



Economic Outlook – July 2021

Avenu in partnership with the UCLA Anderson Forecast collaborates to provide both micro and macro level views of the economic health of California at the state and local levels.

The following economic information has been provided by our colleagues at UCLA Anderson Forecast.



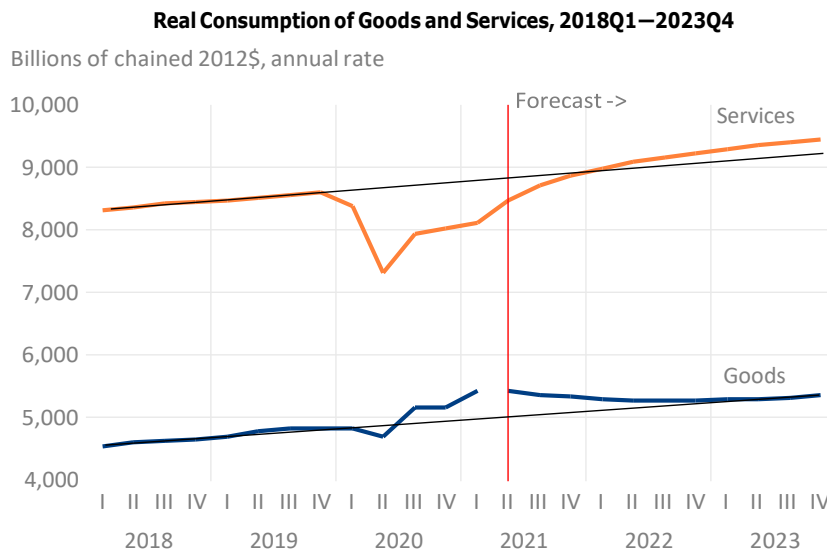
Economic Update:

The [July 2021 forecast](#) remains optimistic but also acknowledges the historical reality that economic recoveries are never smooth, and that ups and downs in the data that inform such predictions are to be expected.

The June forecasts for the United States and California still anticipate a robust recovery. The forecasts include moderately higher inflation in the short term, housing and services driving the recovery and employment levels recovering to previous peaks over the coming year, but some sectors not recovering until much later.

National Forecast:

- The U.S continues to make progress on vaccination distribution; decreasing numbers of COVID-19.
- Nearly a full economic reopening will occur by early July.
- The faster growth in services consumption reflects a release of pent-up demand for leisure and hospitality, recreation, and deferred health care.

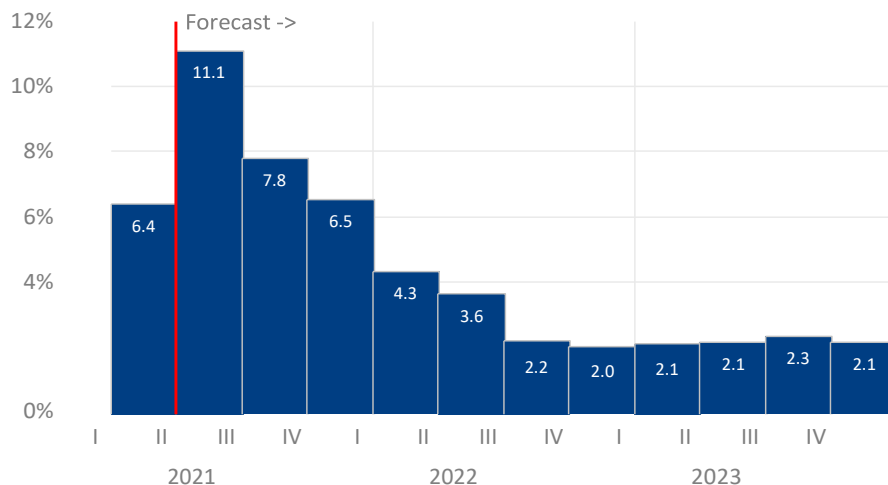


Source: U.S. Bureau of Economic Analysis and UCLA Anderson Forecast.

National Forecast Cont.

- Slower growth in goods consumption indicates satiation after a year of above-average goods purchases and a shift in household spending to experiences.
- With the easing of supply constraints, continued strength in motor vehicle purchases is expected. Owing to a strong housing market, purchases of furniture and appliances are also expected to grow.
- The national forecast calls for moderately higher inflation through 2021 as the economy transitions from the pandemic and supply catches up to demand.
- Current surge in inflation to be transitory, anticipate moderately higher inflation by 2023 than was seen during the past decade.
- The next three years will feature strong GDP growth, a robust employment recovery, faster wage growth and higher labor productivity.
- The nation will surpass the pre-pandemic peak of real GDP in the second quarter of 2021 and will surpass the pre-pandemic GDP trend by the fourth quarter of 2021.
- The next several years will feature rising productivity. The rising wages associated with a labor shortage will be matched by rising labor productivity, meaning that unit costs will remain fairly constant during the next two years.

Quarterly Real GDP Growth, Seasonally Adjusted Annual Rate, 2021Q1–2023Q4

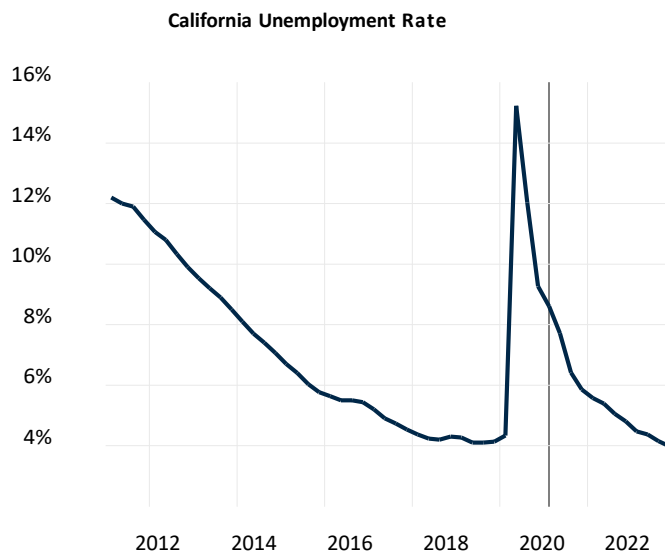


Source: U.S. Bureau of Economic Analysis and UCLA Anderson Forecast.



California Forecast:

- The COVID-19 pandemic continues to cast a shadow over the California forecast.
- The state begins its economic reopening, a clearer, though still uncertain, picture emerges.
- A drop in the number of new cases from the latest peak, suggests a reduced economic impact of the pandemic in 2021.
- Uncertainties over national immigration policy, the potential for domestic out-migration, the future of remote work and the impact of California's comparatively stringent pandemic mitigation measures are key to the growth and prosperity of the state.
- Currently, the state has the lowest infection rate in the nation, but California's 8.3% unemployment rate, compared with the 6.8% national rate, indicates that high unemployment remains a recovery constraint.
- Recovery will also occur faster in residential construction...relative to demand driving new construction.
- The unemployment rate for the second quarter of 2021 is expected to be 7.7%, with the average rates in 2021, 2022 and 2023 anticipated to be 7.1%, 5.2% and 4.3%, respectively. The total employment growth rates in 2021, 2022 and 2023 are forecast to be 5.3%, 4.0% and 2.2%, respectively.



Source: U.S. Bureau of Economic Analysis and UCLA Anderson Forecast.

- Non-farm payroll jobs are expected to grow at rates of 2.6%, 5.4% and 2.2% during the same three years.
- Counties with a higher fraction of residents with broadband access tend to have stronger labor market outcomes. They also found that such counties tend to have more online microbusinesses and that the presence of these businesses correlates with better labor market outcomes.



Quarterly Report on Sales Tax and Business Activity

1st Quarter 2021 in Review

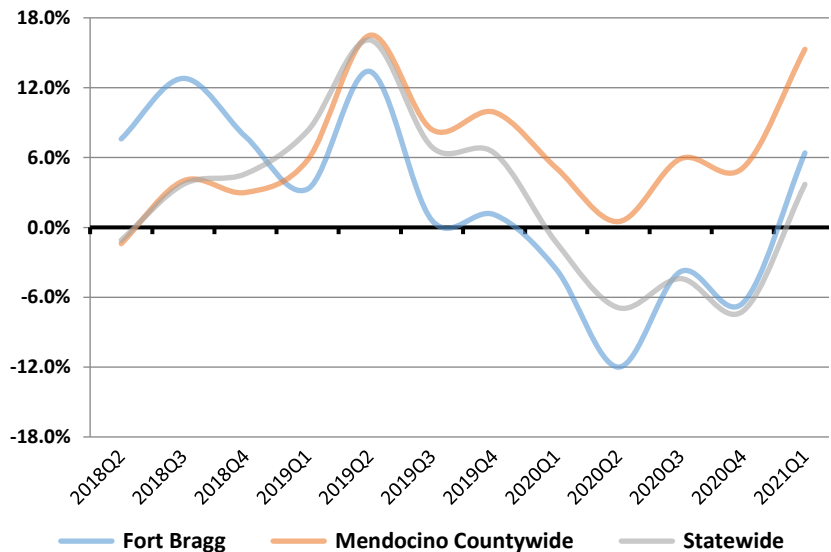
California sales tax cash receipts increased by 33.8% from the same quarter last year. In this jurisdiction sales tax cash receipts increased by 47.7% from the same quarter last year due to a increase of \$14,482,000 in Taxable Sales.

Top 25 Sales Tax Remitters

- ARCO AM/PM MINI MARTS
- CANCLINI TV & APPLIANCE
- CHEVRON SERVICE STATIONS
- CVS/PHARMACY
- DOLLAR TREE STORES
- GEO AGGREGATES
- HARVEST MARKET
- KEMPPE LIQUID GAS
- MCDONALD'S RESTAURANTS
- MENDO MILL & LUMBER COMPANY
- MENDOCINO COUNTY HORTICULTURE SUPPLY
- O'REILLY AUTO PARTS
- PURITY SUPERMARKET
- REDWOOD COAST FUELS
- RINO SERVICE STATIONS
- RITE AID DRUG STORES
- ROSSI BUILDING MATERIALS
- SAFeway STORES
- SINCLAIR SERVICE STATIONS
- SPORT CHRYSLER-JEEP-DODGE
- TACO BELL
- THE BREWERY SHOP
- TRUE VALUE HARDWARE
- TWO SHORT SALES
- US CELLULAR

Cash Receipts	Quarter	Annual
Fort Bragg	47.7%	6.4%
Mendocino Countywide Pool	42.4%	44.4%
Mendocino Countywide	42.8%	15.3%
North Coast Region	38.2%	13.5%
Statewide	33.8%	3.7%

Annualized Percent Change in Sales Tax Cash Receipts



Business Activity

	Fort Bragg		North Coast		California	
	Quarter	Annual	Quarter	Annual	Quarter	Annual
General Retail	13.0%	-4.0%	22.4%	4.2%	5.4%	-16.8%
Food Products	2.1%	-8.1%	-42.8%	-34.9%	-20.3%	-29.9%
Transportation	4.2%	-16.3%	15.7%	-0.4%	-1.0%	-16.5%
Construction	15.1%	8.6%	11.6%	10.8%	-5.4%	-2.6%
Business To Business	10.9%	-15.0%	-0.8%	-4.9%	-12.7%	-15.6%
TOTAL LOCAL BUSINESS ACTIVITY	7.5%	-6.8%	-0.5%	-7.0%	-6.6%	-18.0%
COUNTYWIDE POOL ACTIVITY	47.3%	33.9%	39.2%	39.6%	33.7%	32.2%

City of Fort Bragg



News

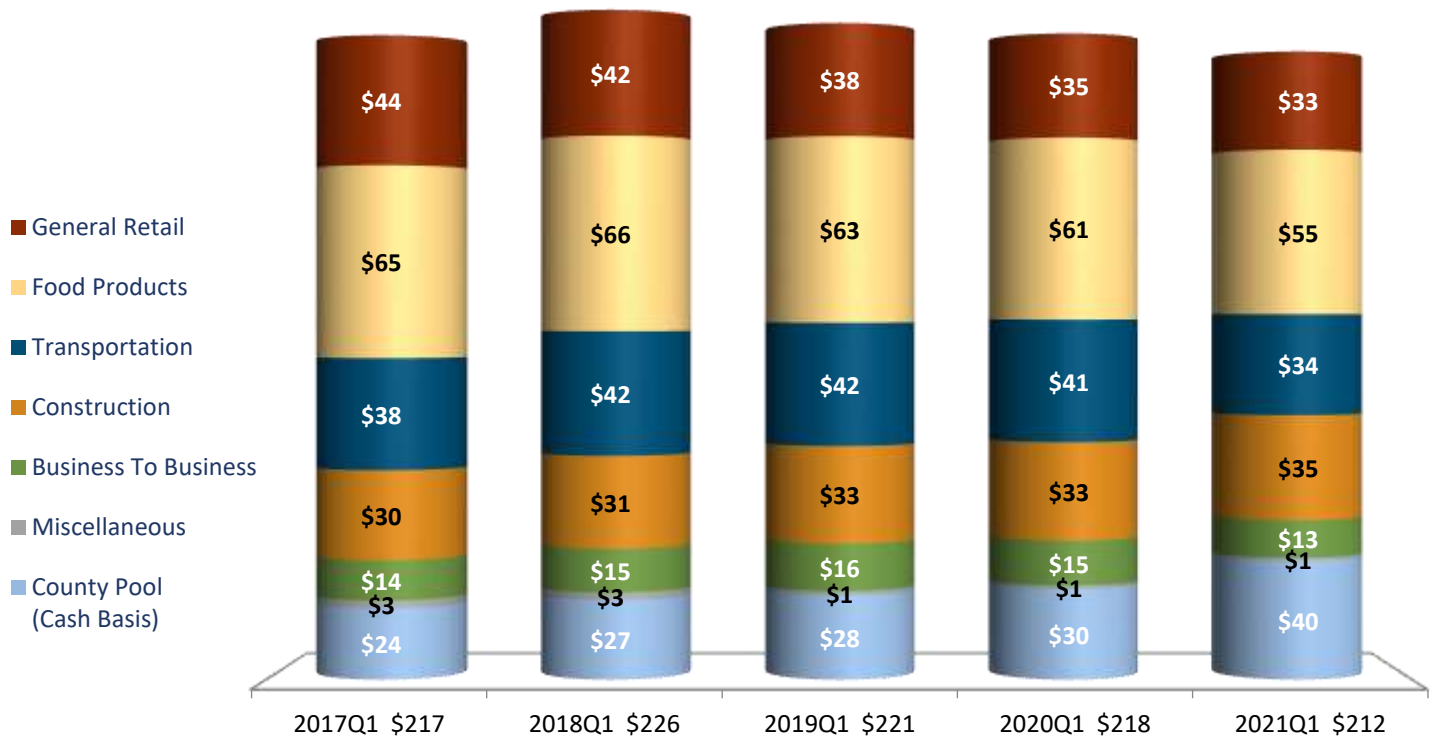
- Economic Activity:** Real Gross Domestic Product (GDP) increased at an annual rate of 6.4% in the first quarter of 2021, reflecting the increasing pace of economic recovery, reopening of establishments, and continued government stimulus response related to the COVID-19 pandemic. (BEA, April 2021)
- Employment:** The U.S. unemployment rate fell from 6.3% in January to 6.2% in February 2021, remaining 2.7% higher than a year ago. There were 4.2 million fewer Americans in the labor force in February 2021 than in February 2020. California's unemployment rate decreased to 9.0% in January, down from 9.3% in December, but 4.7% higher than February 2020's pre-pandemic rate of 4.3%. (Finance Bulletin, March 2021)
- Personal Income:** U.S. personal income increased by 5.2% in the first quarter of 2021, compared to same quarter previous year. This increase was after a 4.0% growth in the fourth quarter 2020. The increase in personal income for the first quarter of 2021, was due to the surge of government social benefits to persons by \$950 Billion dollars. (BEA, April 2021)

Fort Bragg

Annual Per Capita Sales Tax

Adjusted for Inflation

(Constant 2017 \$)



NORTH COAST: Quarterly Comparison of 2020Q1 and 2021Q1 (January through March Sales)

	General Retail	Food Products	Transportation	Construction	Business To Bu:	Miscellaneous	Jan - Mar 2021 (2021Q1)	Jan - Mar 2020 (2020Q1)	% Chg	Gain	Gain	Decline	Decline
LAKE COUNTY													
LAKEPORT	41.1%	3.5%	3.2%	4.6%	5.3%	12.9%	260,414	235,444	10.6%	Miscellaneous Retail	Restaurants	Food Markets	Leasing
MENDOCINO COUNTY													
FORT BRAGG	13.0%	2.1%	4.2%	15.1%	10.9%	-15.7%	345,354	321,125	7.5%	Bldg.Matls-Retail	Miscellaneous Retail	Food Markets	Bldg.Matls-Whsle
UKIAH	19.0%	1.8%	18.3%	9.2%	17.9%	5.8%	1,455,912	1,274,662	14.2%	Department Stores	Auto Sales - New	Food Processing Eqp	Liquor Stores
WILLITS	24.6%	-0.1%	11.5%	27.8%	80.8%	-22.0%	342,163	288,032	18.8%	Heavy Industry	Bldg.Matls-Retail	Bldg.Matls-Whsle	Food Markets
SHASTA COUNTY													
REDDING	30.2%	3.5%	23.9%	11.5%	-0.2%	30.4%	5,837,692	4,956,394	17.8%	Auto Sales - New	Department Stores	Heavy Industry	Business Services

Sales Tax Net Cash Receipts: Two Advances Plus Clean-Up Payment

	% CHANGE BY MONTH ENDED QUARTER						MOST RECENT FOUR QUARTERS TOTAL			
	Feb-19	May-19	Aug-19	Nov-19	Feb-20	May-20	April-19 thru	April-20 thru	\$ Chg	% Chg.
LAST YEAR CASH RECEIVED >	Feb-20	May-20	Aug-20	Nov-20	Feb-21	May-21	May-20	May-21		
THIS YEAR CASH RECEIVED>	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	2020Q1	2021Q1		
CALENDAR SALES QUARTER>										
MUNI/AVENU STATEWIDE	5.4%	-18.9%	-5.9%	0.0%	-5.7%	33.4%	7,235,836,701	7,481,050,038	245,525,641	3.4
MENDOCINO COUNTY	9.0%	-6.5%	-4.8%	11.7%	11.7%	55.8%	6,658,408	7,704,418	1,046,010	15.7
UKIAH	13.6%	-4.9%	14.9%	18.6%	9.6%	32.8%	6,341,481	7,491,016	1,149,536	18.1
FORT BRAGG	4.3%	-21.1%	-13.5%	12.0%	-6.3%	47.7%	1,707,450	1,817,411	109,960	6.4
WILLITS	18.7%	-12.2%	12.5%	14.1%	2.1%	31.2%	1,546,513	1,761,665	215,152	13.9
POINT ARENA	47.5%	-18.0%	-19.6%	-15.3%	-41.5%	1.6%	73,324	57,809	-15,515	-21.2
SHASTA CO TOTAL	4.3%	-14.2%	0.0%	11.5%	3.8%	36.8%	34,507,628	38,415,870	3,908,242	11.3
MENDOCINO CO TOTAL	11.3%	-8.1%	3.2%	14.4%	7.8%	42.8%	16,327,177	18,832,317	2,505,140	15.3
LAKE CO TOTAL	11.7%	0.6%	22.3%	20.1%	7.1%	34.8%	6,685,297	8,018,986	1,333,689	19.9