



LAKE COUNTY ECONOMIC DEVELOPMENT STRATEGY

METRICS TO WATCH

Overview

Many reports provide a deluge of data and information that may or may not inform strategy and how that strategy is evolving. The task force for this project suggest the following list that may become a dashboard to follow, or a way to understand progress as time moves on. These should be compared to other places, including the peer and aspirant choices as possible, and also obvious places like California on average and surrounding counties.

Monitoring Lake County's economy and comparisons to other places (peer and aspirant) give policy makers and economic development professionals ways to discuss both progress and challenges quantitatively. Some data do not exist easily and may come through deeper partnerships (commercial real estate data, e.g.); the recommended list connects to targeted industry growth. A "So What?" statement is made to provide why the metrics are important.

Recommendations

- TOT growth: are tourism strategies becoming overnight stays?
- Sales tax growth: is retail spending rising, specifically in visitor-based categories?
- Education level of the workforce: are growing industries generating more educated workers?
- Growth of workforce in targeted sectors:
- Proportion of jobs with export focus: are these jobs growing?
- Commercial RE vacancy: is space filling and should all spaces continue to be counted?
- Comparative Quality of Life metric: air quality, traffic, home prices, crime, government payments, broadband, etc.
 - This metric can tell stories when rising, might be a struggle when falling.

Data about Lake County: Metrics and Key Indicators

Economic development plans, such as CEDS reports, tend to be data heavy because there is a lot of data available. In 2017, the Workforce Alliance of the North Bay (WANB) asked Economic Forensics and Analytics (EFA) to generate economic and social indicators to monitor for workforce development purposes. The indicators gathered included the following:

- Employment Demand Forecast;
- Occupations Forecasts;
- Commuting Patterns and Transportation;
- Demographics;
- Incomes;
- Housing;
- Establishments;
- Current Employment and Wages;
- Agriculture;
- Federal/State/Nonprofit Spending; and
- Business Vitality.

The following are highlights from that WANB report:

Lake County's residents are 19.6 percent Hispanic versus 37.6 percent for California overall;

- Lake County employment is forecasted to grow by 3,131 people before 2024;
- Jobs growth was just over 600 workers from May 2016 to May 2017, approximately 4 percent growth;
- Including self-employed, there are 3,610 more workers forecasted across all occupations in Lake County by 2024;
- Lake County is forecasted to have 77,000 people by 2060 as residents;
- There are 1,300 more students forecasted in K-12 by 2025 for Lake County;
- Per capita personal income has grown since 2012 in Lake County to \$38,000 as of 2015, which is \$16,000 less than California on average;
- Poverty rates have fallen in Lake County while the state has seen a slight increase;
- Housing price growth in Lake County was rising before 2015, and have fallen since;
- Agricultural revenues have continued to increase since the Great Recession through 2015, though 2016 is likely to be lower due to the 2015 fires; and
- Non-profit spending is higher per person in Lake County as compared to Napa and Marin counties.

Lake County Economy and Demography: Data

This section provides some data highlights from an array of variables. In 2017, Workforce Alliance of the North Bay (WANB) funded a three-county economic indicators series, including Lake County. This study is available at the [WANB website](#). Given this project is focused on economic development concerns and planning, the data shown here are about five major sector or variables in the local economy:

- Residential income;
- Workforce Data and Labor Market Activity;
- Housing;
- Government Data; and
- Demography.

So What?

These five major areas connect back to the targeted industries and the strategy path recommended by this project.

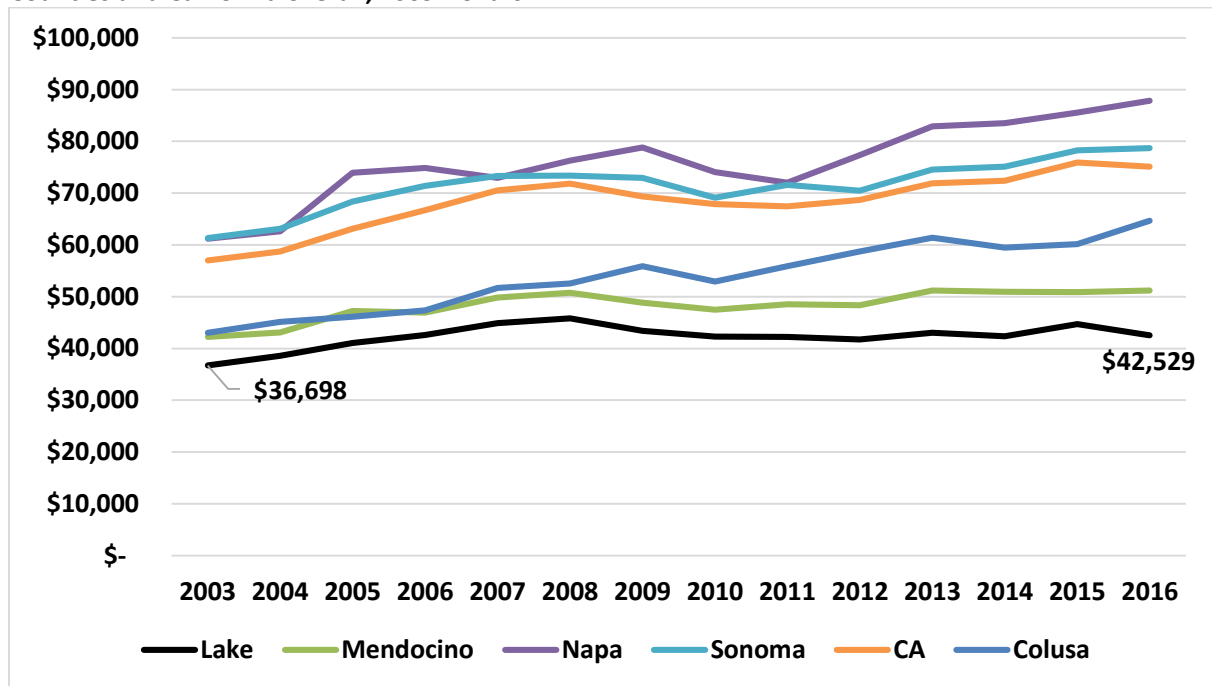
Residential Income

Data on Lake County incomes are provided in Figures 1 – 5. Median household income (MHI) is a measure of the middle of the household income distribution; the income distribution for households in Lake County are shown in Figure 2. Personal income, or what individuals retain of gross product at to spend, save and pay taxes. Measuring this level of income per person provides a way to consider the spending capacity of each person that is a local resident; there is also a measure of the proportion of personal income is from a government source.

Farm incomes are also shown, as Lake County considers itself a place with agriculture and some agriculture possibilities. These are also shown per person to compare across other counties and the state economy overall. Finally, we include poverty rates to consider progress in lifting up the lower income residents and how these households are performing against the federal poverty line definition.

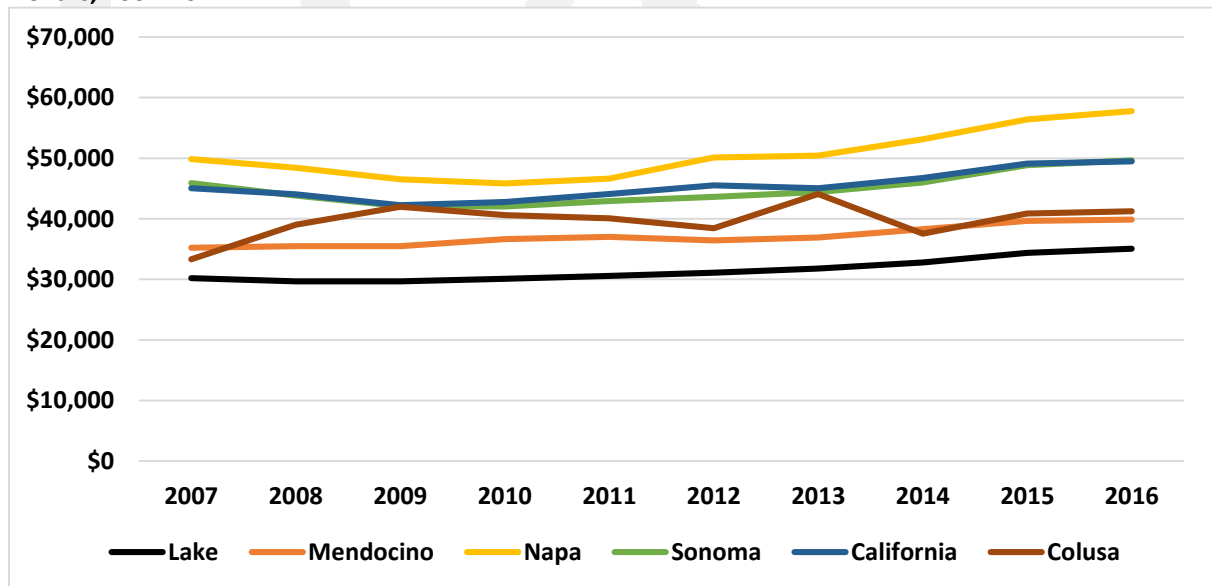
Figure 6 shows poverty rates according to the Census Bureau's American Community Survey. These data can be considered at the census block level also and are estimates. Poverty rates can be deceiving in that they are based on income and not wealth; someone who has aged in place may now live on a small pension or Social Security payments, but have a home fully paid off and have relatively large net worth. However, for policy making, rising poverty rates can be troublesome but can also allow for more federal grant money to come in for training, infrastructure and other needs to provide more local and regional resources for lifting people out of poverty with job opportunities.

Figure 1: Median Household Income 2003 to 2016, Lake, Mendocino, Sonoma, Colusa, Napa Counties and California overall, 2009 Dollars



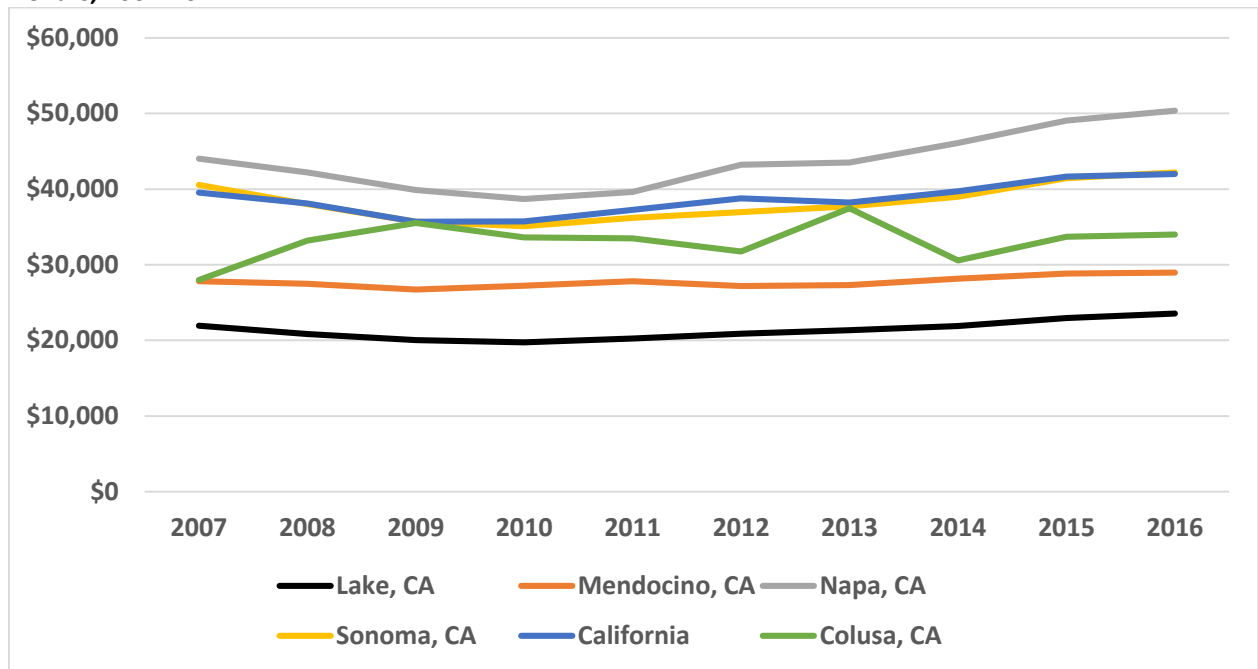
Source: American Community Survey (<http://factfinder.census.gov>), California Department of Finance (<http://www.dof.ca.gov/Forecasting/Economics/Indicators/Inflation/>) and Author's Calculations.

Figure 2: Personal Income per Person, Lake County and Selected counties in California, 2009 Dollars, 2007-16



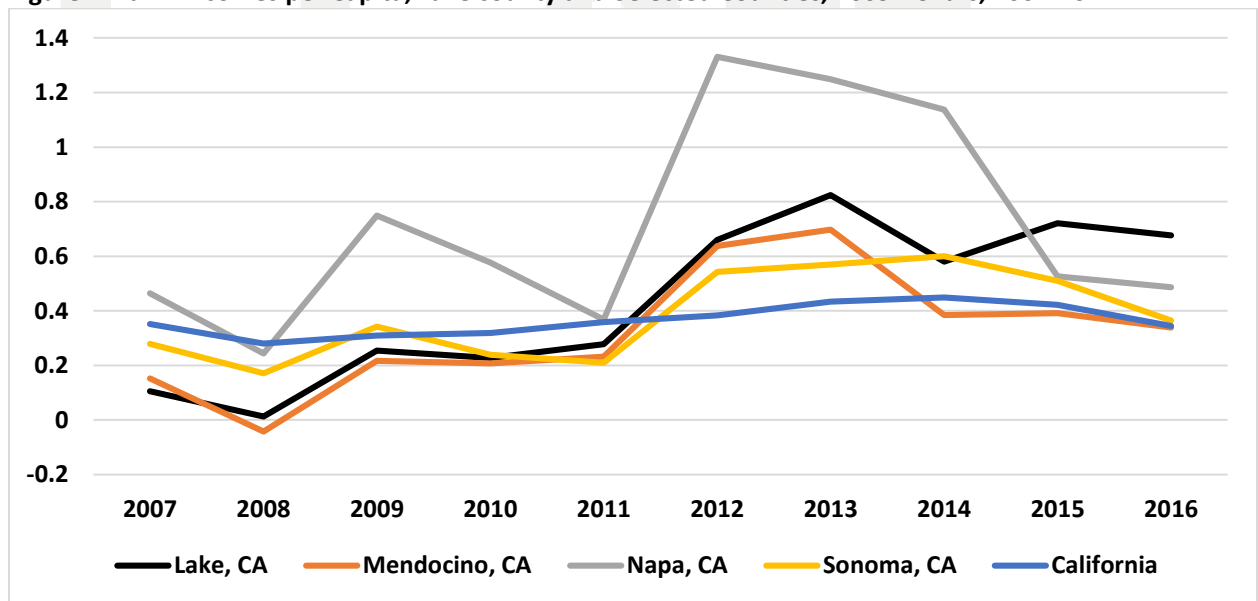
Source: Bureau of Economic Analysis (<https://www.bea.gov/regional/index.htm>), California Department of Finance (<http://www.dof.ca.gov/Forecasting/Economics/Indicators/Inflation/>) and Author's Calculations.

Figure 3: Personal Income after Transfer Payments, Lake County and Selected Counties, 2009 Dollars, 2007-16



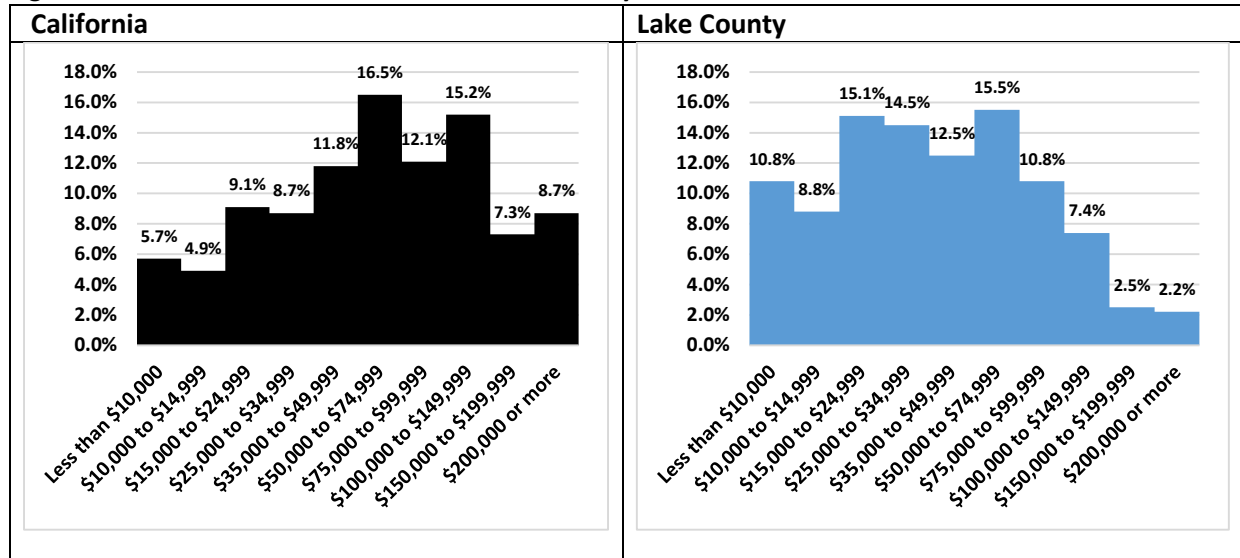
Source: Bureau of Economic Analysis (<https://www.bea.gov/regional/index.htm>), California Department of Finance (<http://www.dof.ca.gov/Forecasting/Economics/Indicators/Inflation/>) and Author's Calculations.

Figure 4: Farm Incomes per Capita, Lake county and Selected Counties, 2009 Dollars, 2007-16



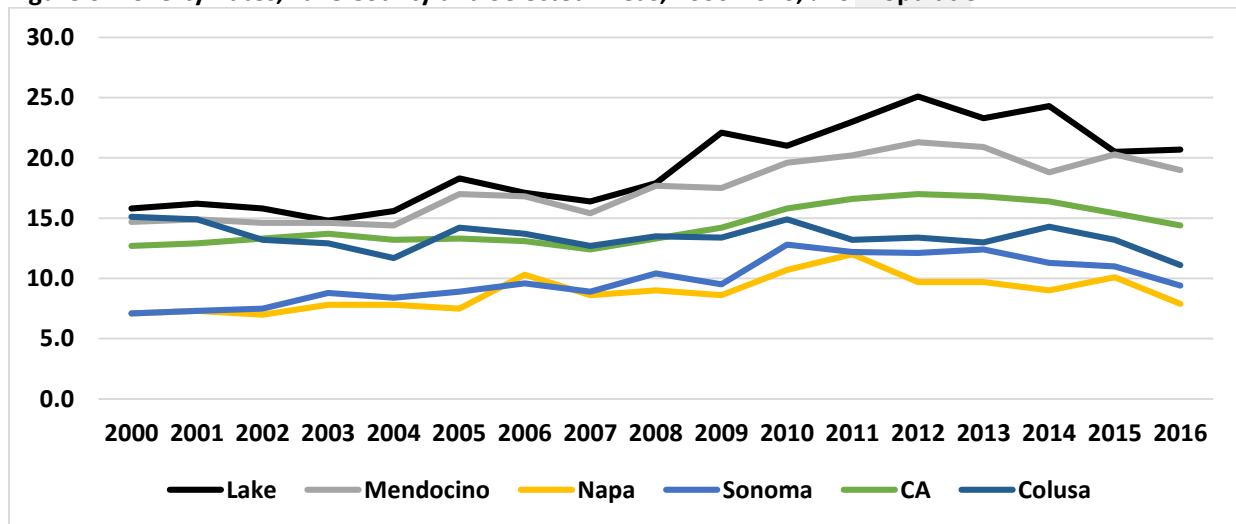
Source: Bureau of Economic Analysis (<https://www.bea.gov/regional/index.htm>), California Department of Finance (<http://www.dof.ca.gov/Forecasting/Economics/Indicators/Inflation/>) and Author's Calculations.

Figure 5: Household Income Distribution, Lake County and California, 2016, % of Households



Source: American Community Survey (<http://factfinder.census.gov>) and Author's Calculations.

Figure 6: Poverty Rates, Lake County and Selected Areas, 2000-2016, % of Population



Source: American Community Survey (<http://factfinder.census.gov>), California Department of Finance (<http://www.dof.ca.gov/Forecasting/Economics/Indicators/Inflation/>) and Author's Calculations.

So What?

These income measures suggest Lake County has some catching up to do and regionally there is an opportunity to attract employers as a low-cost alternative. That alternative must ultimately be marketed as high-quality workers and place to have a business also.

Housing

These data on housing show pricing, supply, mix and building permits. There is also a look at the loss from the 2015 to 2017 fires as a way of showing the ground to be made up by new building because the number of units in Lake County remain below their 2015 level. Figure 7 and 8 show that vacancy rates are relatively high (Sonoma and Napa counties are below 5 percent in most categories) and that mobile homes are a dominant housing type in both the city of Clearlake and the unincorporated county.

Figure 7: Housing Units Data, 2018 Summary

	HOUSING UNITS								
Lake County	Total	Single Detached	Single Attached	Two to Four	Five Plus	Mobile Homes	Occupied	Vacancy Rate	Persons per Household
Clearlake	7,914	4,131	163	410	752	2,458	5,748	27.4%	2.69
Lakeport	2,442	1,487	109	183	240	423	1,998	18.2%	2.50
Balance Of County	24,204	17,784	186	554	615	5,065	16,848	30.4%	2.58
Incorporated	10,356	5,618	272	593	992	2,881	7,746	25.2%	2.64
County Total	34,560	23,402	458	1,147	1,607	7,946	24,594	28.8%	2.60

Sources: California Department of Finance (<http://www.dof.ca.gov/Forecasting/Demographics/Estimates/>) and Author's Calculations.

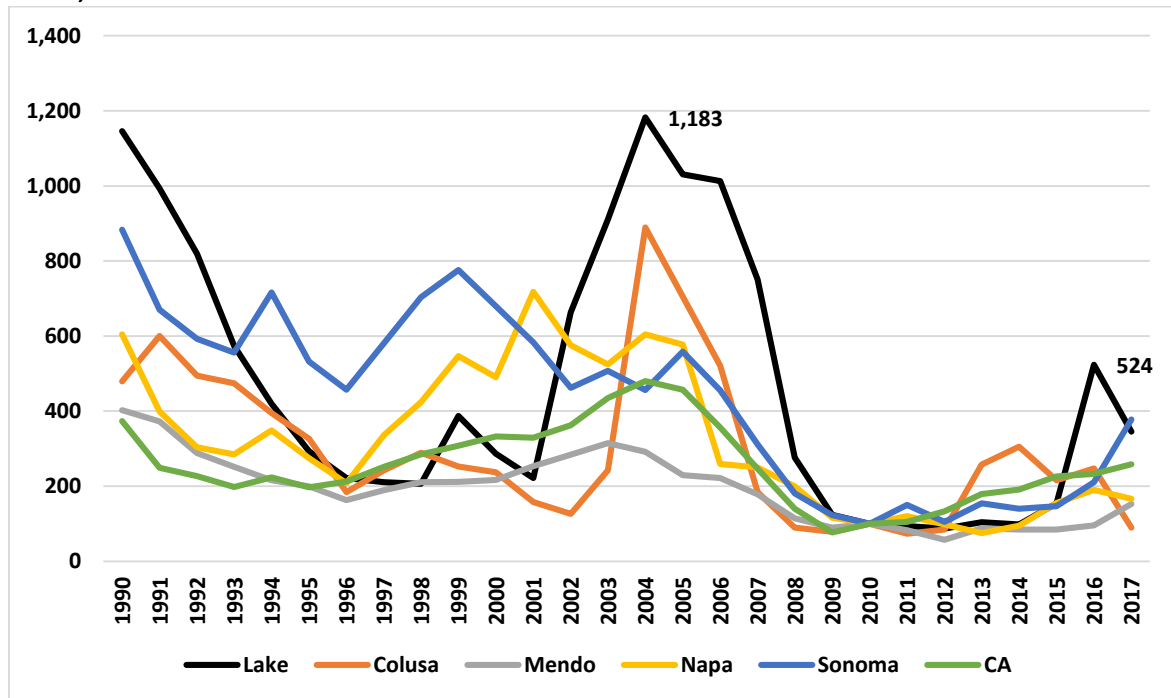
Figure 8: Change in Housing Units Data, 2010 – 2018

	HOUSING UNITS								
Lake County	Total	Single Detached	Single Attached	Two to Four	Five Plus	Mobile Homes	Occupied	Vacancy Rate	Persons per Household
Clearlake	-121	-59	1	0	0	-63	-222	1.70%	0.21
Lakeport	47	-1	1	0	48	-1	-4	1.80%	0.19
Balance Of County	-858	-710	-174	-20	0	46	-1,728	4.50%	0.20
Incorporated	-74	-60	2	0	48	-64	-226	1.60%	0.21
County Total	-932	-770	-172	-20	48	-18	-1,954	3.60%	0.21

Sources: California Department of Finance (<http://www.dof.ca.gov/Forecasting/Demographics/Estimates/>) and Author's Calculations.

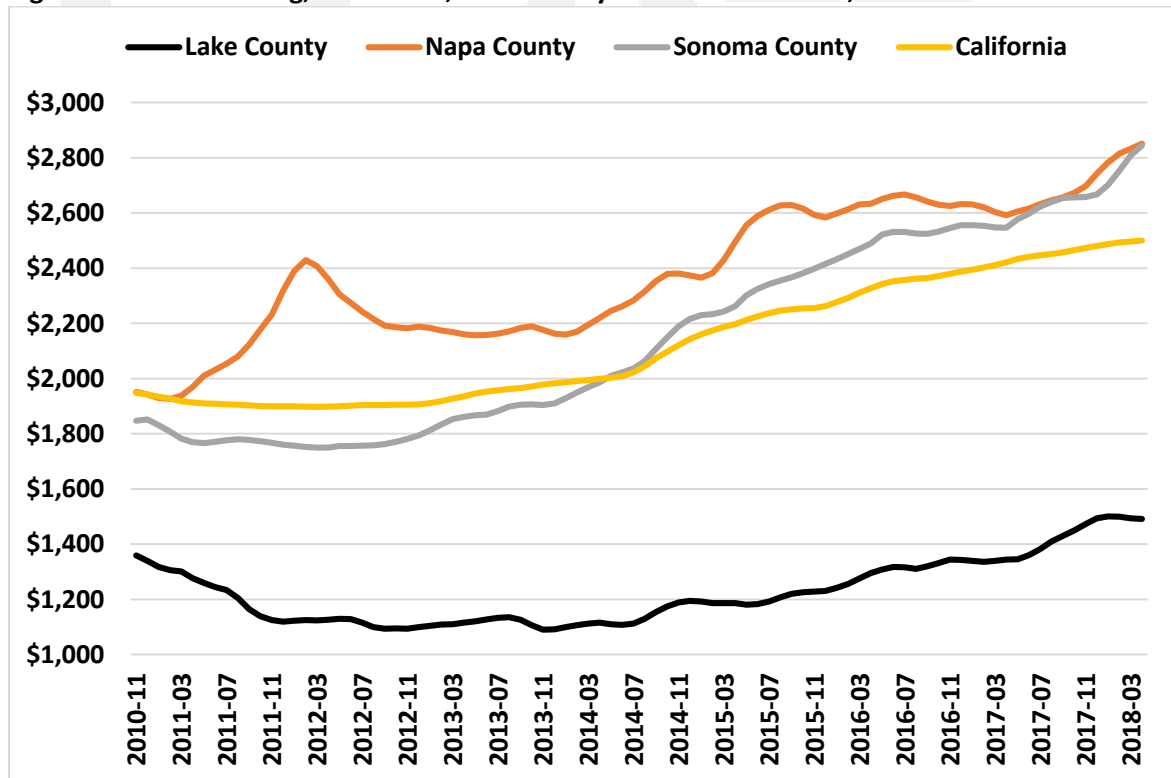
Figures 9 through 11 show the slow progress of new housing units since 2010, and how rental and home purchase prices have reacted. Lake County has relatively low rents and prices to purchase, but the housing mix (as seen above) may not be attractive to new residents with business interests.

Figure 9: Number of New Housing Units Permitted, 1990-2017, Lake County and Selected Areas, Index 2010 = 100



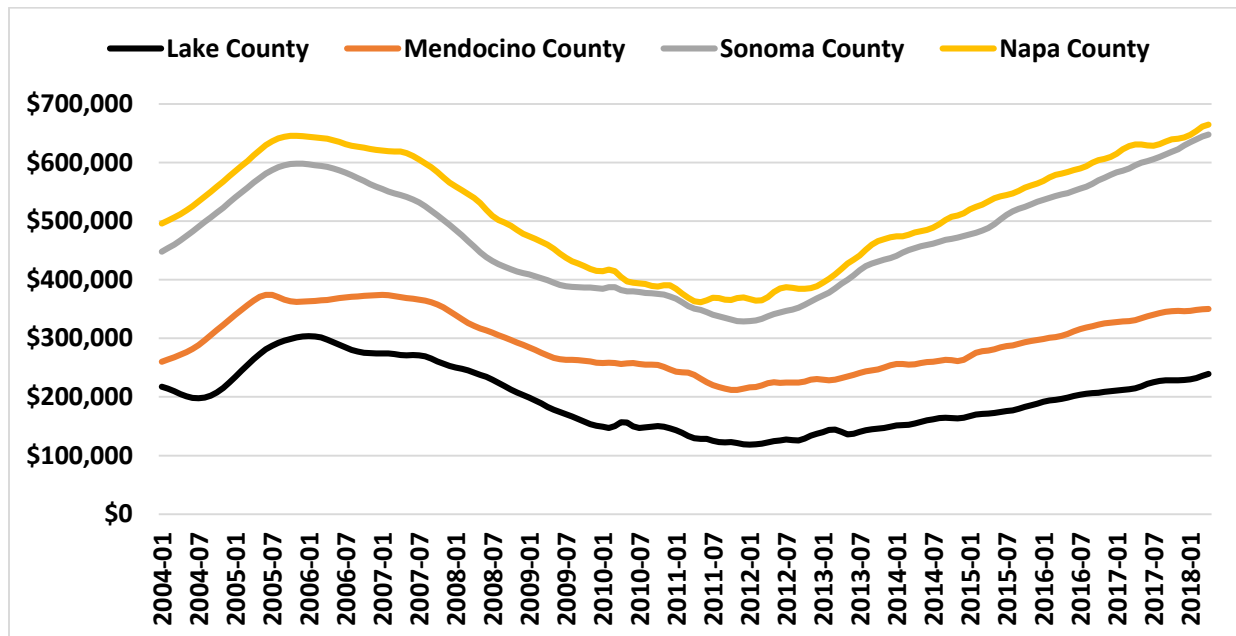
Sources: Economagic (www.economagic.com) and Author's Calculations.

Figure 10: Rental Pricing, 2010-2018, Lake County and Selected Areas, Current Dollars



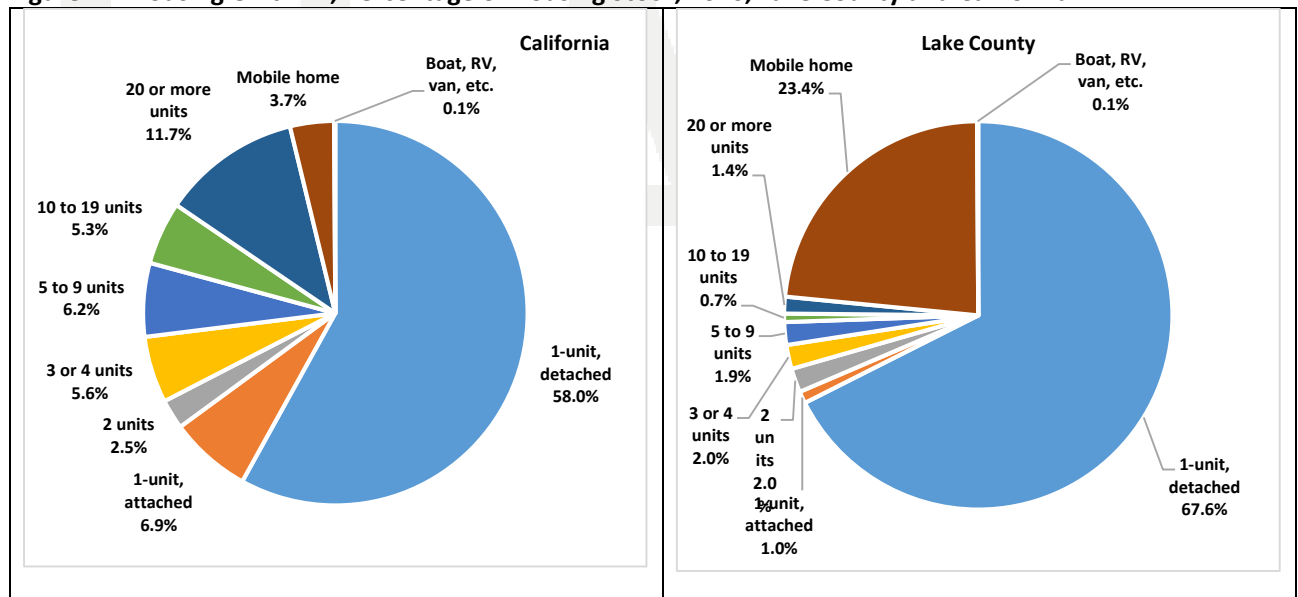
Sources: Zillow Research (<https://www.zillow.com/research/data/>) and Author's Calculations.

Figure 11: Median Home Prices, All Homes, 2004 – 2018, Lake County and Selected Areas, Current Dollars



Sources: Zillow Research (<https://www.zillow.com/research/data/>) and Author's Calculations.

Figure 12: Housing Unit Mix, Percentage of Housing Stock, 2016, Lake County and California



Source: American Community Survey (<http://factfinder.census.gov>) and Author's Calculations.

So What?

Housing in Lake County is a concern due to its mix and losses in four successive years of fires. There are opportunities to use housing vacancy as a short-term attraction for residents and businesses; as that vacancy fades, new housing should be outside mobile homes and toward single-family.

Government Revenue Data

These data suggest that retail sales in Lake County have come primarily from a wide array of small retailers and not any single group of retailers. Food services are a relatively large category of countywide taxable retail sales. While the number of permits have increased, the classic categories tracked by the state Board of Equalization have seen losses since 2010; such losses are indicative of a shift away from larger retailers in Lake County to smaller ones, which is good for local business owners. A challenge is that such businesses are generally smaller employers than larger stores and restaurants. Figure 13 shows taxable sales data.

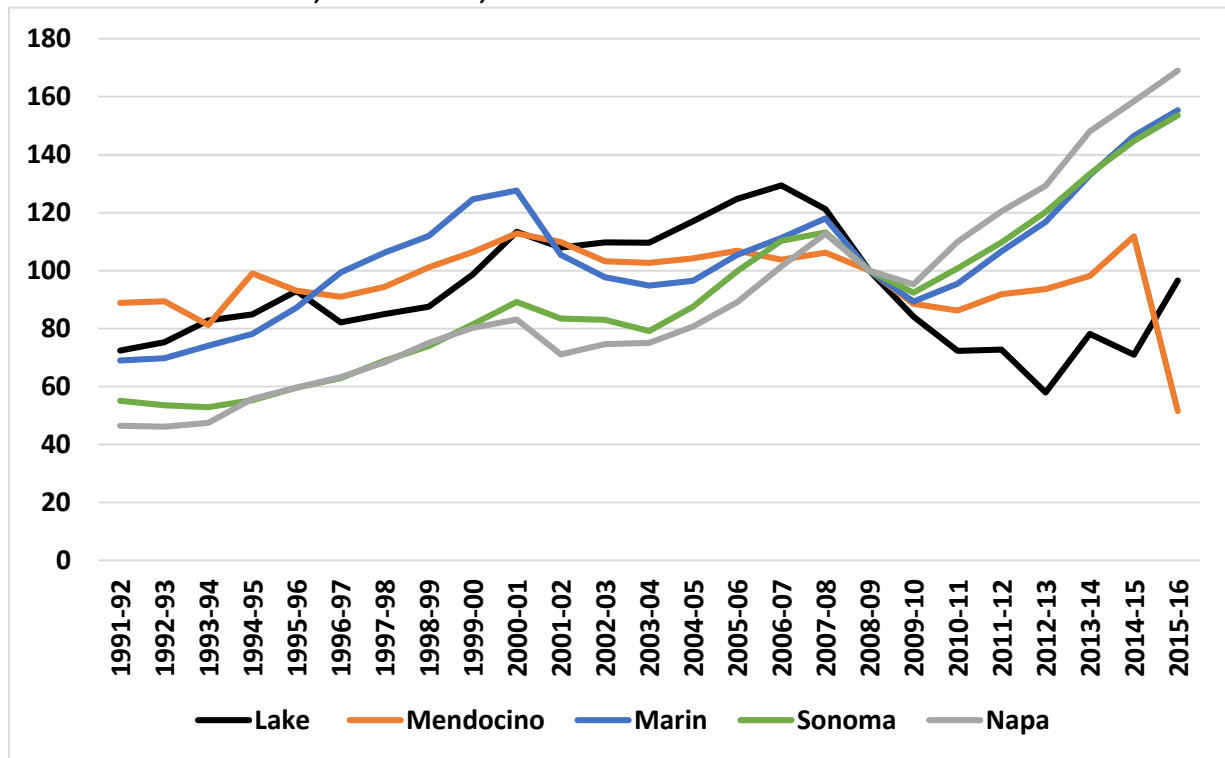
Figure 13: Taxable Sales Data, 2014, 2015 and 2016, Lake County, Current Dollars

Category	2014		2015		2016	
	Permits	Taxable Sales	Permits	Taxable Sales	Permits	Taxable Sales
Motor Vehicle and Parts Dealers	54	\$39,252,000	54	\$42,449,001	55	\$46,761,186
Home Furnishings and Appliance Stores	43	\$11,830,000	59	\$14,869,158	61	\$16,974,874
Bldg. Materials and Garden Equip.	38	\$45,819,000	47	\$49,306,989	52	\$58,141,452
Food and Beverage Stores	55	\$61,376,000	66	\$62,031,979	65	\$64,843,132
Gasoline Stations	23	\$63,227,000	28	\$58,551,104	28	\$73,495,468
Clothing and Clothing Accessories Stores	41	\$4,061,000	103	\$4,590,993	98	\$5,094,190
General Merchandise Stores	14	\$66,624,000	26	\$70,727,092	27	\$72,163,300
Food Services and Drinking Places	152	\$46,707,000	163	\$52,479,537	162	\$54,730,359
Other Retail Group	821	\$43,431,000	616	\$46,213,357	646	\$52,308,105
Total Retail and Food Services	1,241	\$382,325,000	1,162	\$401,219,210	1,194	\$444,512,066
All Other Outlets	538	\$155,680,000	733	\$173,224,713	735	\$148,215,124
Totals	1,779	\$538,006,000	1,895	\$574,443,923	1,929	\$592,727,190

Sources: California Board of Equalization (<https://www.boe.ca.gov/news/tsalescont.htm>) and Author's Calculations.

Lake County has seen an increase in transient occupancy tax (TOT) revenues since the 2012-13 fiscal year. This change in overnight stays for Lake County was after Mendocino, Napa and Sonoma counties saw recovery from the recession in 2008-10. While room sales and TOT revenues are up, their level is just recently (as of the 2015-16 fiscal year) getting back to fiscal year 2008-09 in inflation-adjusted dollars. Such a downturn is indicative of a long-term recession in local tourism that is just now turning around. Also, the fires of 2015-17 may be somewhat distortionary in terms of the true revenues from visitors and not those staying in county hotel spaces combatting fires.

Figure 14: Transient Occupancy Tax (TOT) Revenues, Lake County and Selected Counties, Index Fiscal Year 2008-09 = 100, 2009 Dollars, Fiscal Years 1991-92 to 2015-16



Sources: Dean Runyan Associates (www.deanrunyanassociates.com) and Author's Calculations

So What?

While growth of government revenue from economic flows has increased, property taxes have been affected downward by both the fires reducing housing stock and the shift of stock toward naturally lower-value homes (mobile homes). These trends generate public safety and funding challenges.

Demography Overview from Census Data

There is a large amount of data about Lake County estimated by the Census Bureau in its American Community Survey. It is important to recognize these are estimates and not actual "Census" data in the classic sense done every 10 years. However, some of the data below provide some additional details for this plan's consideration and also the current state of the Lake County population and demographics. Figure 15 through 17 show education levels, current age demographics and recent projections from CalTrans and the California Economy Project (linked to the California Economic Summit) for Lake County through 2050. Because there is a lot of emphasis on internet connectivity in the strategic path and the overall project as infrastructure, Figure 18 shows some comparative data on households and their investment in computers and internet connectivity as of 2016 from the American Community Survey.

Figure 15: Educational Attainment of Population Over 25 years old, Lake County and California, 2010 and 2016, Percent of Population

Category	2010	2010	2016	2016	Change	Change
	California	Lake County	California	Lake County	2010-16	2010-16
Total Population	36,637,290	64,371	38,654,206	64,076	2,016,916	-295
Over 25 years	64.1%	70.6%	66.1%	72.1%	2.00%	1.50%
Less than 9th grade	10.4%	4.9%	9.9%	6.1%	-0.50%	1.20%
9th to 12th grade, no diploma	8.9%	8.8%	8.0%	10.1%	-0.90%	1.30%
High school graduate (includes equivalency)	21.5%	32.9%	20.6%	27.8%	-0.90%	-5.10%
Some college, no degree	21.5%	28.9%	21.7%	27.4%	0.20%	-1.50%
Associate's degree	7.7%	8.1%	7.8%	12.3%	0.10%	4.20%
Bachelor's degree	19.2%	11.7%	20.1%	10.4%	0.90%	-1.30%
Graduate or professional degree	10.8%	4.7%	11.9%	5.7%	1.10%	1.00%

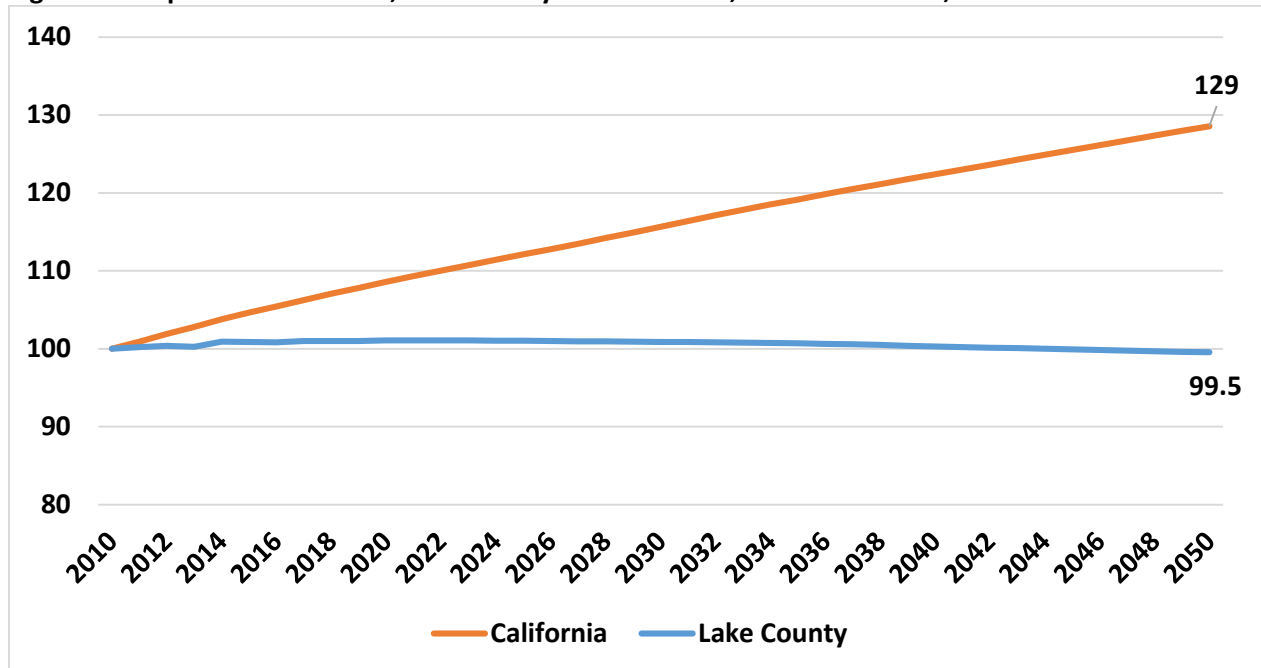
Source: American Community Survey (<http://factfinder.census.gov>) and Author's Calculations.

Figure 16: Population Age Ranges, 2010 and 2016, Number of People and Percent of Population, Lake County and California.

Age Range	2010		2016		Change	Change
	California	Lake	California	Lake	2010-16	2010-16
Under 5 years	6.9%	5.5%	6.5%	5.6%	-45,504	71
5 to 9 years	6.8%	6.1%	6.6%	5.5%	55,429	-422
10 to 14 years	7.1%	5.9%	6.6%	5.6%	-72,133	-227
15 to 19 years	7.7%	6.8%	6.8%	5.9%	-169,874	-623
20 to 24 years	7.4%	5.0%	7.5%	5.3%	192,531	162
25 to 34 years	14.3%	9.8%	14.7%	10.9%	464,258	640
35 to 44 years	14.4%	11.8%	13.3%	10.1%	-129,109	-1,149
45 to 54 years	14.0%	16.2%	13.5%	13.6%	67,744	-1,685
55 to 59 years	5.7%	7.6%	6.3%	8.8%	325,214	726
60 to 64 years	4.6%	8.1%	5.4%	8.3%	411,974	114
65 to 74 years	5.8%	9.7%	7.3%	12.4%	686,859	1,685
75 to 84 years	3.7%	4.9%	3.8%	5.9%	108,876	581
85 years and over	1.5%	2.5%	1.8%	2.2%	120,651	-168

Source: American Community Survey (<http://factfinder.census.gov>) and Author's Calculations.

Figure 17: Population Forecasts, Lake County and California, Index 2010 =100, 2010-2050



Sources: Caltrans/CA Economy Project (http://www.dot.ca.gov/hq/tpp/offices/eab/socio_economic.html) and Author's Calculations

Figure 18: Households with a Computer or Internet Connection or Both, 2013 and 2016, Lake County and California

Category	2013	2013	2016	2016	Change	Change
	California	Lake County	California	Lake County	2013-16	2013-16
Has a computer:	89.8%	81.4%	94.9%	90.4%	8%	11%
With dial-up Internet subscription alone	0.8%	1.2%	0.2%	0.2%	-71%	-86%
With a broadband subscription	80.2%	71.3%	88.1%	81.2%	13%	14%
With a fixed broadband Internet subscription	74.9%	61.9%	77.7%	67.8%	6%	10%
With a cellular data plan	33.8%	16.9%	67.2%	51.3%	104%	204%
Without a cellular data plan	41.1%	44.9%	10.5%	16.5%	-74%	-63%
Cellular data plan alone or with dial-up	5.3%	9.5%	10.4%	13.5%	102%	42%
Without Internet subscription	8.9%	8.9%	6.5%	9.0%	-24%	1%
No Computer	10.2%	18.6%	5.1%	9.6%	-49%	-48%

Source: American Community Survey (<http://factfinder.census.gov>) and Author's Calculations.

So What?

Population demography may be among Lake County's largest challenges. With an aging workforce, a slow to no-growth forecast for population, and lagging internet and computer investment, Lake County must guard against becoming more rural over time.