

Lassen County CEDS

Appendix A – Data Analysis, Factors Affecting Economic Performance

(This page intentionally left blank)

Table of Contents

Acknowledgements

A. Summary / Highlights	2
B. Geography and Land Use	5
B1. State and Federal Lands	5
B2. Transportation Networks	6
a. Roadways and Highways	6
b. Airports	8
c. Public Transportation	8
C. Business and Industry	10
C1. Agriculture	11
a. Timber Harvest	12
b. Top Crops	13
c. Crop Production	14
d. Certified Organic Land	16
e. Livestock and Poultry	16
C2. Prisons	17
C3. Retail	18
C4. Visitors and Tourism	20
D. Labor Force and Households	23
D1. Occupations	23
D2. Commuting Patterns	24
D3. Households and Population	25
D4. Housing	27

(This page intentionally left blank)

A. Summary / Highlights

Land Use and Transportation

- Approximately 59 percent of the land in Lassen County is owned or controlled by a federal, state, or local government agency.
- Over 330,000 acres are currently in the Williamson Act¹.
- In addition to private roadways, the public road system consists of 303 miles in the state highway system, 881 miles in the county roadway system, 50 miles in the City of Susanville, 536 miles controlled by federal agencies.
- Traffic volume, speed and safety along California State Route 36 and U.S. Route 395 are transportation concerns in the County. SR 36 is a major four-lane highway that runs through the heart of the City of Susanville (the County's only incorporated city). SR 36 is Susanville's Main Street. With the exception of a short freeway section between the southern border of the County and Hallelujah Junction, Route 395 mostly consists of a divided highway, with passing lanes, in Lassen County.
- Goods movement by trucking is an important transportation issue. The proportion of all traffic representing trucks reached as high as 24 percent on the state highway system. For trucks travelling between Reno and destinations along the I-5 corridor from Redding, California, north to Oregon, Route 395 and California State Route 44 is the shortest travel route.

Business and Industry

- The last lumber mill in Lassen County closed in 2007. This closure impacted the City of Susanville's and the County's revenues and employment opportunities.
- Most of Lassen County's private sector employers are small businesses. Over 75 percent have less than 10 employees; however, they employ only approximately 13 percent of the County's workforce. The quarter of employers that have more than 10 employees employ over 86 percent of the workforce.
- There are still some logging operations in Lassen County; however, all of the logs are shipped to mills in other areas. Average annual employment in the timber industry dropped from 1,189 to 851 (2005 to 2010), a loss of over \$7.4 million in payroll.
- Over 60 percent of employed persons in Lassen County work for the government, whether that be at the federal, state, or local level.

¹ Source: Lassen County Assessor, August 2015. The Williamson Act (officially, the California Land Conservation Act of 1965) is a California Law that provides relief of property tax to owners of farmland and open-space land in exchange for an agreement that the land will not be developed or otherwise converted to another use.

- Hay (primarily alfalfa) and livestock have long-been the principal agricultural commodities in Lassen County.
- Prisons are a major employer in Lassen County (two state and one federal facility). In 2012, the California Department of Corrections passed legislation to cut billions in spending in an effort to meet standards ordered by federal courts for inmate care. With this plan the state reduced its annual prison budget by billions of dollars. Furthermore, the passage of Proposition 47 is expected to substantially reduce the number of inmates in the County, as well as prison budgets throughout California.

Retail and Tourism

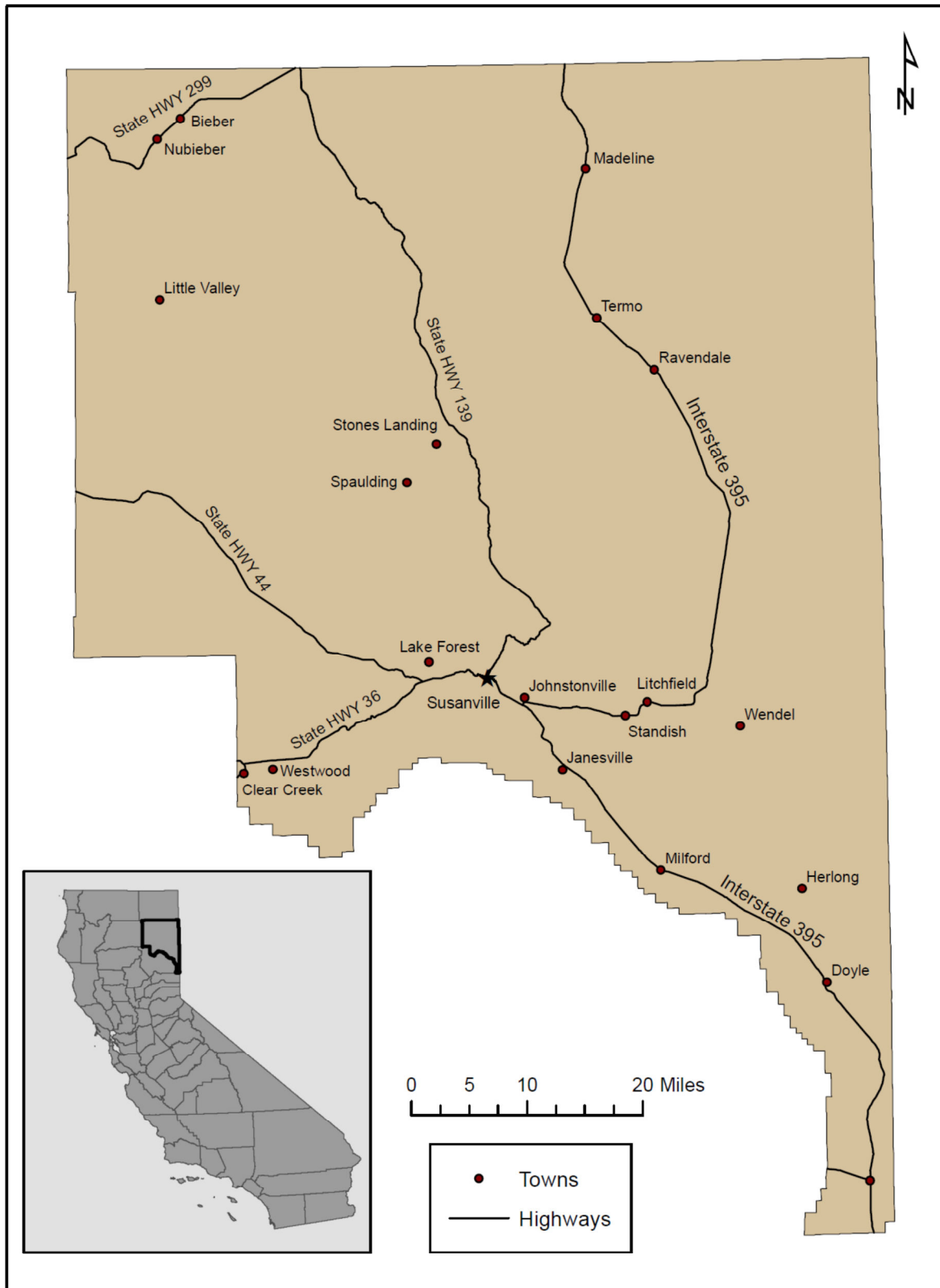
- Visitor information is available through the California Travel and Tourism Commission. Much of it is available at the County level; some is only available at the state or regional level; none is available at the City level. If Lassen County and City of Susanville retailers began a campaign to collect information on visitors they would have a much better handle on expanding their retail market and what products and services would be successful.

Population and Workforce Demographics

- Lassen County's unemployment rate is slightly higher than the state rate. As of June 2015, Lassen County's unemployment rate was 6.6 percent, matching its lowest pre-recession rate since September 2007. California's unemployment rate in June 2015 is 6.3 percent.
- The number of households in Lassen County grew 4.5 percent from 2000 to 2010, compared to a 9.3 percent jump in the creation of households throughout California during that period. Stable population numbers remain a central concern for the County's tax revenue base and its ability to maintain infrastructure, services, schools, retail sales, and the workforce.
- According to the 2010 Census, only about 29 percent of households in Lassen County have children of their own under the age of 18 living in that household. However, amongst "family households,"² that figure is 43 percent. These figures are important for employers as they enumerate a potential future workforce.
- The net population in Lassen County is 22,439 residents. An additional 9,310 residents are incarcerated in one of the three correctional institutions, thus the total population is estimated to be 31,749. The incarcerated residents have no connection whatsoever to the other residents of Lassen County. The amount of incarcerated population and its associated demographic makeup artificially skews the analysis and preparation of projections for reports, studies, and other documents reliant upon factual information.

² U.S. Census Bureau, 2010 Census. "Family households" consist of a householder and one or more other people related by birth, marriage, or adoption.

Figure 1 - Lassen County California



B. Geography and Land Use

Lassen County consists of approximately 4,720 square miles and a variety of geographic conditions. The County's topography consists of forest-covered mountains, valleys, rivers, and lakes. Plateaus cover about a third of the western county and sagebrush and juniper cover the eastern portion of the county. Most of the large valleys are remnants of ancient lake beds. Elevations range from 3,300 feet in the Fall River Valley (northwestern Lassen County) to about 8,700 feet at Hat Mountain in the northeast corner of the county.

Land Use Summary:

- Approximately 1.4 million acres are devoted to agriculture and ranching; including nearly 7,000 acres devoted to organic operations and over 2,000 organic-certified cattle.³
- 332,990 acres are currently in the Williamson Act.
- Approximately 59 percent of the land in Lassen County is owned or controlled by a Federal, State, or Local government agency.⁴
- In 2012, a total of 487 parcels throughout County had not been surveyed.

B1. State and Federal Lands

Approximately 59 percent of the land in Lassen County is owned or controlled by a federal, state, or local government agency, including: Lassen County, California Department of Corrections, Federal Bureau of Prisons, Bureau of Land Management, California Forest Service, US Department of the Interior National Park Service, Sierra Army Depot, and Susanville Indian Rancheria Corporation.

- Lassen National Forest – 1,700 square miles located in parts of Lassen, Shasta, Tehama, Plumas, and Butte Counties. Headquarter offices and ranger offices are located in Susanville and Lassen County.
- Lassen Volcanic National Park – A portion of the park's 106,452 acres are located in Lassen County. The park contains the largest plug dome volcano in the world, active boiling mud pots, fumaroles, and hot springs.
- Modoc National Forest – The 1.65 million acre national forest is located primarily in Modoc County north of Lassen; approximately 155,500 acres are located within Lassen County.

³ Source: Estimates obtained from 2013 Annual Crop & Livestock Report, Lassen County Department of Agriculture. This was the most recent report put out by the Agricultural Commissioner's Office.

⁴ Source: Lassen County Assessor, August 2015.

- Plumas National Forest – Located primarily in Plumas County, a portion of the 1.15 million acre national forest is located in south Lassen County.
- Humboldt-Toiyabe – Located mostly in the State of Nevada, this is the largest national forest outside of Alaska at 5.6 million acres. It spreads across 13 Nevada Counties and 6 California Counties including Lassen.

B2. Transportation Networks

a. Roadways and Highways

Lassen County’s transportation network consists of interstates, state highways, regional and local arterials, and state/federal roadways within the national parks. According to the California Department of Transportation 2010 California Public Road Data mileage of maintained public roads in Lassen County by type of jurisdiction totals approximately 1,770 centerline miles. In addition to private roadways, the public road system consists of 303 miles in the state highway system, 881 miles in the county roadway system, 50 miles in the City of Susanville, 536 miles controlled by federal agencies.

These roads and highways provide local and national connectivity for the movement of goods, services, and people throughout the region. Efficient and safe travel on these roadways is especially important to the success and strength of Lassen County’s major industry sectors – agriculture, ranching, and tourism. According to the Lassen County Regional Transportation Plan 2012, goods movement is an important transportation issue. The proportion of all traffic representing trucks reached as high as 24 percent on the state highway system. For trucks travelling between Reno and destinations along the I-5 corridor from Redding, California, north to Oregon, Route 395 and California State Route 44 is the shortest travel route. Route 395 is primarily a north-south route connecting the County to points north via Modoc County to Oregon, and points south, including the metropolitan area of Reno, Nevada.

Another major transportation issue in Lassen County is the traffic volumes and safety on California State Route 36 (City of Susanville’s Main Street). While it is beneficial that this major highway runs through the heart of the City of Susanville (the County’s only incorporated city), the fact that it remains a four-lane roadway through the city, speed and safety is an issue.

It would benefit residents, visitors, retailers and the commercial businesses along Main Street / SR 36 if traffic could be slowed and features introduced that would make it more pedestrian friendly.

- **U.S. Route 395** – US 395 is a major north/south highway. A total of 557 miles, the highway runs from southern California (at Interstate 15 in the Mojave Desert), to the Canadian border. US 395 runs along the east side of the Sierra Nevada Mountain Range, into Carson City and Reno, NV before returning to California just south of Susanville at Honey Lake. At the Susanville Municipal Airport US 395 heads east/northeast and serves the Lassen County communities of Ravendale,

Termo, and Madeline. With the exception of a short freeway section between the southern border of the County and Hallelujah Junction, in Lassen County US 395 is not a divided highway.

- **State Route 36** – SR 36 is an east/west state highway that begins in Humboldt County at an interchange with US 101. The highway enters Lassen County at the western border in the unincorporated community of Westwood. SR 36 intersects SR 44 before entering the City of Susanville. The highway continues north as Pine Street and then Main Street and continues east through downtown Susanville, ending at the SR 139 intersection.
- **State Route 44** – SR 44 is an east/west highway originating in Redding (Shasta County) and ending at Route 36 west of Susanville. SR44 is the main access highway to the north-west entrance to Lassen National Park. From the Park entrance, SR 44 joins the Volcanic Legacy Scenic Byway. When SR 44 reaches its end at Route 36, the byway continues southwest.
- **State Route 139** – Starting at SR 36 in Susanville, SR 139 runs north to the Oregon border. This is a primary route between Reno, NV and Klamath Falls, OR. SR 139 connects to SR 299 at the northern Lassen border with Modoc County. The entire route is a two-lane road. Portions of the highway are part of the Federal Volcanic Legacy Scenic Byway.
- **State Route 299** – SR 299 starts at US 101 in Arcata (Humboldt County) on the Pacific Ocean, heads east through the northern portion of Lassen County, to the California/Nevada border. SR 299 joins and is co-signed with SR 139 in Lassen County at the Modoc County border, north of the Lassen County unincorporated communities of Bieber and Nubieber. SR 299 eventually joins and is co-signed with U.S. Route 395 to Nevada.

Figure 2 – 2013 Average Annual Daily Traffic Count of Busiest Intersections/Locations⁵

Location / Intersection	Back AADT	Ahead AADT
SR 36 / Cottage Street	4,950	6,000
SR 36 / Pacific Street	11,400	11,400
SR 36 / Highway 139	11,400	14,500
SR 36 / Riverside Drive	14,500	15,900
US 395 / Sierra-Lassen County line	7,800	7,800
US 395 / Janesville Road	5,100	7,300

⁵ Source: California Department of Transportation; traffic-counts.dot.ca.gov

“Back AADT” represents traffic south or west of the count location and is the total volume for the year divided by 365 days. “Ahead AADT” represents traffic north or east of the count location and is the total volume for the year divided by 365 days. AADTs represent both directions of travel, and summing them together will result in erroneous data.

b. Airports⁶

Public airports in Lassen County serve a limited amount of general aviation, while serving an important role regarding emergency services. Lassen County also contains private, permission required prior to landing, airports.

Public, City of Susanville, general aviation:

- **Susanville Municipal Airport** (FAA Identifier - SVE) is a city-owned, 130-acre, general aviation public use airport located approximately six miles southeast of the central business district of Susanville. Elevation is 4,149 feet above mean sea level.⁷ It has two runways measuring 4,051 by 75 feet (asphalt/grooved) and 2,180 by 60 feet (dirt); and two helipads: 120 by 120 feet (asphalt) and 65 by 65 feet (asphalt).

Public, County of Lassen, general aviation airports:

- **Southard Field Airport (Bieber)** (FAA Identifier – O55) having a runway measuring 2980 by 35 feet (asphalt), with an elevation of 4163 feet above mean sea level.
- **Herlong Airport** (FAA Identifier – H37) having a runway measuring 3260 by 40 feet (asphalt), with an elevation of 4062 feet above mean sea level.
- **Ravendale Airport** (FAA identifier – O39) having a runway measuring 2920 by 30 feet (asphalt), with an elevation of 5306 feet above mean sea level.
- **Spaulding airport** (FAA identifier – 1Q2) having a runway measuring 4600 by 50 feet (asphalt), with an elevation of 5115.8 feet above mean sea level.

Private, permission required prior to landing, airports:

- **Lassen Community Hospital Heliport** (FAA Identifier – 99CN) is a concrete 86 by 50 feet helipad that is owned by Banner Lassen Medical Center, Susanville, CA
- **Amedee Airport** (FAA Identifier – AHC) runway measuring 10,000 by 150 feet (asphalt) is owned by the US Army

c. Public Transportation

Lassen Transit Service Agency (LTSA) provides public transportation services in the County. LTSA is a public agency formed through a Joint Powers Agreement between Lassen County and the City of Susanville.

⁶ www.airnav.com

⁷ Mean sea level (MSL): the average height of the ocean surface; i.e. halfway between high tide and low tide. MSL is used in aviation to measure altitude at flight levels.

In 2015, public transportation services include a fixed route with services within the Susanville city limits. Commuter services are also provided to the communities of Westwood, Chester, Herlong, and Doyle. Commuter services are also available into Susanville from Herlong.

A low-cost dial-a-ride program is available to qualified persons.

d. Freight Rail

Two Class 1 freight railroads traverse Lassen County, primarily by the Burlington Northern Santa Fe Railway Company (BNSF) and the Union Pacific Railroad (UPR). The California State Rail Plan 2007-08 to 2017-18⁸ references these, as “the two Class 1 railroad in California are the BNSF and the UP. These two railroads have extensive rail networks connecting California with the rest of the nation, particularly corridors to the Southwest, Midwest and Northwest.” The BNSF system map identifies BNSF trackage and trackage rights entering into Lassen County at Westwood through Westwood and Nubieber, and extending onto UP rail infrastructure entering into Lassen County at Chilcoot (Plumas County) and through Doyle to Herlong where it exits toward Flanagan, Nevada.

⁸ Source California Department of Transportation, http://www.dot.ca.gov/californiarail/docs/SRP07_-_FINAL_Apprvd.pdf

C. Business and Industry

Historically, ranching, agriculture, and timber have been the primary industries in Lassen County. In 2007, Sierra Pacific Industries, based in Redding, California, closed the last lumber mill in Lassen County’s only incorporated city, Susanville, due to a lack of large timber for the mill. There are still some logging operations in Lassen County; however, all of the logs are shipped to mills in other areas. This closure impacted the County’s revenues and employment opportunities.

Ranching and agriculture remain viable industries (see Figure 4). The primary employers in the county (over 60 percent in 2014) are government employers (e.g. state and federal prisons, Bureau of Land Management, US and county agencies).

Employers that employ 10 or more employees employ the bulk of the workforce in Lassen County; although only a quarter of employers hire 10 employees or more, these employers account for 86% of the jobs within the county. The majority of employers in the county (over 75 percent) have less than 10 employees, which accounts for the remaining 13 percent of the workforce. Most employers (60 percent of total employers) have between one and four employees. Private sector employers (36 percent of employment in Lassen County) are generally small businesses, employing less than 10 workers.

Figure 3 - Major Employers in Lassen County, 2015

Company	Industry	Company	Industry
Diamond Mountain Casino	Casinos	Safeway	Grocers-Retail
CalFIRE	State Government	Sierra-Cascade Nursery	Nurserymen
Lassen Community College	Universities and Colleges	Susanville Indian Rancheria	Tribal Government
County of Lassen	County Government	Susanville Nursing & Rehab Center	Nursing & Convalescent Homes
Lassen Indian Health Center	Medical Care	Susanville Supermarket	Grocers-Retail
Lassen National Forest	Federal Government	United States Department of the Army	Federal Government
Elementary, Middle and High School Districts	Public Education	URS	General Contractor
Northeastern Rural Health Clinics	Clinics	Walmart	Department Stores
California Department of Corrections and Rehabilitation	State Government	Federal Bureau of Prisons	Federal Government

Figure 4 - Percent Change of Employment by Industry since Recession (2007-2014)⁹

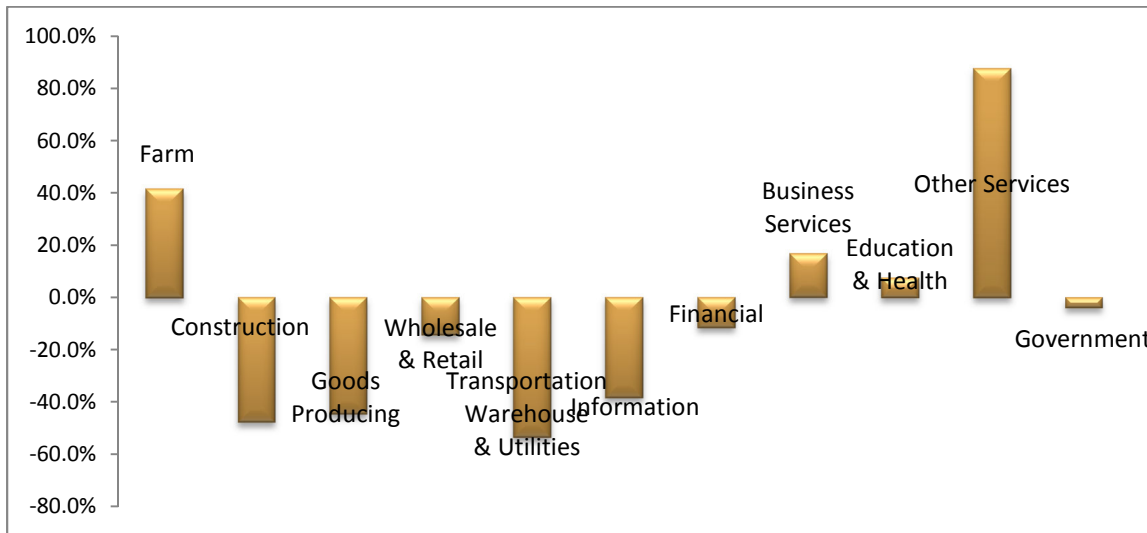
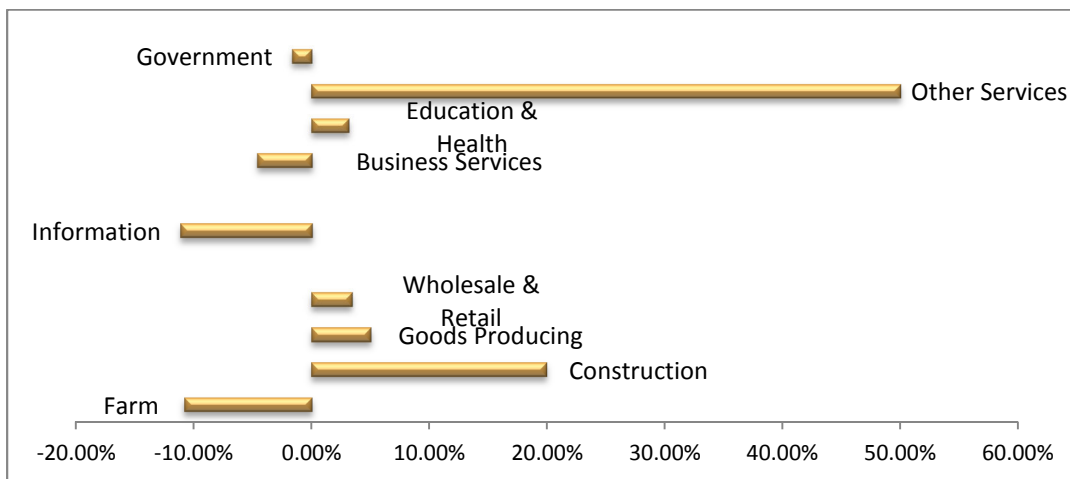


Figure 4.1-Percent Change of Employment by Industry since 2013 (2013-2014)¹⁰



C1. Agriculture¹¹

The value of agricultural products produced in Lassen County for 2013 was \$124,021,851. This is a 22% increase over 2012 brought about by another increase in wild rice acreage along with higher beef and

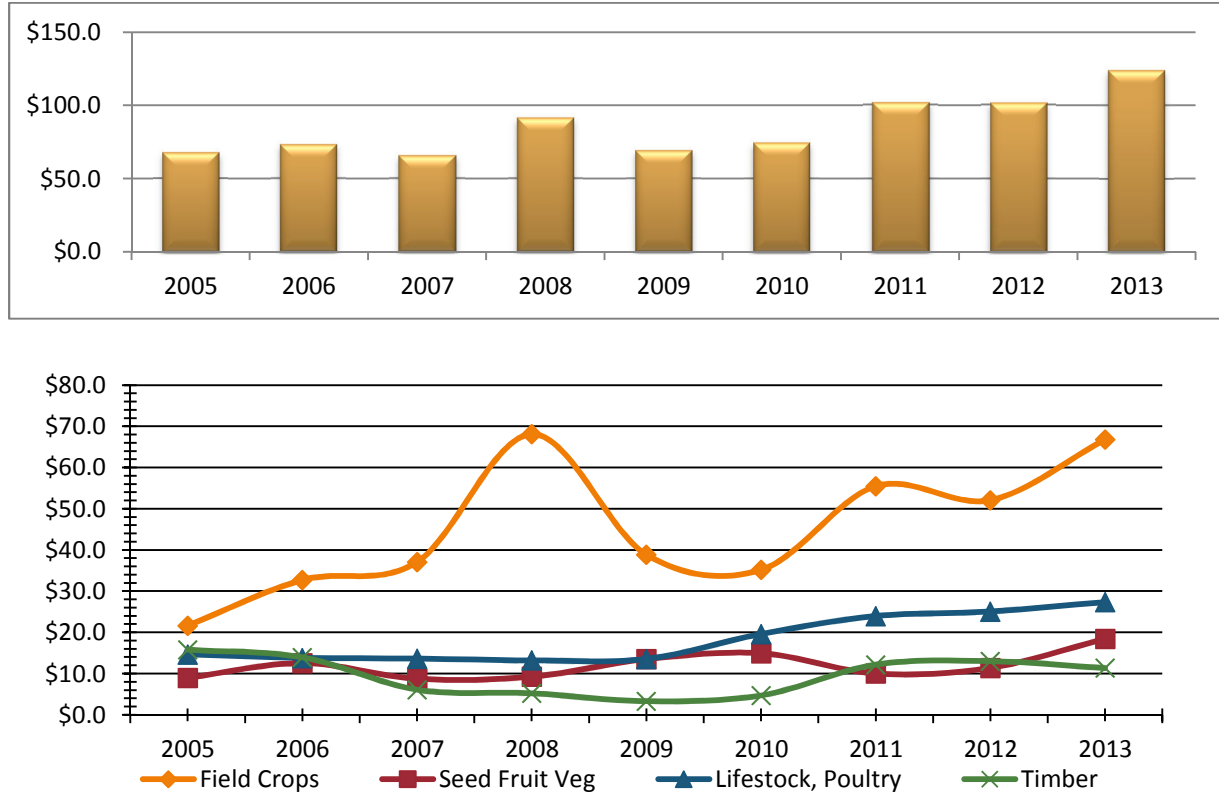
⁹ Source: California Employment Development Department, Labor Market Information Division, Historical Annual Average Industry Data

¹⁰ There was no change in employment in both the financial and transportation, warehousing, and utilities sector from 2013-2014.

¹¹ Source: Lassen County Department of Agriculture Annual Crop Reports 2005-2010

hay prices.¹² 2013 marks the third year in a row that the total value of Lassen County’s agricultural production increased.

Figure 5 – Ten-Year Comparison of Total Production Values in Lassen County (\$ million)¹³



a. Timber Harvest

Timber, forestry, and logging industries form the historical make up of economic activity in Lassen County and the northeastern region of California in general. In 2007 Sierra Pacific Industries, based in Redding, California, closed the last lumber mill in Lassen County’s only incorporated city, Susanville, because of a lack of large timber for the mill. There are still some logging operations in Lassen County; however all of the logs are shipped to mills in other areas. Lassen County was dramatically affected economically when the 2007-2009 recession hit right on top of the decline of the timber industry.

Average annual employment in the timber industry in NoRTEC member counties¹⁴ dropped from 1,189 to 851 (2005 to 2010), a loss of over \$7.4 million in payroll.¹⁵ In Lassen County itself, employment in

¹² Lassen County Department of Agriculture Annual Crop Report, 2013

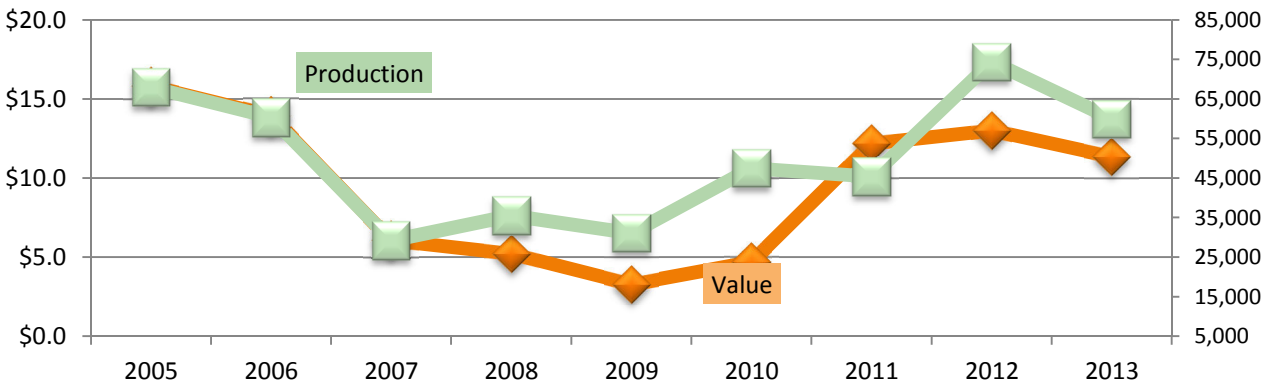
¹³ Includes production value of field crops; seed, fruit, vegetable and nursery crops; pasture land; timber harvest; livestock and poultry.

¹⁴ The Northern Rural Training and Employment Consortium is a consortium of eleven northern California counties established to address the needs of job seekers and businesses. Member counties include Butte, Del Norte, Lassen, Modoc, Plumas, Siskiyou, Tehama, Trinity, Shasta, Sierra, and Nevada counties.

timber and mining decreased from 140 to 100 employees during that span, down to 80 in 2014—a total decrease of 43 percent in 10 years.¹⁶

From the 2012 NoRTEC Cluster Study: “Forestry and Logging (sic) have experienced decades of decreasing employment levels due to declining resources, technology advances, park and reserve expansions, government regulation, and global competition. Consumer demand for construction materials plummeted following the housing bust... the local Forestry (sic) and Logging (sic) industry shed establishments, jobs, and payroll.”

Figure 7 – Value of Lassen County Timber Harvest (\$ million) and Board Feet in Production



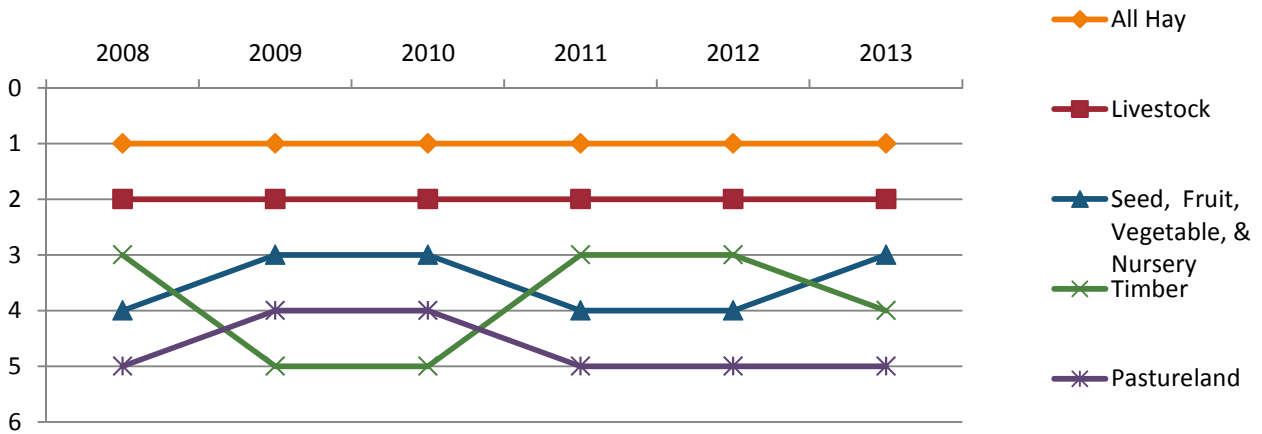
b. Top Crops

Hay (primarily alfalfa, but also grass alfalfa mix, grain hay, and grass hay) and livestock (cattle, sheep, goats, chickens, hogs, etc.) have long-been the principal agricultural commodities in Lassen County, accounting for three quarters of the value of agriculture in Lassen County in 2013, the most current year for which data is available. Hay production (valued at \$66.8 million) comprised 53.8 percent of the total value of agricultural production in Lassen County. The value of livestock and poultry (\$27.3 million) made up 22.1 percent of total agricultural production.

¹⁵ Source: NoRTEC Natural Resources Industry Cluster Analysis 2005-2010; California Employment Development Department Labor Market Information Division, June 2012

¹⁶ *Industry Employment & Labor Force by Annual Average*. State of California Employment Development Department.

Figure 8 – Top Five Commodities in Lassen County (Production Value), 2008-2013

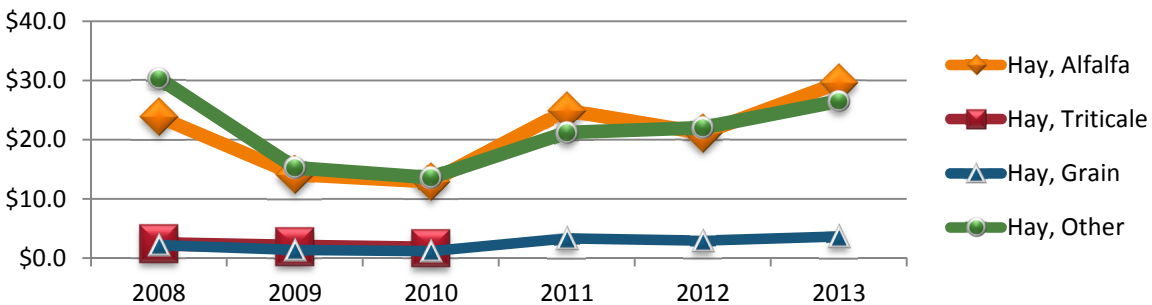


c. Crop Production

In 2013, hay remained the highest grossing crop in Lassen County. Increases in hay production per acre (a 26 percent increase for alfalfa hay) and prices (between 14-16 percent price increases for all types) explain the almost 30 percent increase in the total value of hay production in Lassen County in 2013 as compared to 2012 hay production values.

2,109 acres were dedicated to wild rice (valued at \$1.9 million), a 23.4 percent increase from 2012 acreage, which resulted in a 19.4 percent increase in the total value of wild rice in 2012. Miscellaneous crops, which include alfalfa seed, apples, asparagus, endive, garlic seed peaches, mint, canola, safflower, blueberries, watermelon, strawberries, miscellaneous vegetables, and greenhouse flowers, accounted for \$16.4 million in total value, a 69.5 percent increase from 2012.

Figure 9 – Value of Lassen County's Hay Crops (\$ million)¹⁷



¹⁷ 2011-2013 data for triticale hay is included in the Lassen County Agricultural Commissioner's "Grain, Hay" category

Figure 10 – Acres in Other Crop Production (does not include Hay, Pasture Lands)¹⁸

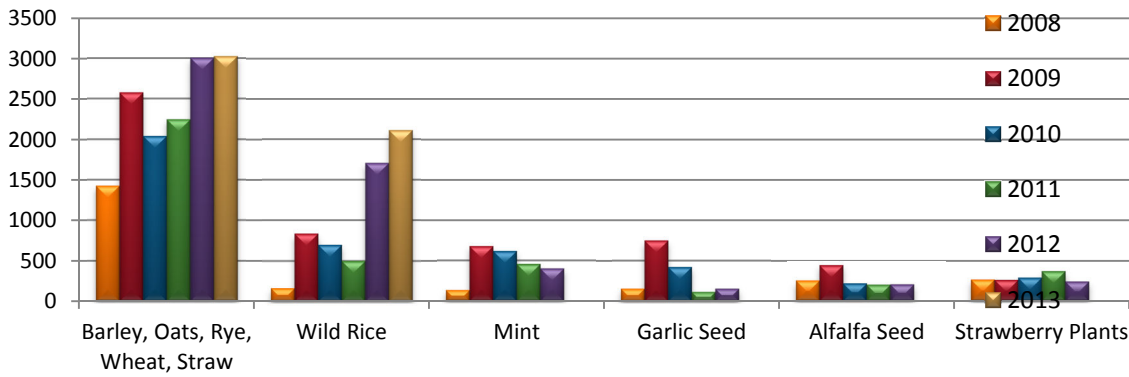
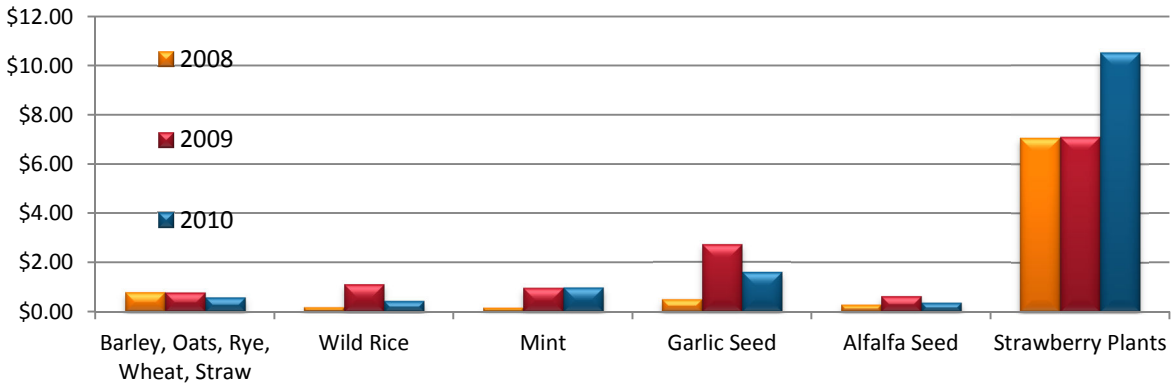


Figure 11 – Value of Lassen County Crop Production (\$ million)¹⁹



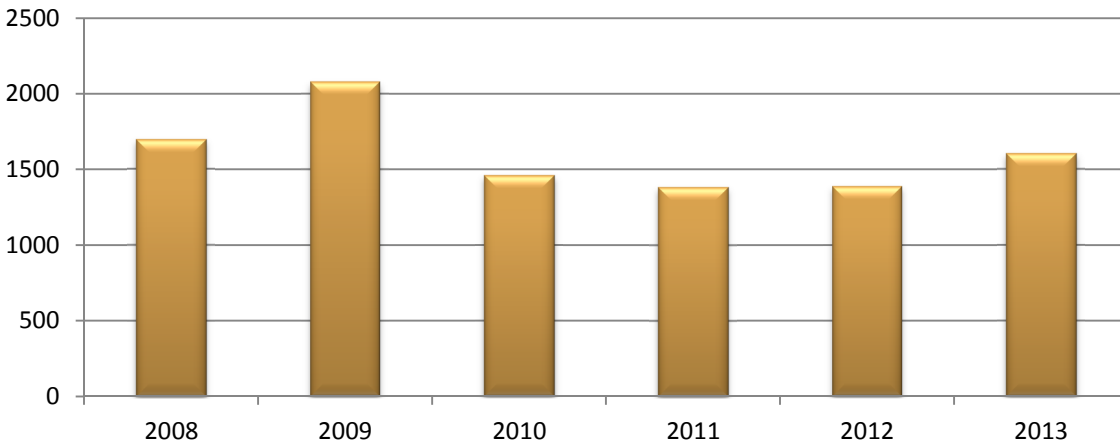
¹⁸ No 2013 data available for the “Miscellaneous Crops” category, which includes mint, garlic seed, alfalfa seed, and strawberry plants, among others

¹⁹ 2011-2013 data not available

d. Certified Organic Land

Alfalfa hay (1,542 acres) comprises 96 percent of organic crop land in Lassen County; asparagus and endive are also cultivated organically (24.5 and 38 acres, respectively). 5,350 acres of pasture and rangeland are certified organic, as well as 2028 cattle. The loss of organic cropland since 2009 as demonstrated in Figure 12 below came about because of a 500-acre decrease in organic grass/triticale hay. However, since 2009, there has been a 1,850-acre increase in organic pasture and rangeland.

Figure 12 – Number of Acres Certified Organic, Crop Production



e. Livestock and Poultry

The 44.6 percent increase in the value of production between 2009 and 2010 is attributed to a sharp increase in value of Cows (83.9 percent); Calves (53.1 percent); Bulls (52.4 percent). Also, even though the value per unit of Sheep/Lamb was up only slightly 2009 to 2010, the number of head increased by 36.6 percent. Since 2010, livestock and poultry prices have generally risen steadily despite similar number of head; hence the gains in total livestock and poultry value during that period. The total value of livestock and poultry rose 9.3 percent between 2012-2013 to a value of \$27.3 million.

Figure 13 – Value of Livestock and Poultry, Lassen County (\$ million)

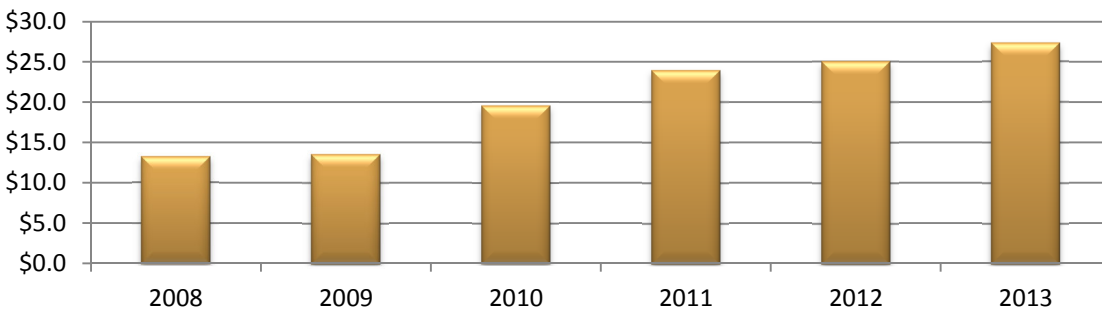
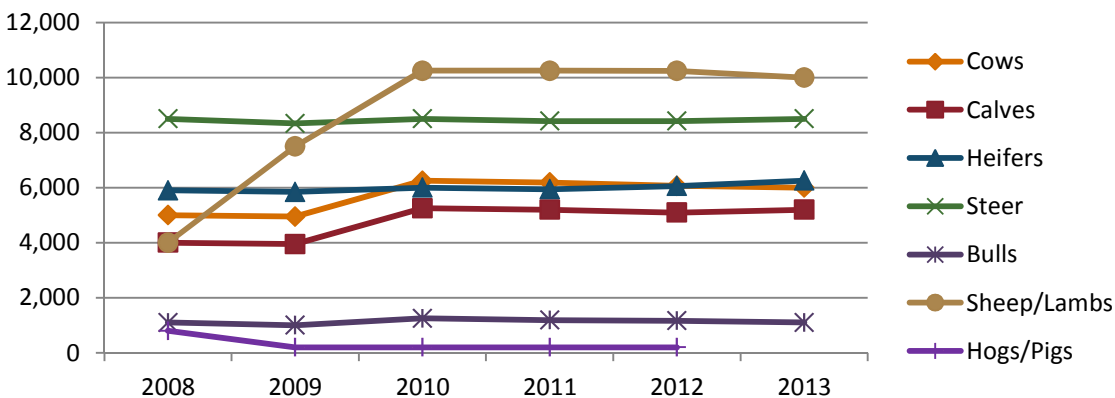


Figure 14 – Livestock and Poultry, Number of Head in Lassen County²⁰

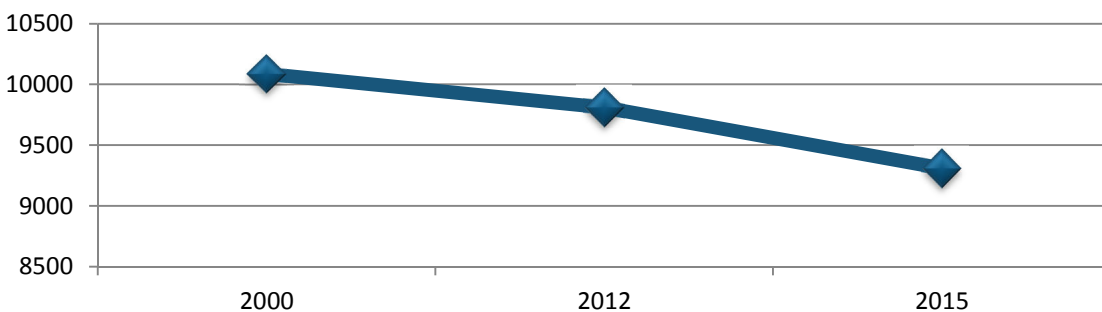


C2. Prisons

Lassen County is home to three correctional institutions:

- California Correctional Center – opened 1963
- High Desert State Prison – opened 1995
- Federal Correctional Institution, Herlong – opened 2005

Figure 15 – Total Inmate Population Estimates²¹



In 2012, the California Department of Corrections released a plan to cut billions in spending to meet standards ordered by federal courts for inmate care. This was intended to improve prison and parole

²⁰ In 2013 hog totals were included in the Miscellaneous Livestock Category; head count was not given

²¹ California Department of Corrections & Rehabilitation; Federal Bureau of Prisons; Figures include persons housed in camps; <http://www.cdcr.ca.gov/News/docs/3JP-Mar-2015/March-2015-Status-Report.pdf>; <http://www.bop.gov/locations/institutions/her/>; http://www.cdcr.ca.gov/Reports_Research/Offender_Information_Services_Branch/Projections/S15Pub.pdf population

operations.²² With this plan the state reduced the annual prison budget by billions of dollars and achieved ongoing annual savings.

Furthermore, the passage of Proposition 47 in November 2014, which allows only a misdemeanor sentence instead of a felony sentence for certain drug and property offenses and also allows for resentencing of persons serving felony sentences for those offenses, has substantially impacted the adult institution populations. It is likely that the recent decline in the prison population of Lassen County is due in large part to the implementation of Proposition 47; further declines in inmate population are expected. Still, cumulatively, the State prisons are approximately 1,600 inmates over capacity.

The prisons are required to purchase many commodity items from the California Prison Industry Authority (CALPIA). CALPIA is operated by the State to provide work for offenders in California's adult correctional institutions. CALPIA operates over 60 service, manufacturing, and agricultural industries at dozens of prisons throughout California. There are certain goods and services that wardens are able to purchase locally (e.g. some dairy products), however in Lassen County there are no vendors that can handle 100 percent of the quantity required.

C3. Retail

Retail leakage is the gap between retail supply (measured through sales) and the potential demand (based on household income and typical expenditures). An estimated \$41.3 million in retail and food service sales are lost (leakage) to neighboring communities, primarily Reno and Redding, based on interviews with local residents and businesses; the amount of retail sales lost to online sales is unknown.

Because of the limited nature of available data, this overview analysis is not an in-depth assessment of retail leakage in Lassen County. A deeper, more complex analysis needs to be done in order to arrive at more accurate, meaningful conclusions about retail leakage in Lassen County. Thus, the data in this section should be interpreted in a qualitative, and not quantitative, manner. Nevertheless, the conclusions presented in this section serve to shed light on the extent of potential business opportunities in the county.

Lassen County is undersupplied (i.e. has sales leakage) in seven broad merchandise categories —motor vehicle and parts dealers, home furnishings and appliance stores, building material and garden equipment and supplies, food and beverage stores, gasoline stations, clothing and clothing accessory stores, and food services and drinking places. Lassen County has an oversupply in the general category of “other retail groups,” which includes general merchandise; health and personal care stores; sporting

²² *The Future of California Corrections: A Blueprint to Save Billions of Dollars, End Federal Oversight, and Improve the Prison System.* The plan highlights, executive summary, and full plan can be accessed at <http://www.cdcr.ca.gov/2012plan/index.html>

goods, hobby, musical instruments, and book stores; miscellaneous stores²³; and non-store retailers²⁴. It is likely that “general merchandise” stores such as Wal-Mart explain the oversupply of wares within the category of “other retail groups.”

The two charts below break down the retail leakage and surplus for Lassen County:

Figure 16 – 2014 1st Quarter Existing Retail Balance (Millions)

Retail Sales Leakage / Undersupplied Categories are Opportunities for Lassen County (2014, 1st Quarter)

	Demand ²⁵ (Spending Potential)	Supply (Retail Sales)	Leakage
Motor Vehicles & Parts Dealers ²⁶	\$14,334,206	\$8,700,000	\$5,634,206
Home Furnishings & Appliance Stores	\$5,041,962	\$1,301,000	\$3,740,962
Building Material & Garden Equipment & Supplies	\$5,992,306	\$2,643,000	\$3,349,306
Food & Beverage Stores ²⁷	\$4,916,196	\$1,913,000	\$3,003,196
Gasoline Stations	\$11,116,439	\$7,517,000	\$3,599,439
Clothing & Clothing Accessories Stores	\$ 6,477,905	\$1,111,000	\$5,366,905
Food Services & Drinking Places ²⁸	\$13,236,702	\$3,497,000	\$2,502,884
Total Leakage²⁹			\$41,288,439
			Surplus
Other Retail Groups	\$9,449,116	\$11,415,820	\$2,502,884

²³ “Miscellaneous stores” include florists, office supply stores, gift stores, used merchandise stores, and other miscellaneous stores.

²⁴ Non-store retailers are online retailers.

²⁵ Potential retail sales (demand) are estimated using typical California household expenditure data generated by the California State Board of Equalization and is customized for the Lassen County market and households. This analysis calculates spending potential (demand) for goods and services in Lassen County under the hypothetical scenario that Lassen County per capita expenditures equal California per capita spending. In reality, spending per capita in Lassen County is much lower than the state average. This analysis estimates potential demand as if per capita spending in Lassen County were equal to the State average.

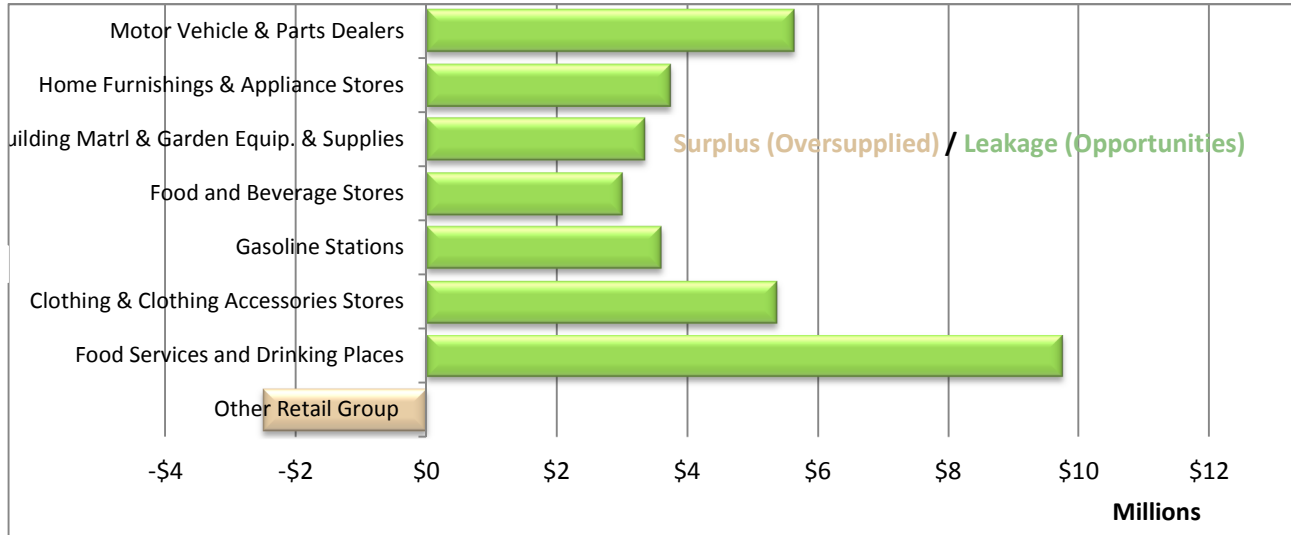
²⁶ New and used car dealers; auto parts, accessories, and tire stores

²⁷ Includes supermarkets/grocery stores, convenience stores, specialty food, and beer, wine, and liquor stores

²⁸ Alcoholic beverage drinking places, full-service restaurants, limited-service eating places

²⁹ Includes all retail & food services, including but not limited to the categories listed above

Source: Bureau of Labor Statistics Consumer Expenditure Survey, U.S. Census Bureau's Census of Retail Trade, ERSI, and Marketek Inc.

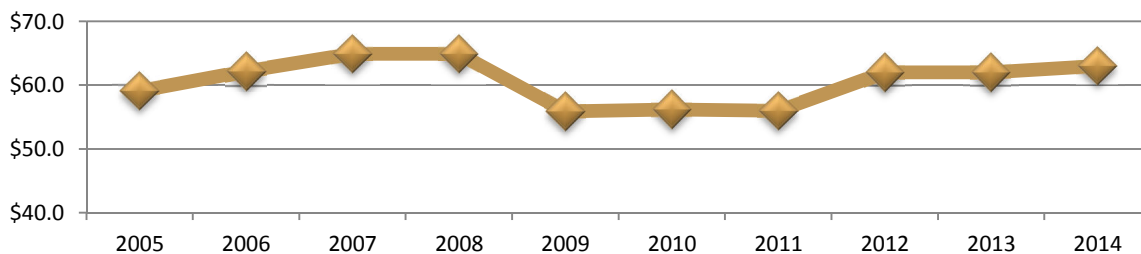


C4. Visitors and Tourism

The decline in 2009 of visitor spending in Lassen County is consistent with state and national travel data. Spending went from a high in 2007-2008 of \$64.9 million to \$55.9 million in 2009 and \$56.2 million in 2010 which is lower than the 2005 (pre-recession) spending level (\$59.1 million) (see Figure 17). However, during the continuing economic recovery, visitor spending has bounced back in 2014 to \$63 million, near the high of \$64.9 million visitors spent in Lassen County in 2007 and 2008.

Employment generated by visitor spending is at a 22-year low of 970, down 750 from the high of 1,720 in 2007. Over 90% of the jobs created in Lassen County due to travel spending are in the Accommodations, Food Service, and Arts, Entertainment, and Recreation industries. Figure 18 details total employment directly associated with tourism and travel spending in Lassen County.³⁰

Figure 17 - Visitor Spending in Lassen County (\$ million)³¹



³⁰ Includes both full-time and part-time positions, and salaried or self-employed individuals.

³¹ Source: California Travel Impacts by County, 1992-2014. California Travel & Tourism Commission. By Dean Runyan Associates. April 2015.

Figure 18 - Lassen County Employment Generated by Visitor Spending³²

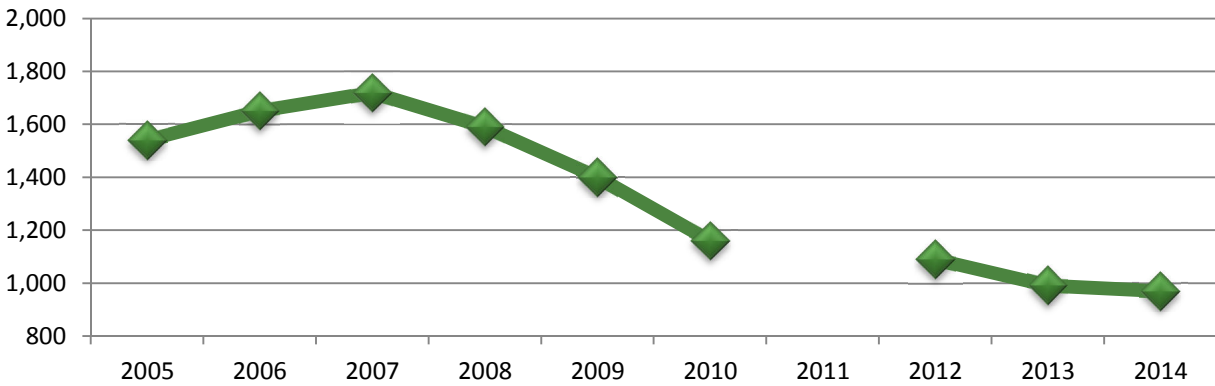
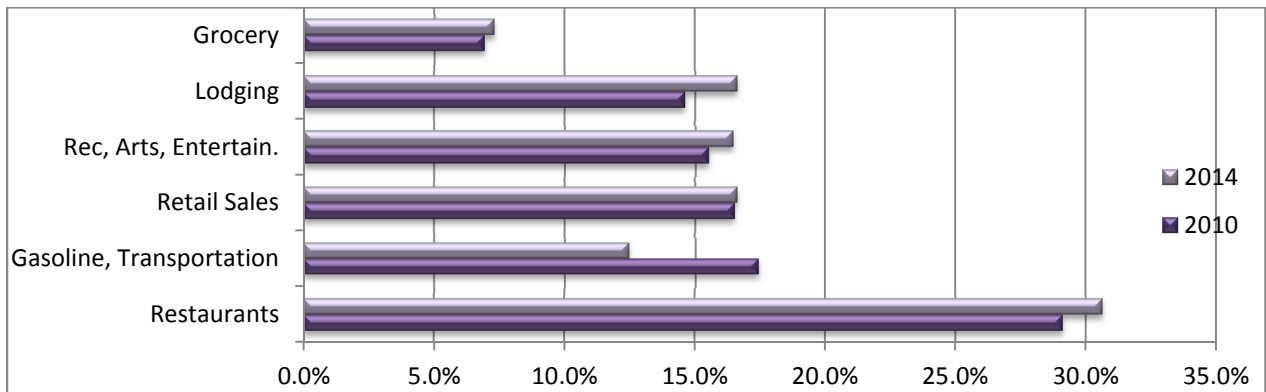


Figure 19 - Visitor Spending in Lassen County by Commodity Purchased³³

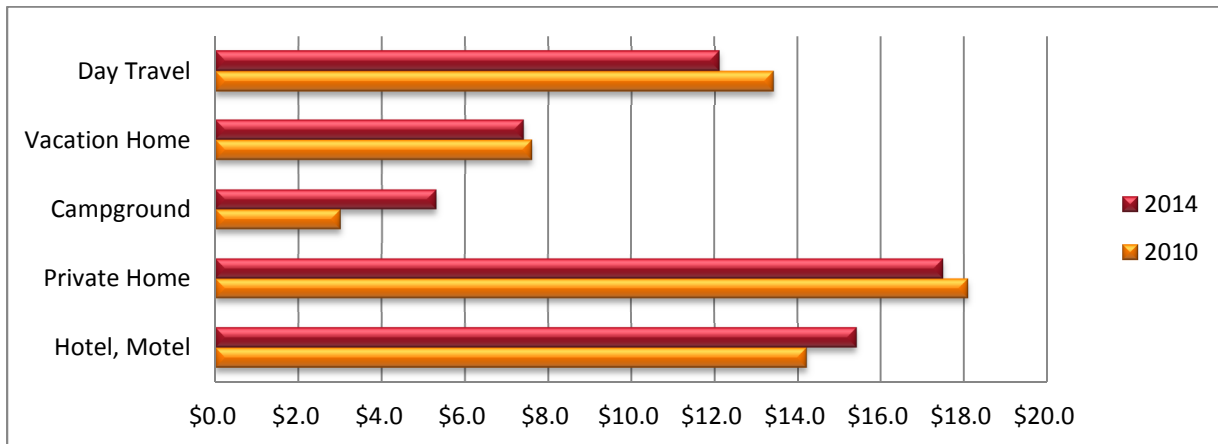


Most spending in 2014 (30.3 percent) comes from visitors that stay in the private homes of friends and family, although a sizeable portion of tourist spending (26.7 percent) is spent by visitors that stay in hotels and motels. Although their spending as a proportion of traveler spending decreased \$1.3 million compared to 2010, Day travelers represent the third largest tourist spending demographic (21 percent). Visitors that stay in vacation homes account for 12.8 percent of direct visitor spending. Campers on public and private campgrounds accounted for 9.2 percent of direct traveler spending, a decrease of \$2.3 million since 2010.

³² No data available for 2011.

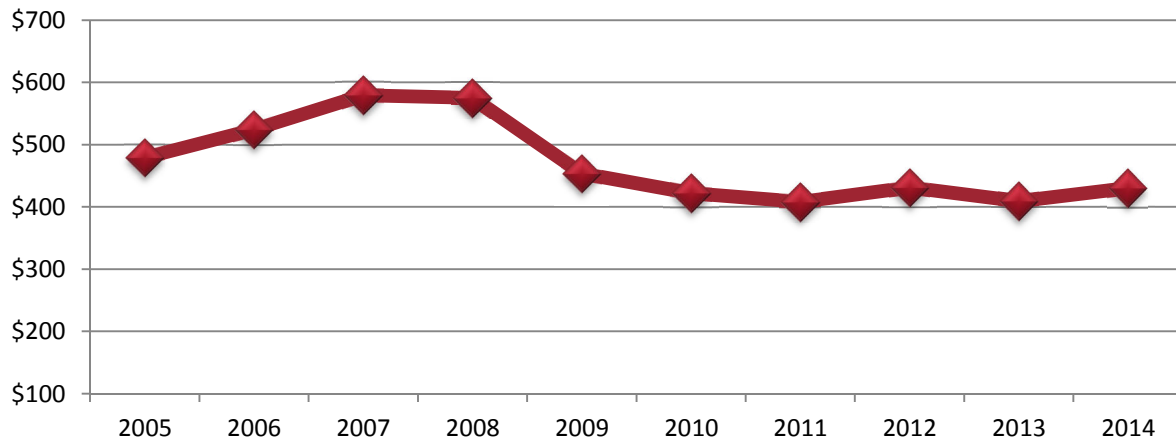
³³ Source: California Travel Impacts by County, 1992-2010. California Travel & Tourism Commission. By Dean Runyan Associates. April 2012.

Figure 20 - Visitor Spending by Type of Traveler Accommodation, (\$ million)⁹



The decline in TOT receipts started in 2008, which is consistent with state and national trends. As would be expected, over 93 percent of TOT receipts come from hotels and motels in the city of Susanville (see Figure 21). 2014 saw a five percent increase in TOT receipts from 2013; however, the 2014 figure approximates the post-recession average. 2014 TOT receipts (\$430 thousand) are down 25.7 percent from the pre-recession high of \$579 thousand TOT receipts collected in 2007.

Figure 21 - TOT Receipts, Lassen County (\$000)³⁴



³⁴ Source: California Travel Impacts by County, 1992-2014. California Travel & Tourism Commission. By Dean Runyan Associates. April 2015. Based on TOT rate of 10.0 percent; figures include TOT figures for the City of Susanville as well as the unincorporated areas of the County.

D. Labor Force and Households

Like most other rural northern California counties, Lassen County’s unemployment rate is generally higher than the state rate. That gap, however, has been closing in recent years. There was a 1.1 percentage point difference between Lassen County’s and the state’s rate in 2009; this grew to 1.8 points in 2010; and reached a high of 2 points different in 2012. The county’s percent unemployment rate, from June 2015, is just 0.3 percentage points higher than the state’s 6.3 percent rate.³⁵

Lassen County’s unemployment rate is also at an eight year post-recession low, equaling its unemployment rate for September of 2007. This 6.6 percent unemployment rate is actually lower than pre-recession rates as well, dating back to a 5.5 percent low in October of 2006. Serving to temper the current unemployment rate statistic, however, is the fact that 1,400 workers have dropped out of the labor force since September of 2007, and 2,050 workers have left the labor force since October 2006.³⁶

Figure 22 - Annual Average Unemployment, Lassen County³⁷

	2009 Annual Average	2010 Annual Average	2011 Annual Average	2012 Annual Average	2013 Annual Average	2014 Annual Average	2015 (June Figures)
Lassen County							
Labor Force	13,560	12,140	11,830	11,520	11,000	10,810	10,920
Unemployed	1,670	1,700	1,590	1,430	1,170	1,000	720
Unemployment Rate	12.3%	14.0%	13.5%	12.4%	10.6%	9.3%	6.6%
State of California							
Unemployment Rate	11.2%	12.2%	11.7%	10.4%	8.9%	7.5%	6.3%

D1. Occupations

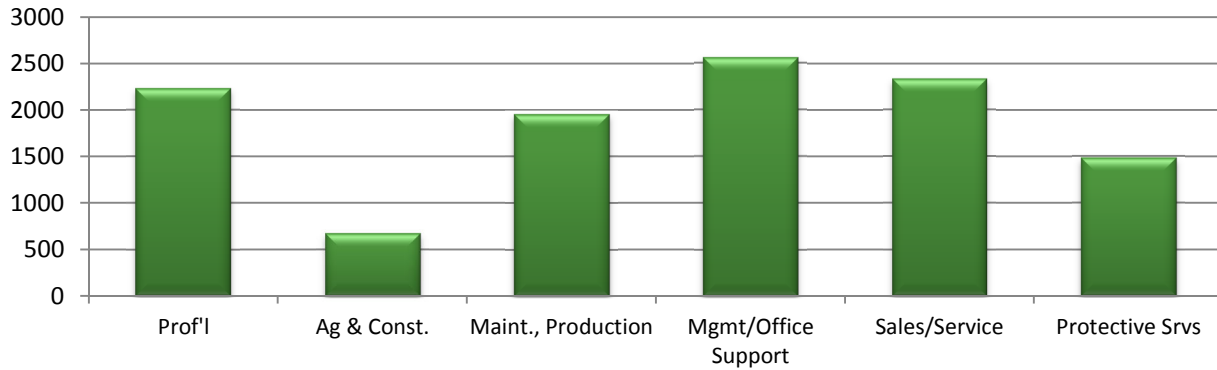
Professional occupations include architecture, engineering, business and financial, computer, education and training, health care practitioners, legal, and science-related. Sales and service occupations include sales people, community and social services, food prep and servers, business and personal services, and protective services, which accounts for nearly 40 percent of this category.

³⁵ The national rate is 5.3 percent. California’s unemployment rate has historically tracked higher than the national average.

³⁶ Source: California Employment Development Department, Labor Market Information Division, August 2015

³⁷ Source: California Employment Development Department, Labor Market Information Division, August 2012

Figure 23 - Estimated Distribution of Occupation Categories (2012)³⁸



D2. Commuting Patterns

A strong majority (over 80 percent) of Lassen County workers commutes less than 30 minutes and over three quarters drive alone. The average travel time is 19.4 minutes.

Figure 24 - Commute Time and Travel Mode, Lassen County³⁹

Mode of Transportation to Work	Number	Distribution
Drove Alone	7,096	75.3%
Car Pooled	1,112	11.8%
Public Transportation	122	1.3%
Walked	499	5.3%
Bicycle	75	0.8%
Taxicab, Motorcycle, or Other Means	85	0.9%
Worked at Home	433	4.6%
Travel Time to Work ⁴⁰	Number	Distribution
Less than 15 Minutes	3,651	40.6%
15 - 29 Minutes	3,606	40.1%
30 - 44 Minutes	863	9.6%
45 - 59 Minutes	450	5.0%
60 or more Minutes	423	4.7%
Average Travel Time (minutes)	19.4	

³⁸ Source: Claritas, 2012. More current data unavailable from source.

³⁹ 2013 American Community Survey

⁴⁰ Does not include workers 16 years or over who work at home.

D3. Households and Population

The California Department of Finance (DOF), Demographic Research Unit, is the designated by the State as the single official source of demographic data for state planning and budgeting. They provide official population estimates for research and analysis reference for population estimate for cities and counties, including forecasts of population, births and public school enrollment at the state and county level. This unit of state government is also the designated Census Data Center for demographic, social, economic, migration, and housing data from the decennial census, the American Community Survey, the Current Population Survey, and other surveys. It is important to note that the DOF includes incarcerated populations in its population estimates as “group quarters”. Lassen County contains three correctional institutions having a combined incarcerated population of 8,233 individuals (nearly 30 percent of Lassen County’s total population). Often reports, studies, and other documents include simply the “population” number and do not report or take into account that approximately 8,233 residents are in “group quarters”.

The DOF inclusion of incarcerated population is particularly troubling when attempting to present Lassen County demographic estimates that are based on population, e.g. age distribution, per capita income, education level, diversity, density, etc. The California Department of Finance defines the inmate population as “group quarters” and it has been appropriately apportioned by specific prisons, in Figure 25, below. Prison populations are not relevant to economic development in the area.

Figure 25 - Lassen County Population

	Population Estimates		
	2000	2012	2015 ⁴¹
Lassen County	33,828	35,050	32,092
California Correctional Center	5,753 ⁴²	4,459 ⁴³	2,966
High Desert State Prison ⁴⁴	4,334	3,717	3,494
FCI Herlong	n/a ⁴⁵	1,635 ⁴⁶	1,510
Total group quarters:	10,087	9,811	8,233
Net Population	23,741	25,239	23,859

⁴¹ State of California, Department of Finance, *E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2014 and 2015*. Sacramento, California, May 2015

⁴² Source: California Department of Corrections and Rehabilitation’s Monthly Inmate Population Reports, 2000 year end.

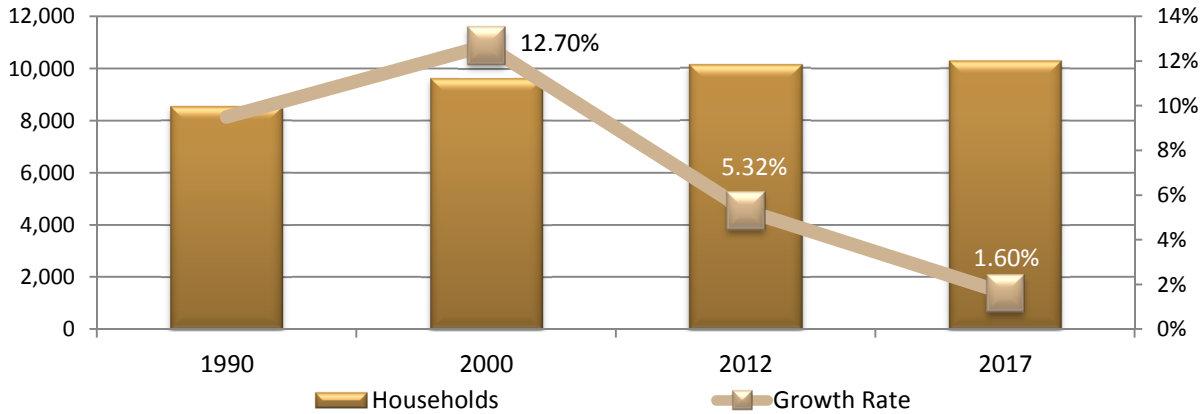
⁴³ Source: California Department of Corrections and Rehabilitation’s Weekly Inmate Population report, August 15, 2012

⁴⁴ Source: High Desert State Prison Public Information Office, August 2012

⁴⁵ Federal Correctional Institution Herlong opened in 2005

⁴⁶ Source: Federal Bureau of Prisons’ Weekly Population Report dated August 16, 2012.

Figure 26 - Lassen County Household Growth / Decline (Claritas, 2012)

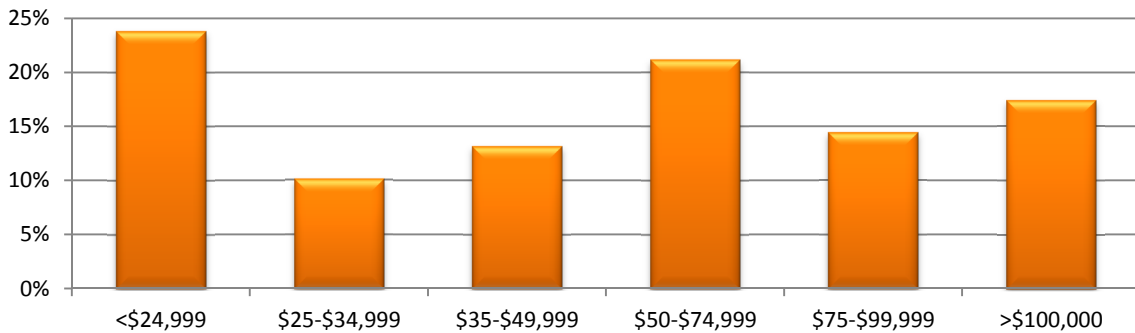


According to a study done in 2012, households in Lassen County are still growing but at a much slower pace than they were in 2000. If this trend continues, which is expected, there will be a significant impact to the County’s tax revenue and ability to maintain infrastructure and other services, schools, retail sales, and the workforce. Businesses’ ability to expand and possibly even to maintain their current level of employment will be hit especially hard if the decline is younger people.

Lassen County households are small. In 2012, 60 percent are one or two-person households. It is possible that this is due to some number of prison guards living in Lassen County (sharing quarters) while their families live elsewhere. A strong majority (75 percent) of 2012 households is married-couple families; next is female-householder families (15 percent) and male-householder families (10 percent).

Important to employers and potential employers is the fact that 64 percent of Lassen County’s 2012 households have no one under the age of 18 living there — indicating no workforce “pipeline.”

Figure 27 - Median Household Income⁴⁷



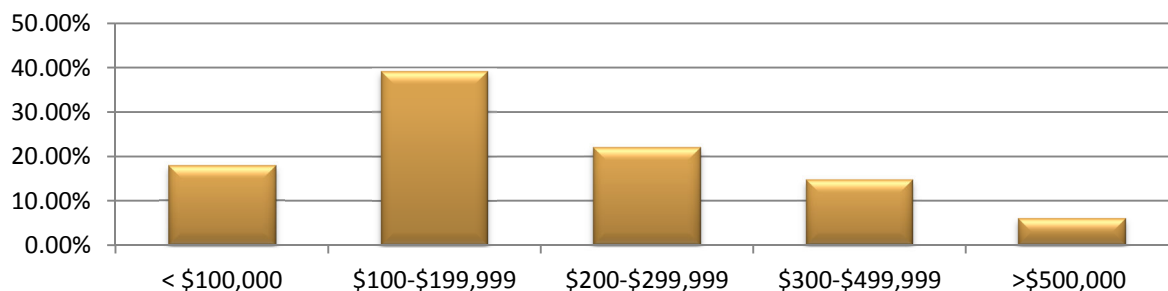
The largest sector of households is those earning under \$35,000 (33.91 percent) and over two thirds of those are earning less than \$25,000. Eleven percent of family households are at or below poverty status; a total of 680 households; 574 of these households include children.

⁴⁷ American Community Survey, 2013

D4. Housing

As of July 2012, 1 in every 310 housing units in Lassen County was in foreclosure (41 total). This is among the highest rates in the northern California counties.⁴⁸ The median home value in Lassen County is \$185,000⁴⁹. According to the U.S. Department of Housing and Urban Development, housing is considered “affordable” when families pay less than 30 percent of their income or less for housing (including rent or mortgage payments, insurance, taxes, and utilities). Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. Given that definition, 40.45% of housing units with a mortgage are considered unaffordable.⁵⁰ As with most areas in California and the nation, homes are not appreciating in Lassen County.

Figure 28 - Owner-Occupied Housing Values, 2013 (American Community Survey)



⁴⁸ Source: www.realtytrac.com

⁴⁹ American Community Survey, 2013

⁵⁰ Ibid.