

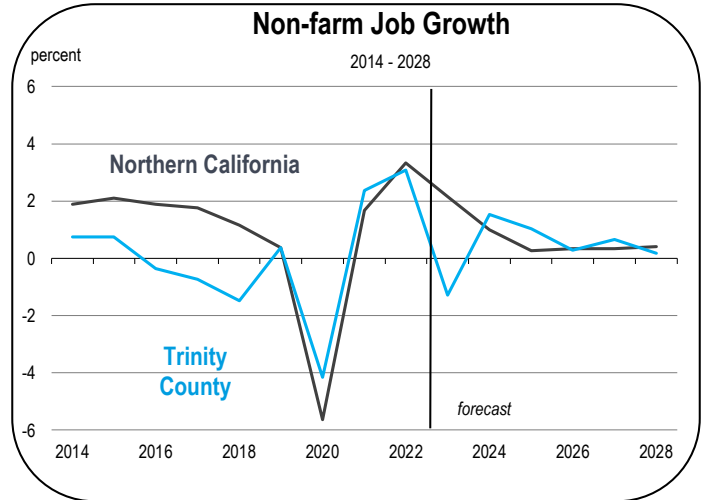
Trinity County Economic Forecast

Forecast Summary

- During 2023, there will be no job creation in the county’s labor market. Employment levels remain akin to the pre-pandemic environment.
- Over the next 5 years, the forecast has total employment rising by 75 jobs.
- The construction industry will create the most jobs in 2023, and the services industry will lead job growth in 2024.
- The unemployment rate in Trinity is a scant 5.1 percent (October 2023). It is expected to rise in 2024 and average 6.1 percent for the year as the general economy slows.
- The population is expected to contract over the forecast as the natural increase remains negative and net in-migration converges toward zero.
- Housing production remains constant over time, averaging approximately 40 homes per year. Many of these homes are vacation homes built by non-residents.
- The August Complex fire destroyed 228 single family homes during the month of October 2020. To date, much of that housing has not been rebuilt.

Job Growth

- Job growth rose 2.7 percent in 2022, adding 70 jobs to the Trinity County workforce. The status of the labor market in 2023 indicates a contraction in employment will ensue, by 24 jobs. Over the 5-year forecast horizon, job growth will average 0.5 percent per year.
- The largest sector in the county is retail trade, employing approximately 400 workers. Over the next 5 years, no new jobs

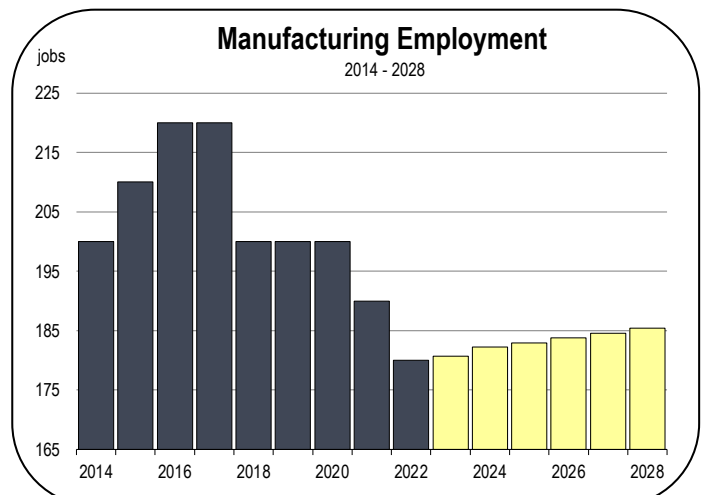
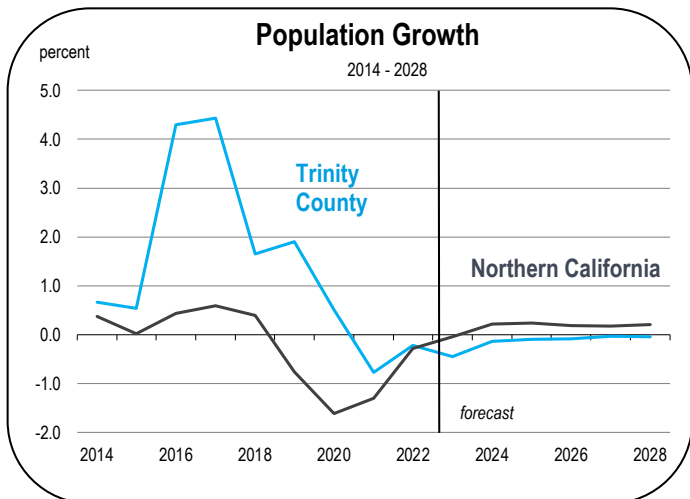


are forecast for this sector. The minimal job creation expected in the county will occur in healthcare.

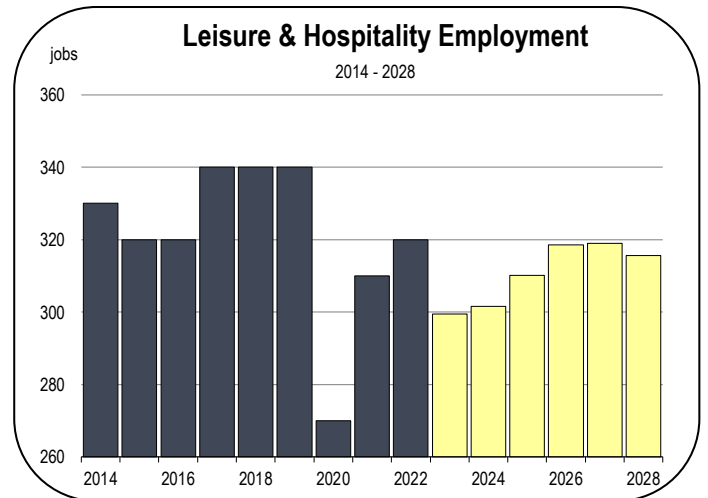
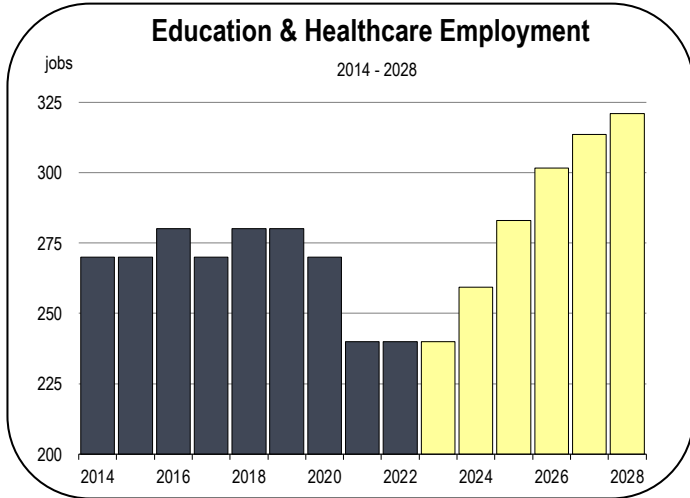
- Because the county’s population is forecast to decline, it is unlikely that many new employment opportunities will be created in the county over the forecast.

Manufacturing Employment

- The county’s manufacturing sector is concentrated in lumber production, and the largest employer is Trinity River Lumber Company.
- The company, headquartered in Weaverville, produces Douglas fir and Hem fir lumber, employing 131 workers.
- Manufacturing employment is not expected to expand much in Northern California counties over the forecast. Most manufacturing operations have been in operations for many years and are associated with timber production and products. This industry is largely contracting.



Trinity County Economic Forecast



Private Education and Healthcare Employment

- The healthcare labor market is forecast to increase over the forecast, due largely to the aging of the population.
- The largest healthcare employer is Trinity Hospital, operated by Mountain Communities Healthcare District. The Hospital has a staff size of approximately 125.
- The oldest aged populations will peak between 2030 and 2035. Post peak, healthcare employment is not expected to contribute much to the job base.

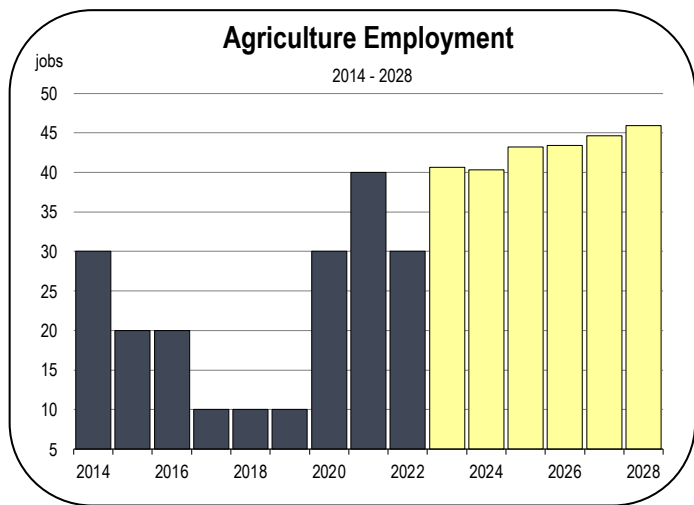
Leisure and Hospitality Employment

- The largest event is the Trinity County Fair which is held annually in July. There are bands, a livestock auction, and a little Miss and Mr Trinity County selected by Judges. There is also a logging contest, pet parade, and bicycle race. The fair is attended by up to 5,000 visitors.
- Visitors also travel to Trinity County to boat on Trinity Lake and hike in the Trinity Alps. There are 25 hotels in the County along with 40 restaurants.
- Only a modest number of new jobs were created in 2022. During 2023, job counts in leisure and hospitality have declined. No material increase is expected over the short term forecast.



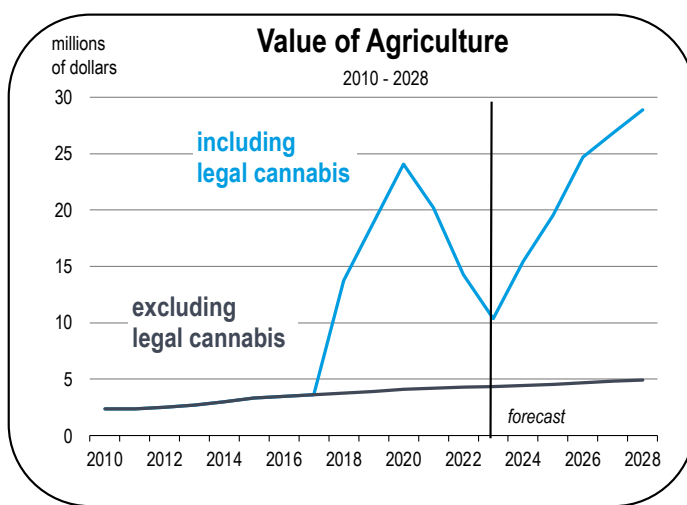
Four Lakes Loop in the Trinity Alps

Trinity County Economic Forecast



Agriculture Employment

- The conventional farming sector in Trinity County is small, employing just 40 workers. It was expected to expand rapidly as the cannabis industry matured and black-market growers transitioned into the legal market. Then underground workers would begin to be counted in official labor market data.
- This has not yet occurred nearly six years after cannabis cultivation was legalized. Cannabis is the most prominent agricultural commodity in the county with at least five to ten times the sales value than all other ag products combined. The production of cannabis has been prominent for decades. Currently, the local cannabis industry is dominated by small farms and greenhouses.
- There were approximately 500 active cultivation permits that were spread across 370 growers in 2021, indicating that the average grower managed less than an acre of land or greenhouse space.
- The growth of supply of legal cannabis in California has occurred faster than the growth in demand, and prices have declined steadily since the industry was legalized.
- One pound of above average quality packaged flower currently wholesales for between \$1,200 and \$1,400 per pound. The price in 2022 was \$1,700 to \$1,900. This is a decline of 25 percent.
- However, the reduction in supply due to the fallout of many growers and the devastating storms in early 2023 which adversely affected outside and mixed light growing, has now led to wholesale price stabilization and even some slight price increases following months of declining prices in California, the nation's largest market.

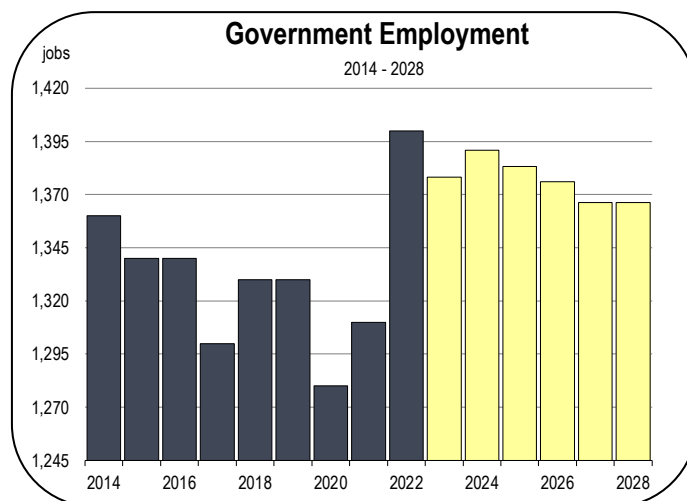


Spot Prices of Cannabis, U.S. (dollars per pound)

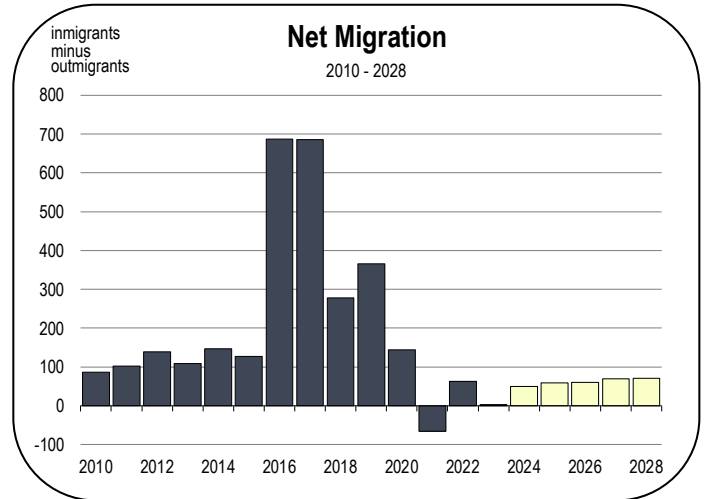
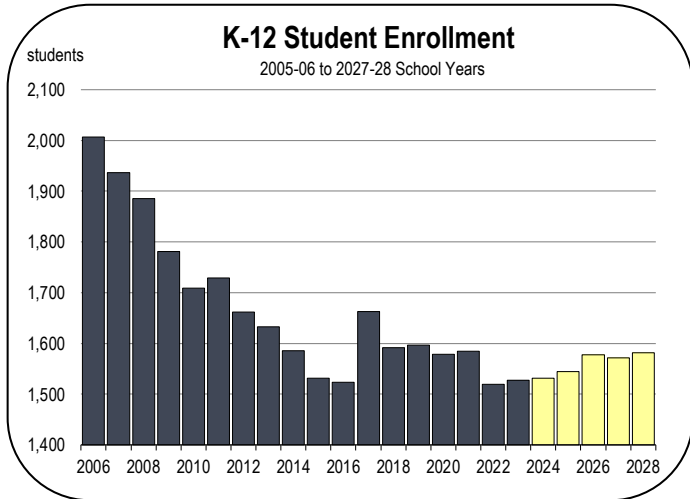
January 2023	\$977
April 2023	\$1,010
July 2023	\$985
October 2023	\$1,032
December 2023	\$1,062
June 2024 (expected)	\$1,075

Source: Cannabis Benchmarks, December 2023

- In July 2022, California eliminated the cannabis cultivation tax in an effort to make the legal market more competitive with the underground market.
- Legal cannabis production which stalled in Trinity County in 2022 and for much of 2023 is expected to expand as the industry matures and the growing pains of the regulated market ultimately become resolved. The future success of cannabis production in Trinity County may depend on the ability of small operations to merge with larger companies with higher profit margins.



Trinity County Economic Forecast

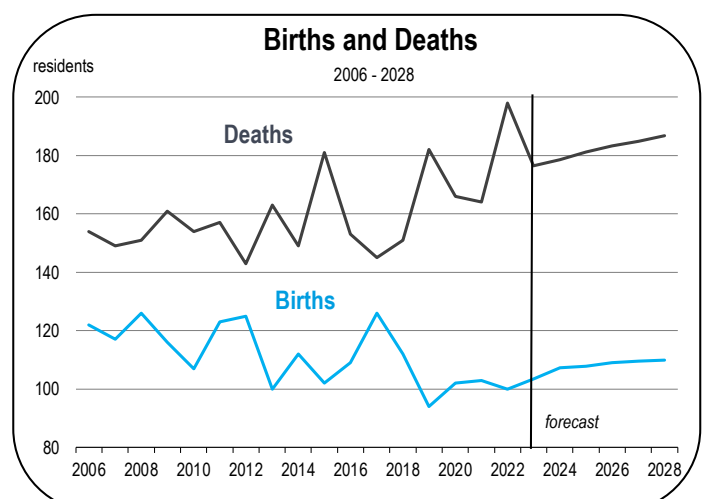
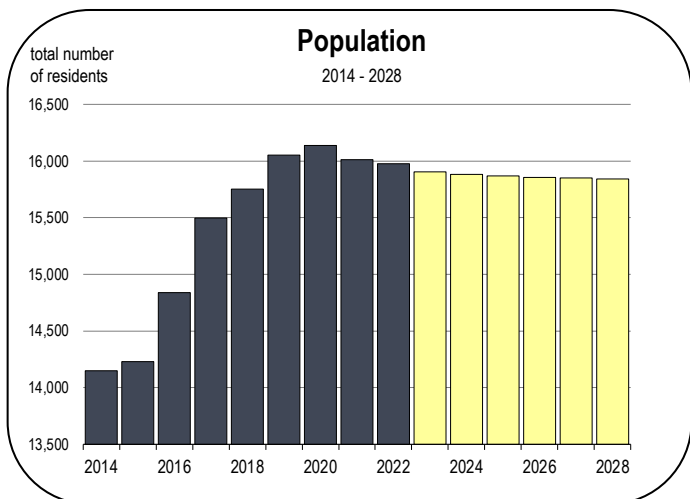


State Local Government

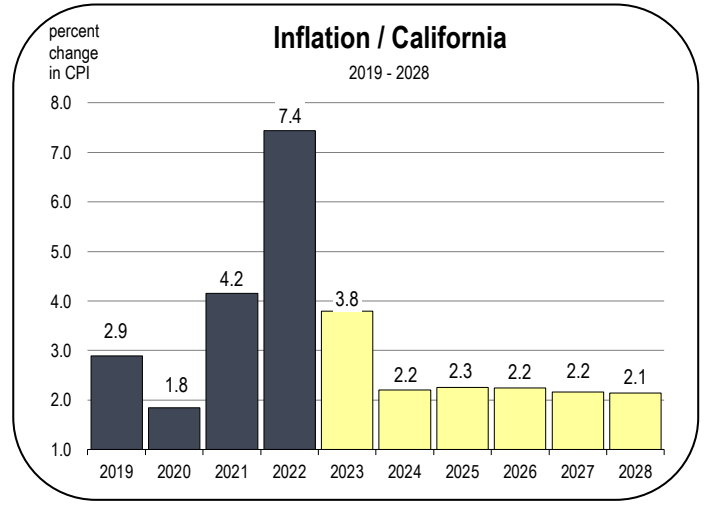
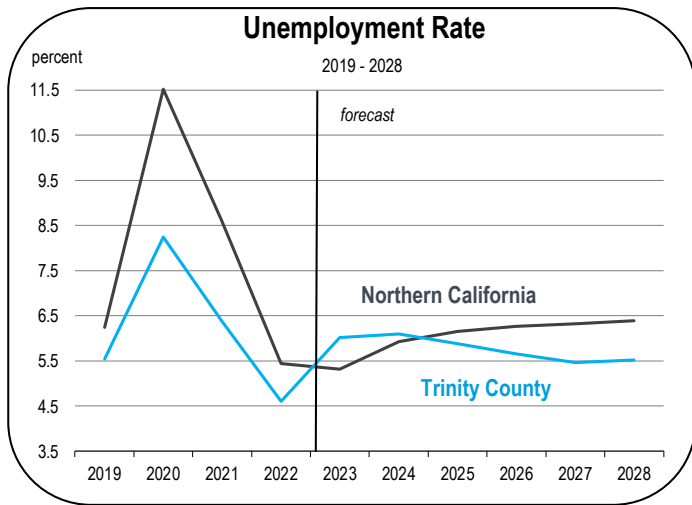
- All pandemic impacted public sector jobs were entirely restored in 2022. The growth of jobs jumped 8.1 percent.
- More jobs were created in government than any other labor market in 2022. During 2023, the public sector will contract by 24 positions.
- Both school enrollments and employment had declined over the last 15 years. K-12 enrollment is now expected to level out over the forecast, in tandem with the size of the child raising age cohort of the Trinity County population.

Population Growth

- The surge in positive net in-migration from 2012 to 2020 has ended. Population is unlikely to increase over the forecast period, due to a negative natural rate of population growth combined with lower levels of in-migration.
- The natural increase in population has been negative every year since 1990. Consequently, the population declines over the forecast.
- A declining population will reduce the number of consumers demanding goods and services from local business, and lead to lower demand for public services which includes the K-12 schools.



Trinity County Economic Forecast

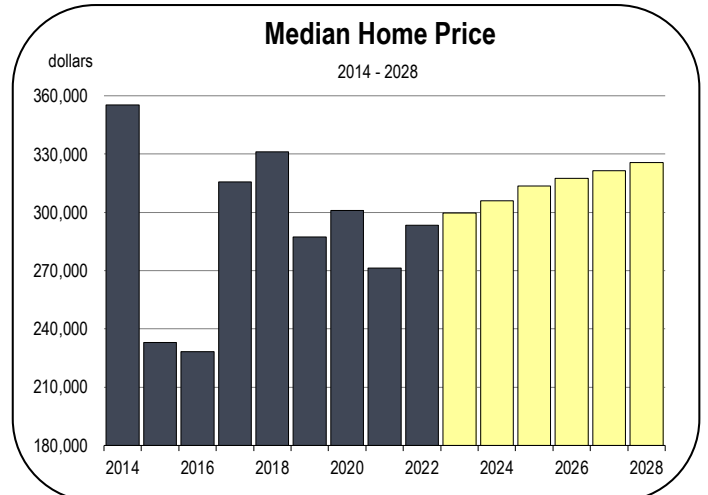
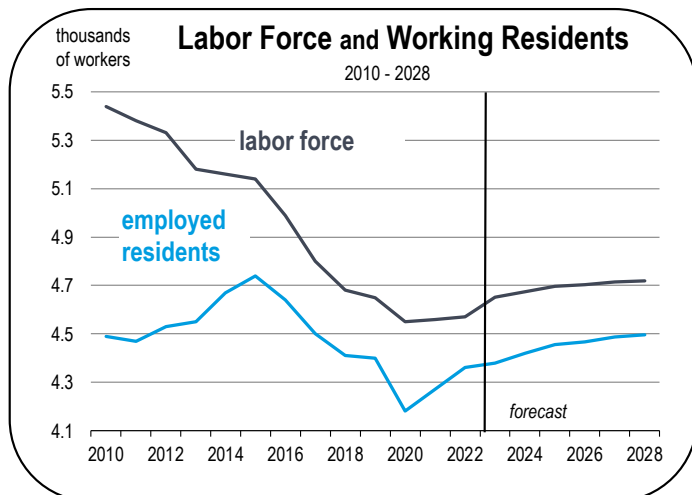


Unemployment and Inflation Rates

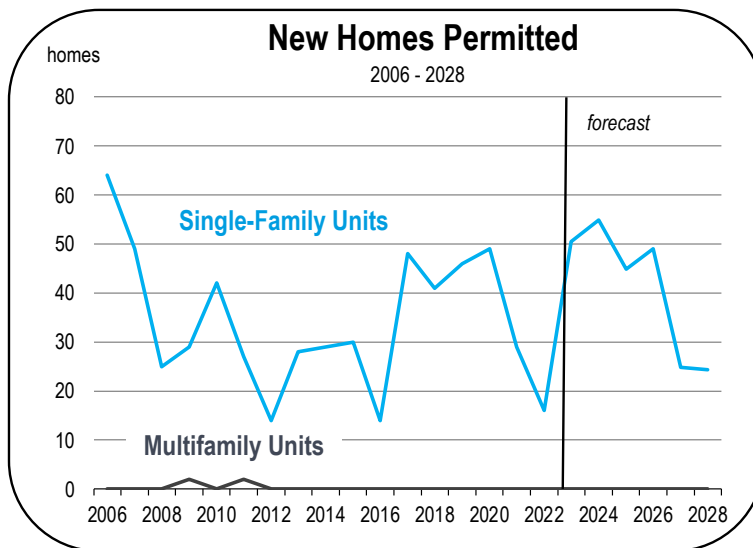
- The rate averaged 4.6 percent in 2022 and is forecast to average 6.0 percent in 2023. The largest city, Weaverville, has an unemployment rate of 6.1 percent, as of October 2023.
- Both the labor force and total resident employment in the county have been in decline though they have recovered from the pandemic recession. Both the labor force and the number of working residents increased in 2022 and are on pace to rise further in 2023. The forecast calls for both labor market indicators to rise gradually, leveling off by 2028.
- Inflation in California, including the Northern California Region, soared to 7.4 percent in 2022, but is expected to decelerate in 2023 to 3.8 percent due largely to declining energy costs, the restoration of supply chains, and stagnant housing costs.
- Ultimately, inflation reduces the purchasing power of households and negatively impacts consumer confidence, limiting the growth potential of the economy in 2023.
- The rate is forecast to continuously decelerate over the forecast period as the labor force is restored, interest rates subside, and wage inflation is contained.
- A risk to the forecast is whether Congressional spending will subside. During 2021 and 2022, this was a principal contributor to the surge of inflation nation-wide. Another risk is whether the economic slowdown will moderate the demand for labor, leading to lower wage inflation.
- Average general inflation rates eventually decline to 3 percent again by 2024.

Home Prices and New Housing Production

- In 2022, the median home value for all housing in Trinity County rose 8.1 percent to \$293,400. The selling value for single family detached homes was \$303,500.



Trinity County Economic Forecast



- The median price continues to rise in 2023, and is forecast to record an appreciation rate of 4 percent for the year. The California Association of Realtors reported a median selling value of \$320,000 for single family homes in Trinity County in October 2023.
- Price appreciation will remain positive over the forecast, due principally to lack of housing supply in the County, combined with continued positive in-migration.
- From 2017 to 2022, an average of 38 new homes were started per year. All were single-family homes.
- In October 2020, the largest wildfire in California history—the August Complex—destroyed 228 homes in Trinity County. Along with the residential structures, another 324 outbuildings were also destroyed.
- Housing production is expected to average 41 units per year from 2023 to 2028, consisting entirely of single-family homes. Fire rebuilds are included in this forecast of housing production.

- The forecast for new housing assumes that some of the fire destroyed homes are rebuilt, in the 2023 to 2025 period. However, many homes will not be rebuilt due to lack of adequate fire insurance, zoning changes, construction cost increases, and out-migrating populations.

New Development in Trinity County

- In June 2023, the Department of Housing and Community Development (HCD) determined that the County is required to produce two housing units over the 2024 to 2029 period, 1 in the very-low income category and one in the low income category.
- The determination shows that very little housing is likely to be built in the county through the end of the decade. And while Trinity averages approximately 40 homes per year, many of those are unlikely associated with lower income categories as specified by HCD. Many homes are built as second or vacation homes for non-residents. The reported vacancy rate for all housing types in Trinity County for 2022 was 25.8 percent, confirming that much of the existing housing stock is not being used full time.

Trinity County Economic Forecast

Economic Indicators

2015-2022 History, 2023-2050 Forecast

	Population (people)	Households (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (millions)	Taxable Retail Sales (millions)	Total Taxable Sales (millions)	Real Industrial Production (millions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	14,228	6.1	127	30	20.7	\$440	\$79	\$111	\$63	\$39,538	7.9	\$4.3	1.4
2016	14,840	6.1	687	14	20.9	\$441	\$85	\$115	\$80	\$37,198	7.1	\$4.4	2.3
2017	15,498	6.1	686	48	20.1	\$453	\$84	\$112	\$103	\$35,476	6.3	\$4.4	3.0
2018	15,754	6.2	278	41	19.7	\$475	\$80	\$104	\$88	\$35,327	5.8	\$4.4	3.7
2019	16,054	6.2	366	46	19.8	\$495	\$83	\$106	\$90	\$35,065	5.5	\$4.5	2.9
2020	16,136	6.3	144	49	19.6	\$538	\$107	\$141	\$100	\$37,286	8.2	\$4.6	1.8
2021	16,011	6.0	-66	29	19.7	\$577	\$111	\$149	\$94	\$38,704	6.4	\$4.5	4.2
2022	15,976	5.9	63	16	18.6	\$581	\$98	\$129	\$83	\$36,368	4.6	\$4.3	7.4
2023	15,905	5.9	2	51	18.5	\$607	\$105	\$138	\$78	\$36,647	6.0	\$4.2	3.8
2024	15,883	5.9	50	55	18.5	\$638	\$109	\$144	\$79	\$37,404	6.1	\$4.1	2.2
2025	15,869	5.9	59	45	18.5	\$664	\$113	\$149	\$80	\$38,062	5.9	\$4.1	2.3
2026	15,855	6.0	60	49	18.4	\$684	\$116	\$153	\$81	\$38,416	5.7	\$4.2	2.2
2027	15,850	6.0	70	25	18.4	\$707	\$119	\$157	\$81	\$38,867	5.5	\$4.2	2.2
2028	15,843	6.0	70	24	18.4	\$728	\$123	\$162	\$82	\$39,184	5.5	\$4.2	2.1
2029	15,840	6.0	75	21	18.4	\$747	\$126	\$166	\$82	\$39,405	5.6	\$4.2	2.2
2030	15,838	6.0	75	21	18.4	\$747	\$129	\$171	\$82	\$39,585	5.6	\$4.2	2.2
2031	15,838	6.0	76	20	18.4	\$788	\$133	\$175	\$82	\$39,850	5.6	\$4.2	2.3
2032	15,832	6.0	70	20	18.4	\$806	\$136	\$179	\$83	\$39,870	5.5	\$4.2	2.3
2033	15,828	6.1	70	17	18.4	\$823	\$139	\$183	\$83	\$39,921	5.6	\$4.3	2.4
2034	15,820	6.1	66	19	18.4	\$843	\$142	\$188	\$83	\$40,105	5.7	\$4.2	2.4
2035	15,814	6.1	66	18	18.4	\$864	\$146	\$192	\$83	\$40,197	5.8	\$4.2	2.5
2036	15,809	6.1	66	18	18.4	\$885	\$149	\$197	\$83	\$40,176	5.9	\$4.1	2.5
2037	15,801	6.1	62	18	18.4	\$908	\$153	\$202	\$83	\$40,144	6.0	\$4.1	2.6
2038	15,792	6.1	62	17	18.4	\$931	\$157	\$207	\$83	\$40,195	6.1	\$4.0	2.6
2039	15,784	6.1	63	17	18.4	\$953	\$161	\$213	\$83	\$40,071	6.1	\$3.9	2.7
2040	15,772	6.1	58	17	18.3	\$979	\$165	\$218	\$83	\$40,140	6.2	\$3.8	2.7
2041	15,751	6.1	49	15	18.3	\$1,002	\$169	\$223	\$83	\$40,281	6.3	\$3.8	2.8
2042	15,721	6.1	39	15	18.3	\$1,026	\$172	\$227	\$83	\$40,458	6.1	\$3.7	2.8
2043	15,683	6.1	29	16	18.2	\$1,050	\$176	\$232	\$84	\$40,673	6.2	\$3.7	2.9
2044	15,638	6.1	19	15	18.2	\$1,072	\$179	\$236	\$84	\$40,921	6.2	\$3.6	2.9
2045	15,592	6.2	15	16	18.1	\$1,095	\$183	\$241	\$84	\$41,159	6.3	\$3.5	3.0
2046	15,544	6.2	10	15	18.0	\$1,119	\$187	\$247	\$84	\$41,363	6.4	\$3.5	3.1
2047	15,493	6.2	5	14	18.0	\$1,145	\$191	\$252	\$84	\$41,528	6.4	\$3.4	3.1
2048	15,441	6.2	1	14	17.9	\$1,172	\$196	\$259	\$84	\$41,684	6.4	\$3.3	3.2
2049	15,388	6.2	-4	14	17.8	\$1,197	\$201	\$264	\$84	\$41,886	6.4	\$3.3	3.2
2050	15,330	6.2	-9	14	17.8	\$1,223	\$205	\$271	\$84	\$42,073	6.4	\$3.2	3.3

Employment Sectors

2015-2022 History, 2023-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade (jobs)	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
2015	2,730	20	100	210	0	420	50	0	0	270	320	1340
2016	2,720	20	70	220	0	420	50	0	0	280	320	1340
2017	2,690	10	80	220	0	420	50	0	0	270	340	1300
2018	2,650	10	90	200	0	360	40	0	0	280	340	1330
2019	2,660	10	90	200	0	370	40	0	0	280	340	1330
2020	2,570	30	110	200	0	370	40	0	0	270	270	1280
2021	2,640	40	110	190	0	390	50	0	0	240	310	1310
2022	2,710	30	110	180	0	390	40	0	0	240	320	1400
2023	2,690	41	120	181	0	381	46	0	0	240	299	1378
2024	2,730	40	122	182	0	383	47	0	0	259	302	1391
2025	2,760	43	123	183	0	384	48	0	0	283	310	1383
2026	2,760	43	122	184	0	385	47	0	0	302	319	1376
2027	2,780	45	122	185	0	386	47	0	0	314	319	1366
2028	2,790	46	120	185	0	388	48	0	0	321	316	1366
2029	2,790	45	118	185	0	389	48	0	0	329	314	1367
2030	2,800	44	117	185	0	390	48	0	0	337	315	1367
2031	2,820	43	116	185	0	392	48	0	0	350	316	1367
2032	2,830	43	116	185	0	393	48	0	0	363	317	1368
2033	2,830	43	114	185	0	394	48	0	0	366	316	1368
2034	2,840	43	116	185	0	395	48	0	0	368	315	1369
2035	2,840	43	115	185	0	397	48	0	0	371	316	1369
2036	2,850	44	115	185	0	398	48	0	0	373	315	1369
2037	2,850	44	115	186	0	398	48	0	0	376	314	1370
2038	2,850	44	114	186	0	398	48	0	0	379	313	1369
2039	2,850	44	114	186	0	398	49	0	0	382	313	1369
2040	2,850	44	113	186	0	397	49	0	0	385	312	1369
2041	2,850	44	112	186	0	397	49	0	0	387	311	1369
2042	2,860	44	112	186	0	397	49	0	0	389	310	1369
2043	2,860	44	112	186	0	397	49	0	0	390	310	1370
2044	2,860	44	112	186	0	397	49	0	0	391	309	1372
2045	2,860	44	113	186	0	398	49	0	0	391	308	1373
2046	2,860	44	112	186	0	398	49	0	0	391	307	1375
2047	2,860	44	111	186	0	398	49	0	0	391	306	1377
2048	2,860	45	111	186	0	398	49	0	0	391	306	1378
2049	2,860	45	111	186	0	398	50	0	0	390	305	1380
2050	2,870	45	111	186	0	398	50	0	0	390	304	1382

Trinity County Economic Forecast

Socioeconomic Indicators

