

Merced County Wealth Assessment

A single statistic of the gross domestic product or community wealth of Merced County is unavailable. Examining several indicators of income and investment may provide an estimate of the areas relative prosperity.

Income – YR2000 Census data reported a per capita income of \$14,300. Assuming a 2% annual increase attributed to inflation/COLA, the per capita income is calculated to be \$15,440 reflecting approx. \$3.55 billion in total personal income throughout the County in YR2004.

Sales Tax - Taxable sales per capita in Merced County reported as \$8,116 (YR2000). State of California was \$12,815. In 1997 retail sales in Merced County were reported to be \$1.1 billion. Total retail sales in 2002 was \$1.8 billion (State \$441 billion). Estimated retail sales per capita are estimated to be \$8,200 in YR2004.

Produced Goods - Manufacturing shipments from Merced County was reported to be \$2.4 billion in 1997. Assuming a modest 1% annual increase, manufacturing shipment value is estimated as \$2.65 billion in YR2004.

Farm Sales - Agricultural production reported gross farm sales of \$1.73 billion in YR2002. The gross value in 1997 was \$1.5 billion.

A large portion of the farm sales is processed in Merced County. For example, much of the \$516 million in milk sold in 2002 may be processed locally (Hilmar Cheese, Jos. Gallo Farms, California/Los Banos Dairies), and the most of the nearly \$200 million in chickens probably was sold to Foster Farms. Another example is tomatoes (\$90 million) sold to Unilever/Lipton.

In summary, farm commodity sales (\$1.7 billion) may account for a large portion of the manufacturing shipments (est. \$2.65 billion) reflecting a value added of nearly \$1 billion. When retail sales are included, the Merced County economic engine exceeds \$6 billion.

Housing – Housing may be the single greatest economic generator in a community. Merced County has enjoyed rapid housing construction in recent years fueled by commuters lured by affordability. Housing prices have neared doubled in the past five years, with a current average price for new homes starting at over \$250,000.

The City of Merced accounts for an estimated 40% of housing construction. Projections suggest a combined (single and multi family) pace of 600 homes in 2005 growing to 1,100 homes in 2009. This average of 900 homes per year indicates a County-wide total of 2,250 homes on average or 11,250 by YR2009.

At an average of \$100 per sq.ft. to build, and assuming floor area of 1,350 sq.ft. per unit (conservative), Merced County should realize slightly over 3 million sq.ft. of residential construction per year, or \$300 million annually.

Population - At 3.25 persons per home, the population increase of 36,562 would raise the county total to approx. 267,000 in YR2009. The Merced County Association of Governments (MCAG) projects a county-wide population of 276,000 in 2010. Merced County is one of the fastest growing regions in the USA (Population in YR2000 – 215,256; YR2004 230,000 est.; YR2005-242,000)

UC Merced Economic Impact – Faculty and staff will command a much higher average income than typical Merced residents. Assuming 100 new staff each year with \$40,000 (est.) salaries, \$4 million in new income will be added to the region. The income compounds and the benefits

correspondingly increase, In addition, the multiplier effect, at a minimal 1:1 will double the community impact. By 2010, the annual new income will exceed \$80 million.

A recent study of Middle Tennessee State University identified students spending an annual average of \$11,000 each on community goods and services (rent, transportation, food, clothing, etc.). New "consumers to the Merced region will therefore likely add \$1.1 million annually, and compounding, in new retail sales expenditures. With a minimum retail multiplier of 50%, an additional \$148.5 million in annual "student" expenditures will be generated from UC Merced.

UC Merced will also purchase goods and services independent of staff and students further extending the benefits of the project. In general, UC Merced may contribute nearly \$300 million annually, or about 5% of the total economic activity of the Merced region (Farming/Manufacturing/Retail).

UC student housing demand, assuming half require accommodation, and each student household is 2.5 members, is approximately 200 units per year equivalent to the projected demand of multi-family housing in the City of Merced to 2010.

Major Economic and Business Activity –

a) UC Merced – Under construction and scheduled to open in 2005, the most recent campus (10th) University of California will dramatically change the Merced Region. Targeted to add 1,000 students and 100 faculty members annually over the next twenty-five years, the UC is also spawning a new community (UC village/community) that is expected to have a population of 30,000. The corresponding housing, retail and business/consumer services will all contribute to the Merced economy. Further the research nature of the UC will gestate new technology, applied innovation and other business opportunities.

b) Castle Airport – The redevelopment of the former Air Force base (B-52's) capitalizes on a 12,800 foot, overstressed runway capable of handling virtually any craft. Castle is one of the few airports in California that can accommodate a fully loaded and fueled 747 cargo/courier craft and reach Asia. Most other airports departing craft must re-fuel in Alaska to reach Asia. Castle is poised to develop as Central California's premier aviation logistics center.

c) Riverside Motorsports Park – Anticipated to generate \$200 million in economic impact, RMP proposes to construct a state of the art motor racing complex to accommodate NASCAR, the fastest growing spectator sport in the USA, in NASCAR's fastest growing market.

d) Warehouse/Distribution – The City of Merced and County have targeted logistics centers given the central location of the community to California, and ready access to major truck routes. In August 2004, the announcement of a \$60 million, 1,000,000 square foot, 1,000 employ distribution center is expected to be formally announced.

e) Food Processing – Foster Farms is constructing a 200,000 sq. ft. freezer/cold storage facility at its Livingston location. The \$20 million project in north Merced reinforces the company's presence in the area. Foster Farms is the largest employer in Merced County.