

LOCAL

CYCLE
from 1A

families in a crisis situation having to tap our services," Tomasik said.

"We were able to pick up \$8,000 (in donations) this spring, but compare that to last year's season when Martin County's Community Foundation ran its Day of Giving and we received \$40,000. We can't predict what our budget is going to be, but we expect it to be pretty bare."

MANY FACTORS DRIVE DOWN ECONOMY

"There are a lot of forces driving down the economy like high energy costs, high food costs, surplus real estate, the national debt," said Bill Fruth, president of Policom Corp., an economic consulting firm based in Palm City. Because consumer spending accounts for the bulk of economic activity, some analysts say it will be difficult for the economy to regain momentum until other economic pressures, such as home sales and foreclosures, improve.

"Surplus real estate caused layoffs not only in the construction industry, but also to ancillary ones like retail, furniture, appliances, building materials and professional services like architecture and engineering," Fruth said. "The vast majority of those jobs will never return, certainly never to the levels we had in 2004, 2005 and 2006."

Fruth isn't exaggerating. Since 2007, Martin County's Thomasville Furniture and Skeffington's Furniture shuttered following the closure of Modernage furniture stores in Vero and Stuart. Circuit City shut its Jensen Beach and Vero Beach stores and Blockbuster and Hollywood Video also closed several tri-county locations.

There were layoffs at Vero Beach's Piper Aircraft Inc. and TD Bank cut 200 Treasure Coast positions after taking over Riverside National Bank in 2010. St. Lucie Medical Center in Port St. Lucie and Lawnwood Regional Medical Center & Heart Institute in Fort Pierce, most Treasure Coast municipalities and some law enforcement agencies endured staff reductions.

Rip Tosun, past chairman of the Florida Restaurant & Lodging Association, who closed Rip's The Place for Ribs and Monte's Italian Restaurant in Vero Beach in late 2008, said reduced consumer spending hit mom-and-pop restaurants especially hard.

"The problem was landlords didn't want to reduce rents, but supplies were going up and people made decisions not to eat out anymore," Tosun said.

Dining cutbacks might seem insignificant in the overall economy. However, that could mean one less job at a local grocer when a few hundred local families cut their food bills. That could result in one less bagger buying lunch at a local mom-and-pop restaurant, which leads to less supply orders from a local wholesaler, who might then consider layoffs at his own business.

That's evident in the decline of the Treasure Coast's annual gross sales — the total reported sales, both taxable and exempt — for businesses required to report sales tax to the state.

Annual gross sales are an indication of how much people annually spend at certain businesses, such as restaurants and hotels. It is the best way to measure consumer spending on a local level, Florida Department of Revenue spokeswoman Renee Waters said.

In 2006, annual gross sales in Indian River

County stood at \$4 million; sales fell to \$3.2 million in 2010.

Vero Beach resident Melanie Stevens, who drastically cut her grocery budget after a work injury in 2006 left her unemployed, can't afford to buy her children's complete school supply list anymore. She said the family continually makes budgetary cuts because everyday expenses keep rising but the wages brought home by her husband aren't keeping up.

"I don't even buy meat from Walmart anymore. I buy meats at the (cheaper local meat) market because it's cheaper and I can divide it up more," said Stevens, who has four children, ages 13 to 18. "I only buy canned goods when I see them going for 10 for \$10. I wait for eggs to go on sale. And bacon is a luxury. We can't even afford bacon anymore."

WAGES NOT INCREASING

In addition to people out of work, local data shows Treasure Coast wages have either decreased or remained stagnant since the recession began.

According to the federal Bureau of Economic Analysis, the average annual wage in Indian River County was \$38,240 in 2008 compared to \$37,757 in 2009 — down \$483.

Meaning those who have held onto jobs have likely nixed vacations and put on hold buying that new car or larger home. That frugality has detracted from demand that encourages job creation in the region, Agency for Workforce Innovation economist Rebecca Rust said.

"Clearly, that impacts spending. When there's weakened demand for services, there's less demand for labor," Rust said. "We're still in recovery ... and 6 percent unemployment isn't forecasted until 2018. That's a long recovery."

Vero Beach residents Shannan O'Connor and her husband, Mark, only spend money on discount groceries and are now forced to rely on government subsidies after becoming unemployed.

"Everything kind of fell apart at once," Shannan O'Connor said. "My husband lost his job as a carpenter and his boss was our landlord. My mom got sick pretty quickly and we unexpectedly had to put her in hospice."

Forced to live in government subsidized housing after their eviction, the couple are now considering going to a food bank or local charity to keep food on the table and clothing at home.

"I am not normally a religious person, but after my mom died and the funeral, after we got evicted, I came to the realization that we had to do something. We cut back on everything you can think of before starting the Puppy Luv," said O'Connor about starting a pet sitting service after a string of unsuccessful odd jobs. "Living like this can be done, but it's scary."

Katie Sigmon of Stuart has a similar story.

Unable to find full-time work at a beauty salon after moving from Massachusetts to Stuart earlier this year, she stopped shopping at local grocers and now frequents local food banks and charities for food and clothing.

"(Working at salons is) what I love to do, but I am willing to do anything now. Bartend, waitress. I just want to work," said Sigmon, who is a single mother of a 4-year-old girl diagnosed with autism.

EMPLOYERS SITTING TIGHT

Widespread consumer cutbacks have prompted some local business owners to hold their cash tight. "At our peak, we prob-

ably had about 30, maybe 35 employees," said Tom Klaus, president of Jupiter-based A-1 Moving and Storage about the boom times. "Now we have about 12 or 13. We do more with less."

Klaus, whose parents started the business 39 years ago, said the last four years have been the worst the business has ever experienced. Although business is picking up slightly, he won't hire new employees.

"We're just going to suck it up and get through it," Klaus said. "We'll never go back to the staff we had five or 10 years ago."

Economists believe most businesses have the mindset that even after the recovery begins, it will take a while to get the unemployment rate down.

"Given the structural changes that have occurred in employment, it is likely that there will be a new normal in nationwide unemployment somewhere in the 6.5 percent to 7.5 percent range. The same can be said for the Treasure Coast," Pittenger said, adding that

the nationwide unemployment rate has averaged 5.7 percent since 1948. "At this moment, there are no leading indicators that would suggest significant improvement until 2013 or 2014 on the Treasure Coast. With its dependence on construction, which has been the hardest hit employment sector, the Treasure Coast will likely lag the nation and other more urban and diverse Florida communities."

Pittenger said in addition to optimistic business sentiment and an uptick in manufacturing — consumer spending must return to normal levels for the economic recovery to really take shape on the Treasure Coast.

"When spending takes off, that will deplete inventories and stimulate new manufacturing and employers will likely start hiring again and the cycle repeats," Pittenger said. "Consumer confidence is second. Consumers will keep their wallets closed until they feel a heightened level of confidence which they don't currently have."

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