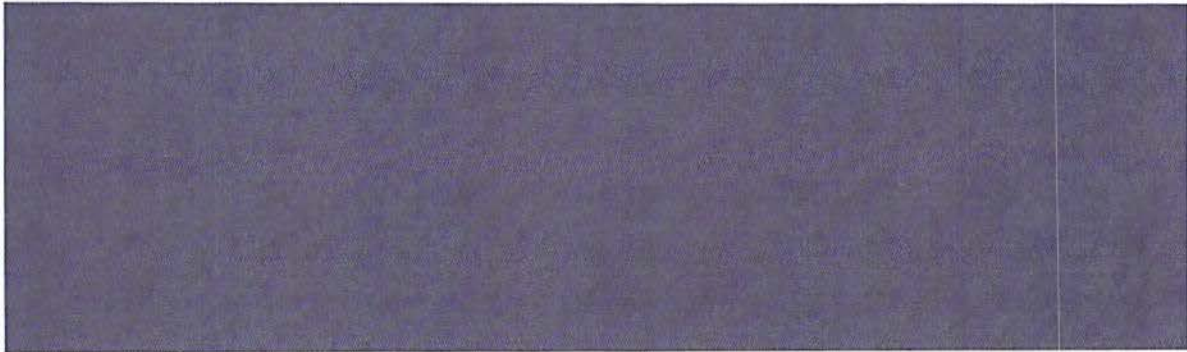


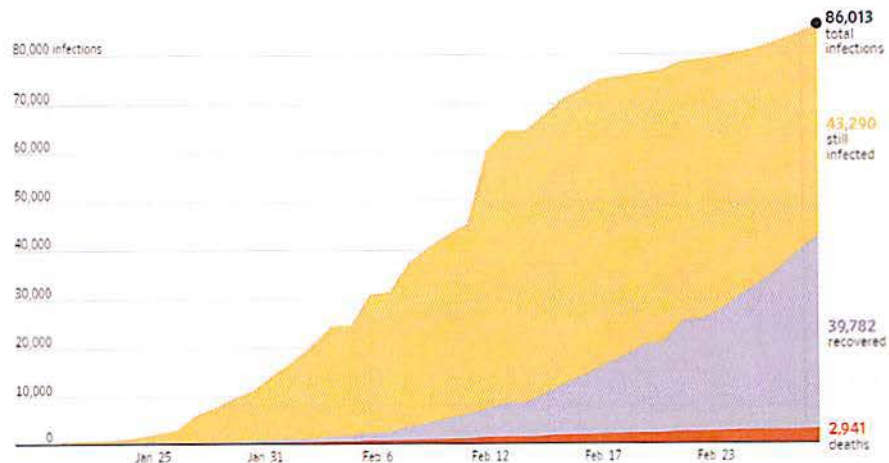
ECONOMIC OUTLOOK

MIDTERM BUDGET MEETING

MARCH 5, 2020



WORLDWIDE TRACKING OF CORONAVIRUS AS OF FEBRUARY 29



Source: Wall Street Journal www.wsj.com

CORONAVIRUS (COVID-19) ECONOMIC IMPACT BY THE NUMBERS

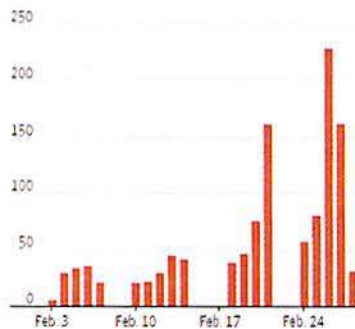
- 25% - Estimated drop in container volumes in February in Port of Los Angeles
- 25% - Drop in cost per barrel of crude oil, from \$68.91 Jan. 6 to \$51.56 on Mar. 4
- 15% - Apple's revenues derived from China
- 200,00+ - Flights to and from China canceled in response to coronavirus
- \$1.1 billion - Ad commitments by NBCUniversal for Tokyo Olympics
- 17,600 - Procter & Gamble products that rely on materials from China
- 92% - Decline in vehicle sales in China for the first 16 days of February
- \$50 million – Estimated lost revenue to Royal Caribbean Cruises due to coronavirus

Source: Wall Street Journal www.wsj.com 2-29-20

U.S. COMPANIES IN CHINA WARN 2020 REVENUE COULD BE IMPACT IF CORONAVIRUS PERSISTS

Corporate Caution

Number of SEC filings with coronavirus mentions since Feb. 1



Note: Through 3:30 pm ET on Feb. 28.
Source: Kaleidoscope

- Global Travel Restrictions
- Manufacturing Slow Downs
- Interrupted Supply Chain

Source: Wall Street Journal www.wsj.com

LOCAL IMPACT FROM CORONAVIRUS (COVID-19)

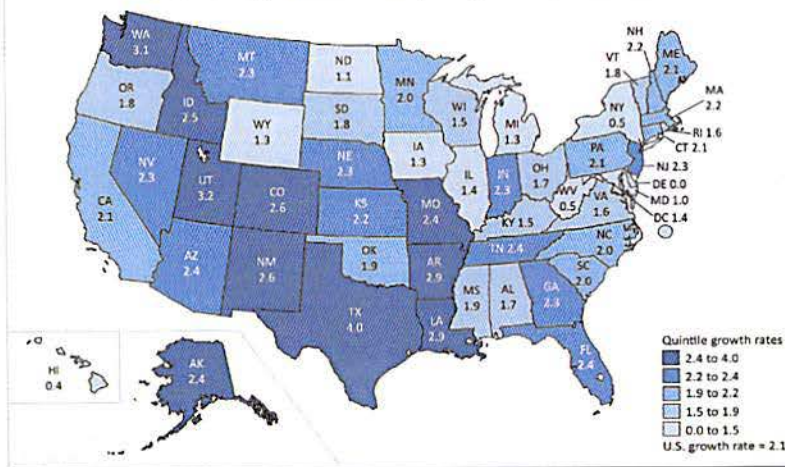
- Impact to community, City employees, the hospital and other governmental agencies from possible closures of businesses, schools and government offices.
- Impact to City Sales and Transient Occupancy Tax.
- County Emergency Declaration will cover the City.
- Possible trigger for a recession - here and abroad.



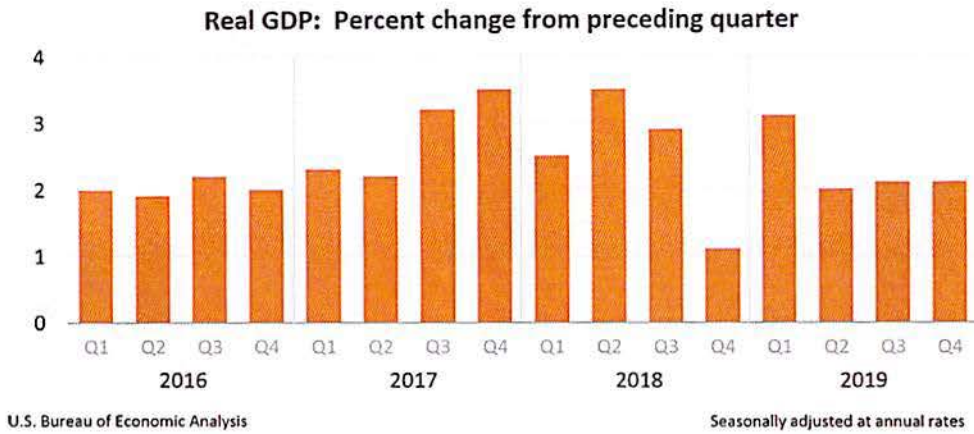
GROSS DOMESTIC PRODUCT BY STATE

(SOURCE: BUREAU OF ECONOMIC ANALYSIS BEA.GOV)

Percent Change in Real GDP by State, 2019:Q2–2019:Q3

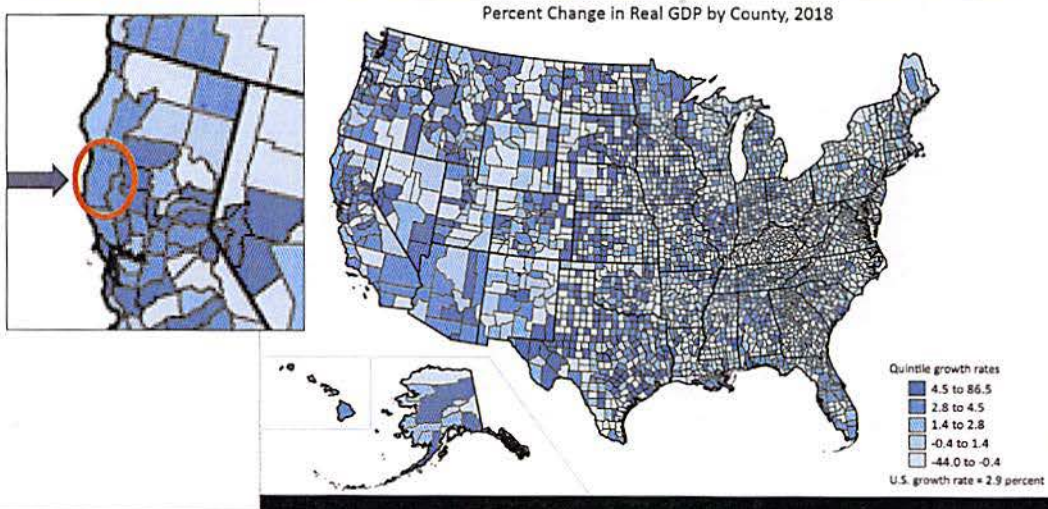


GROSS DOMESTIC PRODUCT, FOURTH QUARTER AND YEAR 2019 (SECOND ESTIMATE)



GROSS DOMESTIC PRODUCT (GDP) BY COUNTY

(SOURCE: BUREAU OF ECONOMIC ANALYSIS BEA.GOV)



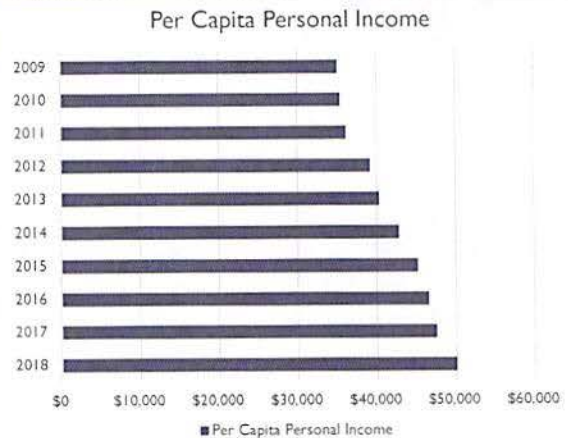
SELECTED CALIFORNIA COUNTY GDP COMPARISON

(SOURCE: BUREAU OF ECONOMIC ANALYSIS BEA.GOV)

County	2015	2016	2017	2018	Average Increase
Glenn	\$1,234,667	\$1,354,291	\$1,318,557	\$1,495,087	\$86,807
% Increase		9.7%	-2.6%	13.4%	7.0%
Humboldt	\$5,528,777	\$5,765,056	\$5,954,256	\$6,118,687	\$196,637
% Increase		4.3%	3.3%	2.8%	3.6%
Lake	\$1,948,505	\$2,059,415	\$2,106,437	\$2,178,663	\$76,719
% Increase		5.7%	2.3%	3.4%	3.9%
Mendocino	\$3,334,857	\$3,386,979	\$3,444,874	\$3,552,687	\$72,610
% Increase		1.6%	1.7%	3.1%	2.2%
Sonoma	\$25,854,007	\$26,617,535	\$27,421,167	\$28,565,621	\$903,871
% Increase		3.0%	3.0%	4.2%	3.5%
Trinity	\$451,395	\$473,471	\$492,954	\$506,794	\$18,466
% Increase		4.9%	4.1%	2.8%	4.1%

MENDOCINO COUNTY PERSONAL INCOME HISTORY

Year	Per Capita Personal Income	Percent Change from Prior Year
2018	\$50,150	5.3%
2017	\$47,611	2.2%
2016	\$46,602	3.1%
2015	\$45,203	5.5%
2014	\$42,842	6.1%
2013	\$40,361	2.9%
2012	\$39,221	8.3%
2011	\$36,211	2.1%
2010	\$35,476	1.0%
2009	\$35,119	N/A



Source: Bureau of Economic Analysis BEA.gov

MENDOCINO COUNTY LABOR FORCE DATA DECEMBER 2019

Area	Labor Force	Employment	Unemployment Number	Unemployment Rate	Census Ratio Employment	Census Ratio Unemployment
Mendocino County	39,030	37,580	1,450	3.7%	1.000000	1.000000
Covelo CDP	430	400	20	5.4%	0.010759	0.015567
Fort Bragg City	3,380	3,290	100	2.8%	0.087450	0.065520
Laytonville CDP	430	390	50	11.3%	0.010247	0.033690
Mendocino CDP	380	380	0	0.0%	0.010058	0.000000
Point Arena City	260	260	10	2.7%	0.006822	0.004647
Ukiah City	7,160	6,800	370	5.1%	0.180887	0.251394
Willits City	1,870	1,830	50	2.4%	0.048592	0.030901

Source: California Employment Development Department - labormarketinfo.edd.ca.gov

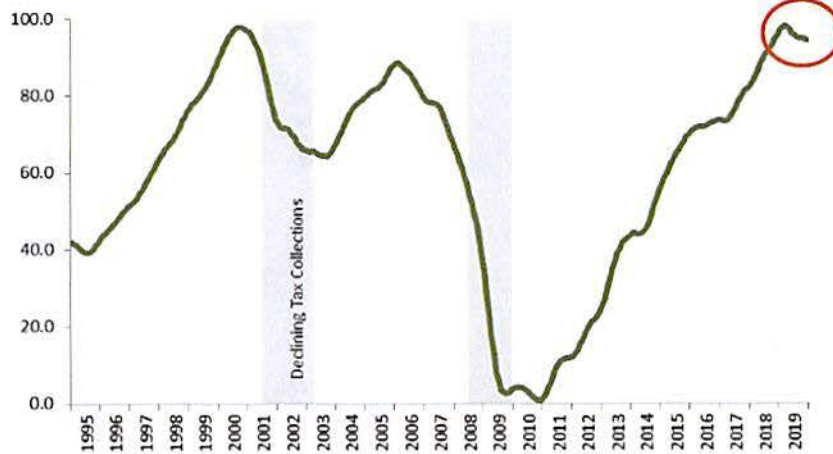
CALIFORNIA STATE TAX REVENUES EXCEEDING PROJECTIONS (IN MILLIONS THRU JANUARY 2020)

Tax Collections Fiscal Year to Date through January, 2020				
	Actual YTD	Projected YTD	Difference \$	Difference %
Personal Income Tax	\$58,263	\$56,855	\$1,408	2.5%
Corporation Tax	\$5,907	\$5,937	-\$30	-.5%
Sales Tax	\$15,733	\$15,791	-\$58	-.4%
Total	\$79,902	\$78,583	\$1,320	1.7%
Tax Collections for January, 2020				
	Actual YTD	Projected YTD	Difference \$	Difference %
Personal Income Tax	\$17,687	\$16,511	\$1,176	7.1%
Corporation Tax	\$563	\$568	-\$5	-.9%
Sales Tax	\$2,348	\$2,407	-\$59	-2.5%
Total	\$20,598	\$19,486	\$1,112	5.7%

Source: California Legislative Analyst's Office www.lao.ca.gov

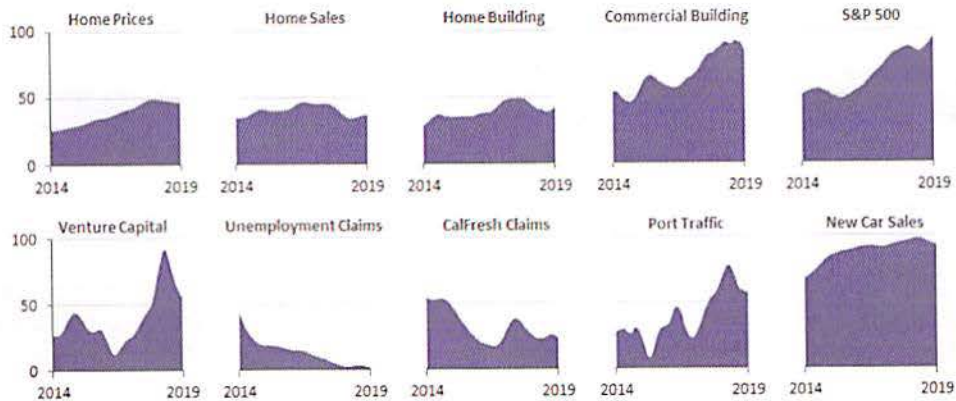
CALIFORNIA STATE FISCAL HEALTH INDEX

(SOURCE: CALIFORNIA LEGISLATIVE ANALYST'S OFFICE WWW.LAO.CA.GOV)



COMPONENTS OF CALIFORNIA STATE FISCAL HEALTH INDEX

(SOURCE: CALIFORNIA LEGISLATIVE ANALYST'S OFFICE WWW.LAO.CA.GOV)



2020 PROJECTED CITY OF FORT BRAGG GENERAL FUND REVENUE

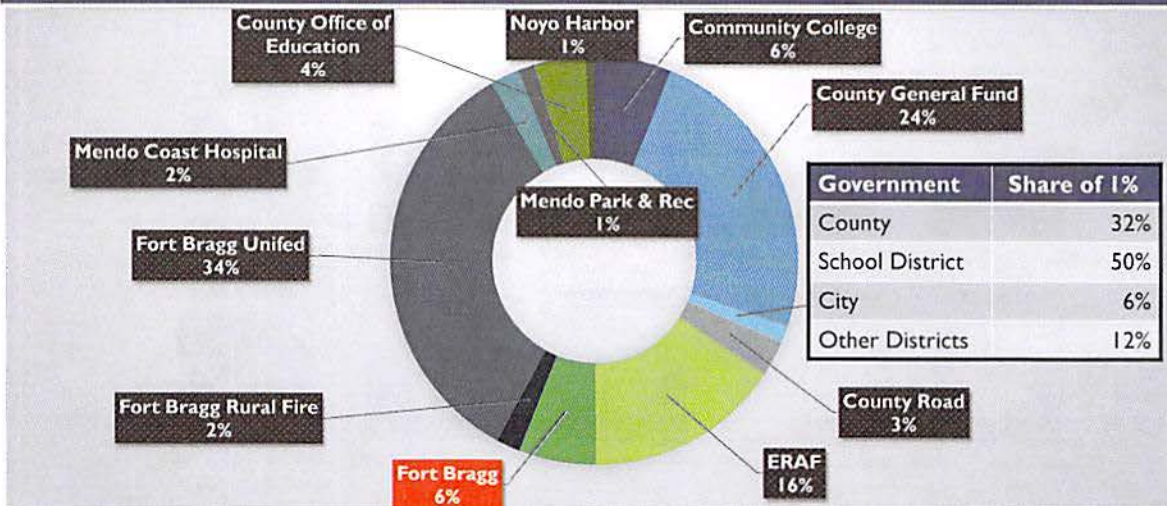
Revenue Source	FY 2020 Projected Year End	Percent of Total Revenue
Transient Occupancy Tax	\$2,710,000	28%
Sales Tax	\$1,850,000	19%
Property Tax	\$1,110,000	12%
Other Taxes	\$825,000	9%
Other Fees	\$600,000	6%
Reimbursements	\$2,475,000	26%
Total	\$9,570,000	100%

General Fund Revenue Sources



MENDOCINO COUNTY 2018/2019 1% GENERAL MILL LEVY

(SOURCE: HDL COREN & CONE)



Government	Share of 1%
County	32%
School District	50%
City	6%
Other Districts	12%

CITY MANAGER MID-TERM BUDGET RECOMMENDATIONS

- Hold off making any reallocation or budget cuts to balance the \$77,000 projected shortfall in FY 19-20
- Reinforce Council's priority goal of adopting a balanced budget for 20-21
- Focus on a long-term plan to fix the budget structural deficit
 - Allocate \$35,000 for polling City of Fort Bragg voters and consultant assistance with a possible Sales Tax measure
 - Prioritize Council Goals and budget decisions to focus on Jobs/Industry and Housing
 - Prioritize City Services and consider reducing effort or eliminating certain programs

QUESTIONS?

