

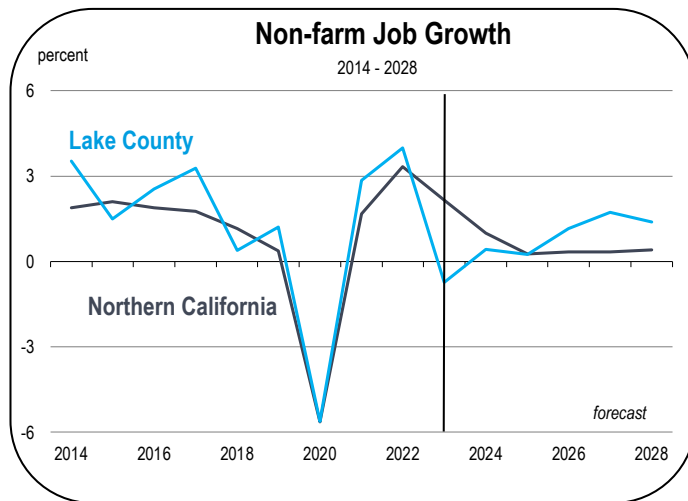
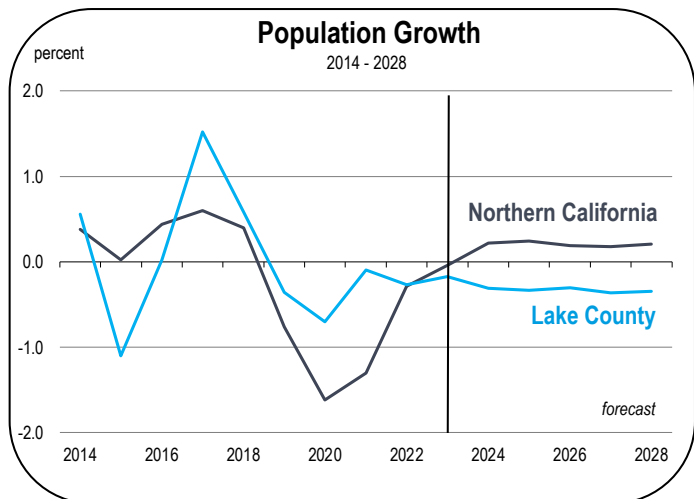
Lake County Economic Forecast

Forecast Summary

- The county added 540 jobs to the workforce in 2022, accounting for approximately 50 percent of the jobs lost in 2020. The job gains represented 3.3 percent growth over the previous year. Healthcare and the public sector were the primary sources for these new jobs.
- In 2023, the county is on pace to contract by 50 jobs, an 0.3 percent decrease in employment.
- Between 2024-2028, the employment level will rise on average 0.9 percent per year resulting in almost 800 new jobs. Most of these jobs will be in healthcare.
- A full labor market recovery from the Coronavirus Recession will occur in 2025.
- The unemployment rate averaged 5.0 percent in 2022. It is forecast to average 5.9 percent in 2023 and 2024.
- The population is steadily falling in Lake County and is projected to continue declining over the forecast period. Net in-migration is currently positive but not significant enough to offset the negative natural population rate. Unless economic development efforts prove successful in attracting new in-migrating populations, the population will continue to fall.
- The median home price increased 4.2 percent in 2022 to \$342,000.
- Home prices are on pace to fall by 6.3 percent in 2023 and are forecast to appreciate 3.0 percent in 2024 to \$330,000.

Job Growth

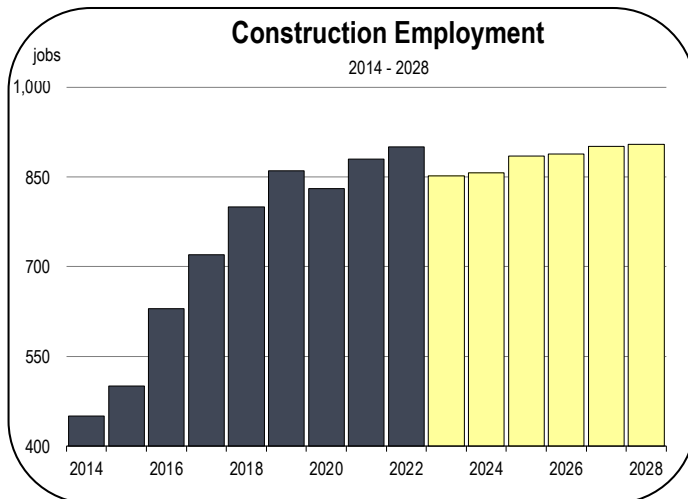
- Non-agricultural employment in Lake County expanded by 3.3 percent in 2022 with the addition of 540 jobs.



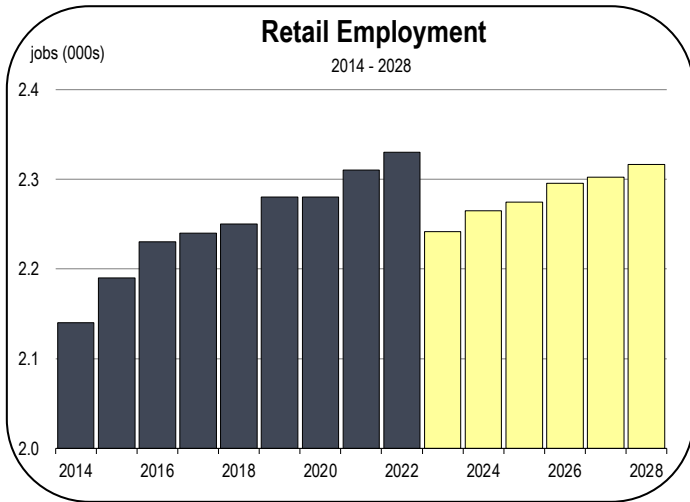
- County employment is on pace to fall 0.3 percent in 2023 with the loss of 50 jobs.
- Job growth of 0.4 percent is expected in 2024 resulting in 70 new jobs.
- Between 2024 and 2028, job growth will average 0.9 percent culminating in 800 new jobs.

Construction Employment

- The construction sector increased 2.3 percent in 2022 with 20 new jobs.
- Modest job consolidation is occurring in 2023 with 50 fewer jobs filled than in 2022.
- The average annual rate of job growth between 2024-2028 will be 1.2 percent resulting in 50 new jobs.
- Construction crews cannot hire fast enough to address the demand for rebuilding fire destroyed homes in the county.



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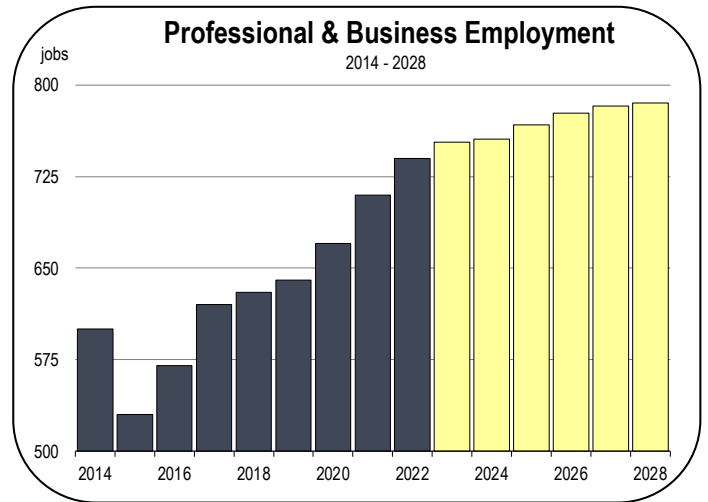


Retail Trade Employment

- Lake County retail employment gained 20 jobs in 2022 representing growth of 0.9 percent.
- Competition from online stores has led to lower levels of employment at local brick-and-mortar shops, and the transition to online shopping has been challenging for Lake retailers as well as retail businesses nationwide even before the onset of the Coronavirus Recession, which led to a slowdown in job creation.
- Consolidation of employment is occurring in 2023 as the sector is on pace to lose 100 jobs representing a 3.8 percent decline.
- During 2024-2028, retail employment will increase at an annual average rate of 0.7 percent resulting in 75 new jobs.
- Due to competition from online stores, job growth at physical stores in the region has been muted, and the further transition to online shopping will limit the gains in retail employment over the long term.

Professional and Business Services Employment

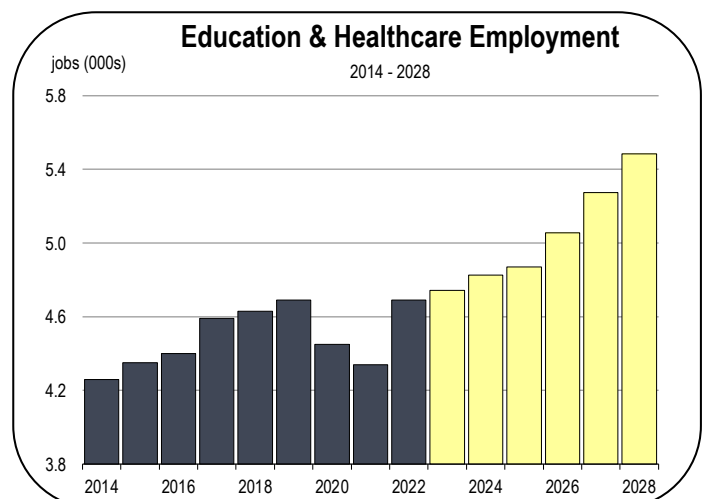
- The professional and business services sector has a wide array of companies in Lake County.
- Jobs in the professional business services sector tend to pay higher than average wages. As this sector evolves and captures a larger share of the overall labor market, professional services will contribute to rising incomes in the county.
- Business services employment added 30 jobs in 2022 representing job growth of 4.2 percent.
- The sector is on pace to grow 1.8 percent in 2023 with the addition of 15 new jobs.



- The average annual growth rate of the sector during 2024-2028 will be 0.8 percent and will generate 35 new jobs.

Private Education and Healthcare Employment

- The healthcare industry employs more workers than any other sector of the Lake County economy.
- Because a large share of the Lake County population is in retirement age, the local economy has a meaningful number of jobs in nursing homes, senior centers, and hospitals.
- Adventist Health Clear Lake has a hospital and clinics in Clearlake and employs an estimated 500 workers. Sutter Lakeside Hospital in Lakeport employs 300 workers.
- During 2022, the industry expanded by 350 workers representing growth of 8.1 percent.
- The sector is on pace to increase 1.1 percent with the addition of 50 jobs in 2023.



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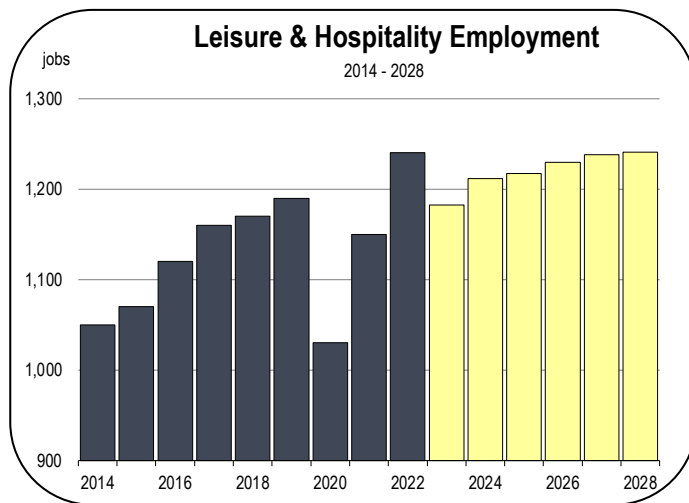
- Between 2024-2028, healthcare employment will increase by 750 jobs, averaging growth of 3.0 percent per year. During this period the healthcare sector will provide more jobs than all the other sectors combined.
- In Lake County, there are very few jobs in private educational institutions. Most teachers and education administrators work in the public sector.

Leisure and Hospitality Employment

- Clearlake is the largest tourism attraction in Lake County, and the summer fishing season is the peak for visitor traffic.
- Each year, thousands of tourists descend upon the towns around Clearlake to boat, fish, and to visit the numerous wineries in the area.
- Bella Vista, Elk Mountain, Hawk and Horse, and Bartolucci Vineyards are some of the long-standing wine making operations in Clearlake. The county has an estimated 45 wineries, mostly small boutique operations.
- There are four casinos in the county----Konocti Vista, Twin Pine, Running Creek and Robinson Rancheria Resort. All four casinos are among the top 25 employers in the county. Robinson Rancheria is located on the north shore of Clear Lake and has a 900 seat bingo facility.
- By the end of 2022, a full employment recovery from the pandemic recession was made with the addition of 90 jobs, representing 7.8 percent job growth.
- The sector is on pace in 2023 to lose 60 jobs.
- During 2024-2028, the sector is forecast to grow 1.0 percent per year with the addition of 60 jobs.
- Over the long term, new hotel and resort developments could lead to a larger expansion of the leisure and hospitality sector.

Clear Lake

- Clear Lake is the largest natural freshwater lake entirely in California and is the principal visitor destination in Lake County. It is the oldest lake in North America at an estimated 2.5 million years old.
- The State Park located on the southwestern shore reports annual visitation of 120,000 people.

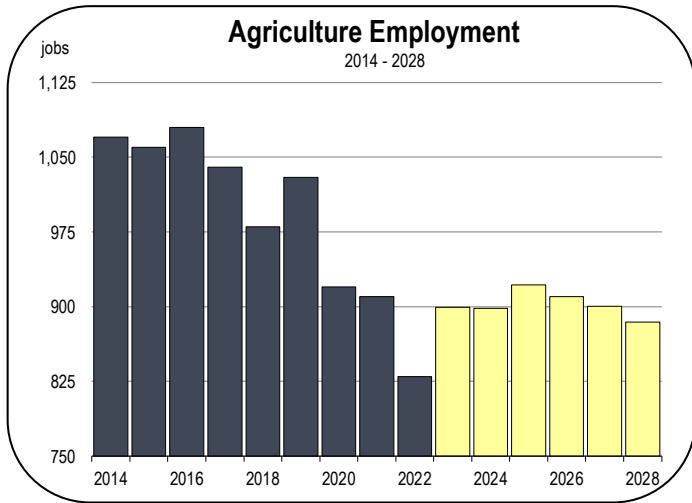


- The most common fish in the lake are largemouth bass, crappie, bluegill, carp, and catfish, making it a popular spot for tourism in Lake County. The California State Parks estimates annual use of the Lake at 62,500 visitors.
- Boating, fishing, camping, swimming, and hiking are all activities for visitors to Clear Lake. There are 11 free boat launch ramps around the lake for visitor use, and 8 rental cabins.
- Camping costs vary around \$30-\$45 per day depending on the site.



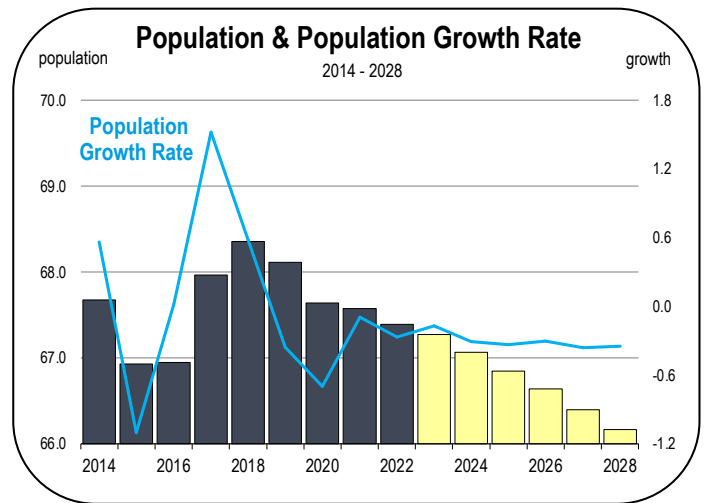
Jago Bay Vineyards is located just above Clearlake.

Lake County Economic Forecast



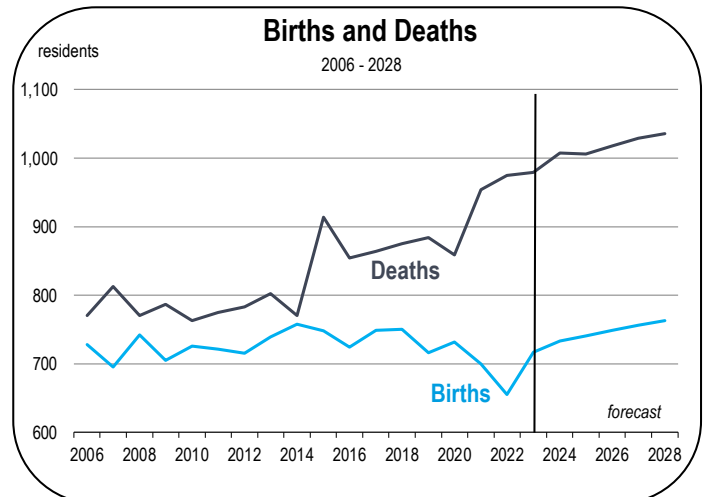
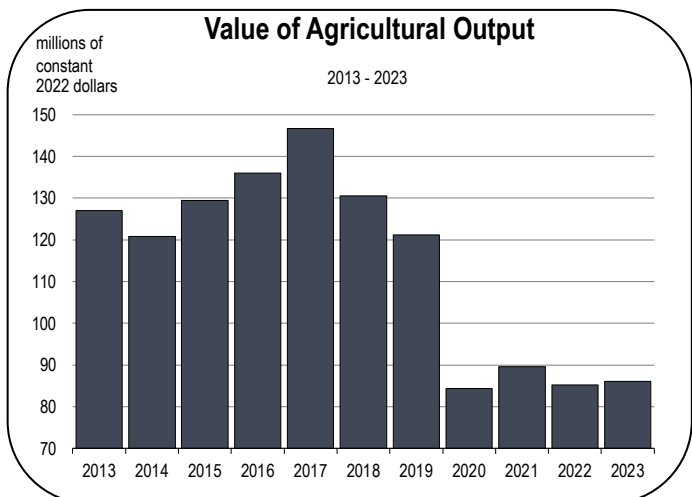
Agriculture

- Employment in farming has been generally declining since 2016. A rebound was observed in 2023, but the industry is not likely to contribute materially to the employment base over the forecast.
- Wine grapes are the principal agricultural commodity in the county. The last crop report for Lake was prepared in 2021. The \$59 million in wine grape values accounted for 72 percent of total agricultural output.
- Total gross agricultural product value adjusted for inflation has also been in decline. It is unlikely that the intensity of farming along with most product values will rebound in any meaningful way.
- Wine grape production may have the capacity to increase over time depending on how the industry composition of large and small producers evolves over time. Currently, there are just over 10,000 bearing acres of grapes, an increase of 10 percent over total bearing acreage in 2020.

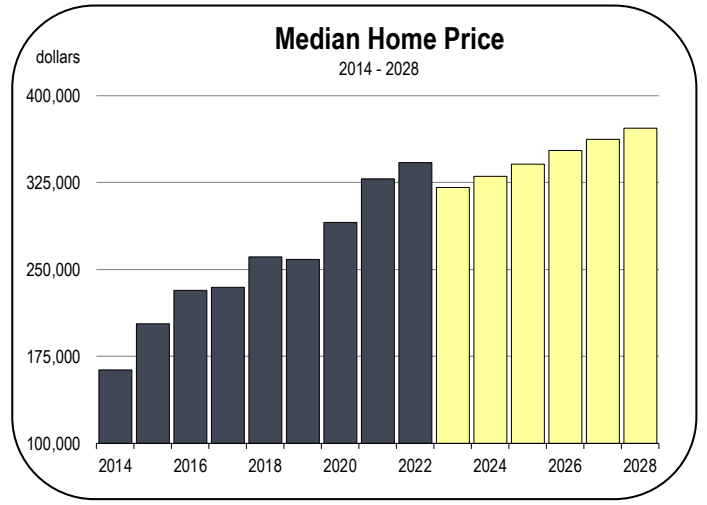
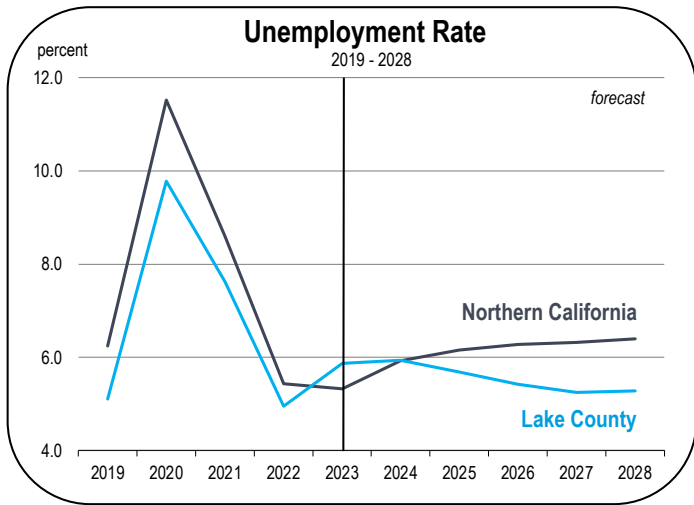


Population Growth

- Net in-migration to Lake County has generally been positive since 2012, but new relocations are few. Also since Lake County has an older population base, deaths will continue to exceed births and more than offset the gain in residents through net in-migration.
- Consequently, the Lake County population has been steadily in decline since 2019. Between 2023-2033, the county will lose about 220 residents each year.
- The population of Lake County in 2028 will be just over 66,000. It is likely that the population will continue to contract for the foreseeable future.



Lake County Economic Forecast



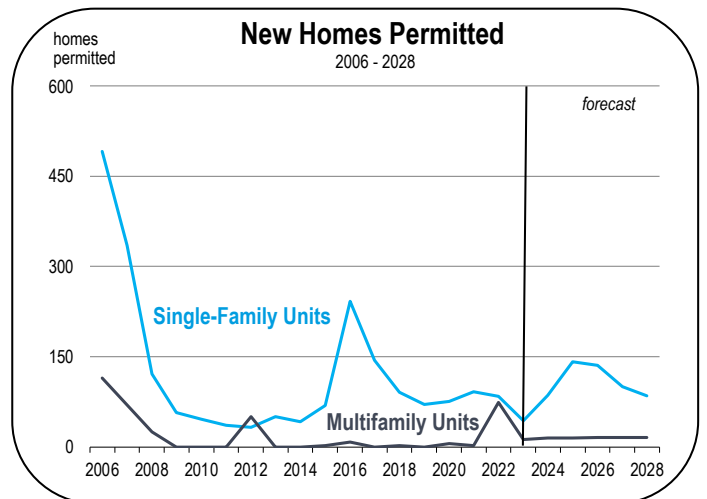
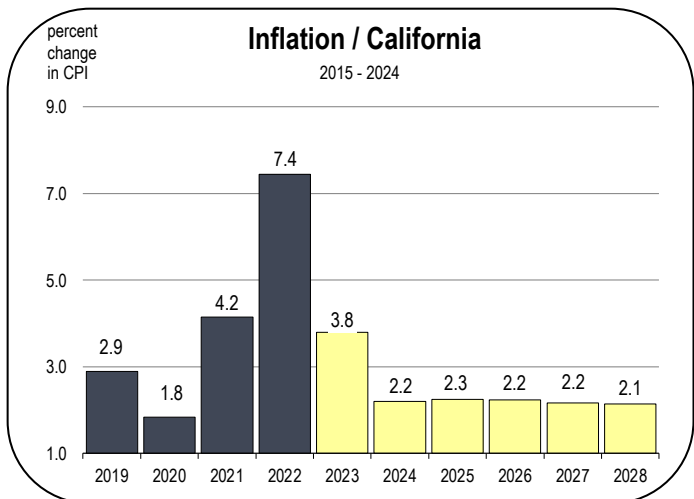
Unemployment and Inflation Rates

- The unemployment rate in Lake County averaged 5.0 percent in 2022.
- An unemployment rate below 6.0 percent signifies a fully employed workforce in Lake County.
- The unemployment rate is expected to average 5.9 percent in 2023 and 2024. Between 2024-2028, the unemployment rate is expected to average 5.5 percent each year.
- Inflation in California, including the Northern California Region, soared to 7.4 percent in 2022, but is expected to decelerate in 2023 to 3.8 percent due largely to declining energy costs, the restoration of supply chains, and stagnant housing costs.
- Ultimately, inflation reduces the purchasing power of households and negatively impacts consumer confidence, limiting the growth potential of the economy in 2023.

- The rate is forecast to continuously decelerate over the forecast period as the labor force is restored, interest rates subside, and wage inflation is contained.
- A risk to the forecast is whether Congressional spending will subside. During 2021 and 2022, this was a principal contributor to the surge of inflation nation-wide. Another risk is whether the economic slowdown will moderate the demand for labor, leading to lower wage inflation.
- Average general inflation rates eventually decline to 3 percent again by 2024.

Home Prices and New Housing Production

- In 2022, the median home value in Lake County increased 4.2 percent to \$342,000.
- Price appreciation is now reversing throughout California with most counties reporting selling price contractions in 2023. The median selling price for Lake County is forecast to fall 6.3 percent in 2023.



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- Home price appreciation is expected to resume in 2024. Lake County home values are expected to increase 3.0 percent to bring the median price up to \$330,000.
- Thereafter, the average annual rate of appreciation between 2024-2028 is forecast to be 3.0 percent.
- From 2017 to 2022, an average of 110 new residential units were started per year in Lake County. 87 percent were single-family homes. There was no apparent surge of fire rebuilds in the housing permit history, implying that the process will be slow and/or many homes will not be rebuilt.
- Housing production is also expected to average approximately 110 units per year from 2023 to 2028, with a similar percentage of single-family homes.

New Development in Lake County

- Lake County has lost an estimated ten percent of its housing to wildfires in recent years. More than 1,000 structures burned in the 2015 Valley Fire, and in 2018, with the onset of the Ranch and River Fires in July, the entire city of Lakeport was evacuated. These fires, included as part of the Mendocino Complex, destroyed a total of 280 structures, most of them homes in Lake County.
- Rebuilding from these fires have been slow for many reasons, including underinsured property owners, the high costs of construction, and delays in settlement fund payments to fire victims. To date, only about 20 homes were rebuilt from the Sulphur Fire in 2017 according to the Clearlake City Manager.

Fire	year	destroyed
Valley Fire	2015	585
Rocky Fire	2015	43
Clayton Fire	2016	175
Sulphur Fire	2017	162
Mendocino Complex	2018	157
Pawnee Fire	2018	12
Cache Fire	2021	60

Total		1,184

Waterstone Residential

- The Waterstone Residential Housing Project's proposal includes 128 apartment units and 48 cluster homes. The project is located in Lakeport and it was approved by the Lakeport City Council in September 2022.
- The cluster homes are planned at approximately 1,200 square feet in size and to sell for \$400,000.

Bevins 40

- The project is a 40 unit affordable senior housing development on Bevins Street. The project is currently under environmental review.

Martin Street Apartments, Phase III

- The project is a 40 unit affordable apartment proposal in 8 buildings plus a 2,500 square foot community center. Public hearings on the project were held in the spring and summer of 2023.



Martin Street Apartments

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Lakeport Hub

- The Lakeport Hub Project involves the development of a commercial center that would include a service station, six to eight restaurants, two retail buildings and a 70-room hotel. Total developed square feet is 95,000. The project was receiving public comment in 2023.

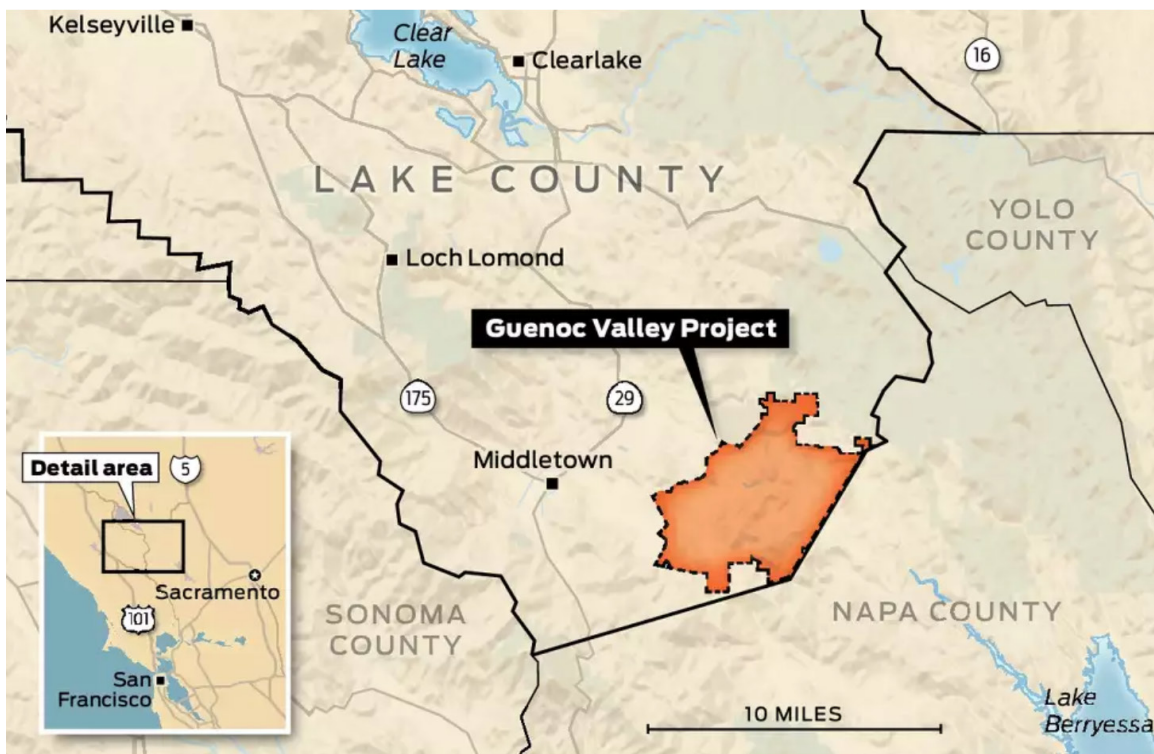
Cobb Mountain Area Plan

- The purpose of the Cobb Mountain Area Plan is to provide guidance regarding the long term growth and development of the Cobb Valley and Loch Lomond areas and other surrounding rural communities and rural lands. The area plan is a tool by which greater planning detail is provided for the Cobb Mountain Area. Details of the economic strategies to encourage development will be forthcoming.

Guenoc Valley Mixed Use Project

- The Guenoc Valley Mixed Use project proposes the phased development of resort facilities including low-density residential, preserved open space, neighborhood-serving retail and restaurants, and several boutique hotels.

- The project revitalizes the land as a destination resort area to encourage tourism commerce.
- The project site is proposed on approximately 16,000 acres located in southern Lake County, approximately 2 miles southeast of Middletown and 15 miles north of Calistoga, California.
- A lawsuit was filed in to prevent the development because it would increase the risk of fires in an area that has repeatedly burned in the last 50 years. A judge ruled against the project but it was appealed. An agreement between the applicant, Lotusland Investment, and the State of California resolved the issue in January 2023. A denser version of the original project is now in planning.
- Phase 1 of the project would have total housing developed at 385 residential lots.
- There will be 268 hotel rooms and cottages in five separate resorts.
- The project would involve a General Plan amendment, rezoning, subdivision, and project-specific approvals. It was originally approved by the Lake County Board of Supervisors in July 2020 with total buildout of 4,000 units.



Map of Guenoc Valley Project

Lake County Economic Forecast

Economic Indicators

2015-2022 History, 2023-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (millions)	Total Taxable Sales (millions)	Real Industrial Production (millions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	66,931	26.8	-626	71	88	\$2.4	\$402	\$575	\$326	\$45,552	7.6	\$129	1.4
2016	66,945	25.8	146	250	90	\$2.4	\$445	\$593	\$316	\$45,431	6.8	\$136	2.3
2017	67,963	26.1	1,161	144	89	\$2.6	\$465	\$618	\$337	\$45,821	5.8	\$147	3.0
2018	68,358	26.2	472	93	89	\$2.6	\$486	\$614	\$344	\$45,024	5.3	\$131	3.7
2019	68,114	26.2	-74	71	91	\$2.7	\$516	\$653	\$335	\$45,839	5.1	\$121	2.9
2020	67,637	27.6	-347	82	92	\$3.0	\$583	\$748	\$338	\$50,042	9.8	\$84	1.8
2021	67,572	27.3	163	94	94	\$3.2	\$652	\$833	\$348	\$51,265	7.6	\$90	4.2
2022	67,391	27.3	96	158	90	\$3.3	\$617	\$811	\$316	\$49,224	5.0	\$85	7.4
2023	67,275	27.2	130	56	94	\$3.4	\$621	\$813	\$309	\$48,295	5.9	\$86	3.8
2024	67,067	27.2	59	101	94	\$3.5	\$634	\$824	\$314	\$48,685	5.9	\$87	2.2
2025	66,843	27.2	34	157	94	\$3.6	\$668	\$863	\$318	\$49,538	5.7	\$87	2.3
2026	66,639	27.3	57	151	95	\$3.8	\$705	\$912	\$323	\$50,313	5.4	\$88	2.2
2027	66,398	27.3	25	115	96	\$3.9	\$728	\$946	\$329	\$51,140	5.2	\$88	2.2
2028	66,168	27.4	37	101	97	\$4.0	\$759	\$986	\$333	\$51,994	5.3	\$88	2.1
2029	65,897	27.5	1	99	98	\$4.2	\$785	\$1,023	\$337	\$52,778	5.3	\$88	2.2
2030	65,661	27.6	39	88	98	\$4.3	\$813	\$1,060	\$342	\$53,390	5.3	\$88	2.2
2031	65,437	27.7	52	85	99	\$4.4	\$839	\$1,096	\$346	\$54,063	5.3	\$88	2.3
2032	65,295	27.7	133	77	100	\$4.5	\$867	\$1,133	\$347	\$54,343	5.2	\$88	2.3
2033	65,061	27.8	42	74	101	\$4.6	\$891	\$1,165	\$349	\$54,900	5.2	\$88	2.4
2034	64,874	27.8	90	72	101	\$4.8	\$915	\$1,199	\$350	\$55,533	5.3	\$88	2.4
2035	64,612	27.9	19	69	102	\$4.9	\$938	\$1,230	\$352	\$56,086	5.4	\$88	2.5
2036	64,323	28.0	-8	66	103	\$5.1	\$959	\$1,260	\$353	\$56,419	5.5	\$88	2.5
2037	63,898	28.0	-138	62	103	\$5.2	\$979	\$1,286	\$354	\$56,799	5.6	\$88	2.6
2038	63,553	28.1	-57	59	104	\$5.3	\$998	\$1,311	\$355	\$57,291	5.7	\$88	2.6
2039	63,259	28.1	-5	58	105	\$5.5	\$1,020	\$1,339	\$356	\$57,524	5.7	\$88	2.7
2040	62,942	28.1	-29	56	105	\$5.6	\$1,043	\$1,368	\$357	\$58,021	5.8	\$88	2.7
2041	62,617	28.2	-36	53	106	\$5.8	\$1,061	\$1,392	\$358	\$58,637	5.9	\$88	2.8
2042	62,422	28.2	90	52	106	\$6.0	\$1,088	\$1,425	\$359	\$59,278	5.8	\$88	2.8
2043	62,287	28.3	141	51	107	\$6.1	\$1,117	\$1,463	\$360	\$59,907	5.8	\$88	2.9
2044	62,118	28.3	99	50	108	\$6.3	\$1,149	\$1,504	\$361	\$60,649	5.9	\$88	2.9
2045	61,934	28.3	74	47	109	\$6.5	\$1,180	\$1,546	\$362	\$61,341	5.9	\$88	3.0
2046	61,817	28.4	133	45	109	\$6.7	\$1,211	\$1,588	\$363	\$61,923	6.0	\$88	3.1
2047	61,719	28.4	143	44	110	\$6.9	\$1,246	\$1,634	\$363	\$62,414	6.0	\$88	3.1
2048	61,602	28.4	118	42	111	\$7.0	\$1,280	\$1,680	\$364	\$62,819	6.0	\$88	3.2
2049	61,488	28.5	113	39	111	\$7.2	\$1,318	\$1,729	\$365	\$63,393	6.0	\$88	3.2
2050	61,428	28.5	157	37	112	\$7.4	\$1,358	\$1,784	\$365	\$63,913	6.0	\$88	3.3

Employment Sectors

2015-2022 History, 2023-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade (jobs)	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
2015	15,940	1,060	500	330	530	2,340	380	530	130	4,350	1,070	4,190
2016	16,340	1,080	630	340	510	2,350	380	570	120	4,400	1,120	4,320
2017	16,800	1,040	720	330	550	2,340	390	620	120	4,590	1,160	4,390
2018	16,800	980	800	360	540	2,340	370	630	100	4,630	1,170	4,330
2019	17,040	1,030	860	370	570	2,370	360	640	100	4,690	1,190	4,320
2020	16,030	920	830	350	540	2,380	330	670	90	4,450	1,030	3,920
2021	16,450	910	880	340	780	2,420	340	710	90	4,340	1,150	3,950
2022	16,990	830	900	350	660	2,450	330	740	90	4,690	1,240	4,160
2023	16,940	900	852	340	562	2,355	329	753	85	4,742	1,183	4,345
2024	17,010	899	857	346	589	2,380	326	756	81	4,827	1,211	4,240
2025	17,070	922	884	347	603	2,390	322	767	78	4,870	1,217	4,165
2026	17,250	910	888	349	648	2,412	319	777	75	5,057	1,230	4,074
2027	17,520	900	901	352	672	2,420	316	783	72	5,273	1,238	4,073
2028	17,730	885	904	355	690	2,434	313	785	70	5,483	1,241	4,043
2029	17,930	867	906	356	708	2,444	311	787	68	5,692	1,242	4,009
2030	18,120	848	904	357	726	2,453	308	789	66	5,901	1,243	3,990
2031	18,300	827	902	355	743	2,461	307	791	65	6,120	1,244	3,947
2032	18,500	816	899	356	749	2,468	305	794	63	6,349	1,244	3,923
2033	18,690	808	897	356	756	2,474	304	796	62	6,570	1,245	3,890
2034	18,910	803	895	356	762	2,479	302	798	61	6,792	1,246	3,880
2035	19,110	800	894	357	768	2,482	301	800	60	7,004	1,246	3,863
2036	19,300	798	892	358	773	2,479	300	802	60	7,212	1,247	3,844
2037	19,460	796	891	357	778	2,474	299	804	59	7,399	1,248	3,813
2038	19,650	795	889	356	783	2,470	298	806	59	7,608	1,250	3,794
2039	19,850	795	888	356	788	2,467	298	809	58	7,824	1,250	3,778
2040	20,050	794	886	357	792	2,465	297	811	58	8,029	1,252	3,768
2041	20,220	794	885	356	796	2,461	296	813	57	8,233	1,253	3,741
2042	20,440	794	884	355	800	2,464	296	815	57	8,452	1,254	3,732
2043	20,670	794	883	355	804	2,468	295	818	57	8,678	1,256	3,729
2044	20,900	794	883	355	808	2,476	295	820	57	8,897	1,257	3,722
2045	21,110	794	882	354	811	2,481	295	822	56	9,109	1,258	3,714
2046	21,340	794	881	354	815	2,486	294	825	56	9,328	1,258	3,711
2047	21,570	794	880	354	818	2,490	294	827	56	9,549	1,259	3,710
2048	21,780	794	879	353	821	2,494	294	830	56	9,760	1,259	3,706
2049	22,000	794	877	353	823	2,500	293	832	56	9,968	1,260	3,703
2050	22,220	794	876	353	826	2,508	293	835	56	10,182	1,260	3,705

Lake County Economic Forecast

Socioeconomic Indicators

