

MONTEREY COUNTY ECONOMIC FORECAST

Monterey County is located on the central coast of California. Farming is a vital component of the county economy, accounting for over \$3.9 billion in total crop sales, and 26 percent of the workforce. Lettuce is the principal crop in Monterey, which leads all California counties in tonnage produced and sold. The county has a population of 432,300 people and 167,300 wage and salary jobs. The per capita income in Monterey County is \$38,326 and the average salary per worker is \$48,876.

In 2009, an estimated 3,650 wage and salary jobs were lost in Monterey County, representing a decline in employment of 2.1 percent. Non-farm employment fell by 3,820 jobs, a decline of 3.0 percent. The farm sector gained 170 jobs in 2009 and has increased by 5,300 jobs over the last ten years. Last year, the unemployment rate increased to 12.8 percent.

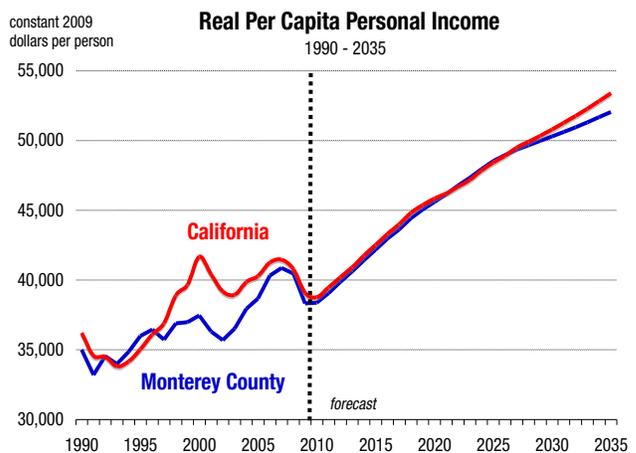
The only sectors creating jobs in 2009 other than farm were government and education/health services. They created 600 and 300 jobs respectively. The majority of job losses came in the construction, retail trade, and leisure services, which altogether lost over 3,300 jobs.

Government and farm are the largest sectors in the county, accounting for a combined 45 percent of total employment. Many of the public sector jobs are associated with the state correctional facilities in Soledad, which accommodate a total of 11,500 inmates.

From 2008 to 2009, the population grew 0.8 percent in Monterey County. The largest city in the county is Salinas with a population of 152,597, more than 100,000 people larger than the cities of Seaside and Monterey. Population in Salinas increased by 1.6 percent from January 2008 to January 2009.

FORECAST HIGHLIGHTS

- Job growth will be near zero in 2010. Between 2010 and 2015, a 1.3 percent average annual growth rate is forecast. Non-farm employment increases by an average of 1.6 percent per year over the same period.
- Average salaries adjusted for inflation are currently below the California state average. Inflation adjusted salaries are expected to rise an average of 0.6 percent per year from 2010 to 2015.
- Between 2010 and 2015, the principle job creation occurs in the professional services, construction, retail trade, leisure services, government, and healthcare and education sectors. These sectors account for 84 percent of net job creation in the county during this time period, with each sector creating at least 1,000 jobs.
- Population growth will remain modest over the foreseeable future. Annual growth in the 2010 to 2015 period averages 0.8 percent per year.

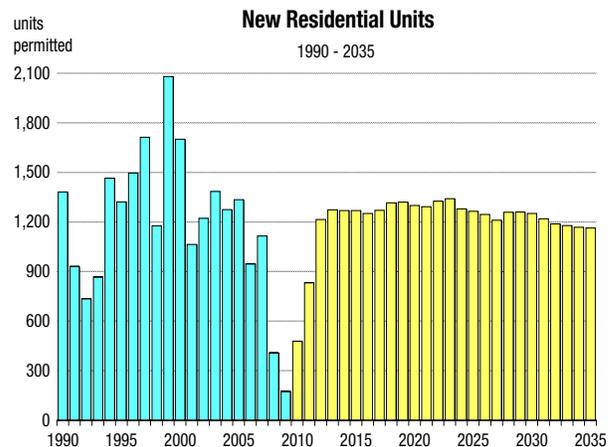
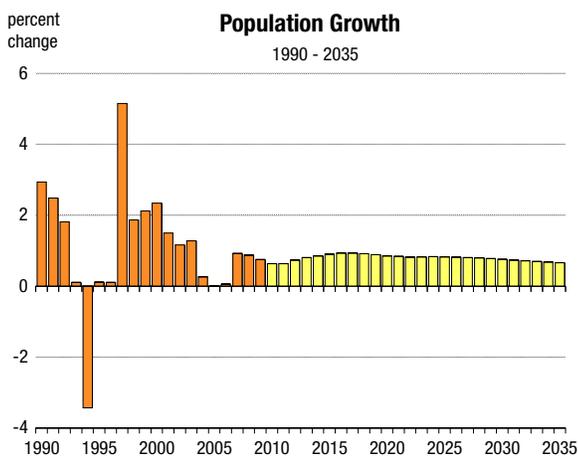


- Net migration will remain negative over the forecast horizon. In 2010, out-migration is estimated at 2,400 persons. From 2010 to 2015 out-migration is expected to average 1,740 net migrants per year.
- Real per capita incomes will be virtually unchanged in 2010, with an estimated increase of 0.1 percent. But over 2010 to 2015 period real per capita incomes are forecast to increase approximately 1.9 percent per year.
- Total taxable sales adjusted for inflation are expected to rise an average of 2.5 percent per year from 2010 to 2015.
- Industrial production is forecast to increase 0.4 percent in 2010. From 2010 to 2015 the growth rate of industrial production will average 2.9 percent.
- Farm production is forecast to increase by 1.7 percent per year between 2010 and 2015. The principal crop in the county is lettuce.

Monterey County Economic Forecast

2002-2009 History, 2010-2035 Forecast

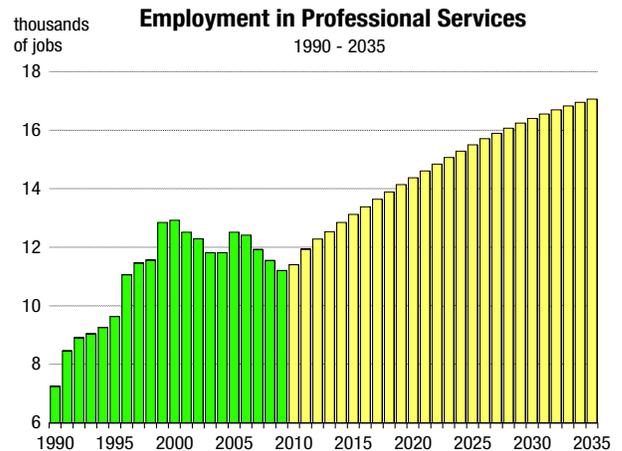
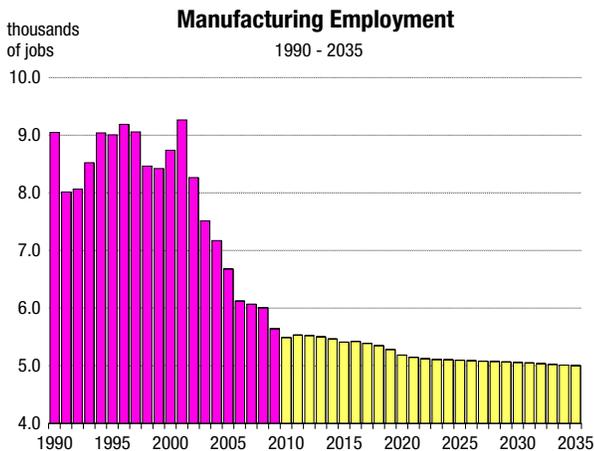
| | Population (people) | Net Migration (people) | Registered Vehicles (thousands) | Households (thousands) | New Homes Permitted (homes) | Total Taxable Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Inflation Rate (% change in CPI) | Real Farm Crop Value (billions) | Real Industrial Production (billions) | Unemploy- ment Rate (percent) |
|------|------------------------|------------------------------|---------------------------------------|---------------------------|-----------------------------------|--------------------------------------|----------------------------------|----------------------------------------|----------------------------------------|---------------------------------------|---------------------------------------------|-------------------------------------|
| 2002 | 414,757 | -141 | 335 | 123 | 1,223 | \$4.9 | \$12.7 | \$35,685 | 1.6 | 3.28 | 1.35 | 9.0 |
| 2003 | 420,068 | 404 | 332 | 124 | 1,385 | \$4.9 | \$13.4 | \$36,525 | 1.8 | 3.77 | 1.35 | 9.0 |
| 2004 | 421,191 | -3,814 | 351 | 125 | 1,276 | \$5.2 | \$14.1 | \$37,937 | 1.2 | 3.35 | 1.42 | 8.4 |
| 2005 | 421,211 | -5,181 | 345 | 127 | 1,335 | \$5.5 | \$14.7 | \$38,677 | 2.0 | 3.72 | 1.44 | 7.4 |
| 2006 | 421,463 | -4,786 | 348 | 128 | 948 | \$5.7 | \$15.8 | \$40,317 | 3.2 | 3.76 | 1.47 | 7.0 |
| 2007 | 425,356 | -1,268 | 349 | 129 | 1,116 | \$5.7 | \$16.7 | \$40,873 | 3.4 | 3.98 | 1.49 | 7.2 |
| 2008 | 429,083 | -1,360 | 349 | 129 | 408 | \$5.5 | \$17.2 | \$40,453 | 3.0 | 3.87 | 1.53 | 8.5 |
| 2009 | 432,324 | -1,859 | 346 | 130 | 176 | \$5.3 | \$16.6 | \$38,326 | 0.8 | 3.87 | 1.50 | 12.8 |
| 2010 | 435,078 | -2,368 | 347 | 130 | 480 | \$5.3 | \$17.0 | \$38,379 | 2.1 | 3.91 | 1.51 | 14.1 |
| 2011 | 437,860 | -2,329 | 348 | 131 | 833 | \$5.4 | \$17.9 | \$39,064 | 2.4 | 3.98 | 1.55 | 13.4 |
| 2012 | 441,089 | -1,876 | 350 | 132 | 1,216 | \$5.7 | \$18.8 | \$39,867 | 2.1 | 4.05 | 1.61 | 12.4 |
| 2013 | 444,657 | -1,534 | 352 | 133 | 1,274 | \$6.0 | \$19.7 | \$40,624 | 2.2 | 4.13 | 1.65 | 11.3 |
| 2014 | 448,478 | -1,283 | 355 | 133 | 1,269 | \$6.3 | \$20.7 | \$41,416 | 2.2 | 4.20 | 1.69 | 10.3 |
| 2015 | 452,528 | -1,056 | 359 | 134 | 1,270 | \$6.7 | \$21.8 | \$42,188 | 2.2 | 4.24 | 1.74 | 9.5 |
| 2016 | 456,776 | -866 | 363 | 135 | 1,253 | \$7.1 | \$22.9 | \$42,972 | 2.2 | 4.30 | 1.78 | 8.9 |
| 2017 | 461,057 | -845 | 367 | 135 | 1,271 | \$7.5 | \$24.0 | \$43,616 | 2.2 | 4.36 | 1.82 | 8.6 |
| 2018 | 465,291 | -910 | 371 | 136 | 1,316 | \$7.9 | \$25.2 | \$44,435 | 2.2 | 4.42 | 1.86 | 8.3 |
| 2019 | 469,430 | -1,023 | 375 | 137 | 1,321 | \$8.3 | \$26.3 | \$45,051 | 2.2 | 4.49 | 1.90 | 8.0 |
| 2020 | 473,454 | -1,156 | 379 | 138 | 1,300 | \$8.8 | \$27.4 | \$45,608 | 2.1 | 4.54 | 1.95 | 7.9 |
| 2021 | 477,449 | -1,203 | 383 | 139 | 1,293 | \$9.2 | \$28.7 | \$46,152 | 2.5 | 4.56 | 2.00 | 7.7 |
| 2022 | 481,376 | -1,284 | 388 | 139 | 1,327 | \$9.6 | \$30.1 | \$46,767 | 2.6 | 4.60 | 2.05 | 7.5 |
| 2023 | 485,360 | -1,241 | 392 | 140 | 1,342 | \$10.1 | \$31.5 | \$47,331 | 2.5 | 4.65 | 2.10 | 7.4 |
| 2024 | 489,410 | -1,186 | 396 | 141 | 1,280 | \$10.5 | \$33.0 | \$47,959 | 2.4 | 4.71 | 2.16 | 7.2 |
| 2025 | 493,449 | -1,208 | 401 | 142 | 1,265 | \$11.0 | \$34.5 | \$48,529 | 2.5 | 4.78 | 2.22 | 7.0 |
| 2026 | 497,493 | -1,217 | 405 | 143 | 1,247 | \$11.6 | \$35.9 | \$48,958 | 2.5 | 4.85 | 2.28 | 7.0 |
| 2027 | 501,528 | -1,242 | 410 | 143 | 1,210 | \$12.1 | \$37.4 | \$49,352 | 2.6 | 4.91 | 2.35 | 6.9 |
| 2028 | 505,536 | -1,284 | 415 | 144 | 1,260 | \$12.6 | \$39.0 | \$49,668 | 2.8 | 4.96 | 2.42 | 6.8 |
| 2029 | 509,491 | -1,355 | 419 | 145 | 1,261 | \$13.2 | \$40.7 | \$49,986 | 2.7 | 5.02 | 2.49 | 6.7 |
| 2030 | 513,350 | -1,471 | 424 | 146 | 1,251 | \$13.8 | \$42.3 | \$50,306 | 2.7 | 5.05 | 2.57 | 6.6 |
| 2031 | 517,132 | -1,567 | 428 | 146 | 1,220 | \$14.4 | \$44.1 | \$50,622 | 2.7 | 5.06 | 2.65 | 6.5 |
| 2032 | 520,850 | -1,652 | 432 | 147 | 1,189 | \$15.1 | \$45.9 | \$50,957 | 2.7 | 5.10 | 2.73 | 6.5 |
| 2033 | 524,502 | -1,736 | 437 | 148 | 1,179 | \$15.8 | \$47.8 | \$51,307 | 2.7 | 5.16 | 2.81 | 6.5 |
| 2034 | 528,088 | -1,819 | 441 | 149 | 1,169 | \$16.5 | \$49.7 | \$51,670 | 2.7 | 5.23 | 2.89 | 6.5 |
| 2035 | 531,603 | -1,905 | 445 | 149 | 1,165 | \$17.2 | \$51.8 | \$52,044 | 2.7 | 5.30 | 2.98 | 6.5 |

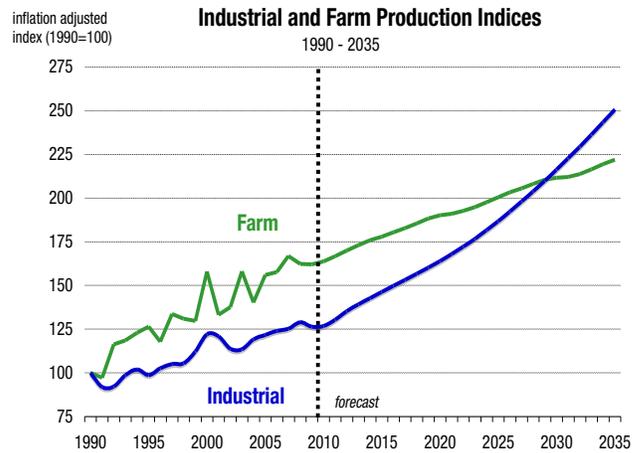
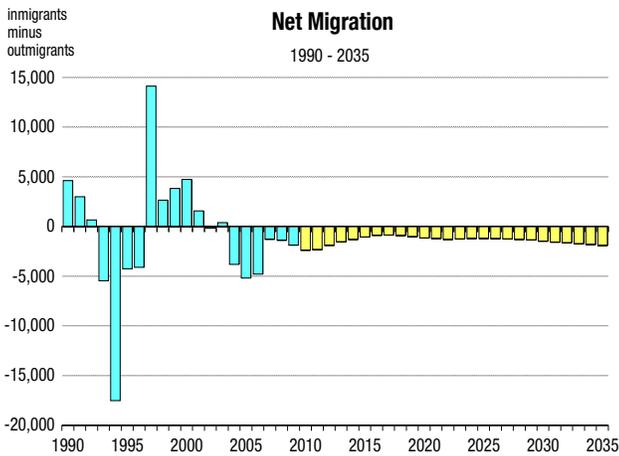
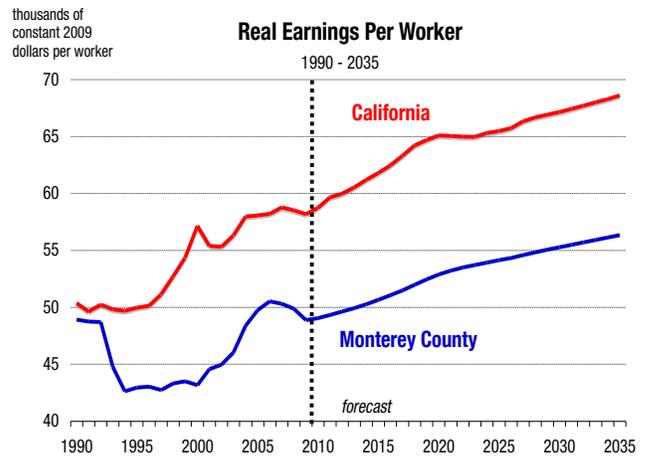
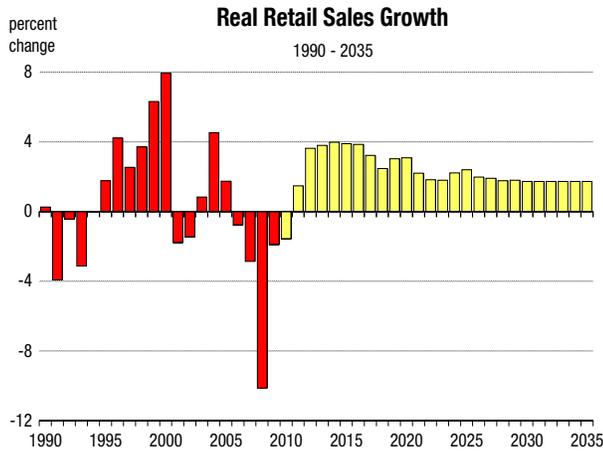


Monterey County Employment Forecast

2002-2009 History, 2010-2035 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)----- | | | | | | | | | | | | |
| 2002 | 167.7 | 38.1 | 6.6 | 8.3 | 3.4 | 22.1 | 6.5 | 12.3 | 2.4 | 12.0 | 20.1 | 31.3 |
| 2003 | 169.2 | 41.4 | 6.7 | 7.5 | 3.2 | 22.0 | 6.5 | 11.8 | 2.4 | 12.3 | 19.7 | 31.1 |
| 2004 | 168.8 | 41.9 | 6.7 | 7.2 | 3.3 | 21.9 | 5.9 | 11.8 | 2.3 | 12.3 | 20.3 | 30.3 |
| 2005 | 169.8 | 42.4 | 6.7 | 6.7 | 3.4 | 21.6 | 6.1 | 12.5 | 2.4 | 12.2 | 20.8 | 30.3 |
| 2006 | 168.3 | 40.4 | 7.2 | 6.1 | 3.4 | 21.9 | 6.2 | 12.4 | 2.2 | 12.5 | 20.7 | 30.6 |
| 2007 | 170.3 | 41.6 | 7.0 | 6.1 | 3.6 | 21.9 | 6.0 | 11.9 | 2.1 | 12.7 | 21.1 | 31.5 |
| 2008 | 171.0 | 42.6 | 6.0 | 6.0 | 3.6 | 21.9 | 5.5 | 11.6 | 2.1 | 13.1 | 21.5 | 32.4 |
| 2009 | 167.4 | 42.8 | 4.9 | 5.6 | 3.5 | 20.4 | 5.2 | 11.2 | 2.0 | 13.4 | 20.7 | 33.0 |
| 2010 | 166.8 | 42.8 | 4.7 | 5.5 | 3.5 | 20.3 | 5.0 | 11.4 | 1.9 | 13.4 | 20.6 | 32.8 |
| 2011 | 168.5 | 43.0 | 4.9 | 5.5 | 3.6 | 20.4 | 4.9 | 11.9 | 1.9 | 13.7 | 20.7 | 33.0 |
| 2012 | 171.0 | 43.2 | 5.3 | 5.5 | 3.7 | 20.7 | 5.0 | 12.3 | 1.8 | 14.0 | 21.0 | 33.6 |
| 2013 | 173.5 | 43.4 | 5.6 | 5.5 | 3.8 | 21.1 | 5.1 | 12.5 | 1.7 | 14.3 | 21.3 | 34.3 |
| 2014 | 175.9 | 43.5 | 5.7 | 5.5 | 3.9 | 21.5 | 5.2 | 12.9 | 1.6 | 14.6 | 21.5 | 34.9 |
| 2015 | 178.1 | 43.7 | 5.8 | 5.4 | 4.0 | 21.9 | 5.2 | 13.1 | 1.5 | 14.9 | 21.8 | 35.6 |
| 2016 | 180.4 | 43.8 | 5.9 | 5.4 | 4.1 | 22.4 | 5.2 | 13.4 | 1.4 | 15.3 | 22.2 | 36.3 |
| 2017 | 182.5 | 43.9 | 6.0 | 5.4 | 4.2 | 22.8 | 5.2 | 13.6 | 1.2 | 15.6 | 22.4 | 36.9 |
| 2018 | 184.5 | 44.1 | 6.1 | 5.3 | 4.2 | 23.1 | 5.2 | 13.9 | 1.1 | 15.9 | 22.7 | 37.6 |
| 2019 | 186.5 | 44.2 | 6.1 | 5.3 | 4.3 | 23.4 | 5.2 | 14.1 | 1.0 | 16.2 | 23.0 | 38.2 |
| 2020 | 188.4 | 44.3 | 6.2 | 5.2 | 4.4 | 23.8 | 5.2 | 14.4 | 0.9 | 16.4 | 23.2 | 38.9 |
| 2021 | 190.4 | 44.4 | 6.3 | 5.2 | 4.5 | 24.1 | 5.2 | 14.6 | 0.9 | 16.8 | 23.4 | 39.5 |
| 2022 | 192.4 | 44.5 | 6.4 | 5.1 | 4.6 | 24.4 | 5.2 | 14.8 | 0.8 | 17.2 | 23.7 | 40.1 |
| 2023 | 194.5 | 44.6 | 6.5 | 5.1 | 4.7 | 24.7 | 5.2 | 15.1 | 0.7 | 17.6 | 23.9 | 40.7 |
| 2024 | 196.7 | 44.7 | 6.6 | 5.1 | 4.7 | 25.1 | 5.2 | 15.3 | 0.6 | 18.1 | 24.1 | 41.3 |
| 2025 | 198.9 | 44.9 | 6.7 | 5.1 | 4.8 | 25.4 | 5.3 | 15.5 | 0.6 | 18.5 | 24.3 | 41.9 |
| 2026 | 201.0 | 45.0 | 6.8 | 5.1 | 4.9 | 25.8 | 5.3 | 15.7 | 0.5 | 18.9 | 24.5 | 42.6 |
| 2027 | 203.0 | 45.1 | 7.0 | 5.1 | 4.9 | 26.1 | 5.3 | 15.9 | 0.5 | 19.3 | 24.7 | 43.2 |
| 2028 | 205.1 | 45.3 | 7.1 | 5.1 | 5.0 | 26.4 | 5.3 | 16.1 | 0.4 | 19.7 | 24.9 | 43.7 |
| 2029 | 207.1 | 45.4 | 7.3 | 5.1 | 5.0 | 26.7 | 5.3 | 16.2 | 0.4 | 20.1 | 25.1 | 44.3 |
| 2030 | 209.0 | 45.4 | 7.4 | 5.1 | 5.1 | 27.0 | 5.3 | 16.4 | 0.4 | 20.5 | 25.3 | 44.9 |
| 2031 | 210.8 | 45.5 | 7.5 | 5.0 | 5.1 | 27.3 | 5.3 | 16.6 | 0.3 | 20.8 | 25.5 | 45.5 |
| 2032 | 212.7 | 45.5 | 7.6 | 5.0 | 5.2 | 27.6 | 5.3 | 16.7 | 0.3 | 21.2 | 25.7 | 46.0 |
| 2033 | 214.7 | 45.7 | 7.7 | 5.0 | 5.2 | 28.0 | 5.3 | 16.8 | 0.3 | 21.6 | 25.9 | 46.6 |
| 2034 | 216.6 | 45.8 | 7.8 | 5.0 | 5.3 | 28.3 | 5.2 | 17.0 | 0.2 | 22.0 | 26.1 | 47.2 |
| 2035 | 218.5 | 45.9 | 7.9 | 5.0 | 5.4 | 28.6 | 5.2 | 17.1 | 0.2 | 22.4 | 26.3 | 47.7 |





County Economic and Demographic Indicators

Projected Economic Growth (2010-2015)

| | |
|----------------------------------|--------------|
| Expected retail sales growth: | 18.0 % |
| Expected job growth: | 6.8 % |
| Fastest growing jobs sector: | Construction |
| Expected personal income growth: | 14.3 % |

| | |
|----------------------------------------|-------|
| Expected population growth: | 4.0 % |
| Net migration to account for: | 0 % |
| Expected growth in number of vehicles: | 3.4 % |

Demographics (2009)

| | |
|-------------------------------------------|--------|
| Unemployment rate (December): | 16.7 % |
| County Rank* in California (58 counties): | 24nd |
| Working age (16-64) population: | 64.0 % |

| | |
|----------------------------------------|-----------|
| Population with B.A. Degree or higher: | 21.6 % |
| Median Home Selling Price: | \$221,587 |
| Median Household Income: | \$59,867 |

Quality of Life

| | |
|-------------------------------------------|-------------------------|
| Violent Crime rate (2008): | 462 per 100,000 persons |
| County Rank* in California (58 counties): | 35th |
| Average Commute Time to work (2009): | 25.3 minutes |

| | |
|-----------------------------------|--------|
| High School drop out rate (2008): | 11.6 % |
| Households at/below poverty line: | 10.2 % |

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