

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 221,100 people and a total of 71,400 wage and salary jobs. The per capita income in Butte County is \$34,335 and the average salary per worker is \$43,483.

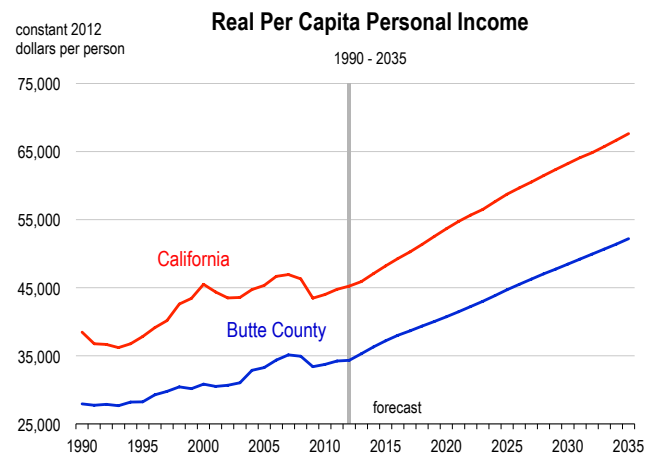
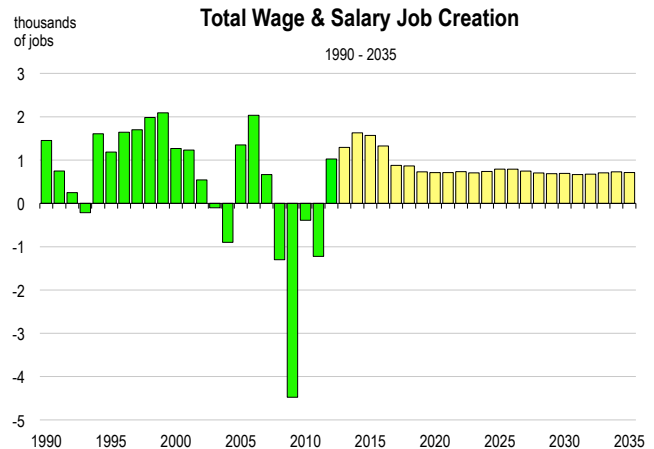
In 2012, a total of 1,030 wage and salary jobs were gained in Butte County, representing a growth rate of 1.5 percent. The unemployment rate improved substantially, dropping from 13.6 percent in 2011 to 12.3 percent in 2012.

During 2012, most industries were characterized by positive employment growth. The largest gains were observed in professional and business services (+410 jobs), wholesale and retail trade (+300 jobs), leisure and hospitality (+260 jobs), and education and healthcare (+130 jobs). The largest losses were observed in financial activities (-130 jobs), construction (-70 jobs), agriculture (-40 jobs), and transportation and utilities (-30 jobs).

The population of Butte County grew at an annual rate of 0.4 percent between 2007 and 2012. This growth was largely due to net migration. On average, the county gained 660 net residents each year through the migration process, accounting for 82 percent of total population growth. As the economy continues to heal over the next few years, net migration will accelerate, leading to faster rates of population growth.

FORECAST HIGHLIGHTS

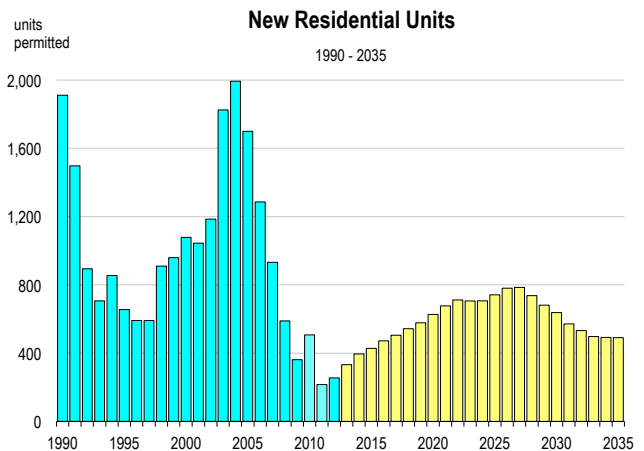
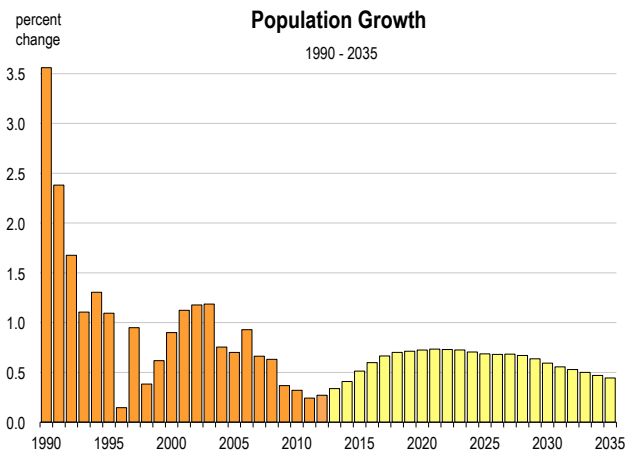
- Total wage and salary employment is expected to increase by 1.8 percent in 2013. Between 2013 and 2018, growth will average 1.7 percent per year.
- Average salaries are currently below the California state average, and will remain so over the forecast period. Inflation-adjusted salaries are expected to rise by an average of 0.9 percent per year from 2013 to 2018.
- Between 2013 and 2018, the momentum for employment growth will be in leisure and hospitality, education and healthcare, professional and business services, and government. Together, these sectors are expected to account for 61 percent of net job creation in the county.
- The population of Butte County will continue to grow at a modest rate. Annual growth in the 2013-2018 period is expected to average 0.6 percent.
- Net migration is forecast to rise over the next five years. Between 2013 and 2018, net migration will average 1,090 individuals per year.
- Real per capita income is expected to increase by 2.8 percent in 2013. Over the 2013-2018 period, real per capita income growth is expected to average 2.2 percent per year.
- Total taxable sales, adjusted for inflation, are forecast to rise by 2.1 percent per year between 2013 and 2018.
- Industrial production is forecast to increase by 4.7 percent in 2013. From 2013 to 2018, the growth rate of industrial production will average 3.7 percent per year.



Butte County Economic Forecast

2006-2012 History, 2013-2040 Forecast

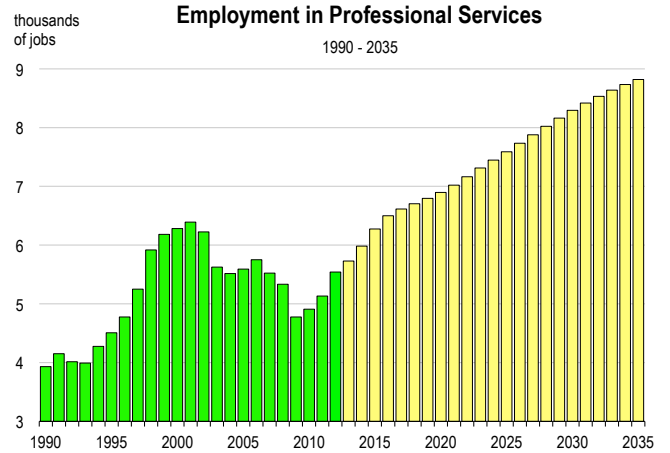
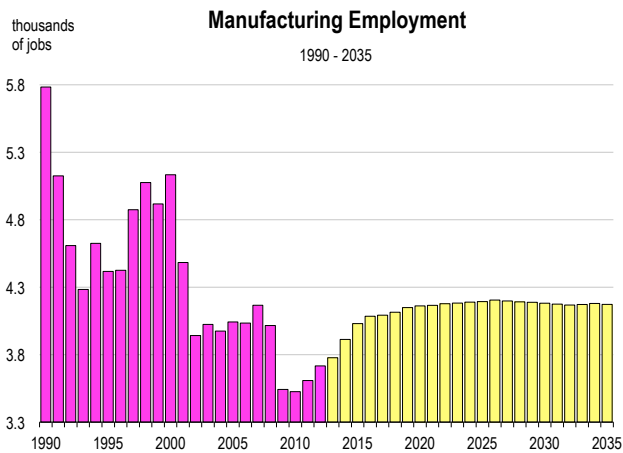
| | Population (people) | Net Migration (people) | Registered Vehicles (thousands) | Households (thousands) | New Homes Permitted (homes) | Total Taxable Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Inflation Rate (% change in CPI) | Real Farm Crop Value (millions) | Real Industrial Production (millions) | Unemploy- ment Rate (percent) |
|------|------------------------|------------------------------|---------------------------------------|---------------------------|-----------------------------------|--------------------------------------|----------------------------------|----------------------------------------|----------------------------------------|---------------------------------------|---------------------------------------------|-------------------------------------|
| 2006 | 215,684 | 1,713 | 227.8 | 85.5 | 1,286 | \$2.83 | \$6.48 | \$34,385 | 3.3 | 497 | 925 | 6.2 |
| 2007 | 217,115 | 1,153 | 223.9 | 86.5 | 932 | \$2.78 | \$6.87 | \$35,125 | 3.2 | 544 | 960 | 6.7 |
| 2008 | 218,485 | 1,102 | 225.9 | 87.4 | 589 | \$2.68 | \$7.09 | \$34,931 | 3.1 | 607 | 972 | 8.4 |
| 2009 | 219,287 | 542 | 225.5 | 87.5 | 362 | \$2.35 | \$6.87 | \$33,419 | 0.9 | 575 | 899 | 12.5 |
| 2010 | 219,990 | 523 | 225.4 | 87.6 | 507 | \$2.46 | \$7.05 | \$33,751 | 1.2 | 660 | 907 | 13.9 |
| 2011 | 220,521 | 531 | 223.4 | 87.9 | 216 | \$2.59 | \$7.35 | \$34,222 | 2.6 | 662 | 947 | 13.6 |
| 2012 | 221,118 | 597 | 218.8 | 88.3 | 255 | \$2.68 | \$7.59 | \$34,335 | 2.7 | 721 | 986 | 12.3 |
| 2013 | 221,864 | 607 | 218.3 | 88.6 | 333 | \$2.85 | \$8.01 | \$35,303 | 2.3 | 732 | 1,032 | 10.8 |
| 2014 | 222,771 | 745 | 218.5 | 88.9 | 395 | \$3.01 | \$8.49 | \$36,305 | 2.7 | 741 | 1,081 | 9.8 |
| 2015 | 223,914 | 962 | 219.3 | 89.3 | 428 | \$3.14 | \$8.94 | \$37,210 | 2.1 | 748 | 1,130 | 8.7 |
| 2016 | 225,254 | 1,131 | 220.5 | 89.7 | 472 | \$3.28 | \$9.40 | \$37,999 | 2.4 | 760 | 1,167 | 7.9 |
| 2017 | 226,753 | 1,261 | 221.8 | 90.2 | 505 | \$3.41 | \$9.84 | \$38,674 | 2.1 | 769 | 1,200 | 7.6 |
| 2018 | 228,342 | 1,332 | 223.2 | 90.7 | 543 | \$3.54 | \$10.29 | \$39,357 | 2.1 | 776 | 1,239 | 7.4 |
| 2019 | 229,970 | 1,349 | 224.6 | 91.2 | 578 | \$3.68 | \$10.77 | \$40,043 | 2.1 | 783 | 1,285 | 7.3 |
| 2020 | 231,637 | 1,377 | 226.1 | 91.8 | 627 | \$3.82 | \$11.27 | \$40,738 | 2.1 | 781 | 1,329 | 7.2 |
| 2021 | 233,338 | 1,405 | 227.5 | 92.4 | 677 | \$3.95 | \$11.82 | \$41,473 | 2.2 | 778 | 1,368 | 6.9 |
| 2022 | 235,041 | 1,432 | 229.0 | 93.1 | 712 | \$4.09 | \$12.40 | \$42,229 | 2.3 | 785 | 1,410 | 6.4 |
| 2023 | 236,746 | 1,456 | 230.5 | 93.8 | 706 | \$4.23 | \$13.01 | \$42,990 | 2.3 | 791 | 1,446 | 6.2 |
| 2024 | 238,415 | 1,441 | 232.0 | 94.4 | 707 | \$4.39 | \$13.68 | \$43,829 | 2.4 | 797 | 1,488 | 6.2 |
| 2025 | 240,052 | 1,436 | 233.6 | 95.1 | 742 | \$4.57 | \$14.38 | \$44,691 | 2.4 | 802 | 1,530 | 6.2 |
| 2026 | 241,687 | 1,458 | 235.1 | 95.9 | 781 | \$4.76 | \$15.11 | \$45,513 | 2.5 | 804 | 1,575 | 6.2 |
| 2027 | 243,339 | 1,500 | 236.7 | 96.6 | 785 | \$4.96 | \$15.85 | \$46,282 | 2.5 | 806 | 1,616 | 6.1 |
| 2028 | 244,970 | 1,508 | 238.3 | 97.4 | 737 | \$5.16 | \$16.61 | \$47,019 | 2.5 | 810 | 1,658 | 6.1 |
| 2029 | 246,530 | 1,459 | 239.8 | 98.1 | 681 | \$5.36 | \$17.39 | \$47,746 | 2.5 | 811 | 1,703 | 6.1 |
| 2030 | 247,992 | 1,395 | 241.4 | 98.8 | 638 | \$5.57 | \$18.21 | \$48,475 | 2.5 | 803 | 1,747 | 6.1 |
| 2031 | 249,371 | 1,318 | 242.9 | 99.4 | 571 | \$5.79 | \$19.04 | \$49,202 | 2.5 | 796 | 1,793 | 6.0 |
| 2032 | 250,690 | 1,258 | 244.4 | 99.9 | 533 | \$6.03 | \$19.90 | \$49,919 | 2.5 | 804 | 1,839 | 6.0 |
| 2033 | 251,944 | 1,199 | 245.9 | 100.5 | 497 | \$6.28 | \$20.79 | \$50,653 | 2.5 | 811 | 1,891 | 6.0 |
| 2034 | 253,127 | 1,140 | 247.4 | 101.0 | 492 | \$6.54 | \$21.73 | \$51,415 | 2.5 | 815 | 1,945 | 6.0 |
| 2035 | 254,252 | 1,110 | 249.0 | 101.4 | 491 | \$6.80 | \$22.71 | \$52,196 | 2.5 | 815 | 1,995 | 5.9 |
| 2036 | 255,312 | 1,076 | 250.5 | 101.9 | 473 | \$7.08 | \$23.73 | \$52,993 | 2.5 | 824 | 2,048 | 5.9 |
| 2037 | 256,321 | 1,040 | 252.0 | 102.4 | 469 | \$7.35 | \$24.80 | \$53,814 | 2.5 | 828 | 2,100 | 5.9 |
| 2038 | 257,296 | 1,022 | 253.5 | 102.8 | 462 | \$7.63 | \$25.93 | \$54,661 | 2.5 | 819 | 2,153 | 5.9 |
| 2039 | 258,243 | 1,007 | 255.1 | 103.3 | 440 | \$7.91 | \$27.09 | \$55,537 | 2.5 | 825 | 2,210 | 5.9 |
| 2040 | 259,154 | 978 | 256.6 | 103.7 | 423 | \$8.19 | \$28.31 | \$56,441 | 2.4 | 829 | 2,251 | 5.8 |

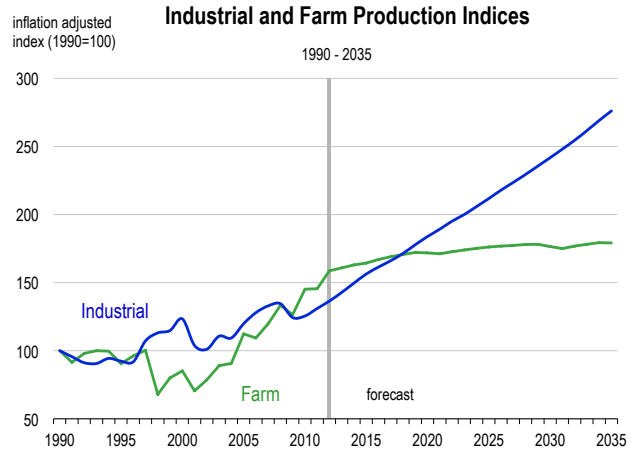
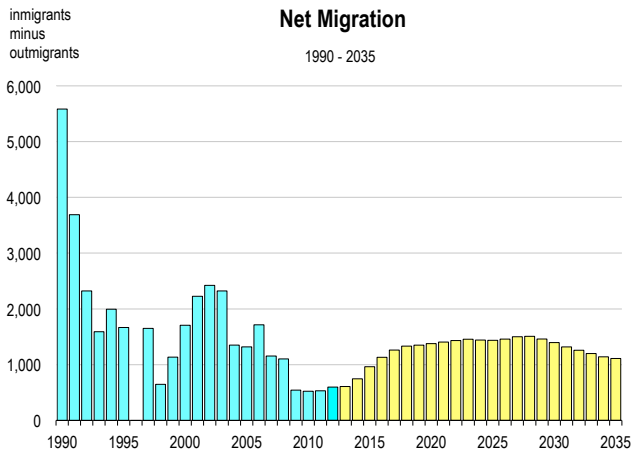
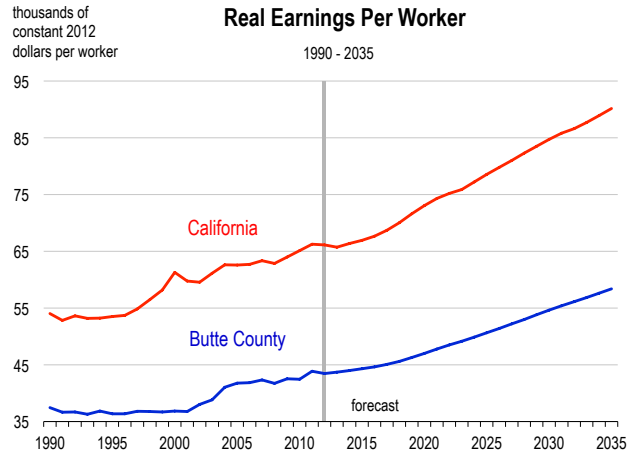
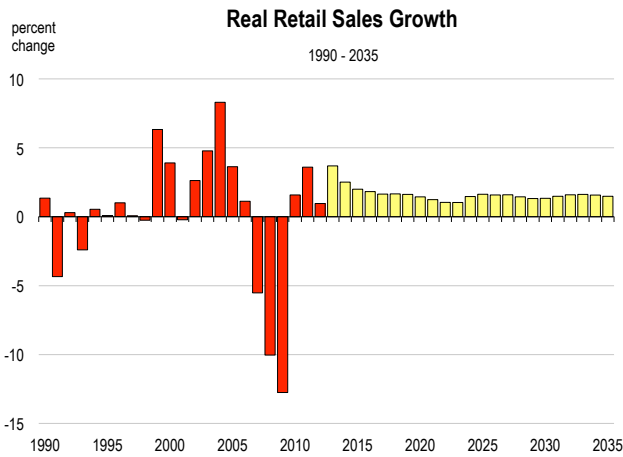


Butte County Employment Forecast

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 | 77.08 | 2.50 | 4.18 | 4.03 | 1.93 | 12.53 | 3.18 | 5.75 | 1.26 | 12.90 | 7.71 | 17.53 |
| 2007 | 77.75 | 2.58 | 3.84 | 4.17 | 1.96 | 12.25 | 3.12 | 5.53 | 1.20 | 13.04 | 7.98 | 18.52 |
| 2008 | 76.45 | 2.81 | 3.31 | 4.02 | 1.85 | 11.75 | 3.15 | 5.33 | 1.19 | 13.39 | 7.88 | 18.17 |
| 2009 | 71.98 | 2.70 | 2.56 | 3.54 | 1.76 | 11.14 | 3.08 | 4.78 | 1.08 | 13.28 | 7.27 | 17.28 |
| 2010 | 71.58 | 2.77 | 2.38 | 3.53 | 1.60 | 11.08 | 3.13 | 4.91 | 1.00 | 13.57 | 7.12 | 16.97 |
| 2011 | 70.36 | 2.72 | 2.32 | 3.61 | 1.58 | 10.97 | 2.96 | 5.13 | 1.08 | 13.48 | 7.16 | 15.71 |
| 2012 | 71.38 | 2.68 | 2.25 | 3.72 | 1.54 | 11.27 | 2.83 | 5.54 | 1.08 | 13.60 | 7.42 | 15.78 |
| 2013 | 72.68 | 2.70 | 2.30 | 3.78 | 1.60 | 11.38 | 2.96 | 5.73 | 1.08 | 13.74 | 7.60 | 16.09 |
| 2014 | 74.31 | 2.73 | 2.35 | 3.91 | 1.63 | 11.53 | 3.00 | 5.98 | 1.09 | 13.97 | 7.74 | 16.55 |
| 2015 | 75.87 | 2.74 | 2.38 | 4.03 | 1.66 | 11.65 | 3.07 | 6.27 | 1.10 | 14.24 | 7.90 | 16.84 |
| 2016 | 77.20 | 2.76 | 2.41 | 4.08 | 1.68 | 11.78 | 3.16 | 6.50 | 1.11 | 14.50 | 8.07 | 16.98 |
| 2017 | 78.08 | 2.77 | 2.43 | 4.09 | 1.70 | 11.89 | 3.21 | 6.61 | 1.12 | 14.72 | 8.23 | 16.96 |
| 2018 | 78.94 | 2.78 | 2.45 | 4.11 | 1.72 | 11.97 | 3.28 | 6.70 | 1.13 | 14.91 | 8.36 | 17.02 |
| 2019 | 79.67 | 2.79 | 2.50 | 4.15 | 1.74 | 12.04 | 3.28 | 6.80 | 1.13 | 15.10 | 8.48 | 17.05 |
| 2020 | 80.38 | 2.80 | 2.56 | 4.16 | 1.75 | 12.09 | 3.32 | 6.90 | 1.14 | 15.28 | 8.59 | 17.08 |
| 2021 | 81.09 | 2.81 | 2.61 | 4.17 | 1.75 | 12.14 | 3.35 | 7.02 | 1.14 | 15.47 | 8.70 | 17.12 |
| 2022 | 81.82 | 2.81 | 2.66 | 4.18 | 1.76 | 12.18 | 3.36 | 7.16 | 1.15 | 15.65 | 8.82 | 17.16 |
| 2023 | 82.53 | 2.81 | 2.68 | 4.18 | 1.76 | 12.23 | 3.37 | 7.31 | 1.15 | 15.85 | 8.94 | 17.19 |
| 2024 | 83.27 | 2.82 | 2.70 | 4.19 | 1.77 | 12.28 | 3.37 | 7.45 | 1.16 | 16.05 | 9.06 | 17.26 |
| 2025 | 84.06 | 2.82 | 2.73 | 4.19 | 1.77 | 12.34 | 3.38 | 7.59 | 1.16 | 16.25 | 9.18 | 17.36 |
| 2026 | 84.85 | 2.82 | 2.77 | 4.20 | 1.78 | 12.39 | 3.37 | 7.73 | 1.17 | 16.44 | 9.31 | 17.46 |
| 2027 | 85.59 | 2.82 | 2.79 | 4.20 | 1.78 | 12.45 | 3.36 | 7.88 | 1.17 | 16.63 | 9.44 | 17.56 |
| 2028 | 86.30 | 2.83 | 2.76 | 4.19 | 1.79 | 12.51 | 3.35 | 8.02 | 1.18 | 16.82 | 9.57 | 17.66 |
| 2029 | 86.98 | 2.83 | 2.71 | 4.19 | 1.80 | 12.56 | 3.35 | 8.16 | 1.18 | 17.01 | 9.70 | 17.76 |
| 2030 | 87.67 | 2.83 | 2.67 | 4.18 | 1.80 | 12.61 | 3.35 | 8.29 | 1.19 | 17.20 | 9.83 | 17.87 |
| 2031 | 88.34 | 2.83 | 2.61 | 4.17 | 1.81 | 12.67 | 3.35 | 8.42 | 1.19 | 17.39 | 9.97 | 17.96 |
| 2032 | 89.01 | 2.83 | 2.57 | 4.17 | 1.81 | 12.73 | 3.36 | 8.53 | 1.20 | 17.59 | 10.10 | 18.05 |
| 2033 | 89.72 | 2.83 | 2.53 | 4.17 | 1.82 | 12.79 | 3.37 | 8.64 | 1.20 | 17.78 | 10.24 | 18.15 |
| 2034 | 90.45 | 2.83 | 2.51 | 4.18 | 1.82 | 12.84 | 3.39 | 8.73 | 1.21 | 17.98 | 10.39 | 18.26 |
| 2035 | 91.16 | 2.83 | 2.51 | 4.17 | 1.83 | 12.90 | 3.40 | 8.82 | 1.22 | 18.17 | 10.53 | 18.36 |
| 2036 | 91.87 | 2.83 | 2.49 | 4.17 | 1.83 | 12.96 | 3.41 | 8.90 | 1.22 | 18.37 | 10.68 | 18.46 |
| 2037 | 92.58 | 2.83 | 2.48 | 4.16 | 1.84 | 13.01 | 3.43 | 8.99 | 1.23 | 18.56 | 10.82 | 18.56 |
| 2038 | 93.29 | 2.83 | 2.48 | 4.14 | 1.84 | 13.06 | 3.45 | 9.08 | 1.23 | 18.76 | 10.98 | 18.66 |
| 2039 | 94.00 | 2.83 | 2.46 | 4.14 | 1.85 | 13.11 | 3.47 | 9.16 | 1.24 | 18.96 | 11.13 | 18.77 |
| 2040 | 94.70 | 2.83 | 2.44 | 4.12 | 1.86 | 13.16 | 3.48 | 9.25 | 1.25 | 19.16 | 11.28 | 18.88 |





County Economic and Demographic Indicators

Projected Economic Growth (2013-2018)

| | |
|----------------------------------|------------------------|
| Expected retail sales growth: | 10.0 % |
| Expected job growth: | 8.6 % |
| Fastest growing jobs sector: | Miscellaneous Services |
| Expected personal income growth: | 14.7 % |

| | |
|----------------------------------------|--------|
| Expected population growth: | 2.9 % |
| Net migration to account for: | 83.9 % |
| Expected growth in number of vehicles: | 2.2 % |

Demographics (2013)

| | |
|-------------------------------------------|--------|
| Unemployment rate (April 2013) | 10.0 % |
| County Rank* in California (58 counties): | 32nd |
| Working age (16-64) population: | 65.3 % |

| | |
|----------------------------------------|-----------|
| Population with B.A. Degree or higher: | 23.0 % |
| Median Home Selling Price (2012): | \$168,000 |
| Median Household Income: | \$42,916 |

Quality of Life

| | |
|-------------------------------------------|-------------------------|
| Violent Crime rate (2010): | 342 per 100,000 persons |
| County Rank* in California (58 counties): | 24th |
| Average Commute Time to work (2013): | 21.8 minutes |

| | |
|------------------------------------------|--------|
| High School drop out rate (2011): | 13.0 % |
| Households at/below poverty line (2013): | 11.7 % |

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