

BUTTE COUNTY ECONOMIC FORECAST

In California, there are 14 counties north of the Bay Area and the Sacramento Valley. Of these, Butte County is the largest in terms of population. It is home to Chico State, the second oldest college in the California State University system. Butte County has a population of 222,000 people and a total of 77,000 wage and salary jobs. The per capita income is \$37,640 and the average salary per worker is \$45,541.

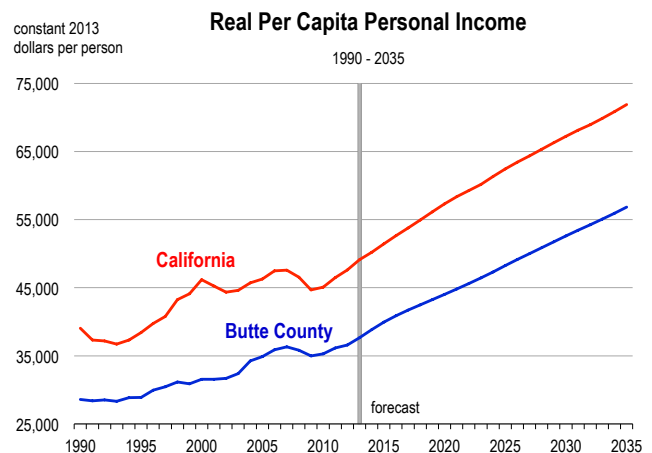
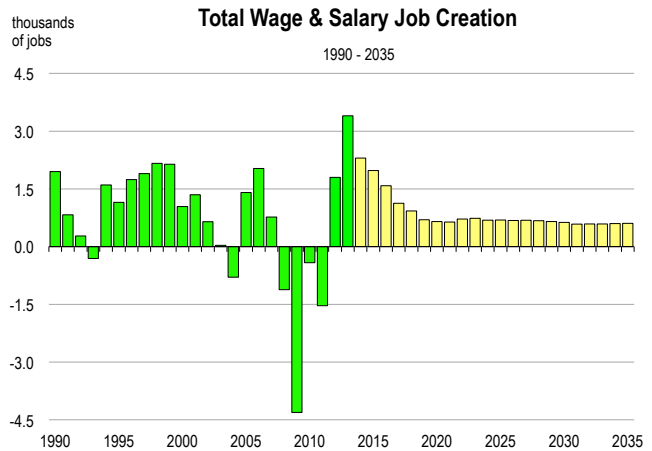
In 2013, a total of 3,400 wage and salary jobs were gained in Butte County, representing a growth rate of 4.6 percent – one of the highest rates in California. The unemployment rate improved substantially, dropping from 12.0 percent in 2012 to 10.0 percent in 2013.

During 2013, most industries were characterized by positive employment growth. The largest gains were observed in education and healthcare (+1,700 jobs), professional and business services (+530 jobs), construction (+400 jobs), and leisure and hospitality (+340 jobs). The largest losses were observed in information (-80 jobs) and transportation and utilities (-40 jobs).

The population of Butte County grew at an annual rate of 0.3 percent between 2008 and 2013. This growth was largely due to net migration. On average, the county gained 590 residents each year through the migration process, accounting for 84 percent of total population growth.

FORECAST HIGHLIGHTS

- Total wage and salary employment is expected to increase by 3.0 percent in 2014. Between 2014 and 2019, growth will average 1.5 percent per year.
- Average salaries are currently below the California state average, and will remain so over the forecast period. In Butte County, inflation-adjusted salaries are expected to rise by an average of 1.4 percent per year from 2014 to 2019.
- Between 2014 and 2019, the momentum for employment growth will be in leisure and hospitality, education and healthcare, and professional and business services. Together, these sectors are expected to account for 64 percent of net job creation in the county.
- In Butte County, population growth will accelerate over the forecast period. Between 2014 and 2019, the population will increase at an average rate of 0.8 percent per year.

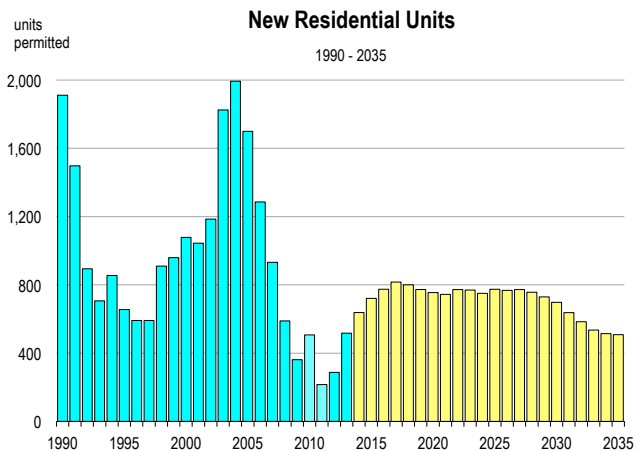
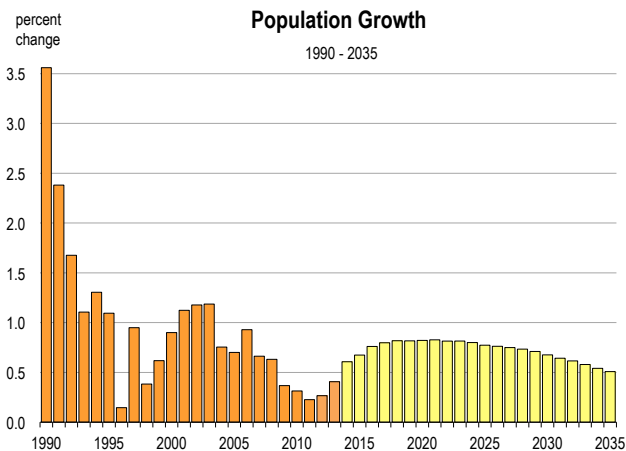


- Net migration is forecast to rise over the next five years. Between 2014 and 2019, net migration will average 1,500 individuals per year.
- Real per capita income is expected to increase by 3.2 percent in 2014. Over the following five years, growth is expected to average 2.2 percent per year.
- Total taxable sales, adjusted for inflation, are forecast to rise by 2.5 percent per year between 2014 and 2019.
- Industrial production is forecast to increase by 6.0 percent in 2014. From 2014 to 2019, the growth rate of industrial production will average 3.4 percent per year.

Butte County Economic Forecast

2006-2013 History, 2014-2040 Forecast

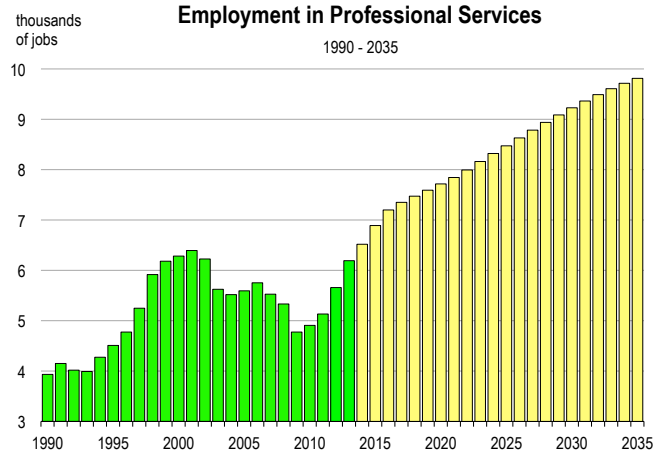
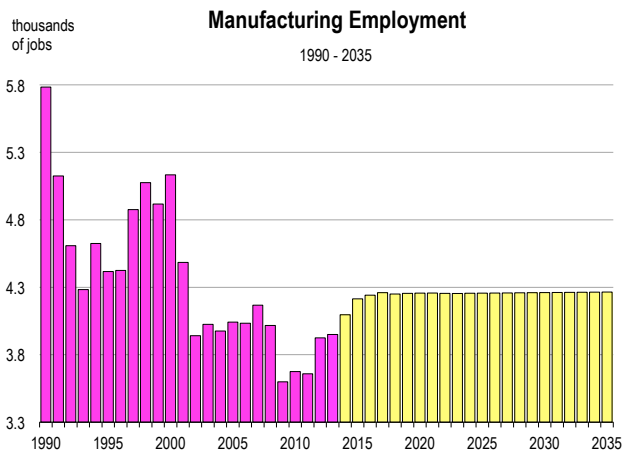
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (millions)	Unemploy- ment Rate (percent)
2006	215,684	1,713	227.8	85.5	1,286	\$2.83	\$6.60	\$35,875	3.2	509	929	6.2
2007	217,115	1,153	223.9	86.5	932	\$2.78	\$6.96	\$36,312	3.4	556	967	6.7
2008	218,485	1,102	225.9	87.4	589	\$2.68	\$7.11	\$35,810	2.9	621	982	8.4
2009	219,287	542	225.5	87.5	362	\$2.35	\$7.03	\$34,985	0.8	589	929	12.5
2010	219,973	400	225.4	87.6	507	\$2.46	\$7.20	\$35,276	1.3	675	900	13.8
2011	220,469	496	223.4	87.9	216	\$2.59	\$7.59	\$36,144	2.7	667	885	13.6
2012	221,056	587	218.8	88.3	287	\$2.71	\$7.91	\$36,581	2.7	718	978	12.0
2013	221,955	899	225.2	88.6	517	\$2.93	\$8.35	\$37,640	2.3	737	998	10.0
2014	223,303	1,136	227.1	89.2	638	\$3.09	\$8.91	\$38,838	2.8	755	1,057	9.0
2015	224,808	1,278	229.6	89.8	721	\$3.29	\$9.53	\$39,955	3.3	759	1,113	7.9
2016	226,518	1,458	232.2	90.5	775	\$3.50	\$10.14	\$40,900	3.2	771	1,145	6.9
2017	228,326	1,528	234.8	91.3	817	\$3.67	\$10.67	\$41,705	2.4	779	1,178	6.5
2018	230,194	1,567	237.2	92.1	800	\$3.83	\$11.21	\$42,490	2.3	785	1,212	6.3
2019	232,075	1,558	239.5	92.8	773	\$4.00	\$11.78	\$43,257	2.4	791	1,250	6.1
2020	233,981	1,570	241.5	93.6	755	\$4.16	\$12.37	\$44,028	2.3	789	1,289	6.0
2021	235,917	1,591	243.4	94.3	745	\$4.33	\$13.01	\$44,808	2.5	786	1,328	6.1
2022	237,839	1,597	245.2	95.1	773	\$4.50	\$13.69	\$45,613	2.6	792	1,367	6.0
2023	239,777	1,631	247.0	95.8	770	\$4.68	\$14.40	\$46,445	2.5	799	1,410	5.9
2024	241,695	1,628	248.6	96.6	751	\$4.86	\$15.16	\$47,314	2.5	805	1,451	5.9
2025	243,564	1,604	250.3	97.3	774	\$5.04	\$15.96	\$48,238	2.5	809	1,493	5.9
2026	245,422	1,612	251.8	98.0	768	\$5.24	\$16.79	\$49,143	2.5	812	1,538	5.9
2027	247,261	1,615	253.4	98.8	773	\$5.44	\$17.65	\$50,024	2.5	813	1,586	5.9
2028	249,075	1,616	254.9	99.6	757	\$5.66	\$18.54	\$50,893	2.5	816	1,639	5.8
2029	250,845	1,590	256.4	100.3	730	\$5.89	\$19.46	\$51,750	2.5	818	1,695	5.8
2030	252,541	1,547	257.9	101.0	698	\$6.14	\$20.40	\$52,596	2.5	811	1,752	5.8
2031	254,164	1,477	259.3	101.7	637	\$6.40	\$21.38	\$53,428	2.5	804	1,812	5.7
2032	255,729	1,416	260.6	102.3	584	\$6.69	\$22.38	\$54,243	2.5	812	1,873	5.7
2033	257,210	1,337	262.0	102.9	535	\$6.99	\$23.42	\$55,072	2.5	818	1,936	5.7
2034	258,602	1,257	263.3	103.4	514	\$7.31	\$24.51	\$55,932	2.5	822	2,002	5.7
2035	259,916	1,207	264.6	103.9	508	\$7.64	\$25.65	\$56,826	2.5	821	2,069	5.7
2036	261,159	1,163	265.9	104.4	483	\$7.98	\$26.85	\$57,751	2.5	830	2,138	5.7
2037	262,338	1,114	267.2	104.9	464	\$8.32	\$28.10	\$58,709	2.5	834	2,210	5.7
2038	263,463	1,076	268.5	105.3	451	\$8.67	\$29.40	\$59,698	2.5	824	2,283	5.6
2039	264,549	1,048	269.8	105.8	417	\$9.03	\$30.78	\$60,720	2.5	830	2,359	5.6
2040	265,581	1,002	271.1	106.2	380	\$9.39	\$32.21	\$61,765	2.5	834	2,447	5.6

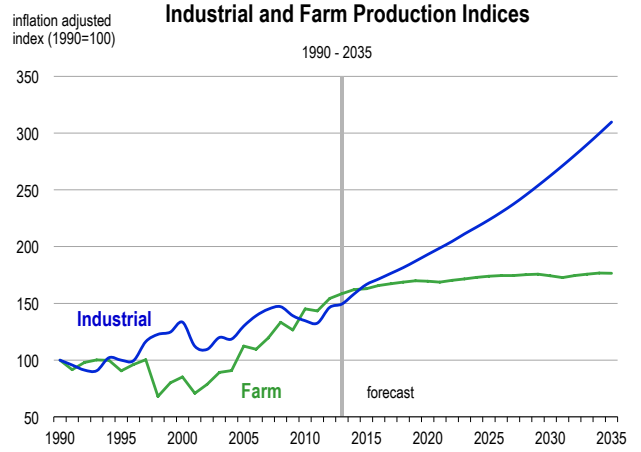
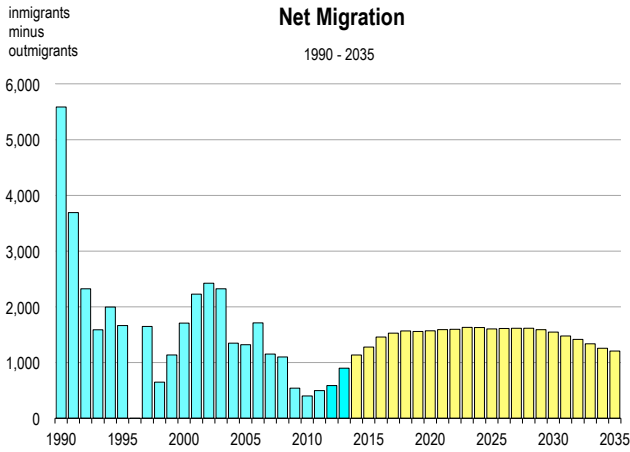
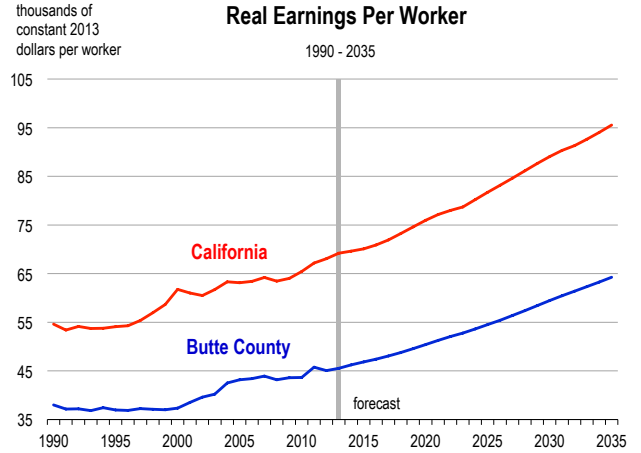
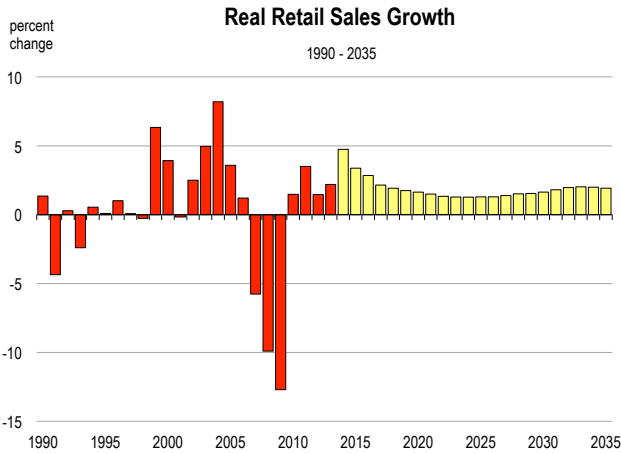


Butte County Employment Forecast

2006-2013 History, 2014-2040 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	78.38	2.50	4.18	4.03	1.93	12.53	3.18	5.75	1.26	14.20	7.71	17.53
2007	79.15	2.58	3.84	4.17	1.96	12.25	3.12	5.53	1.20	14.44	7.98	18.52
2008	78.03	2.81	3.31	4.02	1.85	11.75	3.15	5.33	1.19	14.98	7.88	18.17
2009	73.73	2.70	2.56	3.60	1.76	11.14	3.08	4.78	1.08	14.98	7.27	17.28
2010	73.31	2.77	2.38	3.68	1.60	11.08	3.13	4.91	1.00	15.14	7.12	16.96
2011	71.78	2.72	2.33	3.66	1.58	10.97	2.96	5.13	1.08	14.83	7.16	15.71
2012	73.58	2.80	2.39	3.93	1.56	11.28	2.84	5.66	1.08	15.16	7.43	15.79
2013	76.98	2.90	2.79	3.95	1.52	11.48	2.83	6.19	1.00	16.83	7.78	16.01
2014	79.28	2.92	2.97	4.10	1.54	11.59	2.83	6.52	1.05	17.90	7.91	16.09
2015	81.25	2.93	3.04	4.21	1.57	11.70	2.85	6.89	1.06	18.63	8.06	16.27
2016	82.84	2.95	3.08	4.24	1.59	11.82	2.87	7.20	1.07	19.14	8.24	16.41
2017	83.96	2.96	3.11	4.26	1.61	11.92	2.88	7.35	1.08	19.54	8.40	16.50
2018	84.89	2.96	3.11	4.25	1.62	11.99	2.90	7.47	1.08	19.86	8.51	16.64
2019	85.59	2.97	3.10	4.25	1.64	12.04	2.92	7.59	1.09	20.16	8.58	16.68
2020	86.24	2.97	3.10	4.26	1.66	12.08	2.93	7.72	1.09	20.44	8.61	16.75
2021	86.88	2.96	3.10	4.26	1.67	12.11	2.94	7.84	1.10	20.71	8.63	16.82
2022	87.60	2.97	3.12	4.25	1.69	12.15	2.96	7.99	1.10	20.98	8.64	16.89
2023	88.33	2.98	3.14	4.25	1.71	12.18	2.98	8.16	1.10	21.25	8.65	16.96
2024	89.02	2.99	3.13	4.26	1.73	12.22	3.00	8.32	1.11	21.51	8.66	17.03
2025	89.71	3.00	3.14	4.26	1.74	12.26	3.02	8.47	1.11	21.75	8.67	17.11
2026	90.39	3.00	3.14	4.26	1.76	12.29	3.04	8.63	1.12	21.98	8.68	17.21
2027	91.08	3.00	3.15	4.26	1.78	12.33	3.06	8.78	1.12	22.20	8.69	17.31
2028	91.75	3.01	3.15	4.26	1.79	12.37	3.08	8.94	1.13	22.42	8.70	17.40
2029	92.40	3.01	3.14	4.26	1.81	12.40	3.09	9.09	1.13	22.64	8.71	17.50
2030	93.03	3.00	3.12	4.26	1.83	12.44	3.11	9.23	1.13	22.87	8.72	17.60
2031	93.62	2.99	3.06	4.26	1.84	12.48	3.13	9.36	1.14	23.09	8.73	17.70
2032	94.21	3.00	3.00	4.26	1.86	12.52	3.15	9.49	1.14	23.32	8.74	17.79
2033	94.80	3.01	2.95	4.26	1.88	12.56	3.16	9.61	1.15	23.54	8.75	17.88
2034	95.40	3.01	2.92	4.26	1.89	12.60	3.18	9.71	1.15	23.76	8.76	17.98
2035	96.00	3.01	2.91	4.26	1.91	12.63	3.19	9.81	1.16	23.99	8.77	18.07
2036	96.62	3.02	2.90	4.27	1.93	12.67	3.21	9.91	1.16	24.22	8.78	18.17
2037	97.23	3.03	2.89	4.27	1.94	12.71	3.22	10.01	1.16	24.44	8.79	18.27
2038	97.83	3.02	2.89	4.27	1.96	12.75	3.24	10.11	1.17	24.67	8.80	18.37
2039	98.43	3.02	2.87	4.27	1.97	12.79	3.25	10.21	1.17	24.90	8.81	18.46
2040	99.02	3.03	2.83	4.27	1.99	12.82	3.27	10.31	1.18	25.13	8.82	18.56





County Economic and Demographic Indicators

Projected Economic Growth (2014-2019)

Expected retail sales growth:	12.6%
Expected job growth:	8.0%
Fastest growing jobs sector:	Professional Services
Expected personal income growth:	15.8%

Expected population growth:	3.9%
Net migration to account for:	84.2%
Expected growth in number of vehicles:	5.4%

Demographics (2014)

Unemployment rate (April 2014):	8.6%
County rank* in California (58 counties):	30th
Percent of population working age (16-64):	65.32%

Population with B.A. degree or higher:	23.9%
Median home selling price (2013):	\$205,000
Median household income:	\$41,928

Quality of Life

Violent crime rate (2012):	307 per 100,000 persons
County rank* in California (58 counties):	21st
Average commute time to work (2014):	21.9 minutes

High school drop out rate (2012):	10.9%
Households at/below poverty line (2014):	14.0%

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