Fire Academy held graduation ceremonies on January 8th in Newport News. Seven of these new recruits are joining York County Fire and Life Safety with the rest headed to Newport News and James City County. Watch as they are admired for their hard work and take the Firefighter's Oath to start their new careers.

HRRFA #1 Graduation Ceremony airs daily on WYCG-TV (Cox 46/Verizon 38) and is easily accessed from your desktop or mobile device at yorkcounty.gov/tv and on [You Tube](https://www.youtube.com)

**In addition to these times, program also airs at various other times throughout the schedule*

*Stay Tuned for More New Programs
Coming Soon*

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