

MENDOCINO COUNTY ECONOMIC FORECAST

Mendocino County is located on the coast of Northern California. The county is noted for its distinctive Pacific Ocean coastline, Redwood forests, and wine production. Redwood Valley is the location of the principal wine growing region. Lake Mendocino is the largest recreational area offering year-round resident and visitor boating, fishing, water skiing, and hiking. Mendocino County has a population of 87,906 people and 29,244 wage and salary jobs. The per capita income in Mendocino County is \$35,612, and the average salary per worker is \$39,680.

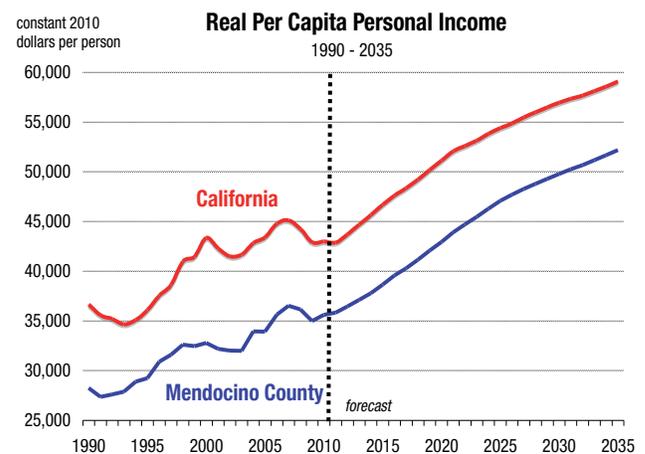
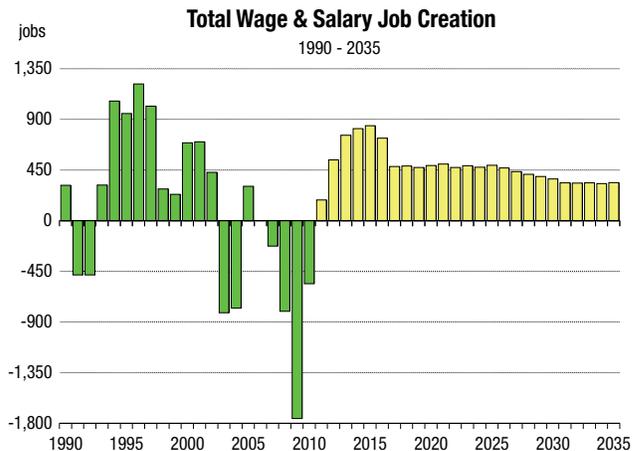
In 2010, total wage and salary positions declined by 558 jobs. Non-farm employment lost 453 jobs (-1.6 percent), while farm employment lost 105 jobs (-6.4 percent). The unemployment rate rose to 11.4 percent in 2010.

Professional services, wholesale and retail trade, and mining were the only sectors to create jobs during 2010. The largest employment declines came in the manufacturing (-218 jobs), government (-171 jobs), education and healthcare (-126 jobs), and farm (-105 jobs) sectors. Manufacturing employment has now fallen to less than half what it was ten years ago.

The population in Mendocino County grew just 1.8 percent between the 2000 and 2010 census. The largest city in the county is Ukiah, with 16,075 residents. Ukiah's population increased 3.7 percent over the last decade. Net migration was marginally positive in 2009 and 2010, reversing the trend of out migration over the previous 5 years.

FORECAST HIGHLIGHTS

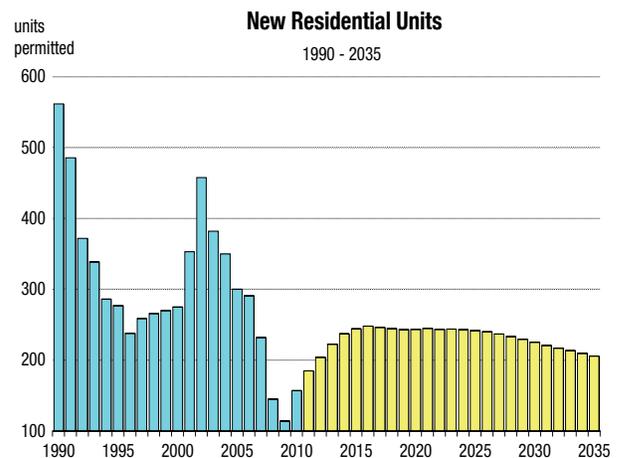
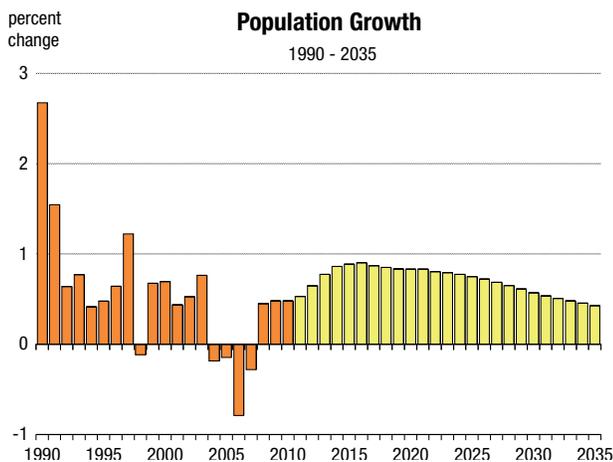
- Total wage and salary job growth will turn slightly positive in 2011, as employment grows a scant 0.6 percent. From 2011 to 2016, total employment growth rebounds, averaging 2.4 percent per year. Over that same period, non-farm growth averages 2.5 percent per year.
- Average salaries adjusted for inflation 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 0.8 percent per year from 2011 to 2016.
- Between 2011 and 2016, labor market momentum will come from the education and healthcare, manufacturing, leisure services, professional services, and government sectors. Together these sectors account for 74 percent of all job creation. All sectors are expected to create jobs over the next five years.
- The population in the county will continue to grow, but at a much slower rate than the state average. Annual growth in the 2011 to 2016 period averages 0.8 percent per year.
- Net migration is expected to increase in 2011, with an approximately 165 migrants entering the county. Between 2011 and 2016 net migration is expected to average 370 migrants per year.
- Real per capita income is forecast to increase 0.6 percent in 2011. Between 2011 and 2016 real per capita incomes are expected to increase an average of 2.0 percent per year.
- Total taxable sales, adjusted for inflation, are forecast to increase 2.9 percent in 2011. During the 2011 to 2016 period real taxable sales are forecast to increase by an average of 3.2 percent per year.
- Industrial production is forecast to rise 5.5 percent in 2011. From 2011 to 2016 the growth rate of industrial production averages 3.1 percent per year. Total crop production adjusted for inflation is expected to rise 0.3 percent per year between 2011 and 2016. The principal crop in the county is wine grapes.



Mendocino County Economic Forecast

2006-2010 History, 2011-2040 Forecast

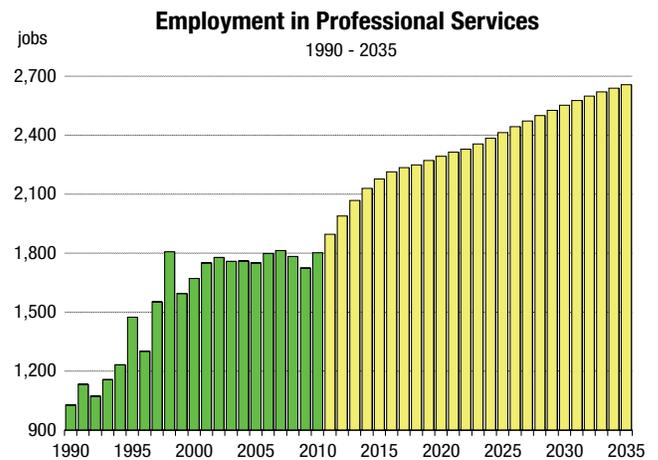
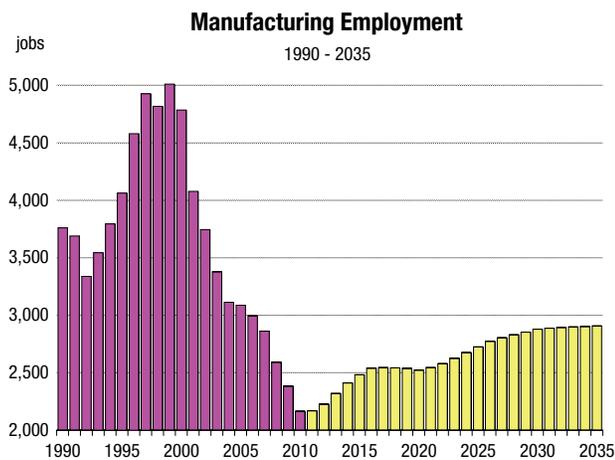
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (millions)	Unemploy- ment Rate (percent)
2006	86,919	-972	111.8	35.1	291	\$1.25	\$2.85	\$35,622	3.2	149.2	770.5	5.2
2007	86,677	-592	110.8	35.3	232	\$1.29	\$3.01	\$36,515	3.4	134.9	757.1	5.5
2008	87,066	-27	112.0	35.6	145	\$1.25	\$3.08	\$36,144	3.0	111.1	783.7	6.8
2009	87,485	72	111.6	35.7	114	\$1.06	\$3.02	\$34,997	0.8	119.7	664.0	10.3
2010	87,906	79	111.7	35.8	157	\$1.10	\$3.13	\$35,612	1.3	116.2	684.3	11.4
2011	88,371	165	111.9	36.0	185	\$1.20	\$3.27	\$35,842	3.3	120.2	722.2	10.7
2012	88,944	264	112.3	36.1	204	\$1.27	\$3.42	\$36,455	2.3	120.8	734.3	9.6
2013	89,633	373	113.0	36.3	223	\$1.34	\$3.60	\$37,120	2.3	121.1	759.0	8.3
2014	90,407	453	113.9	36.5	237	\$1.41	\$3.78	\$37,782	2.4	121.4	785.7	6.9
2015	91,210	478	115.1	36.7	244	\$1.49	\$3.99	\$38,663	2.1	121.3	812.3	5.7
2016	92,033	494	116.5	36.9	248	\$1.57	\$4.20	\$39,568	2.1	121.8	843.2	4.8
2017	92,834	469	117.9	37.1	246	\$1.64	\$4.40	\$40,297	2.1	122.2	871.1	4.3
2018	93,624	460	119.3	37.3	245	\$1.71	\$4.63	\$41,153	2.0	122.5	896.3	3.9
2019	94,407	453	120.8	37.6	243	\$1.79	\$4.86	\$42,075	1.9	123.0	922.4	3.5
2020	95,192	457	122.3	37.8	243	\$1.86	\$5.09	\$42,956	1.7	122.8	948.7	3.3
2021	95,984	468	123.9	38.0	245	\$1.93	\$5.33	\$43,904	1.7	122.4	983.2	3.2
2022	96,755	456	125.4	38.2	244	\$2.02	\$5.59	\$44,702	2.2	123.0	1018.1	3.3
2023	97,523	459	127.0	38.5	244	\$2.10	\$5.86	\$45,478	2.2	123.5	1054.9	3.3
2024	98,278	452	128.6	38.7	243	\$2.19	\$6.14	\$46,294	2.1	124.0	1094.4	3.3
2025	99,014	443	130.3	38.9	242	\$2.29	\$6.42	\$47,075	2.1	124.5	1135.5	3.3
2026	99,729	431	131.9	39.2	240	\$2.38	\$6.69	\$47,694	2.1	124.7	1178.4	3.3
2027	100,414	410	133.5	39.4	237	\$2.48	\$6.96	\$48,274	2.1	124.8	1219.6	3.2
2028	101,066	388	135.1	39.6	233	\$2.59	\$7.23	\$48,797	2.1	125.1	1260.7	3.2
2029	101,685	364	136.7	39.8	230	\$2.70	\$7.51	\$49,303	2.1	125.3	1303.0	3.2
2030	102,266	336	138.3	40.1	225	\$2.81	\$7.79	\$49,788	2.1	125.0	1347.1	3.2
2031	102,814	308	139.8	40.3	221	\$2.93	\$8.07	\$50,255	2.2	124.7	1390.7	3.2
2032	103,337	289	141.3	40.5	217	\$3.05	\$8.36	\$50,690	2.2	125.4	1434.2	3.2
2033	103,835	266	142.7	40.7	213	\$3.18	\$8.67	\$51,178	2.1	126.1	1478.9	3.2
2034	104,308	242	144.2	40.9	210	\$3.31	\$8.98	\$51,666	2.2	126.6	1524.8	3.2
2035	104,755	219	145.6	41.1	206	\$3.45	\$9.31	\$52,204	2.2	126.7	1572.0	3.2
2036	105,179	195	147.0	41.3	202	\$3.60	\$9.65	\$52,752	2.1	127.4	1620.7	3.2
2037	105,581	171	148.3	41.5	198	\$3.75	\$10.00	\$53,315	2.2	127.8	1670.9	3.2
2038	105,964	148	149.7	41.7	194	\$3.91	\$10.37	\$53,921	2.1	127.2	1722.6	3.2
2039	106,329	125	151.0	41.9	190	\$4.07	\$10.74	\$54,555	2.1	127.7	1775.8	3.2
2040	106,679	104	152.3	42.1	187	\$4.24	\$11.13	\$55,221	2.1	128.1	1831.5	3.2

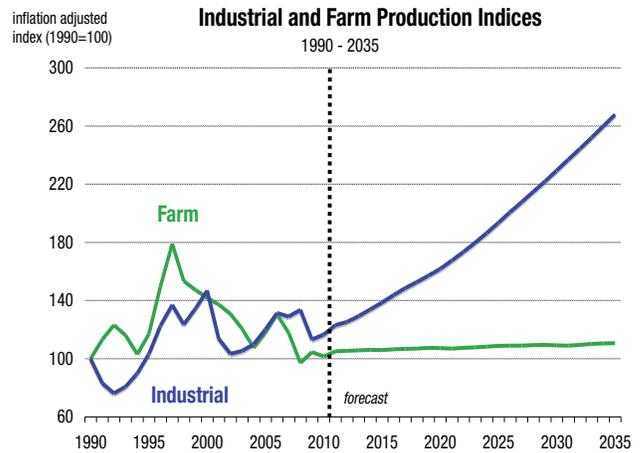
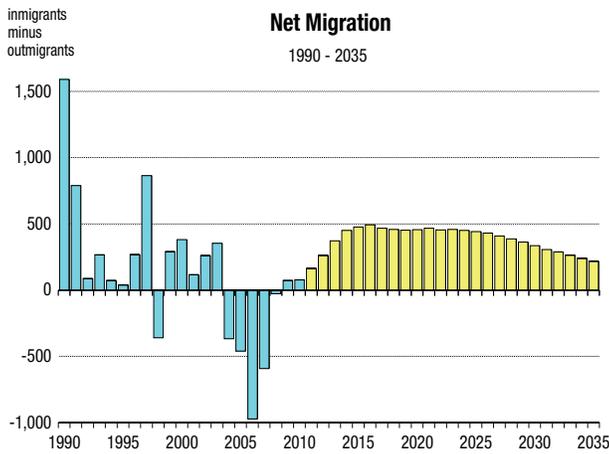
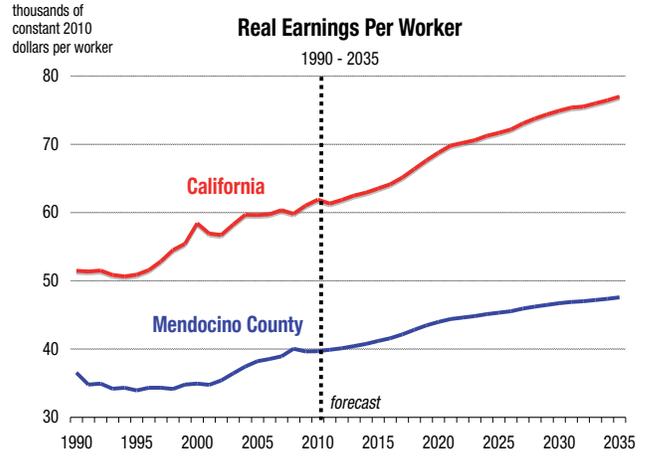
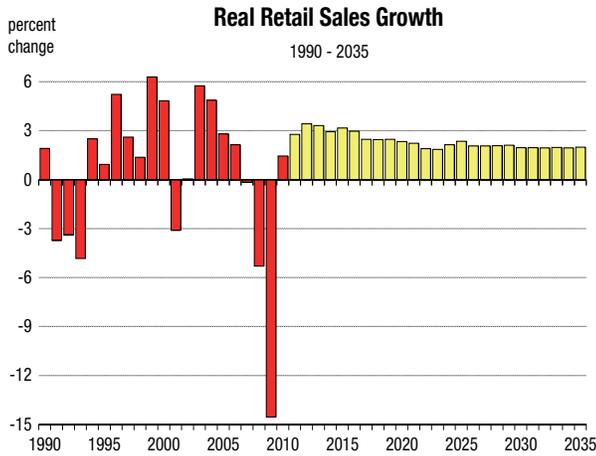


Mendocino County Employment Forecast

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	32.6	2.09	1.6	3.0	0.6	5.3	1.3	1.8	0.4	3.7	4.2	7.5
2007	32.4	2.01	1.5	2.9	0.6	5.4	1.2	1.8	0.4	3.8	4.2	7.5
2008	31.6	1.87	1.3	2.6	0.6	5.3	1.2	1.8	0.4	3.8	4.0	7.6
2009	29.8	1.64	1.0	2.4	0.6	5.0	1.2	1.7	0.3	3.8	3.7	7.5
2010	29.2	1.53	0.9	2.2	0.6	5.1	1.2	1.8	0.3	3.7	3.6	7.3
2011	29.4	1.57	1.0	2.2	0.6	5.1	1.2	1.9	0.3	3.8	3.6	7.1
2012	30.0	1.60	1.0	2.2	0.6	5.2	1.2	2.0	0.3	3.9	3.7	7.1
2013	30.7	1.62	1.0	2.3	0.6	5.3	1.2	2.1	0.4	4.0	3.8	7.3
2014	31.5	1.63	1.0	2.4	0.6	5.4	1.3	2.1	0.4	4.1	3.9	7.6
2015	32.4	1.63	1.0	2.5	0.7	5.5	1.3	2.2	0.4	4.2	4.0	7.9
2016	33.1	1.63	1.1	2.5	0.7	5.6	1.3	2.2	0.4	4.4	4.1	8.1
2017	33.6	1.60	1.1	2.5	0.7	5.6	1.3	2.2	0.4	4.5	4.2	8.3
2018	34.1	1.56	1.1	2.5	0.7	5.7	1.3	2.2	0.4	4.6	4.3	8.4
2019	34.6	1.54	1.1	2.5	0.8	5.8	1.3	2.3	0.4	4.7	4.4	8.6
2020	35.1	1.54	1.2	2.5	0.8	5.8	1.3	2.3	0.4	4.8	4.5	8.8
2021	35.6	1.53	1.2	2.5	0.8	5.9	1.3	2.3	0.4	4.9	4.5	9.0
2022	36.0	1.54	1.2	2.6	0.8	5.9	1.3	2.3	0.4	5.0	4.6	9.1
2023	36.5	1.54	1.2	2.6	0.9	6.0	1.3	2.4	0.4	5.1	4.6	9.3
2024	37.0	1.54	1.2	2.7	0.9	6.1	1.3	2.4	0.4	5.2	4.7	9.4
2025	37.5	1.55	1.3	2.7	0.9	6.1	1.4	2.4	0.4	5.2	4.7	9.6
2026	38.0	1.55	1.3	2.8	0.9	6.2	1.4	2.4	0.4	5.3	4.8	9.8
2027	38.4	1.55	1.3	2.8	0.9	6.3	1.4	2.5	0.4	5.3	4.8	9.9
2028	38.8	1.55	1.3	2.8	0.9	6.3	1.4	2.5	0.4	5.4	4.9	10.1
2029	39.2	1.55	1.3	2.9	1.0	6.4	1.4	2.5	0.4	5.4	4.9	10.2
2030	39.6	1.55	1.3	2.9	1.0	6.5	1.4	2.6	0.4	5.4	5.0	10.4
2031	39.9	1.56	1.3	2.9	1.0	6.5	1.4	2.6	0.4	5.4	5.0	10.5
2032	40.3	1.56	1.3	2.9	1.0	6.6	1.4	2.6	0.4	5.5	5.1	10.6
2033	40.6	1.57	1.4	2.9	1.0	6.7	1.4	2.6	0.4	5.5	5.1	10.8
2034	40.9	1.57	1.4	2.9	1.0	6.7	1.4	2.6	0.4	5.5	5.2	10.9
2035	41.3	1.57	1.4	2.9	1.0	6.8	1.4	2.7	0.4	5.5	5.2	11.0
2036	41.6	1.58	1.4	2.9	1.1	6.9	1.5	2.7	0.4	5.6	5.3	11.1
2037	41.9	1.58	1.4	2.9	1.1	7.0	1.5	2.7	0.4	5.6	5.3	11.2
2038	42.2	1.58	1.4	2.9	1.1	7.0	1.5	2.7	0.4	5.6	5.4	11.3
2039	42.6	1.59	1.4	2.9	1.1	7.1	1.5	2.7	0.4	5.6	5.4	11.4
2040	42.9	1.59	1.5	2.9	1.1	7.2	1.5	2.7	0.4	5.6	5.5	11.5





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	16.9%
Expected job growth:	12.6%
Fastest growing jobs sector:	Wholesale Trade
Expected personal income growth:	15.0%

Expected population growth:	4.1%
Net migration to account for:	56.3%
Expected growth in number of vehicles:	4.1%

Demographics (2011)

Unemployment rate (June 2011)	10.9%
County Rank* in California (58 counties):	14th
Working age (16-64) population:	63.9%

Population with B.A. Degree or higher:	22.5%
Median Home Selling Price:	\$246,500
Median Household Income:	\$42,617

Quality of Life

Violent Crime rate (2009):	576 per 100,000 persons
County Rank* in California (58 counties):	48th
Average Commute Time to work (2011):	19.7 minutes

High School drop out rate (2009):	30.6%
Households at/below poverty line:	12.3%

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