

LAKE COUNTY ECONOMIC FORECAST

Lake County is located in Northern California approximately 100 miles north of San Francisco. The name of the county is derived from Clear Lake, which is the largest natural freshwater lake in California. The lake is a summer water sports recreation destination. Lake County has a population of 64,711 people and 12,938 wage and salary jobs. The per capita income in Lake County is \$33,180 and the average salary per worker is \$42,090.

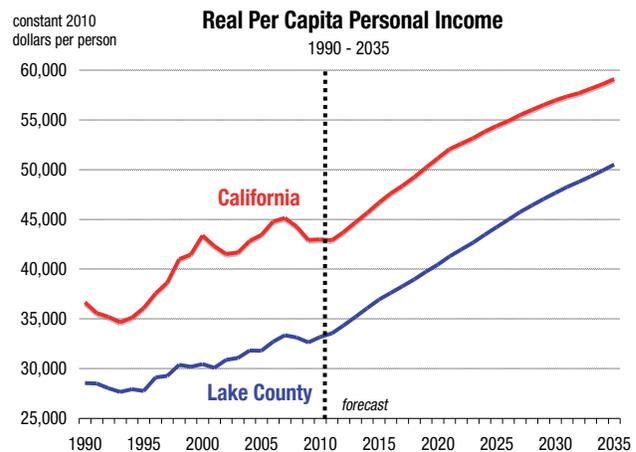
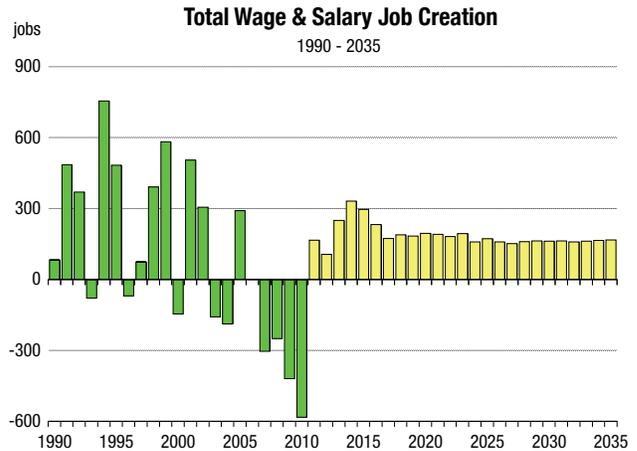
Total wage and salary employment fell by 582 jobs or 4.3 percent in Lake County during 2010. Non-farm employment declined by 3.6 percent, while farm employment fell 12.4 percent. The unemployment rate increased to 18.1 percent in 2010.

The manufacturing sector was the only area of the economy to create jobs during 2010 (though manufacturing does not employ a significant workforce in Lake County). During 2010 employment losses were greatest in the leisure services (-180 jobs), farm (-140 jobs), construction (-90 jobs), and education and healthcare (-70 jobs) sectors. 2010 was the fourth straight year of significant job losses in Lake County, due in large part to the leisure sector, which has dwindled as consumers cut down on recreation spending.

The population in Lake County rose by 10.9 percent between the 2000 and 2010 census. The only two incorporated cities in the county are Clearlake and Lakeport. The population of the former grew 16 percent while the population of the latter declined 1.4 percent over the last decade. Net migration has been positive over the past few years, though the rate has slowed with the economy.

FORECAST HIGHLIGHTS

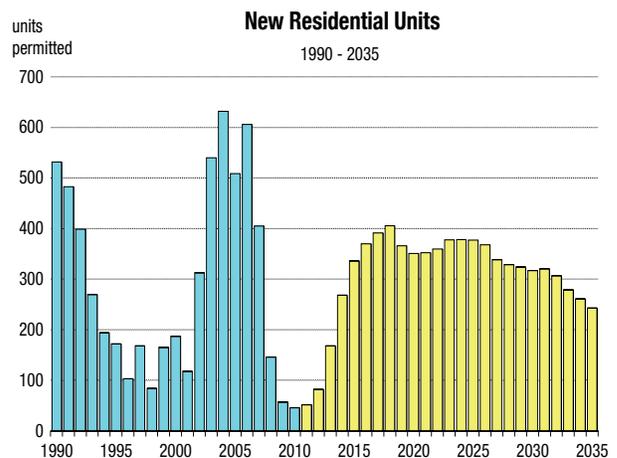
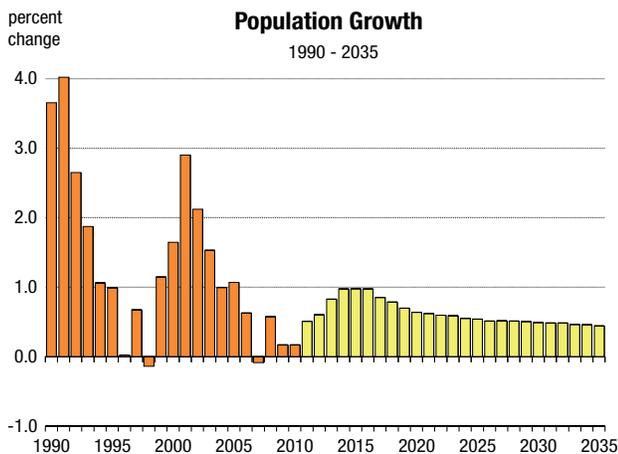
- Total wage and salary job growth is forecast to turn positive in 2011, rising by 1.3 percent. From 2011 to 2016, total employment growth averages 1.8 percent per year.
- Average salaries adjusted for inflation are currently below the California state average, and will remain so over the forecast period. Inflation adjusted salaries are expected to rise an average of 1.0 percent per year from 2011 to 2016.
- Between 2011 and 2016, the momentum for employment growth is in education and healthcare services, leisure, transportation, professional services, and construction. These sectors account for 77 percent of net job creation during this time period.
- Annual population growth in the 2011 to 2016 period averages 0.9 percent per year.
- Net migration rises in 2011, with an estimated 390 migrants entering the county. Between 2011 and 2016 net migration is expected to average 590 net migrants entering the county per year. Net migration is responsible for all growth, as the natural increase is forecast to be negative for the duration of the forecast.
- Real per capita income is forecast to increase 1.1 percent in 2011. From 2011 to 2016 real per capita incomes are expected to increase an average of 2.3 percent per year.
- Total taxable sales, adjusted for inflation, are forecast to rise by 5.7 percent in 2011. Between 2011 and 2016 real taxable sales are forecast to increase an average of 4.3 percent per year.
- Industrial production is forecast to rise 3.5 percent in 2011. From 2011 to 2016 the growth rate of industrial production will average 4.3 percent per year. Total crop production is expected to increase an average of 0.8 percent per year between 2011 and 2016. The principle crop in the county is wine grapes.



Lake County Economic Forecast

2006-2010 History, 2011-2040 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (millions)	Unemploy- ment Rate (percent)
2006	64,177	476	87.1	25.1	606	\$0.57	\$1.93	\$32,714	3.2	71.8	146.1	7.7
2007	64,122	-13	85.5	25.7	405	\$0.57	\$2.03	\$33,354	3.4	75.6	141.0	8.4
2008	64,492	443	85.1	26.0	146	\$0.57	\$2.09	\$33,118	3.0	62.5	145.0	10.6
2009	64,601	209	84.9	26.2	57	\$0.46	\$2.08	\$32,635	0.8	66.0	140.5	15.4
2010	64,711	209	85.0	26.3	46	\$0.49	\$2.15	\$33,180	1.3	66.6	141.2	18.1
2011	65,042	390	85.4	26.4	52	\$0.53	\$2.25	\$33,551	3.3	69.0	146.1	16.4
2012	65,436	452	86.0	26.5	82	\$0.57	\$2.37	\$34,344	2.3	69.2	152.4	15.4
2013	65,978	600	86.7	26.6	168	\$0.61	\$2.51	\$35,195	2.3	70.8	159.6	14.0
2014	66,622	689	87.5	26.7	268	\$0.66	\$2.66	\$36,060	2.4	72.8	166.4	12.5
2015	67,275	696	88.4	26.8	336	\$0.70	\$2.81	\$36,951	2.1	72.5	173.2	11.2
2016	67,931	702	89.2	27.0	370	\$0.74	\$2.95	\$37,618	2.1	71.7	180.2	10.3
2017	68,511	628	90.1	27.3	392	\$0.77	\$3.09	\$38,267	2.1	71.4	186.5	9.8
2018	69,049	592	90.8	27.6	406	\$0.81	\$3.23	\$38,972	2.0	71.0	193.3	9.4
2019	69,531	546	91.5	27.9	366	\$0.85	\$3.38	\$39,731	1.9	70.4	200.6	9.0
2020	69,977	522	92.0	28.1	351	\$0.88	\$3.52	\$40,463	1.7	70.0	209.6	8.7
2021	70,413	528	92.5	28.4	352	\$0.92	\$3.68	\$41,272	1.7	69.7	219.7	8.7
2022	70,833	520	92.9	28.7	360	\$0.96	\$3.84	\$41,959	2.2	69.7	228.2	8.7
2023	71,253	529	93.2	28.9	378	\$1.00	\$4.02	\$42,670	2.2	70.1	236.8	8.7
2024	71,646	513	93.5	29.2	378	\$1.05	\$4.20	\$43,460	2.1	69.3	245.8	8.7
2025	72,034	517	93.7	29.5	377	\$1.09	\$4.39	\$44,230	2.1	69.1	255.0	8.7
2026	72,404	511	93.9	29.8	368	\$1.14	\$4.58	\$44,974	2.1	69.1	264.5	8.7
2027	72,779	527	94.0	30.0	339	\$1.19	\$4.78	\$45,722	2.1	69.2	274.1	8.7
2028	73,153	540	94.2	30.3	329	\$1.24	\$4.98	\$46,405	2.1	69.4	284.4	8.7
2029	73,524	548	94.5	30.5	324	\$1.29	\$5.18	\$47,050	2.1	69.6	295.0	8.7
2030	73,885	553	94.8	30.8	317	\$1.35	\$5.39	\$47,674	2.1	69.8	306.2	8.6
2031	74,244	565	95.2	31.0	321	\$1.40	\$5.60	\$48,256	2.2	70.0	317.5	8.6
2032	74,605	580	95.7	31.3	307	\$1.46	\$5.81	\$48,770	2.2	70.2	329.2	8.6
2033	74,951	578	96.3	31.5	279	\$1.53	\$6.03	\$49,335	2.1	70.4	341.3	8.6
2034	75,297	594	97.1	31.7	261	\$1.59	\$6.26	\$49,901	2.2	70.7	353.8	8.6
2035	75,631	595	97.8	31.9	243	\$1.66	\$6.50	\$50,510	2.2	70.9	366.8	8.6
2036	75,951	597	98.7	32.1	230	\$1.73	\$6.75	\$51,121	2.1	71.1	380.3	8.6
2037	76,266	607	99.7	32.3	217	\$1.80	\$7.01	\$51,740	2.2	71.4	394.2	8.6
2038	76,565	605	100.7	32.5	203	\$1.88	\$7.28	\$52,379	2.1	71.6	408.6	8.6
2039	76,844	601	101.9	32.6	206	\$1.96	\$7.55	\$53,033	2.1	71.8	423.5	8.6
2040	77,114	607	103.1	32.8	198	\$2.04	\$7.83	\$53,688	2.1	72.1	440.0	8.6

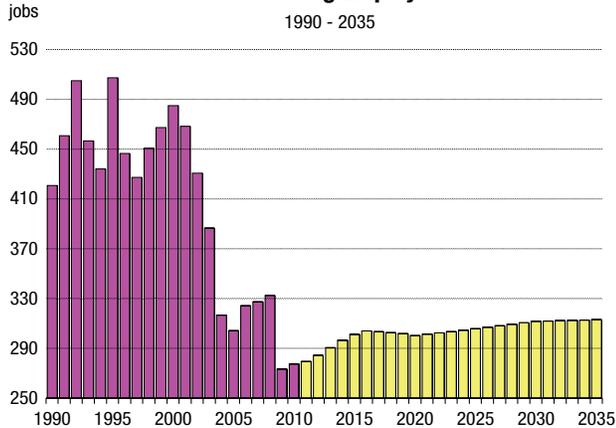


Lake County Employment Forecast

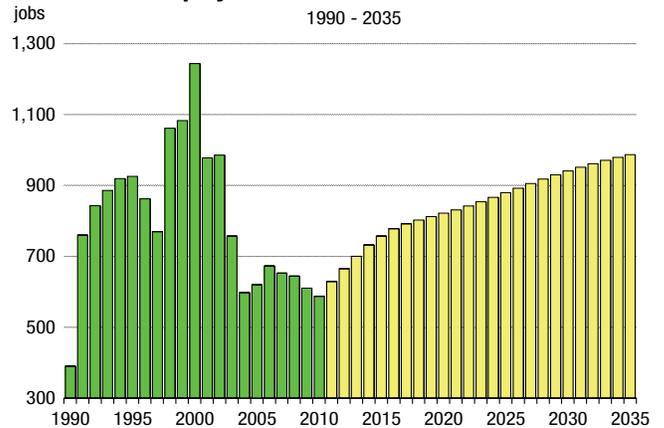
2006-2010 History, 2011-2040 Forecast

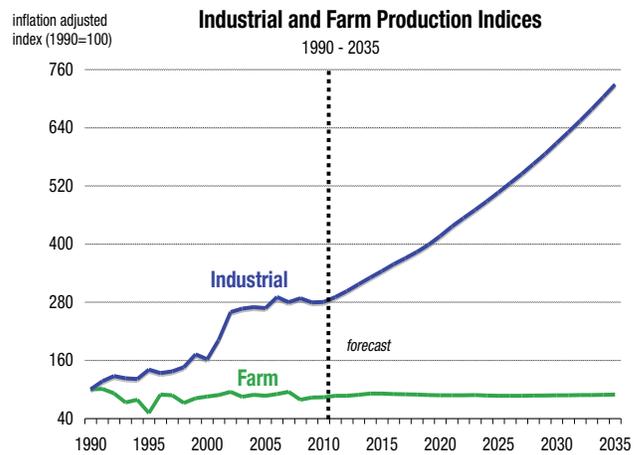
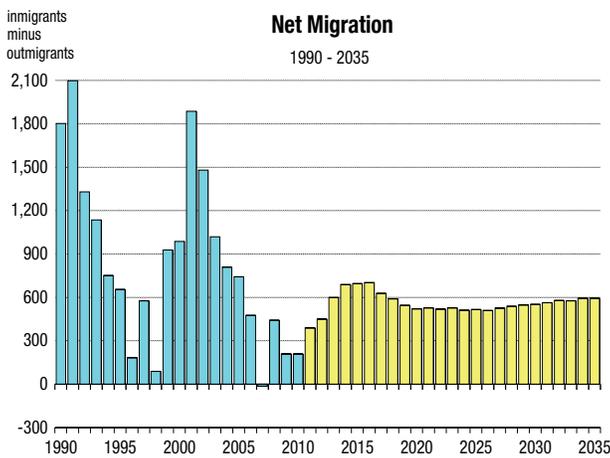
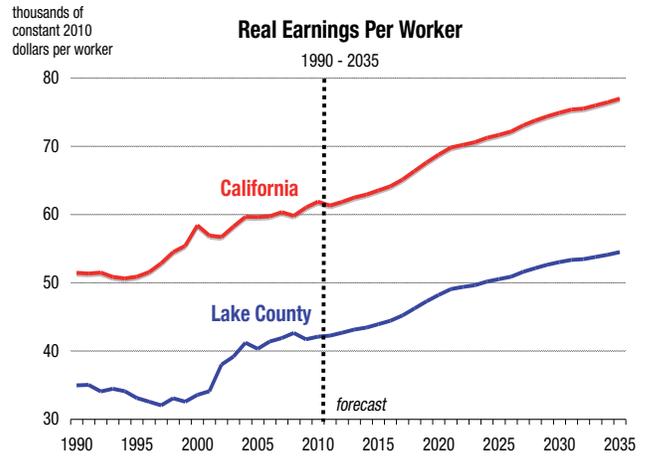
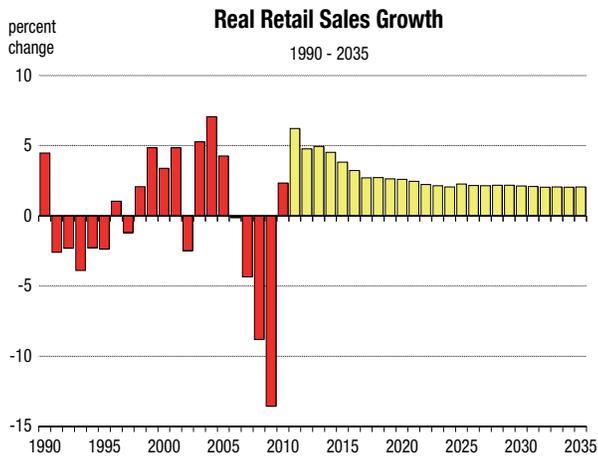
	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
2006	14.5	0.98	0.90	0.32	0.63	2.23	0.45	0.67	0.16	2.17	1.59	4.06
2007	14.2	1.04	0.84	0.33	0.60	2.26	0.43	0.65	0.15	2.21	1.41	3.95
2008	13.9	1.00	0.68	0.33	0.57	2.24	0.40	0.65	0.14	2.20	1.33	4.09
2009	13.5	1.13	0.47	0.27	0.54	2.17	0.37	0.61	0.13	2.15	1.26	4.10
2010	12.9	0.99	0.39	0.28	0.52	2.11	0.35	0.59	0.13	2.08	1.08	4.09
2011	13.1	1.00	0.41	0.28	0.53	2.13	0.35	0.63	0.13	2.14	1.14	4.03
2012	13.2	1.01	0.42	0.28	0.56	2.15	0.35	0.67	0.13	2.18	1.18	3.94
2013	13.5	1.01	0.45	0.29	0.59	2.17	0.37	0.70	0.13	2.23	1.23	3.95
2014	13.8	1.02	0.50	0.30	0.62	2.19	0.37	0.73	0.13	2.28	1.28	4.02
2015	14.1	1.03	0.55	0.30	0.65	2.21	0.37	0.76	0.13	2.34	1.33	4.08
2016	14.3	1.03	0.58	0.30	0.68	2.22	0.38	0.78	0.13	2.39	1.36	4.12
2017	14.5	1.03	0.60	0.30	0.70	2.24	0.38	0.79	0.13	2.43	1.38	4.17
2018	14.7	1.04	0.62	0.30	0.72	2.25	0.38	0.80	0.13	2.47	1.40	4.22
2019	14.9	1.04	0.62	0.30	0.76	2.26	0.38	0.81	0.13	2.51	1.42	4.29
2020	15.1	1.04	0.62	0.30	0.80	2.27	0.38	0.82	0.13	2.56	1.43	4.36
2021	15.3	1.04	0.63	0.30	0.83	2.28	0.39	0.83	0.13	2.60	1.43	4.43
2022	15.4	1.05	0.64	0.30	0.87	2.29	0.39	0.84	0.13	2.64	1.43	4.50
2023	15.6	1.05	0.66	0.30	0.90	2.30	0.39	0.85	0.13	2.69	1.44	4.56
2024	15.8	1.06	0.68	0.30	0.92	2.31	0.39	0.87	0.13	2.74	1.44	4.61
2025	16.0	1.06	0.69	0.31	0.95	2.32	0.39	0.88	0.13	2.79	1.44	4.65
2026	16.1	1.06	0.69	0.31	0.97	2.33	0.39	0.89	0.13	2.84	1.44	4.69
2027	16.3	1.07	0.69	0.31	0.99	2.33	0.40	0.91	0.13	2.90	1.44	4.74
2028	16.4	1.08	0.70	0.31	1.01	2.34	0.40	0.92	0.13	2.95	1.45	4.78
2029	16.6	1.08	0.71	0.31	1.03	2.35	0.40	0.93	0.13	3.01	1.45	4.83
2030	16.8	1.09	0.71	0.31	1.05	2.36	0.41	0.94	0.13	3.07	1.45	4.87
2031	16.9	1.09	0.72	0.31	1.08	2.37	0.41	0.95	0.13	3.13	1.45	4.91
2032	17.1	1.10	0.72	0.31	1.10	2.38	0.41	0.96	0.13	3.19	1.46	4.96
2033	17.2	1.11	0.71	0.31	1.12	2.39	0.41	0.97	0.13	3.25	1.46	5.01
2034	17.4	1.11	0.71	0.31	1.15	2.40	0.42	0.98	0.13	3.31	1.46	5.06
2035	17.6	1.12	0.71	0.31	1.17	2.41	0.42	0.99	0.13	3.37	1.46	5.12
2036	17.8	1.13	0.71	0.31	1.19	2.41	0.42	1.00	0.13	3.43	1.47	5.17
2037	17.9	1.14	0.71	0.31	1.22	2.42	0.42	1.00	0.14	3.50	1.47	5.22
2038	18.1	1.14	0.71	0.31	1.24	2.43	0.43	1.01	0.14	3.56	1.47	5.28
2039	18.3	1.15	0.71	0.31	1.27	2.44	0.43	1.02	0.14	3.63	1.47	5.33
2040	18.5	1.16	0.72	0.31	1.29	2.45	0.43	1.03	0.14	3.70	1.48	5.38

Manufacturing Employment



Employment in Professional Services





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	23.2%
Expected job growth:	9.3%
Fastest growing jobs sector:	Construction
Expected personal income growth:	17.1%

Expected population growth:	4.4%
Net migration to account for:	100.0%
Expected growth in number of vehicles:	4.4%

Demographics (2011)

Unemployment rate (June 2011)	17.3%
County Rank* in California (58 counties):	51st
Working age (16-64) population:	63.5%

Population with B.A. Degree or higher:	16.9%
Median Home Selling Price:	\$126,500
Median Household Income:	\$37,958

Quality of Life

Violent Crime rate (2009):	433 per 100,000 persons
County Rank* in California (58 counties):	36th
Average Commute Time to work (2011):	28.1 minutes

High School drop out rate (2009):	16.7%
Households at/below poverty line:	12.6%

* The county ranked 1st corresponds to the lowest rate in California