

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 sport recreation destination. Lake County has a population of 64,180 people and 14,445 wage and salary jobs. The per capita income in Lake County is \$27,804, and the average salary per worker is \$35,243. The median family income in 2006 was \$44,200.

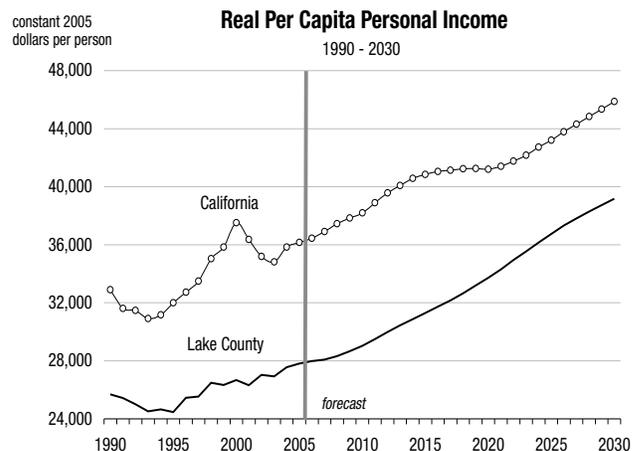
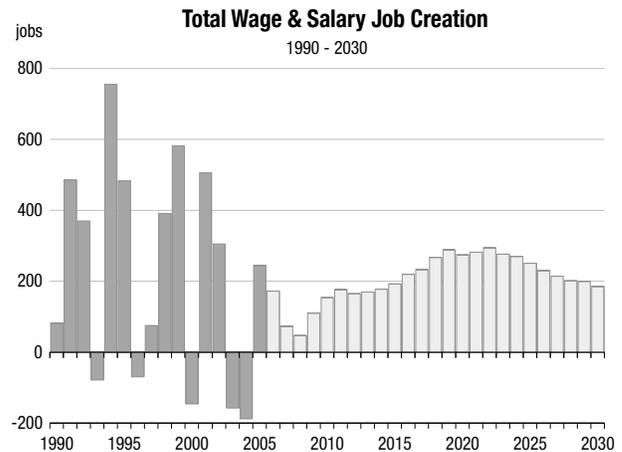
Total wage and salary employment increased by 245 workers or 1.7 percent in Lake County during calendar 2005. Non-farm employment grew by 210 jobs, an increase of 1.6 percent. Farm employment grew by 4.0 percent, adding 35 jobs. The unemployment rate fell to 7.6 percent in 2005.

The principal sectors that are producing jobs in Lake County are the government, leisure services, and education and healthcare sectors. The public sector created the most new jobs last year, adding 109 new wage and salary workers. Other sectors in the county lost jobs last year, including wholesale and retail trade, and manufacturing which lost 68 and 32 jobs respectively.

The population grew in Lake County at a rate of 0.6 percent in 2005. The only two incorporated cities in the county are Clearlake and Lakeport. The population of the former grew 0.1 percent and the population of the latter shrunk 0.4 percent from January 2005 to January 2006. Net migration was positive last year, with an estimated total of 688 migrants entering the county.

FORECAST HIGHLIGHTS

- Total wage and salary job growth is forecast to decline to 1.2 percent in 2006. From 2006 to 2010, total employment growth averages 0.8 percent per year. Over that same period, non-farm growth also averages 0.8 percent.
- 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 1.9 percent per year over the next 5 years.
- Between 2006 and 2010, the momentum for employment growth is in professional services, education and healthcare services, leisure services, and transportation. These sectors account for over 96 percent of net job creation over the next five years. Construction employment is expected to fall by 140 jobs over that same period.
- Real per capita income is forecast to increase 0.6 percent in 2006. Over the next five years real per capita incomes are expected to increase an average of 0.9 percent per year.

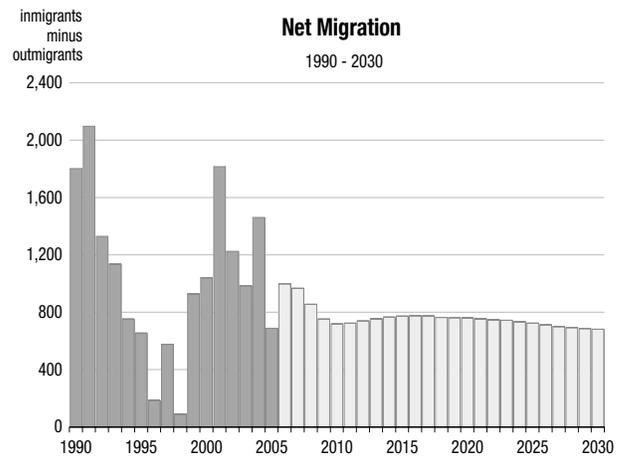
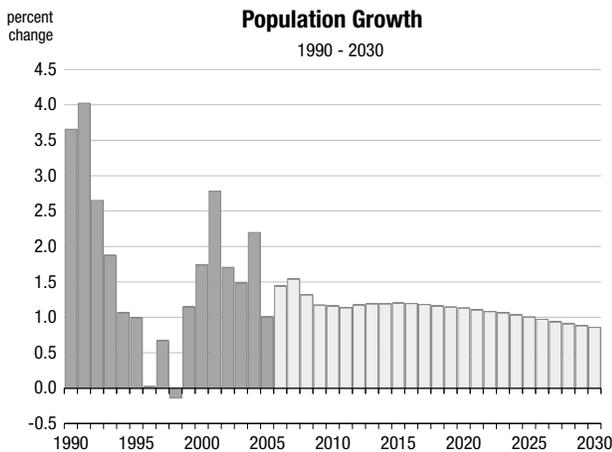


- Annual population growth in the 2006 to 2010 period averages 1.3 percent per year.
- Net migration will increase to an estimated 1,000 people in 2006. Over the next five years net migration is expected to moderate slightly, averaging 860 net migrants entering the county per year. Net migration is responsible for almost all growth, as the natural increase is virtually zero from 2006 to 2010.
- Total taxable sales, adjusted for inflation, are forecast to rise at a rate of 7.4 percent in 2006. Over the next five years real taxable sales are forecast to increase 5.5 percent per year.
- Industrial production is forecast to increase 4.1 percent in 2006. Over the next five years the growth rate of industrial production will average 3.0 percent per year. Total crop production is expected to decline an average of 1.2 percent per year between 2006 and 2010.

Lake County Economic Forecast

1997-2005 History, 2006-2030 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)
1997	57,026	577	63.9	22.9	168	\$0.32	\$1.15	\$25,537	3.4	62.2	57.9	10.9
1998	56,947	90	66.1	23.0	84	\$0.34	\$1.23	\$26,476	3.2	51.0	63.6	9.7
1999	57,601	929	68.0	23.0	165	\$0.38	\$1.29	\$26,333	4.2	57.8	77.4	7.9
2000	58,605	1,041	72.1	24.0	187	\$0.41	\$1.39	\$26,664	4.5	60.3	72.2	6.9
2001	60,235	1,816	76.7	24.1	118	\$0.44	\$1.48	\$26,303	5.4	62.4	89.0	6.9
2002	61,261	1,225	78.7	24.1	313	\$0.44	\$1.58	\$27,025	1.6	67.2	119.6	8.1
2003	62,171	986	79.6	24.3	540	\$0.46	\$1.62	\$26,923	1.8	59.9	123.1	8.9
2004	63,539	1,461	84.4	24.6	632	\$0.51	\$1.72	\$27,554	1.2	62.8	124.9	8.8
2005	64,180	688	85.0	24.8	525	\$0.53	\$1.78	\$27,804	2.0	61.3	120.7	7.6
2006	65,107	1,000	86.2	25.3	483	\$0.56	\$1.89	\$27,982	3.9	59.3	125.6	6.7
2007	66,111	967	87.6	25.7	435	\$0.59	\$1.98	\$28,083	2.4	58.1	127.6	6.4
2008	66,984	855	88.9	26.0	385	\$0.62	\$2.06	\$28,318	2.0	57.5	130.6	6.7
2009	67,769	752	90.3	26.4	361	\$0.65	\$2.15	\$28,651	2.0	57.4	134.7	7.0
2010	68,557	719	91.8	26.7	350	\$0.69	\$2.26	\$29,021	2.5	57.8	139.8	7.1
2011	69,338	724	93.1	26.9	341	\$0.72	\$2.38	\$29,481	2.4	58.6	147.2	7.2
2012	70,153	740	94.4	27.2	336	\$0.76	\$2.50	\$29,983	2.2	59.2	155.2	7.4
2013	70,989	754	95.6	27.5	330	\$0.80	\$2.63	\$30,435	2.3	59.7	163.4	7.6
2014	71,837	766	96.8	27.8	325	\$0.84	\$2.76	\$30,865	2.3	60.0	171.5	7.7
2015	72,703	773	98.0	28.0	320	\$0.88	\$2.90	\$31,288	2.5	60.2	178.9	7.8
2016	73,572	776	99.2	28.3	313	\$0.93	\$3.06	\$31,721	2.7	60.5	186.8	7.8
2017	74,442	774	100.4	28.6	307	\$0.98	\$3.22	\$32,146	2.7	60.7	194.3	7.8
2018	75,307	765	101.6	28.8	304	\$1.03	\$3.39	\$32,643	2.5	61.2	203.9	7.8
2019	76,169	763	102.7	29.1	302	\$1.08	\$3.58	\$33,185	2.5	61.5	212.9	7.8
2020	77,030	761	103.6	29.3	301	\$1.14	\$3.77	\$33,723	2.5	61.3	220.7	7.7
2021	77,883	754	104.5	29.6	297	\$1.20	\$3.97	\$34,296	2.4	61.1	227.4	7.6
2022	78,728	748	105.3	29.8	295	\$1.25	\$4.19	\$34,932	2.5	60.5	231.8	7.5
2023	79,566	745	105.9	30.1	292	\$1.31	\$4.41	\$35,539	2.5	59.4	234.5	7.5
2024	80,391	735	106.5	30.3	288	\$1.37	\$4.64	\$36,142	2.3	57.4	233.3	7.6
2025	81,199	724	106.9	30.5	285	\$1.44	\$4.87	\$36,743	2.4	56.0	231.1	7.6
2026	81,989	713	107.3	30.8	282	\$1.51	\$5.12	\$37,317	2.4	56.6	232.8	7.6
2027	82,758	700	107.7	31.0	282	\$1.58	\$5.36	\$37,804	2.5	57.0	234.2	7.6
2028	83,512	693	108.1	31.2	281	\$1.65	\$5.63	\$38,279	2.7	58.3	238.5	7.6
2029	84,251	688	108.5	31.5	279	\$1.73	\$5.90	\$38,725	2.7	59.3	243.5	7.6
2030	84,975	682	108.9	31.7	277	\$1.81	\$6.17	\$39,163	2.6	60.0	248.5	7.6



Lake County Employment Forecast

1997-2005 History, 2006-2030 Forecast

	Total Wage & Salary	Farm	Mining & Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
1997	12.9	1.01	0.47	0.43	0.22	2.31	0.43	0.77	0.22	1.75	1.46	3.52
1998	13.3	0.97	0.53	0.45	0.23	2.31	0.42	1.06	0.22	1.81	1.50	3.43
1999	13.9	0.95	0.63	0.47	0.31	2.42	0.44	1.08	0.21	1.93	1.54	3.55
2000	13.7	0.93	0.66	0.49	0.20	2.21	0.44	1.24	0.18	1.75	1.56	3.71
2001	14.2	0.92	0.79	0.47	0.45	2.15	0.43	0.98	0.16	1.86	1.58	4.07
2002	14.5	0.84	0.78	0.43	0.65	2.21	0.42	0.99	0.15	2.05	1.59	4.04
2003	14.4	0.84	0.77	0.39	0.64	2.20	0.41	0.76	0.15	2.07	1.55	4.24
2004	14.2	0.86	0.74	0.32	0.65	2.29	0.42	0.60	0.16	2.09	1.57	4.18
2005	14.4	0.90	0.81	0.29	0.62	2.22	0.44	0.57	0.19	2.15	1.62	4.29
2006	14.6	0.90	0.78	0.27	0.65	2.24	0.45	0.59	0.21	2.18	1.65	4.36
2007	14.7	0.90	0.71	0.26	0.66	2.25	0.45	0.61	0.22	2.22	1.67	4.39
2008	14.7	0.90	0.67	0.26	0.66	2.27	0.44	0.62	0.22	2.27	1.69	4.39
2009	14.8	0.91	0.66	0.25	0.69	2.28	0.43	0.64	0.23	2.34	1.70	4.38
2010	15.0	0.92	0.67	0.25	0.72	2.29	0.43	0.66	0.23	2.41	1.71	4.36
2011	15.2	0.92	0.70	0.25	0.75	2.30	0.42	0.69	0.23	2.48	1.73	4.35
2012	15.3	0.93	0.72	0.25	0.78	2.31	0.42	0.72	0.24	2.54	1.74	4.35
2013	15.5	0.94	0.73	0.25	0.81	2.32	0.42	0.75	0.24	2.60	1.76	4.35
2014	15.7	0.94	0.75	0.25	0.84	2.33	0.41	0.77	0.24	2.66	1.77	4.37
2015	15.9	0.95	0.77	0.25	0.86	2.34	0.41	0.79	0.25	2.72	1.79	4.41
2016	16.1	0.95	0.78	0.25	0.89	2.35	0.41	0.80	0.25	2.78	1.81	4.48
2017	16.3	0.95	0.80	0.25	0.92	2.37	0.41	0.82	0.25	2.84	1.83	4.56
2018	16.6	0.96	0.82	0.25	0.95	2.38	0.41	0.83	0.26	2.91	1.84	4.65
2019	16.9	0.96	0.84	0.25	0.99	2.39	0.41	0.84	0.26	3.00	1.86	4.75
2020	17.2	0.96	0.86	0.25	1.02	2.40	0.41	0.85	0.27	3.07	1.86	4.86
2021	17.5	0.96	0.88	0.24	1.05	2.42	0.41	0.86	0.27	3.15	1.87	4.97
2022	17.7	0.97	0.89	0.24	1.09	2.43	0.41	0.88	0.28	3.24	1.88	5.09
2023	18.0	0.97	0.90	0.23	1.12	2.44	0.41	0.89	0.28	3.33	1.89	5.21
2024	18.3	0.97	0.90	0.23	1.15	2.45	0.41	0.90	0.28	3.41	1.89	5.32
2025	18.5	0.98	0.90	0.22	1.18	2.47	0.41	0.91	0.29	3.49	1.90	5.42
2026	18.8	0.98	0.90	0.22	1.21	2.48	0.41	0.92	0.29	3.56	1.90	5.52
2027	19.0	0.98	0.91	0.22	1.23	2.49	0.41	0.94	0.30	3.63	1.91	5.61
2028	19.2	0.98	0.91	0.22	1.25	2.50	0.41	0.95	0.30	3.69	1.92	5.68
2029	19.4	0.99	0.91	0.22	1.28	2.51	0.41	0.96	0.31	3.76	1.93	5.75
2030	19.6	0.99	0.91	0.22	1.30	2.52	0.41	0.97	0.31	3.82	1.94	5.82

