

NAPA COUNTY ECONOMIC FORECAST

Napa County is home to the Napa Valley, a popular tourist destination known for wine grapes and premium wine production. Napa County has a population of nearly 139,000 people and a total of 67,700 wage and salary jobs. The per capita income in Napa County is \$54,201, and the average salary per worker is \$57,991. The median family income in the Napa-Solano metro area is estimated at \$80,600, among the highest in the state.

Wine grapes account for 99 percent of all agricultural output in Napa County. Red grapes are dominant in the region, with a total value that is 5 times that of white grapes. The viticulture industry also attracts a large number of visitors to the county each year, generating a substantial amount of economic activity. The Napa County tourism sector strengthened in 2012, with higher hotel occupancy rates and room prices than in 2011.

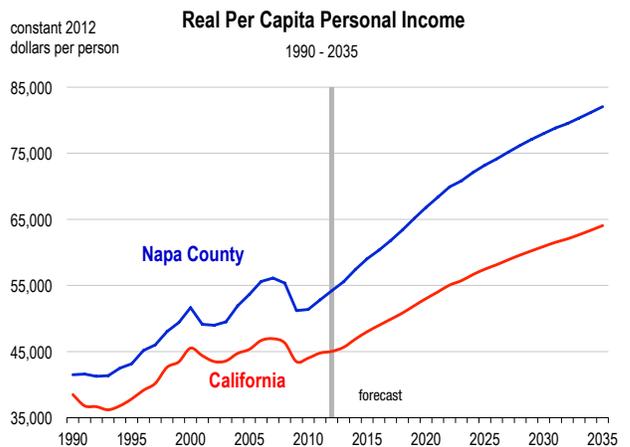
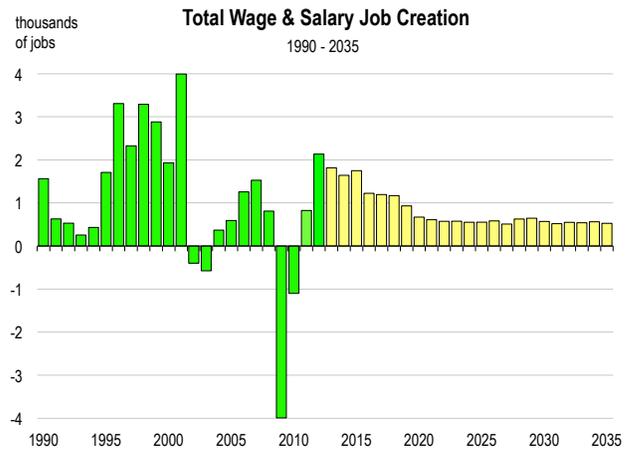
In 2012, employment in Northern California increased by 2.4 percent, whereas employment in the greater Bay Area grew by 3.0 percent. In Napa County, a total of 2,100 jobs were created, representing a growth rate of 3.3 percent. Non-farm employment increased by 3.6 percent while farm employment declined by 0.7 percent. The unemployment rate improved substantially, falling from 9.1 percent in 2011 to 7.8 percent in 2012.

Job gains were observed in almost every industry over the past year, with the largest increases occurring in leisure and hospitality (+700 jobs), professional services (+600 jobs), and manufacturing (+400 jobs). The largest declines in employment were observed in government (-200 jobs).

Over the past 5 years, the population in Napa County grew at an annual average rate of 0.8 percent. Net migration accounted for the majority of this growth, as the county gained an average of 670 in-migrants each year. Over the forecast horizon, population growth will remain relatively modest, and net migration will account for more than 60 percent of all new residents between 2013 and 2018.

FORECAST HIGHLIGHTS

- Job growth of 2.7 percent is forecast for 2013. Between 2013 and 2018, the annual growth rate for total wage and salary jobs will average 1.9 percent per year.
- Average salaries are below the California average, and will remain so over the foreseeable future. Real average salaries are forecast to rise by of 1.2 percent per year from 2013 to 2018.
- Between 2013 and 2018, job creation will be concentrated in leisure services, retail trade and wholesale trade, professional services, manufacturing, and construction. Together, these sectors will account for 55 percent of net employment growth in the county.
- After three consecutive years of losses, government employment will begin to rebound in 2013.

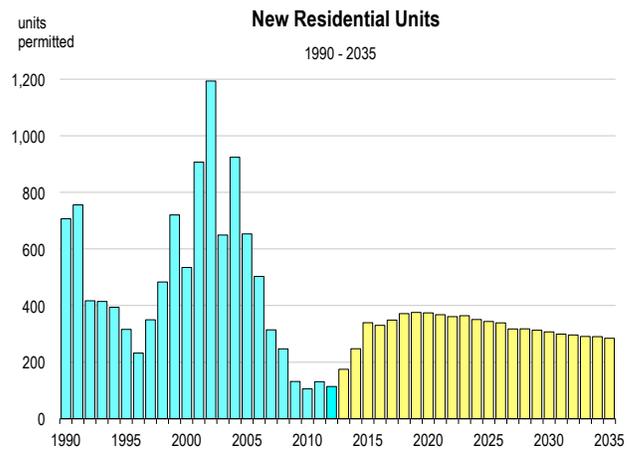
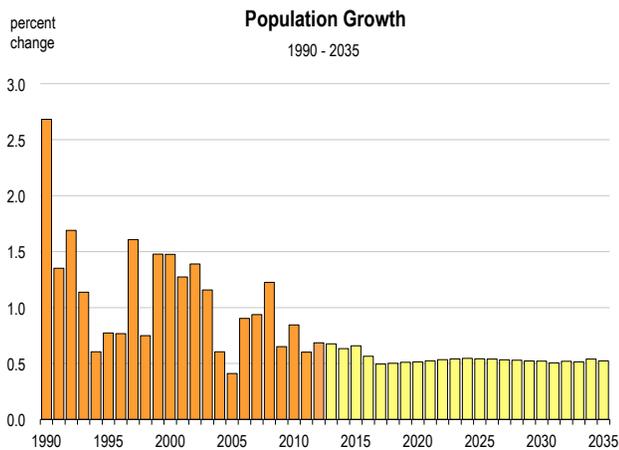


- Population growth is expected to average 0.6 percent per year from 2013 to 2018.
- During the 2013 to 2018 period, an average of 500 net migrants will enter the county each year. This will account for the bulk of total population growth.
- Real per capita income will rise by 2.6 percent in 2013. From 2013 to 2018, real per capita income is forecast to increase by 2.7 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 4.3 percent per year between 2013 and 2018.
- Industrial production is expected to rise by 5.1 percent in 2013. From 2013 to 2018, industrial production will grow at an average rate of 4.0 percent per year.
- Farm production is forecast to increase by 0.7 percent per year between 2013 and 2018. Wine grapes will continue to account for the vast majority of all output.

Napa County Economic Forecast

2006-2012 History, 2013-2040 Forecast

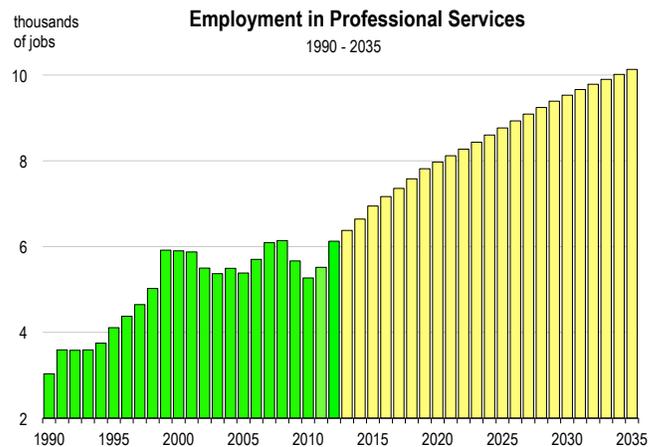
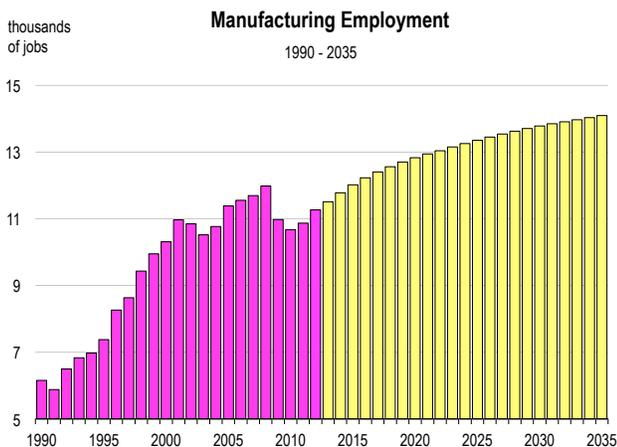
| | Population (people) | Net Migration (people) | Registered Vehicles (thousands) | Households (thousands) | New Homes Permitted (homes) | Total Taxable Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Inflation Rate (% change in CPI) | Real Farm Crop Value (millions) | Real Industrial Production (billions) | Unemploy- ment Rate (percent) |
|------|------------------------|------------------------------|---------------------------------------|---------------------------|-----------------------------------|--------------------------------------|----------------------------------|--|--|---------------------------------------|---|-------------------------------------|
| 2006 | 131,920 | 630 | 138 | 48.4 | 503 | \$2.4 | \$6.4 | \$55,601 | 3.3 | 547.1 | 2.2 | 3.9 |
| 2007 | 133,155 | 701 | 138 | 48.8 | 314 | \$2.6 | \$6.7 | \$56,115 | 3.2 | 534.9 | 2.3 | 4.0 |
| 2008 | 134,786 | 1,170 | 139 | 48.9 | 247 | \$2.5 | \$6.9 | \$55,361 | 3.1 | 440.4 | 2.7 | 5.1 |
| 2009 | 135,664 | 321 | 138 | 48.9 | 132 | \$2.2 | \$6.5 | \$51,201 | 0.9 | 535.6 | 2.4 | 8.6 |
| 2010 | 136,811 | 661 | 138 | 48.9 | 106 | \$2.3 | \$6.7 | \$51,388 | 1.2 | 486.2 | 2.4 | 9.7 |
| 2011 | 137,634 | 593 | 137 | 49.0 | 131 | \$2.5 | \$7.1 | \$52,817 | 2.6 | 442.2 | 2.5 | 9.1 |
| 2012 | 138,577 | 622 | 136 | 49.1 | 114 | \$2.7 | \$7.5 | \$54,201 | 2.7 | 421.9 | 2.7 | 7.8 |
| 2013 | 139,514 | 636 | 137 | 49.2 | 175 | \$2.9 | \$7.9 | \$55,581 | 2.3 | 436.2 | 2.8 | 7.2 |
| 2014 | 140,397 | 584 | 138 | 49.4 | 247 | \$3.1 | \$8.5 | \$57,390 | 2.7 | 440.4 | 3.0 | 6.2 |
| 2015 | 141,321 | 629 | 139 | 49.6 | 339 | \$3.3 | \$8.9 | \$59,032 | 2.1 | 439.0 | 3.1 | 5.2 |
| 2016 | 142,119 | 500 | 139 | 50.0 | 330 | \$3.6 | \$9.4 | \$60,348 | 2.4 | 444.4 | 3.2 | 4.6 |
| 2017 | 142,823 | 394 | 140 | 50.3 | 349 | \$3.8 | \$9.9 | \$61,812 | 2.1 | 448.4 | 3.3 | 4.3 |
| 2018 | 143,539 | 396 | 141 | 50.7 | 372 | \$4.0 | \$10.4 | \$63,387 | 2.1 | 452.3 | 3.4 | 4.2 |
| 2019 | 144,273 | 398 | 142 | 51.0 | 376 | \$4.3 | \$11.0 | \$65,140 | 2.1 | 457.4 | 3.6 | 4.1 |
| 2020 | 145,015 | 391 | 143 | 51.4 | 374 | \$4.5 | \$11.6 | \$66,787 | 2.1 | 454.9 | 3.7 | 4.0 |
| 2021 | 145,775 | 393 | 143 | 51.8 | 368 | \$4.8 | \$12.2 | \$68,355 | 2.2 | 451.0 | 3.9 | 4.1 |
| 2022 | 146,554 | 397 | 144 | 52.1 | 361 | \$5.1 | \$12.8 | \$69,903 | 2.3 | 457.4 | 4.0 | 4.0 |
| 2023 | 147,347 | 398 | 145 | 52.5 | 364 | \$5.4 | \$13.3 | \$70,836 | 2.3 | 462.4 | 4.2 | 4.0 |
| 2024 | 148,152 | 398 | 145 | 52.9 | 351 | \$5.6 | \$14.0 | \$72,111 | 2.4 | 468.4 | 4.3 | 4.0 |
| 2025 | 148,955 | 390 | 146 | 53.2 | 344 | \$5.9 | \$14.6 | \$73,222 | 2.4 | 473.2 | 4.5 | 4.0 |
| 2026 | 149,759 | 381 | 146 | 53.6 | 339 | \$6.2 | \$15.3 | \$74,160 | 2.5 | 475.5 | 4.7 | 4.0 |
| 2027 | 150,558 | 368 | 147 | 53.9 | 317 | \$6.5 | \$15.9 | \$75,195 | 2.5 | 476.7 | 4.8 | 4.0 |
| 2028 | 151,355 | 360 | 147 | 54.2 | 318 | \$6.7 | \$16.6 | \$76,201 | 2.5 | 480.1 | 5.0 | 4.0 |
| 2029 | 152,146 | 344 | 147 | 54.6 | 313 | \$7.0 | \$17.3 | \$77,142 | 2.5 | 482.3 | 5.2 | 4.0 |
| 2030 | 152,939 | 339 | 148 | 54.9 | 307 | \$7.3 | \$18.1 | \$78,013 | 2.5 | 478.9 | 5.4 | 4.0 |
| 2031 | 153,713 | 312 | 148 | 55.2 | 299 | \$7.6 | \$18.8 | \$78,842 | 2.5 | 475.5 | 5.5 | 4.0 |
| 2032 | 154,512 | 332 | 149 | 55.5 | 296 | \$7.9 | \$19.5 | \$79,502 | 2.5 | 483.5 | 5.7 | 4.0 |
| 2033 | 155,307 | 325 | 149 | 55.8 | 291 | \$8.3 | \$20.3 | \$80,320 | 2.5 | 490.0 | 5.9 | 4.0 |
| 2034 | 156,145 | 365 | 149 | 56.1 | 290 | \$8.6 | \$21.2 | \$81,169 | 2.5 | 495.4 | 6.1 | 4.0 |
| 2035 | 156,963 | 347 | 150 | 56.4 | 284 | \$8.9 | \$22.0 | \$82,048 | 2.5 | 496.4 | 6.3 | 4.0 |
| 2036 | 157,771 | 344 | 150 | 56.6 | 279 | \$9.3 | \$22.9 | \$82,892 | 2.5 | 504.7 | 6.6 | 4.0 |
| 2037 | 158,563 | 332 | 151 | 56.9 | 274 | \$9.7 | \$23.9 | \$83,786 | 2.5 | 508.7 | 6.8 | 4.0 |
| 2038 | 159,321 | 304 | 151 | 57.2 | 266 | \$10.1 | \$24.9 | \$84,726 | 2.5 | 502.6 | 7.0 | 4.0 |
| 2039 | 160,117 | 347 | 151 | 57.5 | 266 | \$10.5 | \$25.9 | \$85,724 | 2.5 | 507.7 | 7.2 | 4.0 |
| 2040 | 160,899 | 335 | 152 | 57.7 | 261 | \$10.9 | \$27.0 | \$86,723 | 2.4 | 511.6 | 7.4 | 4.0 |

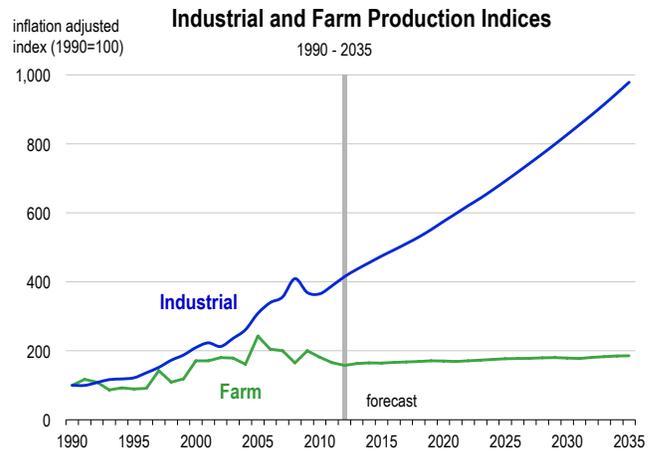
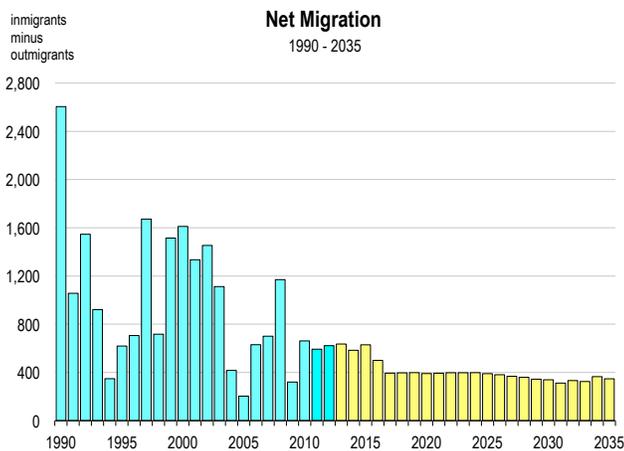
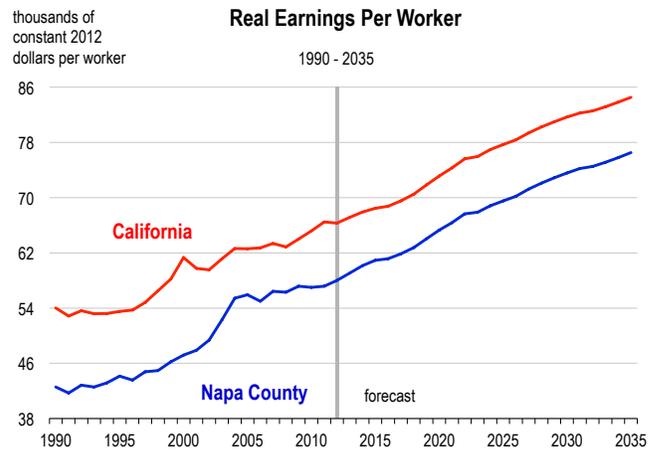
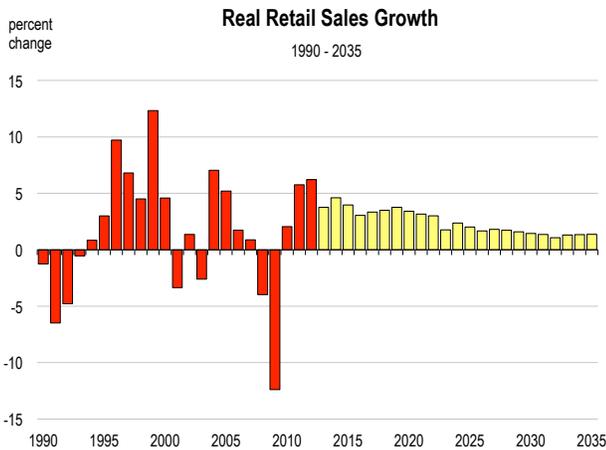


Napa County Employment Forecast

2006-2012 History, 2013-2040 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 | 67.5 | 4.74 | 5.1 | 11.6 | 1.4 | 7.5 | 2.8 | 5.7 | 0.7 | 7.7 | 8.5 | 10.0 |
| 2007 | 69.0 | 4.91 | 4.6 | 11.7 | 1.6 | 7.8 | 2.6 | 6.1 | 0.7 | 8.0 | 9.1 | 10.2 |
| 2008 | 69.8 | 4.87 | 4.0 | 12.0 | 1.7 | 7.7 | 2.6 | 6.1 | 0.7 | 8.2 | 9.2 | 10.6 |
| 2009 | 65.8 | 4.93 | 3.0 | 11.0 | 1.6 | 7.3 | 2.4 | 5.7 | 0.6 | 8.0 | 8.8 | 10.7 |
| 2010 | 64.7 | 4.67 | 2.6 | 10.7 | 1.5 | 7.3 | 2.3 | 5.3 | 0.6 | 8.3 | 9.3 | 10.4 |
| 2011 | 65.6 | 4.80 | 2.5 | 10.9 | 1.6 | 7.1 | 2.2 | 5.5 | 0.6 | 8.4 | 10.0 | 10.1 |
| 2012 | 67.7 | 4.77 | 2.7 | 11.3 | 1.8 | 7.3 | 2.3 | 6.1 | 0.6 | 8.5 | 10.7 | 9.8 |
| 2013 | 69.5 | 4.84 | 3.0 | 11.5 | 1.8 | 7.5 | 2.3 | 6.4 | 0.6 | 8.5 | 11.1 | 10.0 |
| 2014 | 71.1 | 4.88 | 3.2 | 11.8 | 1.8 | 7.8 | 2.4 | 6.6 | 0.6 | 8.5 | 11.3 | 10.2 |
| 2015 | 72.9 | 4.88 | 3.5 | 12.0 | 1.8 | 8.0 | 2.4 | 6.9 | 0.6 | 8.6 | 11.7 | 10.2 |
| 2016 | 74.1 | 4.91 | 3.5 | 12.2 | 1.9 | 8.2 | 2.5 | 7.2 | 0.6 | 8.6 | 12.0 | 10.3 |
| 2017 | 75.3 | 4.97 | 3.6 | 12.4 | 1.9 | 8.4 | 2.6 | 7.4 | 0.7 | 8.6 | 12.3 | 10.3 |
| 2018 | 76.5 | 5.05 | 3.6 | 12.6 | 1.9 | 8.6 | 2.7 | 7.6 | 0.7 | 8.7 | 12.5 | 10.4 |
| 2019 | 77.4 | 5.11 | 3.6 | 12.7 | 1.9 | 8.7 | 2.7 | 7.8 | 0.7 | 8.7 | 12.6 | 10.4 |
| 2020 | 78.1 | 5.10 | 3.6 | 12.8 | 2.0 | 8.9 | 2.7 | 8.0 | 0.7 | 8.8 | 12.7 | 10.4 |
| 2021 | 78.7 | 5.09 | 3.6 | 12.9 | 2.0 | 9.0 | 2.8 | 8.1 | 0.7 | 8.9 | 12.7 | 10.5 |
| 2022 | 79.3 | 5.12 | 3.6 | 13.0 | 2.0 | 9.1 | 2.8 | 8.3 | 0.7 | 9.0 | 12.7 | 10.5 |
| 2023 | 79.8 | 5.15 | 3.6 | 13.2 | 2.0 | 9.2 | 2.8 | 8.4 | 0.7 | 9.0 | 12.8 | 10.6 |
| 2024 | 80.4 | 5.19 | 3.6 | 13.3 | 2.1 | 9.3 | 2.8 | 8.6 | 0.7 | 9.1 | 12.8 | 10.6 |
| 2025 | 81.0 | 5.21 | 3.6 | 13.4 | 2.1 | 9.3 | 2.9 | 8.8 | 0.7 | 9.2 | 12.8 | 10.6 |
| 2026 | 81.5 | 5.23 | 3.6 | 13.4 | 2.1 | 9.4 | 2.9 | 8.9 | 0.7 | 9.3 | 12.8 | 10.7 |
| 2027 | 82.0 | 5.24 | 3.5 | 13.5 | 2.1 | 9.4 | 2.9 | 9.1 | 0.7 | 9.4 | 12.9 | 10.7 |
| 2028 | 82.7 | 5.26 | 3.5 | 13.6 | 2.2 | 9.5 | 2.9 | 9.2 | 0.7 | 9.6 | 13.0 | 10.7 |
| 2029 | 83.3 | 5.27 | 3.5 | 13.7 | 2.2 | 9.5 | 2.9 | 9.4 | 0.7 | 9.7 | 13.0 | 10.8 |
| 2030 | 83.9 | 5.26 | 3.5 | 13.8 | 2.2 | 9.6 | 2.9 | 9.5 | 0.7 | 9.9 | 13.1 | 10.8 |
| 2031 | 84.4 | 5.25 | 3.5 | 13.8 | 2.2 | 9.6 | 3.0 | 9.7 | 0.7 | 10.0 | 13.2 | 10.8 |
| 2032 | 85.0 | 5.29 | 3.5 | 13.9 | 2.3 | 9.6 | 3.0 | 9.8 | 0.7 | 10.2 | 13.3 | 10.9 |
| 2033 | 85.5 | 5.32 | 3.5 | 14.0 | 2.3 | 9.6 | 3.0 | 9.9 | 0.7 | 10.3 | 13.4 | 10.9 |
| 2034 | 86.1 | 5.35 | 3.5 | 14.0 | 2.3 | 9.6 | 3.0 | 10.0 | 0.8 | 10.4 | 13.5 | 10.9 |
| 2035 | 86.6 | 5.36 | 3.5 | 14.1 | 2.3 | 9.6 | 3.1 | 10.1 | 0.8 | 10.5 | 13.6 | 11.0 |
| 2036 | 87.2 | 5.41 | 3.4 | 14.2 | 2.3 | 9.6 | 3.1 | 10.2 | 0.8 | 10.7 | 13.7 | 11.0 |
| 2037 | 87.7 | 5.43 | 3.4 | 14.2 | 2.4 | 9.7 | 3.1 | 10.4 | 0.8 | 10.8 | 13.8 | 11.0 |
| 2038 | 88.2 | 5.40 | 3.4 | 14.3 | 2.4 | 9.7 | 3.1 | 10.5 | 0.8 | 10.9 | 13.9 | 11.1 |
| 2039 | 88.8 | 5.43 | 3.4 | 14.3 | 2.4 | 9.8 | 3.2 | 10.6 | 0.8 | 11.0 | 14.0 | 11.1 |
| 2040 | 89.4 | 5.46 | 3.4 | 14.4 | 2.4 | 9.8 | 3.2 | 10.8 | 0.8 | 11.1 | 14.1 | 11.2 |





County Economic and Demographic Indicators

Projected Economic Growth (2013-2018)

| | |
|---------------------------------|--------------|
| Expected retail sales growth | 19.9 % |
| Expected job growth | 10.0 % |
| Fastest growing jobs sector | Construction |
| Expected personal income growth | 17.3 % |

| | |
|--|--------|
| Expected population growth: | 2.3 % |
| Net migration to account for: | 62.2 % |
| Expected growth in number of vehicles: | 3.1 % |

Demographics (2013)

| | |
|--|--------|
| Unemployment rate (April 2013) | 5.9 % |
| County Rank in California (58 counties) | 5th |
| Percent of population working age: (16-64) | 64.0 % |

| | |
|--|-----------|
| Population with B.A. Degree or higher: | 29.1 % |
| Median Home Selling Price (2012): | \$343,000 |
| Median Household Income: | \$65,285 |

Quality of Life

| | |
|---|-------------------------|
| Violent Crime rate (2010) | 466 per 100,000 persons |
| County Rank in California (58 counties) | 42nd |
| Average Commute Time to work (2013): | 26.6 minutes |

| | |
|---|--------|
| High School drop out rate (2011) | 10.4 % |
| Households at/below poverty line (2013) | 8.5 % |

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