



October 11, 2021

Ms. Birgitta Corsello
County Administrator
Solano County
675 Texas Street, Suite 6500
Fairfield, California 94533

Dear Ms. Corsello:

The California Biomanufacturing Center (CBC) proposes a new training program to utilize a portion of the City of Vacaville American Recovery Plan funding for provision of rapid-response training to those who held jobs displaced by the COVID pandemic.

This proposal for a Rapid Alternative Medtech Pathway (RAMP) would include Solano County funding over four years of \$3,000,000, evenly divided at \$750,000 per year, and would be matched, in part by the City of Vacaville and in part by the biotechnology industry. A more detailed grant package will be sent by mail to your office.

Biotech remains one of few industries experiencing a hiring crisis. There are not enough trained people to fill available biotech jobs. These jobs are typically sought after because they are stable, low turnover, high wage, and lead to further opportunity. CBC will deploy rapid training programs to quickly transition to non-science jobs in biotech.

Opportunities exist in fields including HVAC, facilities, operations, supply chain, loading dock, procurement, office management, and related support positions, none of which require biology degrees. Initially, this program would recruit participants who lost jobs due to the COVID-19 pandemic in fields including retail, restaurant, and service sectors. Biotechnology. This type of program would be open to residents of the County. Though many biotechnology opportunities in the area are within the Vacaville city limits, residents of all parts of Solano County are likely to be candidates for this kind of up-skilling program.

CBC will deliver the RAMP program through a short-course approach to rapid training using contracted subject matter experts as faculty, based on industry-driven curriculum, and will provide support to enrollees with identifying potential employment opportunities, job fairs, industry matchmaking, and expansive engagement with industry.

Sincerely,

A handwritten signature in black ink that reads "Matt Gardner". The signature is written in a cursive, flowing style.

Matthew Gardner, CEO

CALIFORNIA BIOMANUFACTURING CENTER
RAMP PROGRAM

LETTERS OF SUPPORT

September 8, 2021

Ms. Birgitta Corsello
County Administrator
Solano County
675 Texas Street, Suite 6500
Fairfield, California 94533

Dear Birgitta,

I am writing to express support for the California Biomanufacturing Center (CBC) Rapid Alternative Medtech Pathway (RAMP) training program.

The Solano Economic Development Corporation (EDC) is a public-private, nonprofit, dedicated to the economic growth of Solano County – scaling local traded sector industries, attracting new jobs and investment and maintaining competitive advantages for both existing and new businesses.

As a strategic industry for our region, we value biotechnology jobs as a high priority. Throughout the pandemic, the biotechnology industry has continued to thrive as the world turned to science for solutions.

We're now highly sensitive to a job shortage in the biotechnology industry. The RAMP training program developed by CBC has high potential to assist workers displaced in restaurant, retail, and other stressed industries and provide rapid training for non-technical career pathways in biotechnology such as facilities, operations, procurement, supply chain, and related fields which do not require degrees in biology.

Solano EDC remains optimistic that the type of rapid training offered by CBC's RAMP program will serve a broad community throughout our region, and give many workers displaced by COVID-19 an opportunity to enter new career pathways in biotechnology.

Sincerely,



Sean Quinn
Interim President and CEO

CALIFORNIA BIOMANUFACTURING CENTER
RAMP PROGRAM

SELECT POSITION DESCRIPTIONS



CAREER LADDER

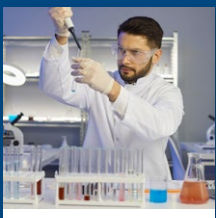
Quality Systems



QUALIFICATIONS

Associate's degree

Bachelor's degree



RELATED JOBS

QA/QC

Validation

Document

Coordinator



Compliance Specialist

Compliance Specialists manage their organization's need to obey industry regulations.

The Compliance Specialist may be responsible for preparing regulatory submissions for drugs, biologics and medical devices. Compliance specialists may spend time meeting with scientists, writing and reviewing documents, presenting information about updates to regulations and discussing strategies to ensure compliance.

1

KEY SKILL 1
Regulations

2

KEY SKILL 2
Documentation

3

KEY SKILL 3
Filings



CAREER LADDER

Operations



QUALIFICATIONS

Associate's degree

Bachelor's degree



RELATED JOBS

HVAC

Equipment
Maintenance



Facilities Technician

Facilities Technicians are responsible for the operation and maintenance of biotech buildings and equipment.

A Facilities Technician must be able to understand, recommend and install new systems. They may provide and add corrections to Standard Operating Procedures and assist engineers in evaluating new equipment. Knowledge of Good Manufacturing Procedures (GMPs) and major trades, such as carpentry, electrical systems, plumbing, HVAC, refrigeration, is required.

1

KEY SKILL 1
GLP / GMP

2

KEY SKILL 2
Standard Operating
Procedures

3

KEY SKILL 3
Record Keeping



CAREER LADDER

Laboratory Technician



QUALIFICATIONS

HS Diploma



RELATED JOBS

Facilities Technician
Greenhouse Technician
Laboratory Assistant



Glass Washer

A glass washer must handle and clean glassware properly to insure usefulness in the laboratory.

Glass washers are often responsible for related tasks such as collecting and distributing glassware, cleaning and sterilizing glassware and storing and inventorying glassware. These tasks require a working knowledge of research. When experiments are finished, the glass washer collects the dirty glassware from laboratories. The glass washer must take great care to properly dispose of liquids and chemicals used in experiments.

1

KEY SKILL 1
Good Lab Practice

2

KEY SKILL 2
Media Prep

3

KEY SKILL 3
Sterilization



CAREER LADDER
Plant Biotechnology



QUALIFICATIONS
Associate's degree



RELATED JOBS
Facilities Technician
Plant Technician
Laboratory Assistant



Greenhouse Technician

These technicians usually work in a greenhouse and or out in the fields and may need experience with farm equipment.

These positions are for people who like to work with plants, enjoy being more outdoors, but also like to understand science. They care for plants that have been created through genetic engineering and have to understand how to plant seeds, pollinate flowers, water and weed plant beds, plant rooted plants, nurture root cuttings, treat plants for disease and pest infestation, and be able to use a computer for documentation purposes.

1

KEY SKILL 1
Agricultural
Biotechnology

2

KEY SKILL 2
Food Science

3

KEY SKILL 3
Research Methods



CAREER LADDER

Operations



QUALIFICATIONS

HS Diploma



RELATED JOBS

Facilities Technician

Facilities Director

Workplace Services



Lab Operations Manager

A lab operations manager ensures seamless lab processes.

The lab operations manager is responsible for liaison with vendor technicians for installation, staff training, and maintenance. This position is usually responsible for asset management and tracking, calibration and maintenance schedules, tracking equipment use and consumables, and supporting EH&S to ensure compliance. Effective lab managers must successfully support both internal coworkers conducting researchers and external relationships with vendors.

1

KEY SKILL 1
SOPs

2

KEY SKILL 2
Maintenance
Schedules

3

KEY SKILL 3
Material Handling



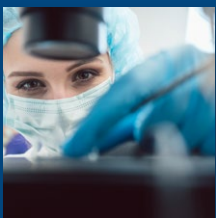
CAREER LADDER

Laboratory
Technician



QUALIFICATIONS

HS Diploma



RELATED JOBS

Senior Technician
Associate Scientist
Laboratory Assistant



Laboratory Support Technician

A lab support technician works closely with coworkers to maintain equipment, specimen collection, and lab supplies.

Lab support is critical to ensuring the smooth operation of research. Maintains department equipment, utilizes department computer systems, and documents information, as needed. Performs waived laboratory testing, accurately following laboratory procedures for test performance, quality control, reagent preparation, and instrument maintenance.

1

KEY SKILL 1
Good Lab Practice

2

KEY SKILL 2
Research Equipment

3

KEY SKILL 3
Handling



CAREER LADDER

Laboratory
Technician



QUALIFICATIONS

HS Diploma



RELATED JOBS

Senior Technician
Associate Scientist
Laboratory Assistant



Media Prep Associate

The media prep associate performs laboratory media preparation tasks based on documented processes.

Media prep associates document data and results per good documentation practices and perform general laboratory housekeeping. Maintain laboratory equipment, identify malfunctions, and perform simple repairs or can coordinate repairs as needed. Follow all procedures related to data documentation, laboratory safety, and good laboratory practices. Review test data, calculations, and results for accuracy and completion.

1

KEY SKILL 1
Good Lab Practice

2

KEY SKILL 2
Media Prep

3

KEY SKILL 3
Documentation



CAREER LADDER
Operations



QUALIFICATIONS
HS Diploma



RELATED JOBS
Facilities Technician
Warehouse Manager
Supply Chain



Shipping / Receiving Clerk

A shipping and receiving clerk receives deliveries, ships products, and ensuring accurate documentation.

Shipping and receiving clerks identify and receive incoming materials, pack and ship finished goods, and maintain accurate documentation of all activities. Conduct inventory assessments, spot checks, digital and physical transaction processing and verification, and diligent material handling.

1

KEY SKILL 1
Documentation

2

KEY SKILL 2
Material
Management

3

KEY SKILL 3
Inventory

CALIFORNIA BIOMANUFACTURING CENTER
RAMP PROGRAM

RETAIL INDUSTRY RESEARCH

MONTHLY

Economic Review

AUGUST 2021

Jack Kleinhenz, Ph.D., CBE

Chief Economist

National Retail Federation

The data for this report is released on a rolling schedule. The presented numbers are current as of publication and are subject to revision.

SYNOPSIS | **Fast Pace of Economy Comes with Aches and Pains**

We are now in the second half of 2021, and the economy has heated up along with the summer temperatures. Gross domestic product surpassed its pre-crisis peak during the second quarter and vigorous growth is expected throughout the rest of the year. It is a very different year from 2020 and a much better one. The economic momentum has been helped by government monetary and fiscal policies and, more importantly, by the rollout of COVID-19 vaccinations. These drivers of the economy are still helping but are fading. Monthly child tax credit checks that began in July could help, but the pace of vaccinations has slowed considerably, stimulus checks have been spent or tucked away, half the states have ended supplemental unemployment benefits and those benefits will expire for everyone else after Labor Day.

The National Bureau of Economic Research – the official arbiter of when a recession has occurred – announced last month that the recession brought on by the pandemic [ended](#) in April 2020. The official recession lasted just two months, the shortest downturn on record, but by no means does that mean the economy has fully recovered. While most economic measurements have returned to pre-pandemic levels, employment has lagged with approximately 7 million fewer workers on payrolls today than in February 2020. The unemployment rate remains elevated at 5.9 percent, compared with a half-century low of 3.5 percent before the downturn.

Vaccination is the key to further economic recovery, reopening and rebuilding. As of last week, only 56.9 percent of the U.S. population had received at least one dose and only 49.2 percent were fully vaccinated, according to the Centers for Disease Control and Prevention. With the outlook for the global economy continuing to hinge on public health, vaccine numbers are extremely important not just for the United States but also the whole world. The latest Blue Chip Economic Indicators report says the biggest threat to global stability is an uneven rollout of vaccines and the emergence of additional variants while the biggest impetus for growth is faster-than-expected global vaccination.

There has been a pickup in COVID-19 cases across the United States tied to the delta variant but there is no evidence that the variant is impacting consumer behavior so far. Increased infection rates and renewed mask mandates might have an impact, but at this point consumer activity during the third quarter is continuing to resemble pre-pandemic behavior as the reopening of stores and the economy progresses.

Households are flush with cash and consumers have become mobile again as they shop at stores, visit restaurants, enjoy entertainment events and take trips. Consumer spending in June indicated strength heading into the third quarter. June's solid year-over-year retail sales increase of 18 percent as reported by the Census Bureau signaled a further reopening of the economy for many retailers that had seen weak sales during the pandemic.

Department, clothing and electronic stores all showed steep declines during the pandemic but have shown faster sales increases than other retail sectors over the last few months. Back-to-school shopping will also contribute to retail sales in these sectors, and NRF's consumer survey estimates that combined K-12 and college sales will increase approximately 6 percent over last year. With retail sales up 16.4 percent year-over-year for the first six months of the year, we are in line with NRF's revised forecast that 2021 sales should grow between 10.5 and 13.5 percent over 2020.

While retail spending was strong in June, there was a pullback in the mid-July University of Michigan Consumer Sentiment Index to 80.8 from 85.5 the month before. The rise in gasoline prices has sparked inflation concerns and fears around the delta variant of COVID-19 are also likely weighing on confidence.

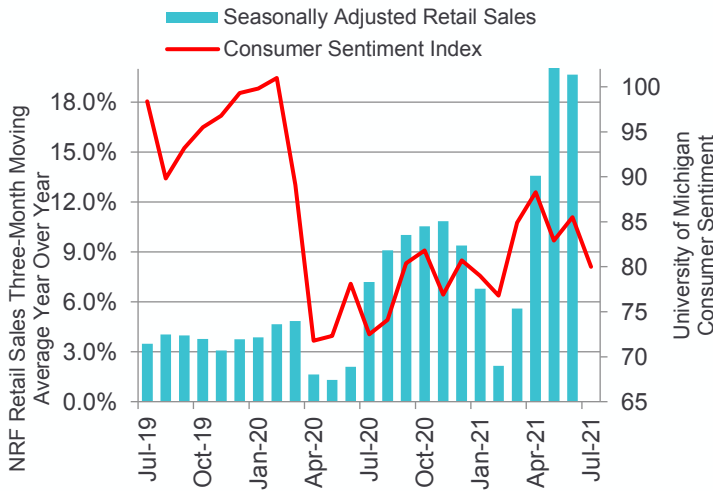
It is apparent that this is the fastest pace of expansion in decades, but it comes with aches and pains. The lack of available labor, shortages of products and services and bottlenecks in supply chains are creating friction and resulting in higher prices. It is unusual to be concerned about inflationary pressures so soon after a recession, but the current environment is far from ordinary. Inflation expectations can become self-fulfilling and are being watched closely by the Federal Reserve, market analysts and businesses alike. If workers believe prices will keep rising, they will demand raises, which will force employers to raise prices in a continuing cycle.

The Federal Reserve Bank of Atlanta's Wage Growth Tracker showed both hourly and weekly wage growth of 3.2 percent in June on a three-month moving average. In addition, consumers surveyed by the University of Michigan in mid-July expected inflation of 4.8 percent over the next year, the highest level since July 2008, when rising crude oil prices hit. Conversely, the Federal Reserve's second-quarter Index of Common Inflation Expectations – incorporating nearly two dozen inflation forecasts – showed modest expected growth of approximately 2.75 percent.

In my view, the current degree of inflation is unlikely to persist beyond the next 12 months or so, consistent with the Fed's "transitory" characterization. Inflation is expected to peak in the coming months as many of the drivers of the recent acceleration in prices fade away. However, the exact timing and magnitude is more uncertain due to supply constraints on goods. Consequently, I am keeping a close eye on actual prices and household expectations as they relate to the current outlook for spending. Nonetheless, with the Fed's adoption of "average inflation targeting" that makes 2 percent inflation a longer-term goal but not an upper limit, it is likely that monetary policy will be geared toward letting inflation be reasonably above that level for a period of time.

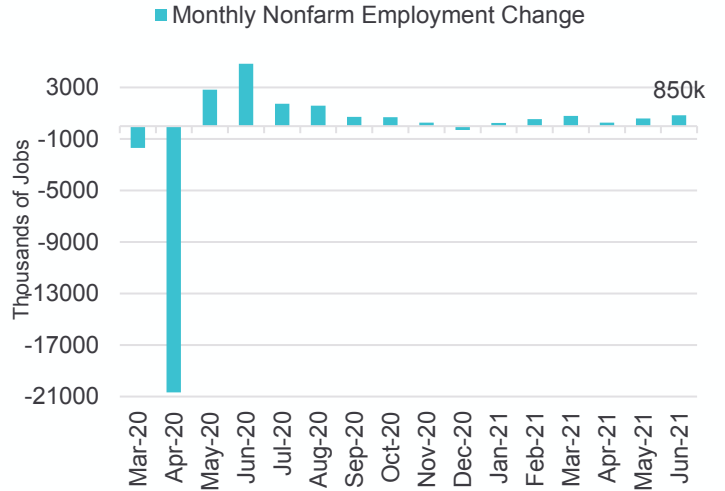
SALES AND SENTIMENT

Solid retail sales in June showed that the consumer is driving the U.S. economic recovery. However, consumers are concerned about rising prices and consumer sentiment reversed itself.



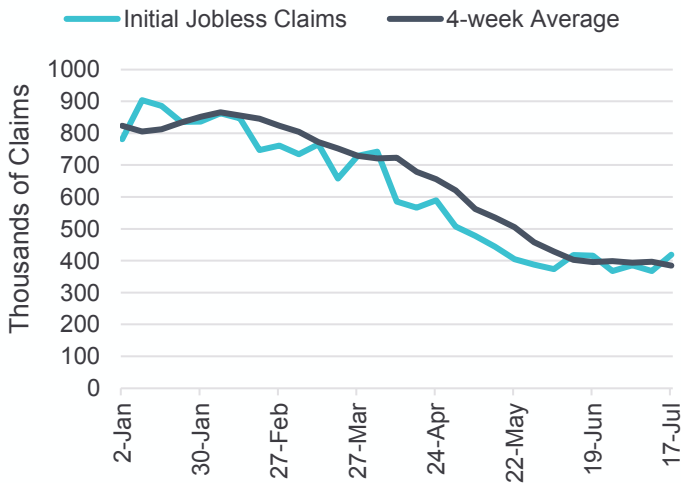
PAYROLL EMPLOYMENT

Payroll employment gains beat expectations in June, with jobs rising by 850,000, up from an increase of 583,000 in May and the strongest monthly gain since August 2020.



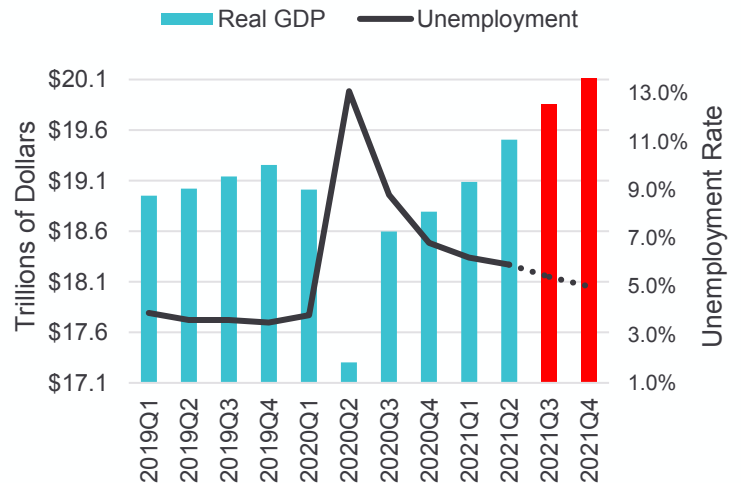
JOBLESS CLAIMS

There has been a noticeable reversal of progress in initial jobless claims since June. We expect claims to decline as more businesses begin to operate at full-capacity in response to increased demand.



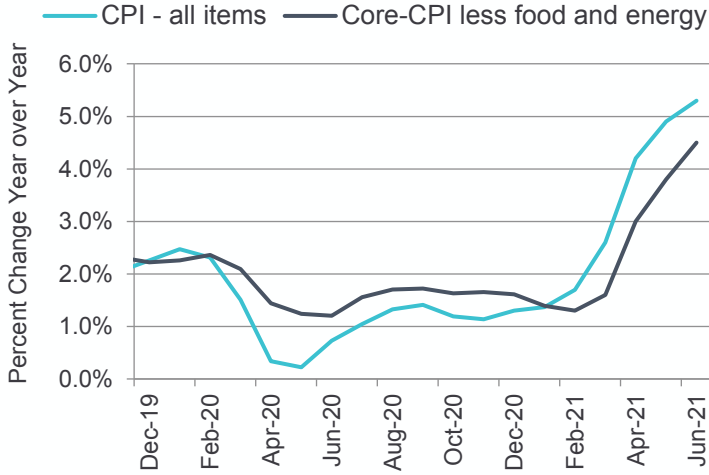
GDP AND UNEMPLOYMENT

Real GDP could be up 6.7 percent year-over-year by the third quarter and up roughly 7 percent relative to the fourth quarter of 2020. The jobless rate should hover near 5 percent by year-end.



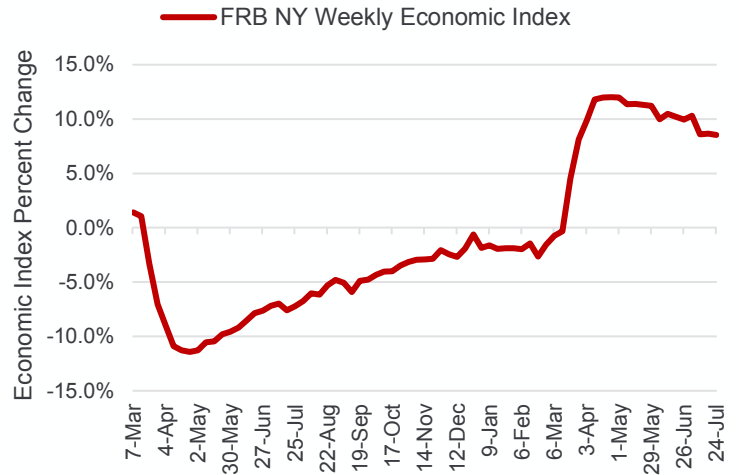
CONSUMER PRICE INDEX

June inflation was strong, with the Consumer Price Index up 5.3 percent versus a year ago. Excluding food and energy, core CPI was up 4.5 percent. Consumption is holding up well in the face of such rapid price increases.



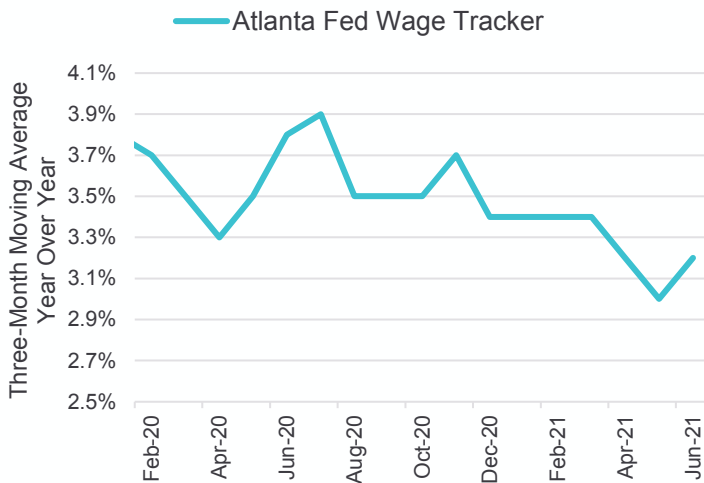
FRB NY ECONOMIC INDEX

The New York Fed's Weekly Economic Index is scaled to the fourth-quarter GDP growth rate. The current reading indicates GDP for the second quarter was 8.5 percent higher than the same quarter a year ago.



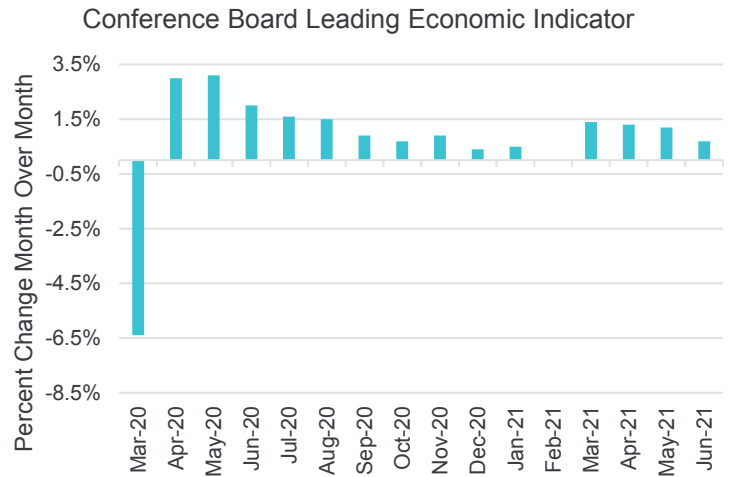
ATLANTA FED WAGE TRACKER

The Atlanta Fed's Wage Growth Tracker moved higher in June. On a three-month average, nominal wages were up 3.2 percent, similar to the 12-month average of 3.4 percent.



ECONOMIC INDEX

The Conference Board's Leading Economic Index continued to advance, increasing 0.7 percent in June. Overall, the recent data indicates solid growth over the coming months.



CALIFORNIA BIOMANUFACTURING CENTER
RAMP PROGRAM

RESTAURANT INDUSTRY RESEARCH



Restaurants will be the last industry to recover from the pandemic

News | March 15, 2021

FOR IMMEDIATE RELEASE



Restaurants will be the last industry to recover from the pandemic

SACRAMENTO— One full year after the federal government asked Americans for just “two weeks to slow the spread,” the state and nation appear to finally be winning the battle against the coronavirus – and, for California restaurants, it is not a moment too soon.

In California, March 15th marks the one-year anniversary of the start of restaurant shutdowns, first with the closure of restaurants in the City of Los Angeles, followed by an announcement the next day of statewide restaurant closures. During the last 12 months, California restaurants have been allowed to operate only in strictly limited ways, and have been reopened only to be forced to close multiple times during that period.

The Last Year at a Glance

- In California alone, 900,000-1 million restaurant jobs were lost; many of these jobs – though, not all – have come back with the limited reopening of restaurants
- Nationwide, 110,000 restaurants – or 1 in 6 – closed
- Nationwide, restaurants and food service sales were down \$240 billion from expected levels for 2020





their communities have been disproportionately enormous. Even with the much-needed aid being delivered by the federal and state governments, the next steps that our public officials take will be critical. Every restaurant owner in this state knows that for them, the road to true recovery will be long. And the state must remove any obstacles from that road.”



NATIONAL
RESTAURANT
ASSOCIATION



STATE OF THE RESTAURANT INDUSTRY



MID-YEAR UPDATE • AUGUST 2021



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ABOUT THIS UPDATE

The 2021 State of the Restaurant Industry Mid-Year Update reports key industry indicators and trends as of June/July and is based on the National Restaurant Association's annual State of the Restaurant Industry Report, which published in January. It incorporates analysis of the latest economic data and extensive surveys of restaurant operators and consumers.

Hudson Riehle
Senior Vice President, Research and Knowledge Group

Bruce Grindy
Chief Economist and Vice President, Research

Beth Lorenzini
Managing Editor, Enterprise Marketing

Susan Raynor
Senior Art Director

Dani Smith
Director, Creative and Brand Strategy

ISBN
Digital:

National Restaurant Association
2055 L Street, NW
Suite 700
Washington, DC 20036
(800) 424-5156



HIGHLIGHTS

- Food and beverage sales in the restaurant and foodservice industry are projected to total **\$789B in 2021, up 19.7% from 2020.**
- In the **first half of '21, restaurant sales were bolstered** by rising vaccination numbers, healthy household balance sheets and consumers' pent-up desire to socialize and dine out.
- In total during the first seven months of 2021, **eating and drinking places added a net 1.3M jobs.** That brought the sector within 1M jobs of returning to its pre-pandemic employment level of 12.3M.
- In June and July 2021, 75% of operators said **recruiting and retaining** employees was the top challenge facing their business.
- Wholesale food costs are increasing** at their fastest rate in 7 years.
- Hourly earnings are rising** at a pace more than double that of the overall private sector.
- As of the end of June, **11 states and Puerto Rico** still impose capacity limits on restaurants, ranging from 50% to 80%.



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INTRODUCTION

2021 is a year of transition. Despite gains in restaurant sales in recent months, many restaurant operators took on significant debt during the past 18 months and are still working their way back to even.

The industry continued rebuilding the workforce as growing consumer demand drove the need for employees. Despite steady gains, 3 in 4 restaurant operators say recruiting and retaining employees is the top challenge facing their business.

Operators add the inability to recruit adequate staff limits their ability to expand business, despite high demand in the first half of the year. Many have had to reduce operating hours and/or increase the work hours for current team members. Tightly managing procurement and labor costs is paramount to preserving already tight margins.

Entirely different business models for the industry are evolving. In many cases, the physical footprint is smaller with less space allotted for dining rooms; some models are all-off-premises; others are delivery-fulfillment only with no public access. These developments are a natural evolutionary step accelerated by the pandemic restrictions of the last year and a half.

The industry will continue to maintain a greater emphasis on off-premises business, with digital transactions, enhanced takeout and delivery services, and the continued rise of ghost kitchens.

For industry recovery, there's no substitute for national employment growth. When people are employed, there's less time for home-meal prep and more disposable income to spend at restaurants. National employment is still down 5.7M jobs, so the industry still has a way to go. Its recovery remains closely tied to much-needed revitalization funds and consistent government policies on masking, vaccinations, and occupancy levels.





JOBS THROUGH JULY

HELP WANTED DESPITE GAINS

July marked the 7th consecutive month of staffing growth, translating to a net increase of 1.3M jobs in the first 7 months of 2021.

Despite the steady gains, eating and drinking places* are still nearly 1M jobs (8%) below pre-pandemic employment levels.

Between April '20 and June '21, the fullservice segment was 626K jobs (11%) below pre-pandemic employment levels. Staffing levels in the limited-service segment are down 175K jobs (4%).

Job openings in the hospitality sector soared to record levels in the first half of '21.

The restaurants-and-accommodations sector** had more than 1.4M openings on the last business day of June, according to Job Openings and Labor Turnover data from the Bureau of Labor Statistics.

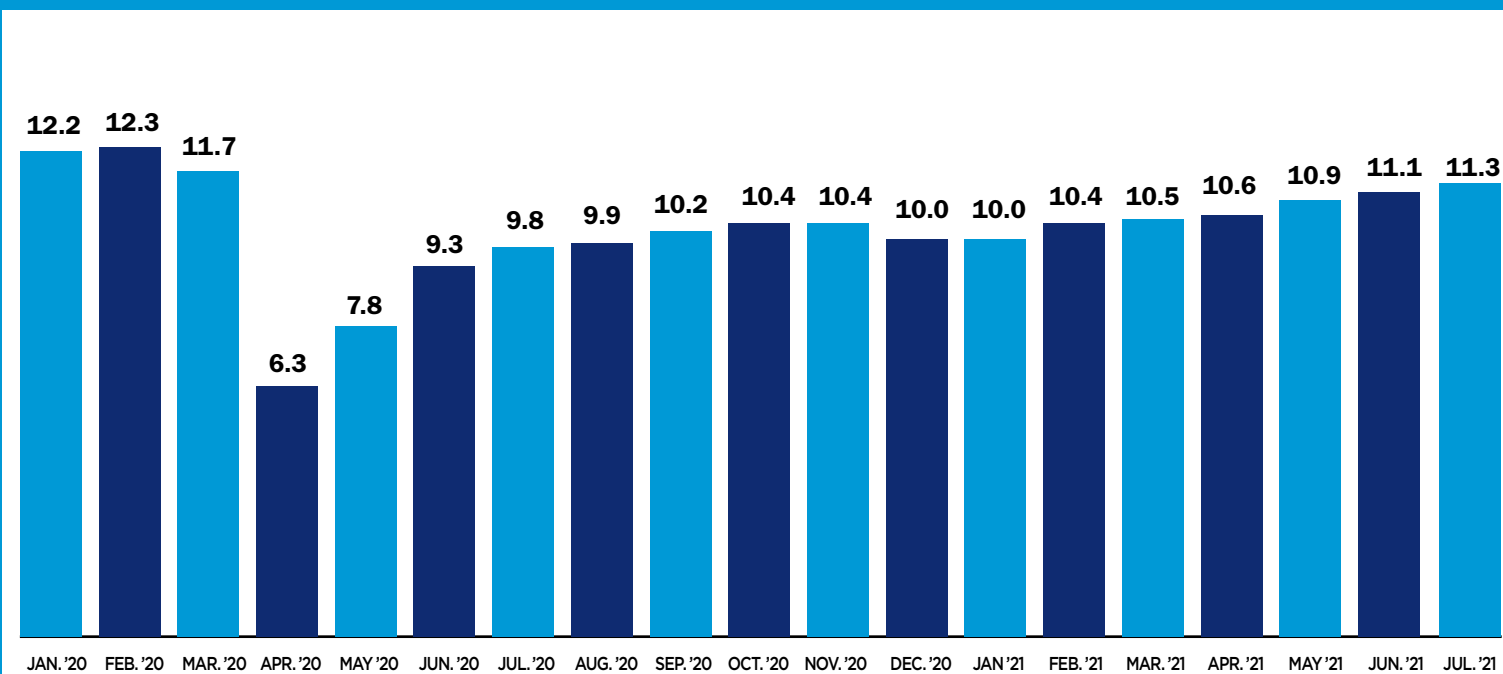
That was more than double January's level, and represented the highest monthly reading since the JOLTS data series began in 2000.

Compared with 10.1M openings in the overall economy in June, competition for talent is fierce.



EATING AND DRINKING PLACES* EMPLOYMENT

(in millions)



Source: BLS, figures are seasonally adjusted

*Eating and drinking places are the primary component of the total restaurant and foodservice industry, which, prior to the pandemic, employed 12M out of the total industry workforce of 15.6M.

**JOLTS figures are for the broadly defined Accommodations and Food Services sector (NAICS 72), because the BLS does not report data for restaurants alone.

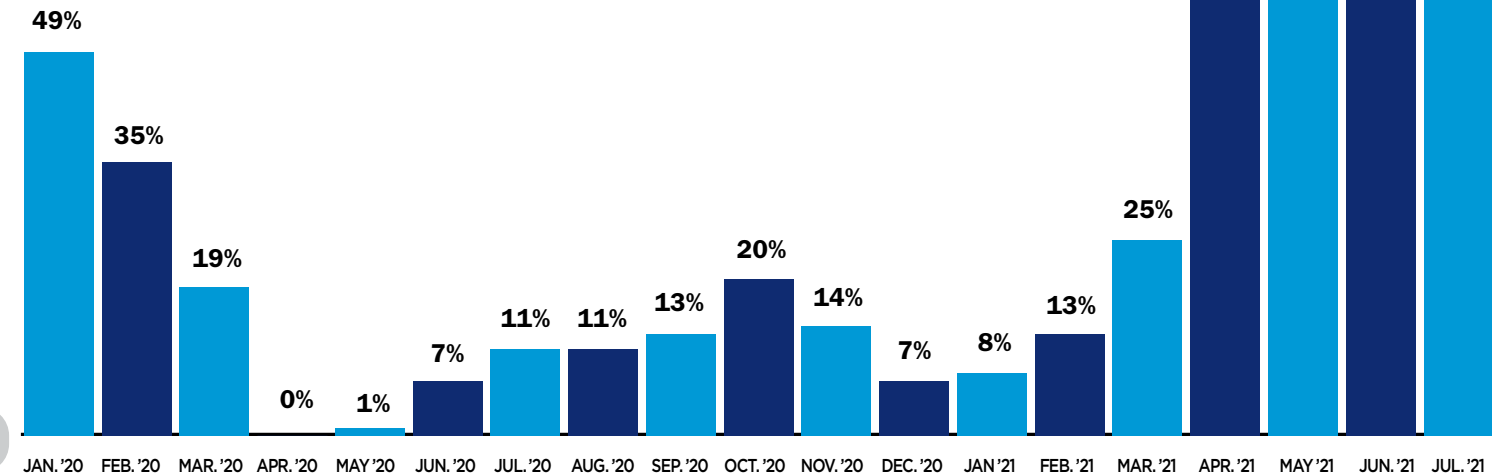
RECRUITING & RETENTION

Restaurant operators confirm labor challenges intensified in the first half of the year. Fully 75% reported recruiting and retaining employees was the top challenge facing their business. In January '21, that

number was 8%. The June/July number represents its highest level in nearly 20 years of the Association's monthly tracking survey.

HIRING TALENT TOP CHALLENGE

% of operators that said recruiting & retaining employees is their top challenge



Source: National Restaurant Association Industry Tracking Survey



8

NATIONAL RESTAURANT ASSOCIATION | STATE OF THE RESTAURANT INDUSTRY | RESTAURANT SALES

RESTAURANT SALES REV UP

SO GOOD TO GET OUT AGAIN

Consumer spending in restaurants trended sharply higher during the first half of 2021, driven by rising vaccination numbers, additional stimulus payments and healthy household balance sheets on the aggregate.

This allowed consumers to continue to order takeout more frequently while also ramping up their

on-premises visits as capacity restrictions lift across the country.

As a result, the 2021 forecast for restaurant sales is updated. Food and beverage sales in the industry are projected to total **\$789B** in 2021, up 19.7% from 2020.

RESTAURANT AND FOODSERVICE INDUSTRY FOOD AND BEVERAGE SALES¹: 2019 TO 2021

	2019 SALES (billions)	2020 SALES (billions)	'19-'20 % CHANGE ²	2021 SALES (billions)	'20-'21 % CHANGE ²	'20-'21 REAL % CHANGE
EATING AND DRINKING PLACES	\$615.9	\$497.6	-19.2%	\$609.0	22.4%	18.4%
FULLSERVICE SEGMENT ³	\$285.0	\$199.5	-30.0%	\$255.0	27.8%	24.2%
LIMITED SERVICE SEGMENT ⁴	\$308.9	\$290.4	-6.0%	\$339.0	16.8%	10.5%
BARS AND TAVERNS ⁵	\$22.0	\$7.7	-65.0%	\$15.0	94.8%	91.3%
ALL OTHER FOODSERVICE ESTABLISHMENTS ⁶	\$248.4	\$161.5	-35.0%	\$180.0	11.5%	8.0%
TOTAL	\$864.3	\$659.0	-23.8%	\$789.0	19.7%	15.7%

Source: National Restaurant Association
Note: Figures do not sum precisely due to rounding

1. Data are given only for establishments with payroll.
2. % change calculations are based on unrounded data and may not match calculations based on data rounded to one decimal point.
3. Includes family dining, casual dining and fine dining fullservice restaurants. Table service is provided, and the order is taken while the patron is seated. Patrons pay after they eat.
4. Includes quickservice restaurants; fast casual restaurants; cafeterias, grill-buffets and buffets; snack and nonalcoholic beverage bars; social caterers. Patrons generally order at a register or select items from a food bar and pay before they eat.
5. Includes bars, taverns, nightclubs, or drinking places primarily engaged in preparing and serving alcoholic beverages for immediate consumption. These establishments may also provide limited food services.
6. Includes the following categories: managed services (also referred to as onsite food-service and food contractors); lodging places; retail-host restaurants (health-and-personal-care-store restaurants, general-merchandise-store restaurants, variety-store restaurants, food-store restaurants and grocery-store restaurants, gasoline-service-station restaurants and miscellaneous retailers); recreation and sports (includes movies, bowling lanes, recreation and sport centers); mobile catering; vending and nonstore retailers (includes sales of hot food, sandwiches, pastries, coffee and other hot beverages); business, educational, governmental or institutional organizations that operate their own restaurant services; military restaurant services (continental U.S. only).

Month	Not using restaurants as often as they'd like (%)
JAN. 2020	45%
APR. 2020	83%
JUN. 2020	74%
SEP. 2020	71%
DEC. 2020	67%
MAR. 2021	58%
JUN. 2021	50%

PENT-UP DEMAND IS HIGH FOR ON-PREMISES DINING

% of adults who say they're not using restaurants as often as they'd like

■ Eating on-premises at restaurants
□ Purchasing takeout/delivery from restaurants

Source: National Restaurant Association

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NATIONAL RESTAURANT ASSOCIATION | STATE OF THE RESTAURANT INDUSTRY | TIMELINE

REOPENING TIMELINE

As of the end of June 2021, 39 states and the District of Columbia had reopened to 100% indoor dining capacity; 11 states and Puerto Rico were open at varying capacities ranging from 50% to 80%.

JAN. 2021

FEB. 2021

MAR. 2021

APR. 2021

MAY 2021

JUNE 2021

RESTAURANT CAPACITY

100% 80% 75% 66% 50% 45% 33% 35% 30% 25%



FOCUS ON FOOD COSTS

FOOD, FUEL COST MORE

Wholesale food prices trended sharply higher during the first half of 2021 according to preliminary data from the BLS.

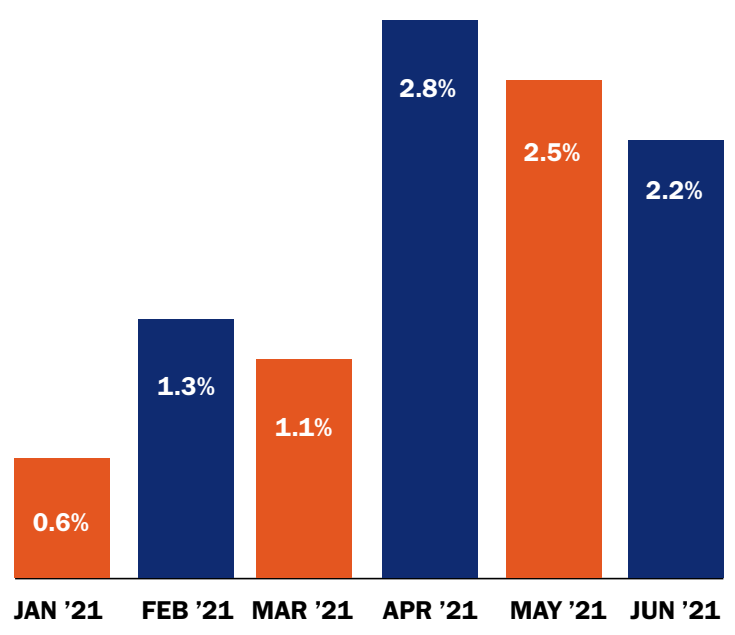
The Producer Price Index for All Foods (the change in average prices paid to domestic producers for their output) is on pace to post its largest annual increase since 2014.

Adding to supply chain pressures: Gas and diesel fuel prices are on pace to hit their highest annual level since 2014.



WHOLESALE FOOD PRICES (PRODUCER PRICE INDEX-ALL FOODS)

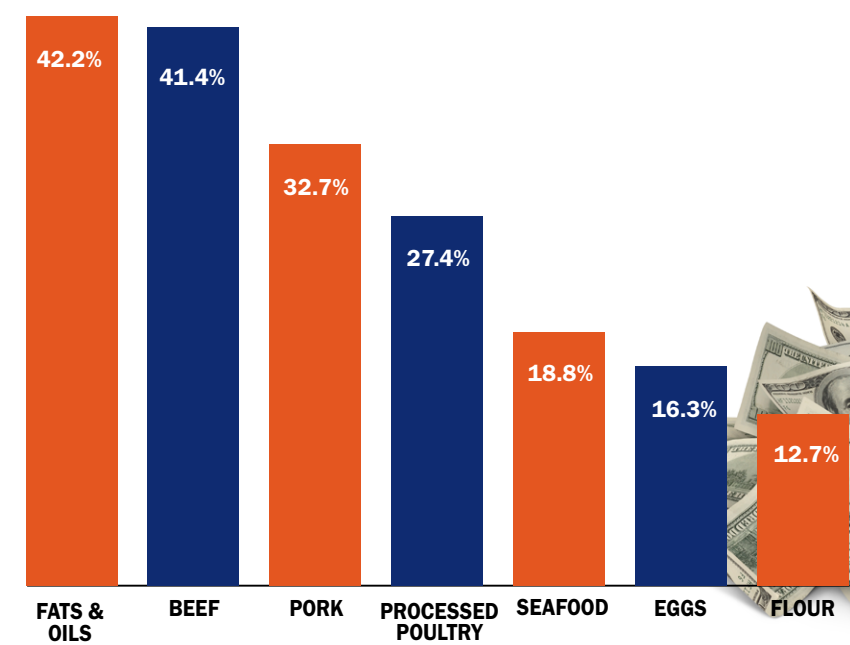
(% change from prior month)



Source: BLS, National Restaurant Association

COSTLIER COMMODITIES

Items posting the highest cost increases between June '20 and June '21:



Source: BLS, Producer Price Index for All Foods

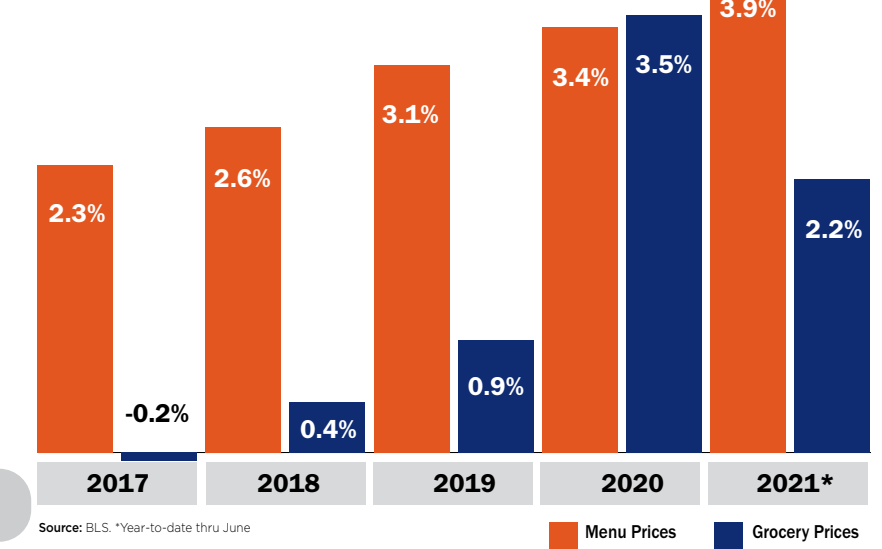


MENU PRICES: TRENDING HIGHER

Consumer prices for food away from home were up 3.9% on a year-to-date basis thru June putting menu prices on pace to register their strongest annual increase since '08. This uptick in menu prices was driven largely by higher input costs—particularly food and labor. Wholesale food costs are increasing at their fastest rate in 7 years, while hourly earnings are rising at a pace more than double that of the overall private sector.

PAYING MORE FOR MEALS

Annual Growth in Consumer Price Index — Food Away from Home vs. Food at Home



Source: BLS. *Year-to-date thru June





TRENDS WITH TRACTION



Looking back on the coronavirus' onset, it didn't take long for restaurant operators to respond to the challenges inherent in the pivot to all off-premises business. The resources they developed and innovations they employed were, in many cases, so effective, they're likely here to stay for the foreseeable future.



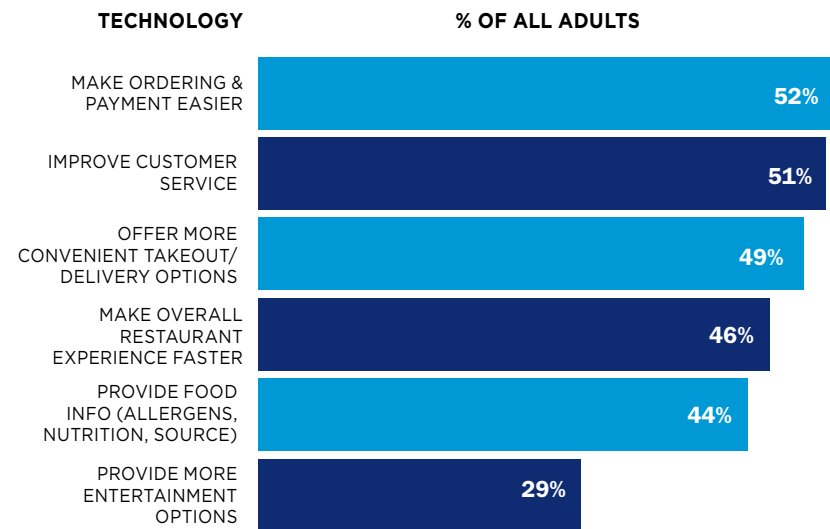
ACCELERATED TECH ADOPTION

The pandemic forced consumers to hone their tech skills to master online ordering, electronic payment, and order pickup when the industry shifted to all off-prem. When it comes to digital engagement, what was nice to have is now necessity—customers expect it.



TECH PLEASE!

Areas in which consumers would like to see restaurants incorporate more technology



Source: National Restaurant Association, Feb. 2021 survey



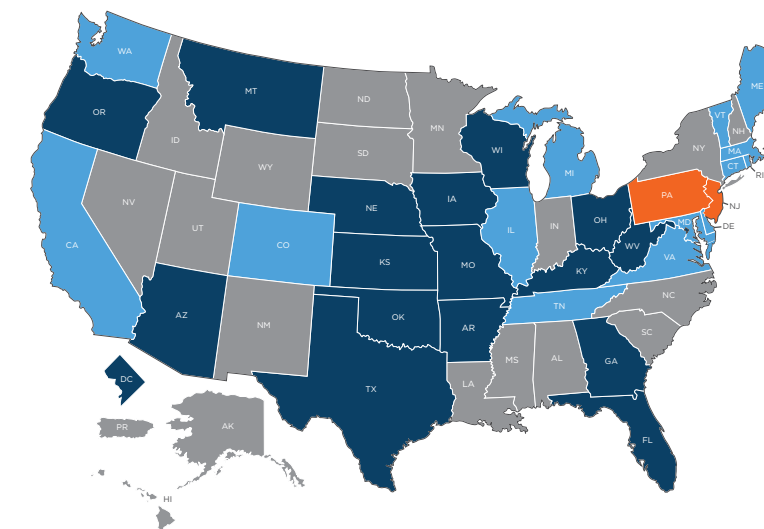
ALCOHOL-TO-GO

Grabbing hold of one of the most effective lifelines during the pandemic shut-down, operators who sold alcohol-to-go (ATG) were able to augment off-premises sales. Most states were quick to allow beer, wine and even liquor to go, but off-prem mixed cocktails were a mixed bag legislatively.

At the high point:

- 39** states allowed cocktails-to-go in some way
- 14** have extended how long they'll be permitted (decision is pending in several states)
- 17** jurisdictions (16 states and D.C.) have made cocktails-to-go permanent

STATES ALLOWING COCKTAILS TO GO



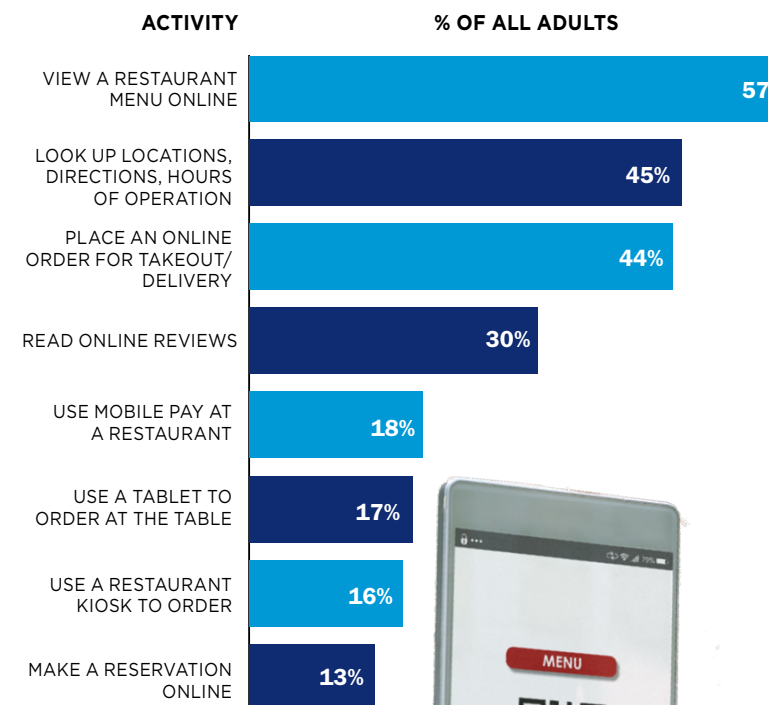
■ Cocktails to go allowed permanently
 ■ Pending legislation to make cocktails to go permanent

■ Cocktails to go extended
 ■ Cocktails-to-go not allowed*

Source: National Restaurant Association, as of July 2021
*local municipal exceptions may be in place

HOW CONSUMERS USE TECHNOLOGY

% of consumers who did the following in the past year



Source: National Restaurant Association, Feb. 2021 survey



THE ABILITY TO CONTINUE OFFERING ALCOHOLIC BEVERAGES WITH TAKEOUT AND DELIVERY ORDERS COULD BOOST OFF-PREMISES SALES BY 5%-10% FOR A TYPICAL RESTAURANT THAT INVESTED IN SUCH A PROGRAM.

Mike Whately, VP State Affairs and Grassroots Advocacy, National Restaurant Association



OFF-PREMISES DINING

Early in the pandemic, takeout and delivery became customers' only options for restaurant meals. Today, their use of off-premises options is still high; in fact, it's higher. On-premises restaurant use has improved but remains lower.



OFF-PREM VS. ON-PREM

% of adults who used restaurants for off-premises and on-premises meal occasions during the previous week

TAKEOUT/DELIVERY	PRE-PANDEMIC MARCH 2020	EARLY AUGUST 2021	% POINT CHANGE
Dinner	58%	60%	+2%
Lunch	37%	43%	+6%
Breakfast	28%	31%	+3%
ON-SITE			
Dinner	60%	48%	-12%
Lunch	39%	28%	-11%
Breakfast	26%	19%	-7%

Source: National Restaurant Association weekly Consumer Restaurant Frequency Survey



THE GREAT OUTDOORS

Outdoor dining is a key revenue source for many restaurants during the pandemic. 90% of operators who expanded outdoor seating to a sidewalk, parking lot or street plan to continue if their jurisdiction allows it post pandemic. As virus variants emerge, operators requiring proof of vaccination for indoor dining will likely benefit from having outdoor dining options.

84% of adults say they favor allowing [restaurants to set up tables on sidewalks](#), parking lots or streets permanently.

TABLE IN OR OUT?

% of restaurants that offer on-premises outdoor dining

RESTAURANT SEGMENT	SEPT. 2020	NOV. 2020	FEB. 2021	APR. 2021
All restaurants	67%	49%	40%	57%
Fullservice	74%	52%	42%	61%
Limited-service	60%	46%	37%	53%

Source: National Restaurant Association Operator Survey April 2021
*Limited-service includes quickservice, fast casual and coffee/snack concepts.





A LOOK AHEAD



RISE IN VARIANTS COULD THREATEN RESTAURANT RECOVERY

In the first half of 2021, the restaurant industry passed a few positive signposts on the long road to recovery.

While rising employment and increasing sales are bright spots, they're not in numbers strong enough to reverse the damage done by the coronavirus in the last year and a half.

Now, **coronavirus variants threaten** those gains.

A National Restaurant Association survey of 1,000 adults, Aug. 13-15, reveals:

- 6 in 10 adults **changed their restaurant use** due to the rise in the delta variant
- 1 in 5 adults chose to **sit outdoors** if they did dine at a restaurant
- 37% said they **ordered delivery or takeout** instead of dining in a restaurant
- 9% cancelled restaurant plans and 19% **stopped dining in restaurants** altogether

If asked to wear masks to dine indoors again ...

- 32% of adults surveyed said this mandate would make **them less likely** to dine in a restaurant
- 25% said it would make them **more likely** to
- 43% said it **wouldn't impact** their restaurant use either way

If asked to show proof of vaccination to dine indoors ...

- 32% of adults surveyed said this mandate would make them **less likely** to dine in a restaurant
- 33% said it would make them **more likely** to
- 35% said it **wouldn't impact** their restaurant use either way



The Association will continue **to monitor the effect of COVID-19 on the restaurant industry** in the coming months and plans a full State of the Restaurant Industry Report early in 2022.