

MODOC COUNTY ECONOMIC FORECAST

Modoc County is located in the northeastern corner of the state bordering Nevada and Oregon. Approximately 90 percent of the land in the county consists of national forests and wilderness areas. The county's official slogans include, "The last best place," and "Where the West still lives." Modoc County has a population of 9,691 people and 2,808 wage and salary jobs. The per capita income in Modoc County is \$33,467, and the average salary per worker is \$39,491.

In 2010, total wage and salary employment increased by 23 jobs in Modoc County, a rise of 0.8 percent. Non-farm employment, which accounts for 88 percent of total employment in the county, created 26 jobs last year. The unemployment rate increased to 14.2 percent in 2010.

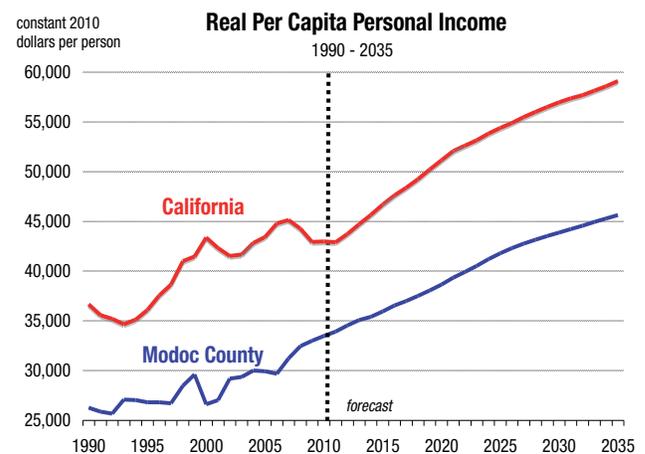
The government sector lost 16 jobs in 2010, the most of any sector in Modoc County. Employment levels in all service sectors were up by 44 jobs. The farm sector lost 3 jobs in 2010. The largest employment sector in the county is government, which accounts for half of all wage and salary jobs.

The population grew 2.5 percent between the 2000 and 2010 census. The only incorporated city is Alturas, home to 29 percent of the county's population. The population of Alturas declined 2.2 percent over the past decade. Net migration was positive last year, with 90 net migrants entering the county.

Employment growth is expected to remain positive, but slow over the next several years, the previous employment peak will not be surpassed until 2019. Population growth will also be sluggish.

FORECAST HIGHLIGHTS

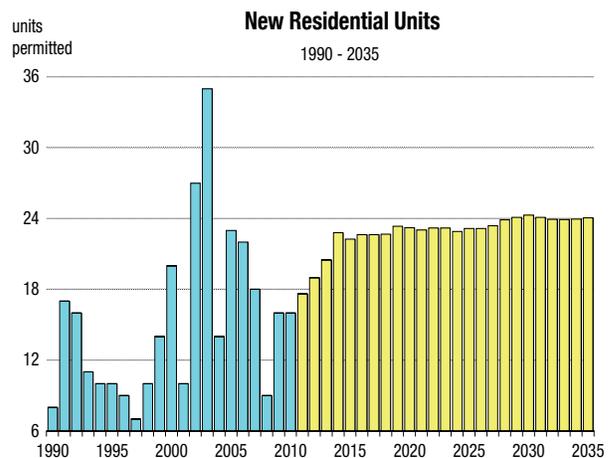
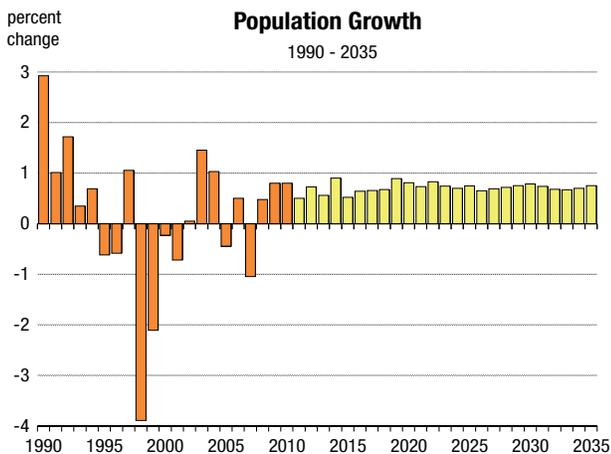
- Total wage and salary job growth is forecast at 1.5 percent in 2011. From 2011 to 2016, job growth averages 1.2 percent per year.
- Average salaries adjusted for inflation are currently below the California state average, and will remain so over the forecast period. Inflation adjusted salaries are expected to increase an average of 0.5 percent per year over the 2011 to 2016 period.
- Between 2011 and 2016, principal employment growth is forecast to occur in the wholesale and retail trade sector, which adds 63 jobs, and accounts for 35 percent of all growth, and services sectors, which create 66 jobs, and account for 36 percent of growth. The government sector increases by an average of just 0.4 percent per year over this time period.
- Annual population growth in the 2011 to 2016 period averages 0.7 percent per year.
- Net migration is forecast at approximately 65 persons entering the county in 2011. Between 2011 and 2016 migration is expected to average 74 net migrants per year. Net migration is responsible for all population growth because the natural increase is negative.
- Real per capita income is forecast to rise 1.3 percent in 2011. Over the next five years real per capita incomes are expected to increase an average of 1.5 percent per year.
- Total taxable sales, adjusted for inflation, are forecast to rise 5.0 percent in 2011. Between 2011 and 2016 real taxable sales are forecast to increase 2.7 percent per year.
- Industrial production is forecast to rise 3.5 percent in 2011. Over the next five years the growth rate of industrial production averages 2.9 percent per year, due to increased goods producing employment. Total crop production, adjusted for inflation, is expected to increase an average of 1.0 percent per year between 2011 and 2016. The principle crop in the county is alfalfa hay.



Modoc 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 (millions) | Personal Income (millions) | Real Per Capita Income (dollars) | Inflation Rate (% change in CPI) | Real Farm Crop Value (millions) | Real Industrial Production (millions) | Unemploy- ment Rate (percent) |
|------|------------------------|------------------------------|---------------------------------------|---------------------------|-----------------------------------|--------------------------------------|----------------------------------|--|--|---------------------------------------|---|-------------------------------------|
| 2006 | 9,592 | 61 | 13.3 | 4.0 | 22 | \$90 | \$262 | \$29,688 | 3.2 | 101.2 | 34.8 | 7.8 |
| 2007 | 9,492 | -82 | 13.5 | 4.0 | 18 | \$89 | \$282 | \$31,228 | 3.4 | 96.6 | 30.7 | 8.1 |
| 2008 | 9,538 | 51 | 13.7 | 4.1 | 9 | \$92 | \$303 | \$32,444 | 3.0 | 109.3 | 33.2 | 9.7 |
| 2009 | 9,614 | 104 | 13.7 | 4.1 | 16 | \$78 | \$313 | \$33,009 | 0.8 | 106.3 | 30.1 | 12.5 |
| 2010 | 9,691 | 90 | 13.6 | 4.1 | 16 | \$79 | \$324 | \$33,467 | 1.3 | 106.8 | 30.8 | 14.2 |
| 2011 | 9,740 | 65 | 13.9 | 4.1 | 18 | \$86 | \$341 | \$33,918 | 3.3 | 108.7 | 31.8 | 13.5 |
| 2012 | 9,811 | 84 | 14.1 | 4.1 | 19 | \$91 | \$358 | \$34,526 | 2.3 | 110.3 | 32.7 | 12.7 |
| 2013 | 9,866 | 67 | 14.4 | 4.1 | 20 | \$95 | \$374 | \$35,071 | 2.3 | 111.6 | 33.8 | 11.7 |
| 2014 | 9,955 | 99 | 14.6 | 4.1 | 23 | \$100 | \$390 | \$35,410 | 2.4 | 112.8 | 34.6 | 10.5 |
| 2015 | 10,007 | 60 | 14.8 | 4.1 | 22 | \$104 | \$407 | \$35,960 | 2.1 | 113.7 | 35.4 | 9.6 |
| 2016 | 10,071 | 71 | 14.9 | 4.1 | 23 | \$109 | \$424 | \$36,534 | 2.1 | 114.5 | 36.8 | 8.9 |
| 2017 | 10,138 | 71 | 15.1 | 4.2 | 23 | \$114 | \$441 | \$36,990 | 2.1 | 115.2 | 38.8 | 8.5 |
| 2018 | 10,206 | 72 | 15.2 | 4.2 | 23 | \$119 | \$460 | \$37,507 | 2.0 | 115.8 | 40.5 | 8.1 |
| 2019 | 10,298 | 93 | 15.3 | 4.2 | 23 | \$124 | \$479 | \$38,056 | 1.9 | 116.4 | 42.7 | 7.8 |
| 2020 | 10,381 | 84 | 15.5 | 4.2 | 23 | \$130 | \$499 | \$38,643 | 1.7 | 116.8 | 45.0 | 7.6 |
| 2021 | 10,457 | 76 | 15.6 | 4.2 | 23 | \$135 | \$521 | \$39,345 | 1.7 | 117.1 | 47.6 | 7.6 |
| 2022 | 10,544 | 86 | 15.8 | 4.2 | 23 | \$142 | \$545 | \$39,923 | 2.2 | 117.5 | 49.9 | 7.6 |
| 2023 | 10,623 | 77 | 15.9 | 4.2 | 23 | \$148 | \$569 | \$40,525 | 2.2 | 117.8 | 52.3 | 7.5 |
| 2024 | 10,697 | 72 | 16.1 | 4.3 | 23 | \$154 | \$594 | \$41,189 | 2.1 | 118.2 | 54.7 | 7.5 |
| 2025 | 10,777 | 77 | 16.3 | 4.3 | 23 | \$161 | \$621 | \$41,800 | 2.1 | 118.5 | 57.3 | 7.5 |
| 2026 | 10,847 | 67 | 16.4 | 4.3 | 23 | \$167 | \$646 | \$42,313 | 2.1 | 118.9 | 59.9 | 7.5 |
| 2027 | 10,922 | 72 | 16.6 | 4.3 | 23 | \$173 | \$670 | \$42,755 | 2.1 | 119.2 | 62.6 | 7.5 |
| 2028 | 11,001 | 77 | 16.7 | 4.3 | 24 | \$180 | \$696 | \$43,157 | 2.1 | 119.5 | 65.4 | 7.5 |
| 2029 | 11,084 | 82 | 16.9 | 4.3 | 24 | \$187 | \$722 | \$43,534 | 2.1 | 119.7 | 68.2 | 7.5 |
| 2030 | 11,172 | 87 | 17.1 | 4.3 | 24 | \$193 | \$749 | \$43,869 | 2.1 | 119.9 | 71.1 | 7.5 |
| 2031 | 11,255 | 81 | 17.2 | 4.3 | 24 | \$200 | \$777 | \$44,213 | 2.2 | 120.0 | 74.0 | 7.4 |
| 2032 | 11,332 | 75 | 17.4 | 4.4 | 24 | \$207 | \$806 | \$44,564 | 2.2 | 120.2 | 77.0 | 7.4 |
| 2033 | 11,408 | 74 | 17.6 | 4.4 | 24 | \$215 | \$836 | \$44,933 | 2.1 | 120.4 | 80.2 | 7.4 |
| 2034 | 11,488 | 78 | 17.7 | 4.4 | 24 | \$222 | \$867 | \$45,280 | 2.2 | 120.7 | 83.5 | 7.4 |
| 2035 | 11,574 | 85 | 17.9 | 4.4 | 24 | \$230 | \$899 | \$45,631 | 2.2 | 121.0 | 86.9 | 7.4 |
| 2036 | 11,658 | 81 | 18.1 | 4.4 | 24 | \$239 | \$933 | \$46,012 | 2.1 | 121.4 | 90.5 | 7.4 |
| 2037 | 11,738 | 78 | 18.2 | 4.4 | 24 | \$247 | \$968 | \$46,406 | 2.2 | 121.7 | 94.2 | 7.4 |
| 2038 | 11,813 | 73 | 18.4 | 4.4 | 24 | \$256 | \$1,004 | \$46,848 | 2.1 | 121.9 | 98.1 | 7.3 |
| 2039 | 11,894 | 78 | 18.6 | 4.5 | 24 | \$265 | \$1,042 | \$47,297 | 2.1 | 122.2 | 102.1 | 7.3 |
| 2040 | 11,982 | 84 | 18.8 | 4.5 | 24 | \$275 | \$1,081 | \$47,753 | 2.1 | 122.4 | 106.4 | 7.3 |

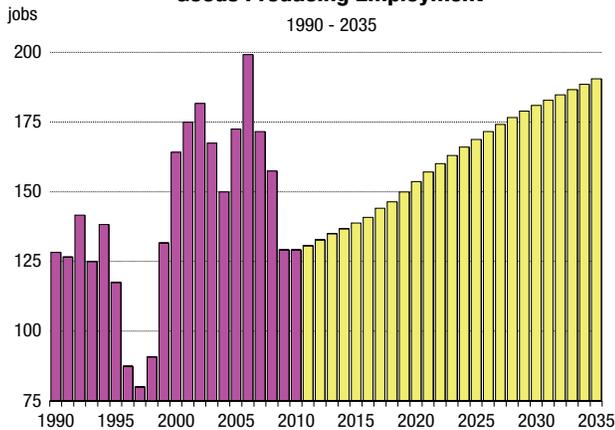


Modoc County Employment Forecast

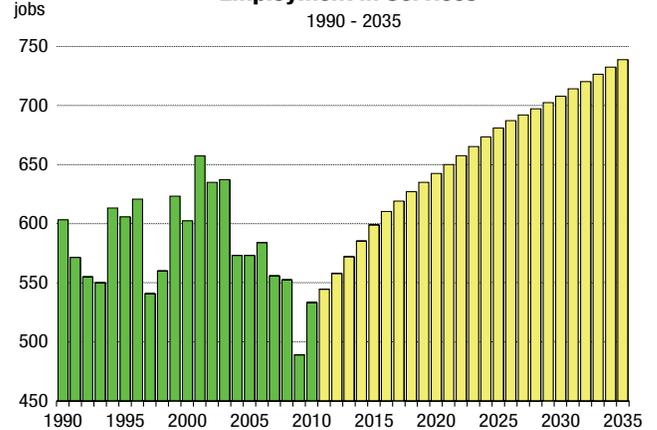
2006-2010 History, 2011-2040 Forecast

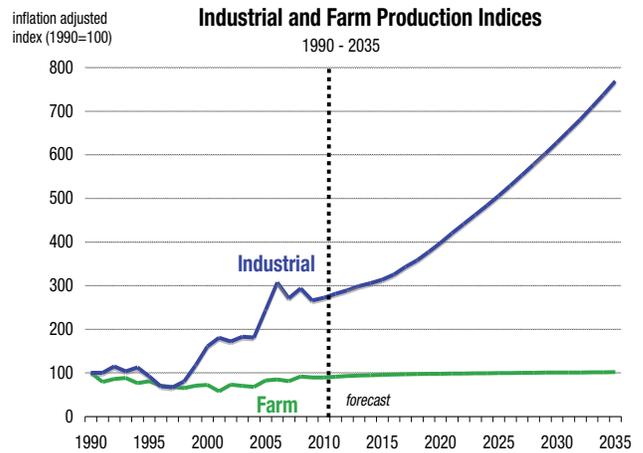
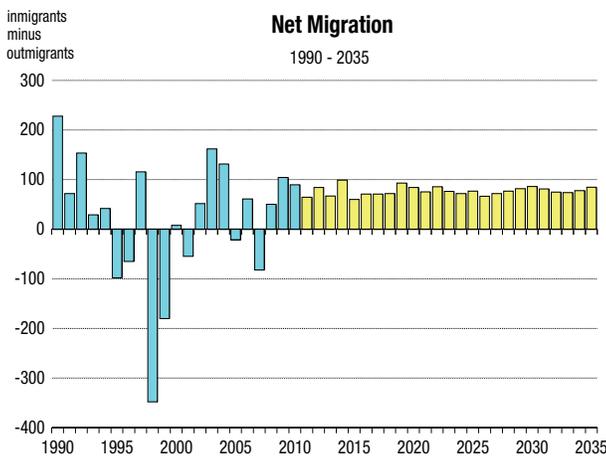
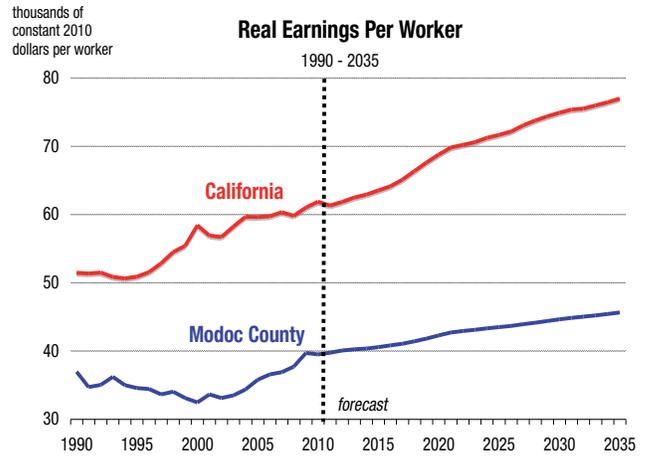
| | Total Wage & Salary | Farm | Goods Producing | Wholesale & Retail Trade | Health & Education | Leisure | Government |
|------|-----------------------------|------|-----------------|--------------------------|--------------------|---------|------------|
| | -----employment (jobs)----- | | | | | | |
| 2006 | 2,974 | 345 | 199 | 459 | 155 | 140 | 1,387 |
| 2007 | 2,899 | 333 | 172 | 470 | 158 | 126 | 1,369 |
| 2008 | 2,850 | 364 | 158 | 422 | 157 | 133 | 1,354 |
| 2009 | 2,786 | 351 | 129 | 415 | 153 | 134 | 1,402 |
| 2010 | 2,808 | 348 | 129 | 413 | 152 | 151 | 1,386 |
| 2011 | 2,850 | 354 | 131 | 431 | 153 | 154 | 1,390 |
| 2012 | 2,893 | 360 | 133 | 450 | 154 | 157 | 1,392 |
| 2013 | 2,933 | 365 | 135 | 464 | 155 | 159 | 1,396 |
| 2014 | 2,969 | 369 | 137 | 476 | 157 | 162 | 1,401 |
| 2015 | 3,006 | 371 | 139 | 489 | 158 | 165 | 1,407 |
| 2016 | 3,032 | 373 | 141 | 494 | 159 | 167 | 1,414 |
| 2017 | 3,057 | 370 | 144 | 502 | 159 | 169 | 1,421 |
| 2018 | 3,077 | 366 | 146 | 509 | 160 | 171 | 1,429 |
| 2019 | 3,101 | 365 | 150 | 514 | 161 | 174 | 1,437 |
| 2020 | 3,129 | 365 | 154 | 521 | 162 | 176 | 1,446 |
| 2021 | 3,157 | 366 | 157 | 527 | 162 | 179 | 1,456 |
| 2022 | 3,183 | 367 | 160 | 532 | 163 | 181 | 1,467 |
| 2023 | 3,209 | 367 | 163 | 536 | 164 | 183 | 1,478 |
| 2024 | 3,239 | 368 | 166 | 542 | 164 | 185 | 1,489 |
| 2025 | 3,265 | 369 | 169 | 546 | 165 | 187 | 1,500 |
| 2026 | 3,295 | 370 | 172 | 554 | 166 | 189 | 1,511 |
| 2027 | 3,323 | 371 | 174 | 563 | 167 | 189 | 1,522 |
| 2028 | 3,351 | 372 | 177 | 572 | 168 | 189 | 1,533 |
| 2029 | 3,380 | 372 | 179 | 582 | 169 | 188 | 1,544 |
| 2030 | 3,408 | 373 | 181 | 590 | 169 | 188 | 1,555 |
| 2031 | 3,436 | 373 | 183 | 599 | 170 | 189 | 1,566 |
| 2032 | 3,465 | 374 | 185 | 608 | 171 | 189 | 1,578 |
| 2033 | 3,495 | 375 | 187 | 618 | 172 | 190 | 1,589 |
| 2034 | 3,525 | 376 | 189 | 627 | 173 | 190 | 1,600 |
| 2035 | 3,554 | 377 | 191 | 636 | 174 | 191 | 1,612 |
| 2036 | 3,584 | 378 | 193 | 645 | 175 | 192 | 1,623 |
| 2037 | 3,615 | 379 | 195 | 655 | 176 | 193 | 1,635 |
| 2038 | 3,646 | 379 | 197 | 665 | 177 | 194 | 1,646 |
| 2039 | 3,677 | 380 | 199 | 675 | 177 | 195 | 1,658 |
| 2040 | 3,710 | 381 | 201 | 685 | 178 | 196 | 1,670 |

Goods Producing Employment



Employment in Services





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

| | |
|----------------------------------|--------------------------|
| Expected retail sales growth: | 13.5% |
| Expected job growth: | 6.4% |
| Fastest growing jobs sector: | Wholesale & Retail Trade |
| Expected personal income growth: | 11.4% |

| | |
|--|------|
| Expected population growth: | 3.4% |
| Net migration to account for: | 100% |
| Expected growth in number of vehicles: | 7.4% |

Demographics (2011)

| | |
|---|-------|
| Unemployment rate (June 2011) | 13.4% |
| County Rank* in California (58 counties): | 30th |
| Working age (16-64) population: | 62.1% |

| | |
|--|----------|
| Population with B.A. Degree or higher: | 14.4% |
| Median Home Selling Price: | \$77,500 |
| Median Household Income: | \$32,523 |

Quality of Life

| | |
|---|-------------------------|
| Violent Crime rate (2009): | 103 per 100,000 persons |
| County Rank* in California (58 counties): | 1st |
| Average Commute Time to work (2011): | 17.7 minutes |

| | |
|-----------------------------------|-------|
| High School drop out rate (2009): | 10.7% |
| Households at/below poverty line: | 13.9% |

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