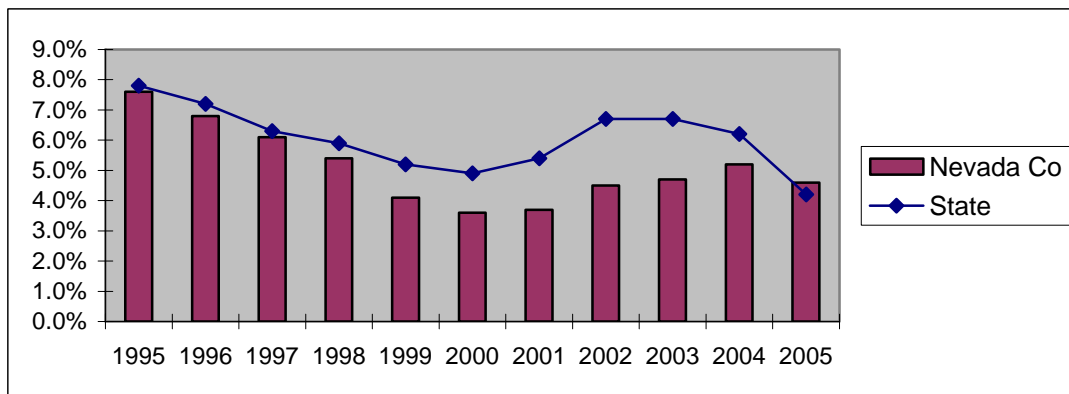

LABOR FORCE and EMPLOYMENT

This section looks at the labor force participation (unemployment), employment growth, and growth by sector and wages.

LABOR FORCE PARTICIPATION

In 2003, Nevada County's unemployment rate increased slightly, climbing from 4.5% to 4.7%. It grew again slightly in 2004 to the highest level of unemployment since 1998, then fell back to 2002 levels in 2005. (**Chart 3**) Until 2005, Nevada County's unemployment rate has been consistently less than California's over the previous ten years.

Chart 3
Comparison of Nevada County Unemployment Rates
To the State of California
1995-2005



Source: Employment Development Department, Annual Labor Force, 2006 State of California, Department of Finance, Revised Historical County Population Estimates and Components of Change July 1, 2001-2006

From 2001 to 2006, Wage and Salary employment has grown by 7,030 jobs or 18.2%. During the same time frame, population added only 6,300 residents. Clearly, jobs were created within the County that have been filled by workers from outside the County. Based on the 2000 Census, 59.2% of the Population 16 years and over (43,669) are in the labor force. Of those, 17% are self-employed.

Table 10 shows the Occupations of the civilian population 16 years or older. The majority of Nevada County labor force is in *Management* and/or *Professional Occupations* (34.3%), with another 26.8% in sales or office occupations.

Table 10
Occupations of the Civilian Population 16 Years or Older

Management, professional, and related occupations	34.3%
Service occupations	16.4%
Sales and office occupations	26.8%
Farming, fishing and forestry occupations	0.07%
Construction, extraction and maintenance	12.3%
Production, transportation and material moving occupations	9.5%

Source: 2000 Census

COMMUTER PATTERNS

Included as **Chart 4** is the 2000 Census information related to commuter patterns. (Note that CDP stands for Census Designated Place.) Overall, 27.6% of all Nevada County residents that are in the Labor Force commute out of the County to work, compared to 23.6 % in 1990, a noteworthy increase. Over 60% of the labor force living in the Lake of the Pines area leaves the County to work. The average commute time for these residents is 34.8 minutes, which would indicate they work in Placer County. Truckee has the second largest percentage of people commuting with an average commute time of twenty-three minutes, suggesting that many may be commuting to jobs in the north Lake Tahoe area of Placer County.

Chart 4
Percent Commuting out of County to Work

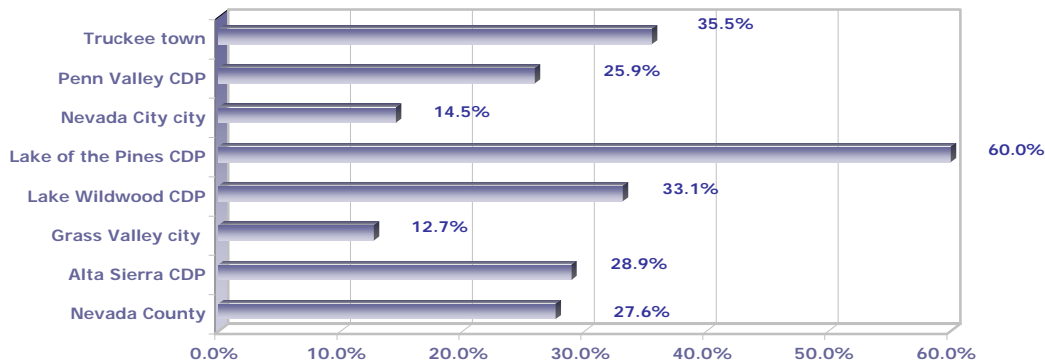
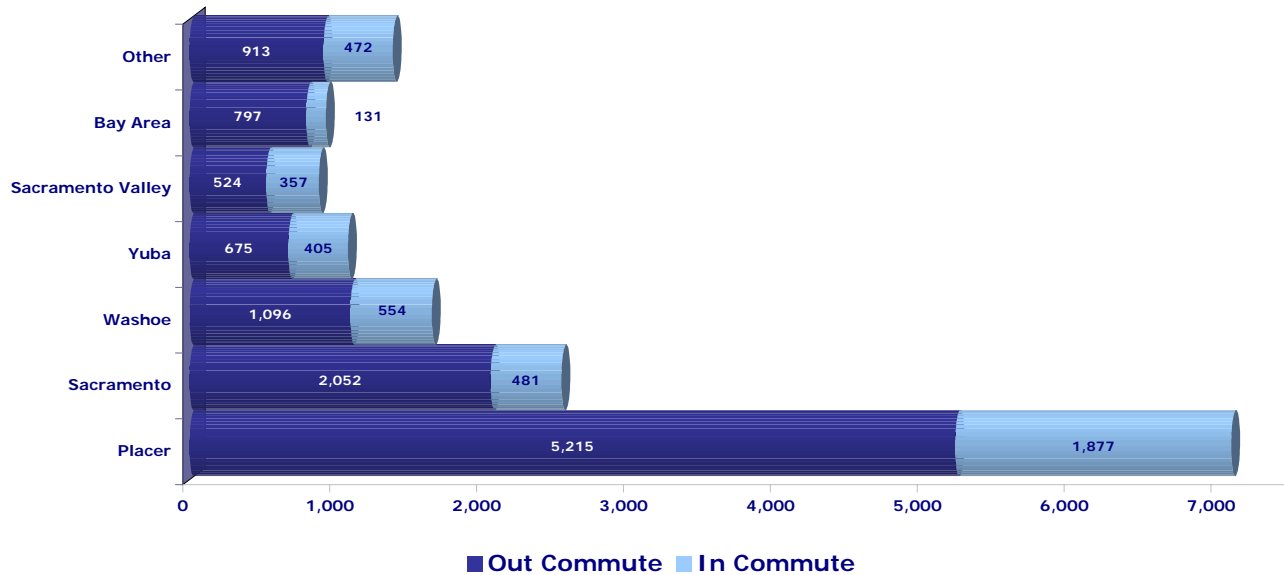


Chart 5
Nevada County Commute Patterns



Source: 2000 Census

So, more are commuting out of the County, but more jobs have been created, resulting in more than 4,200 commuting into the County, the net effect of which is increased employment within the County and more traffic in both directions on the major commuter routes.

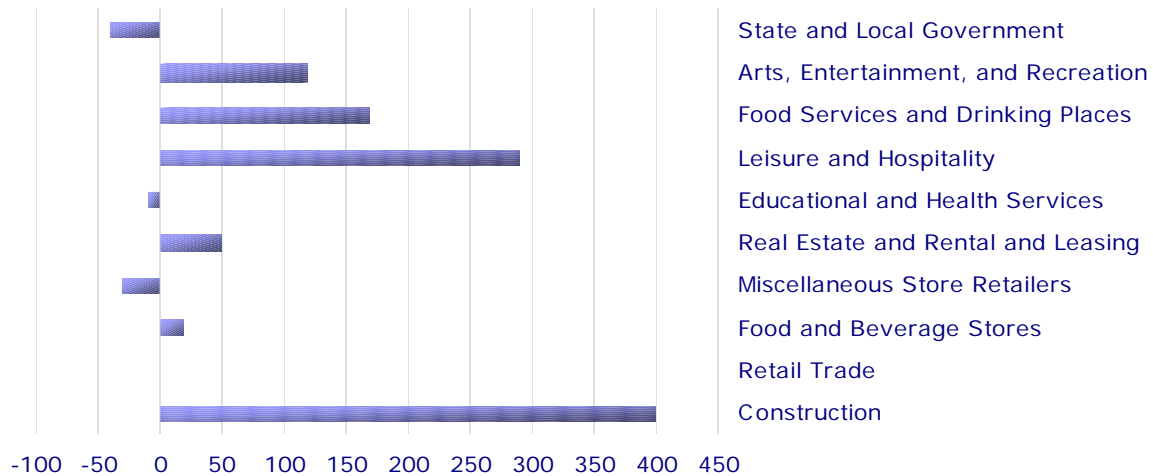
Chart 5 compares Nevada County residents commuting out of the county to workers commuting into the county. The largest number of out-of-the-county commuters (5,215 workers) worked in Placer County, compared to 1,877 workers commuting into Nevada County from Placer County. Another 5% of Nevada County workers travel to Sacramento County for employment, 3% into the State of Nevada, and nearly 2% commute to the Bay Area for work. For every ten people leaving Nevada County to work, four come into the County from other areas.

EMPLOYMENT BY INDUSTRY

Chart 6 shows the employment changes by major industry sectors from 2004 to 2005. Interestingly, comparison of data from the 2002-2003 report shows that two sectors showing large losses in 2002-2003, *Leisure and Hospitality* and *Construction*, accounting for losses of over 200 jobs in each sector, accounted for a combined gain of almost 700 jobs during 2004-2005. *State and Local Government*

continues to show a declining trend and was still leading in the largest number of jobs lost. In 2003, *Education and Health Services* experienced the only gain in employment, adding 200 jobs, but showed a very minor decline in 2004-2005.

Chart 6
Employment Changes by Sector, 2004 - 2005



Source: *Employment Development Department, Annual Average Labor Force, 2005*

Table 11 is based on the new industry standard developed to define more clearly the newer industries in information services, health care delivery, and high-tech manufacturing. These industries were not adequately reflected under the Standard Industrial Code (SIC) system because they were not separately identified at the industry level. Thus, a new system has been developed that captures the dynamics of the 21st-century economy and changes as industry activity develops. Now, industry statistics are based on the North American Industry Classification System (NAICS). This new classification system is a more viable way of classifying industries and tracking new businesses and changes in economic activity. The transition period may be challenging to both data collectors and data users. NAICS uses a production-oriented approach to categorize economic units: Units with similar production processes are classified in the same industry. Thus, NAICS focuses on how products and services are created, as opposed to the SIC focus on what was produced. This approach yields significantly different industry groupings. Therefore, this information is not directly comparable to previous employment by industry indicators.

The data in **Table 11** show that Nevada County has experienced an overall increase of almost 1000 jobs from 2001 through 2005. The private sector registered 1100 new jobs, while government employment declined by 100. The largest increase came in the *Service Providing* sector, which showed 700 more jobs created in the four-year period. *Educational and Health Services*, *Construction*, and *Leisure and Hospitality* showed substantial gains, but most other sectors showed static activity or minor losses. Though total employment figures for farm labor are small, there was a 20% reduction in those jobs.

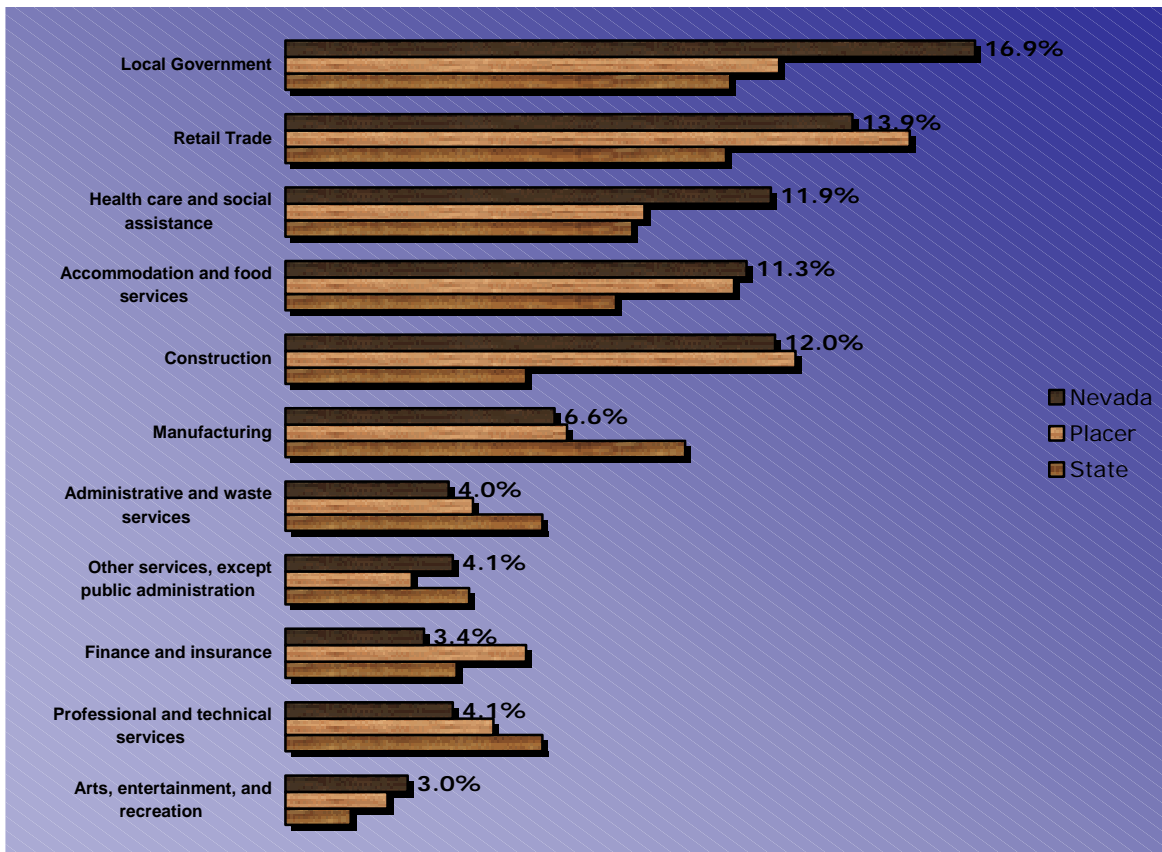
Table 11
Nevada County
Industry Employment & Labor Force - by Annual Average
March 2005 Benchmark

TITLE	2001	2002	2003	2004	2005
Total, All Industries	28,890	29,470	29,000	29,130	29,840
Total Farm	100	100	100	90	80
Total Nonfarm	28,790	29,360	28,900	29,040	29,770
Total Private	23,240	23,550	23,240	23,550	24,340
Goods Producing	5,390	5,140	4,880	5,230	5,670
Natural Resources, Mining and					
Construction	3,290	3,320	3,050	3,320	3,720
Manufacturing	2,100	1,820	1,820	1,910	1,940
Service Providing	23,410	24,220	24,030	23,810	24,100
Trade, Transportation and Utilities	5,200	5,310	5,120	4,990	4,960
Wholesale Trade	500	500	440	420	420
Retail Trade	4,160	4,260	4,150	4,050	4,050
Food and Beverage Stores	1,160	1,170	1,110	1,090	1,110
Residual-Miscellaneous Store Retailers	3,000	3,090	3,040	2,970	2,940
Transportation, Warehousing and					
Utilities	540	55	530	510	490
Information	380	390	360	370	390
Financial Activities	1,610	1,730	1,660	1,650	1,590
Finance and Insurance	1,090	1,160	1,150	1,130	1,030
Real Estate and Rental and Leasing	530	570	510	520	570
Professional and Business Services	2,490	2,510	2,580	2,360	2,430
Educational and Health Services	3,430	3,580	3,820	3,840	3,830
Leisure and Hospitality	3,670	3,800	3,740	4,020	4,310
Food Services and Drinking Places	2,300	2,340	2,240	2,390	2,560
Residual-Arts, Entertainment, and					
Recreation	1,370	1,460	1,500	1,630	1,750
Other Services	1,070	1,100	1,100	1,090	1,160
Government	5,560	5,810	5,660	5,490	5,430
Federal Government	440	430	410	400	380
State and Local Government	5,120	5,380	5,240	5,090	5,050
State Government	680	660	660	440	400
Local Government	4,440	4,720	4,590	4,650	4,650

Source: CA Employment Development Department, Labor Market Information

Comparing Nevada County's 2005 employment to Placer County, **Chart 7**, shows that Nevada County has a higher dependence on *Arts, Entertainment and Recreation, Education and Health Care and Social Services and Local Government*. Placer County has surpassed Nevada County in *Construction* employment and *Manufacturing*, although both counties surpass the State in *Manufacturing* employment. The top employment sector in Placer County is *Retail trade*.

Chart 7
Comparison of Nevada County's Top Ten Employment Sectors to Placer County and to California



Source: California Employment Development Department, Labor Market Information, ES202 Data, Annual 2005

A comparison of *Total Full-time and Part-time Employment (Table 12)*, as reported by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA), shows that, though Nevada County's *Wage and Salary* employment is steadily increasing, it is decreasing as a proportion of all jobs. The number of *Non-farm Proprietors* (i.e., entrepreneurs) increased by nearly 2,000 from the years 2002 through 2004.

Table 12
Total Full-Time and Part-Time Employment
2002-2004

TYPE	2002		2003		2004	
	Number	Percent	Number	Percent	Number	Percent
Wage & Salary Jobs	31,832	60.1	31,686	59.0	31,899	58.2
Number of Proprietors	21,068	39.8	21,987	41.0	22,902	41.8
Non-farm	20,595	39.0	21,532	40.0	22,456	40.9
Farm	473	0.3	455	0.8	446	0.8

Source: Bureau of Economic Analysis

AVERAGE WAGE PER INDUSTRY

Where information was comparable, **Table 13** shows the Average Wages per Industry for the past three years.

Table 13
Nevada County Average Wage per Industry
2003 - 2005

Industry	2003		2004		2005	
	Total Workers	Average Wages	Total Workers	Average Wages	Total Workers	Average Wages
All	23,145	29,536	23,853	30,784	24,294	32,500
Natural Resources & Mining	297	36,345	285	42,068	310	43,680
Construction	2,814	35,204	2,066	37,076	3,525	40,040
Manufacturing	1,800	45,188	1,964	44,304	1,929	48,152
Wholesale Trade	448	34,840	*	*	417	34,632
Retail Trade	4,141	25,220	28,336	26,052	4,082	27,664
Transportation and Utilities	5,074	27,092	4,982	26,624	4,950	29,068
Financial Activities	1,653	41,964	1,633	44,148	1,556	45,084
Services	18,235	26,988	18,539	28,080	18,530	29,276
Information	339	31,772	362	39,468	391	47,704
Professional and Business Services	2,548	32,448	2,346	34,580	2,453	35,724
Education and Health Services	3,786	31,200	3,833	32,968	3,769	34,840
Leisure & Hospitality	3,684	13,468	4,201	14,248	4,193	15,392
Other	1,143	21,424	1,173	22,100	1,214	23,452
Government	5,636	38,670	5,537	41,132	5,485	42,761

Source: Employment Development Department, Labor Market Information, ES202 Data

* Data for 2004 do not meet BLS and State Agency disclosure standards

From 2003 to 2005, the average annual wage per worker rose by \$2,964. This represents an increase of 10%, compared to only a 1.9% increase from 2001 to 2002. The most significant percentage wage growth was in the *Information* sector with a 15% job growth and a 50.1% increase in average wages. Other sectors making significant gains were *Natural Resources and Mining* (20.2%), *Construction* (13.7%), and *Professional and Business Services* (10.1%). For these sectors this was a dramatic reversal from the previous reporting period (2001-2002), which showed a 2% decline.

The *Wholesale Trade* sector in Nevada County continues to be problematic. That was the only sector showing an absolute decline in numbers of employed workers and a slight decline in average wages over the 2003-2005 period. It is the third smallest employment sector in the County.

In 2005, *Manufacturing* continued to be the industry paying the highest wages. The lowest paying employment sector is *Leisure and Hospitality* whose workers are mostly part-time and receive just 47% of the overall annual average wage.

REGIONAL COMPARISON OF AVERAGE WAGE PER INDUSTRY

Nevada County wage incomes exceed those of El Dorado County and Sierra County within the region, but trail Placer County figures. During 2005, total average wages were significantly below the statewide average but have improved relative to the rest of the state over the period. Nevada County average wages were 78% of the statewide average in 2005. This is an increase from 72% of the statewide average in 2002. The only industries with wages higher than the statewide average are in Natural Resources and Mining. By specific industries, a major discrepancy exists in local versus state wages in all elements of the Services Sector, which is 66% of the statewide average.

Table 14
Regional Comparison of Average Wage per Industry, 2005

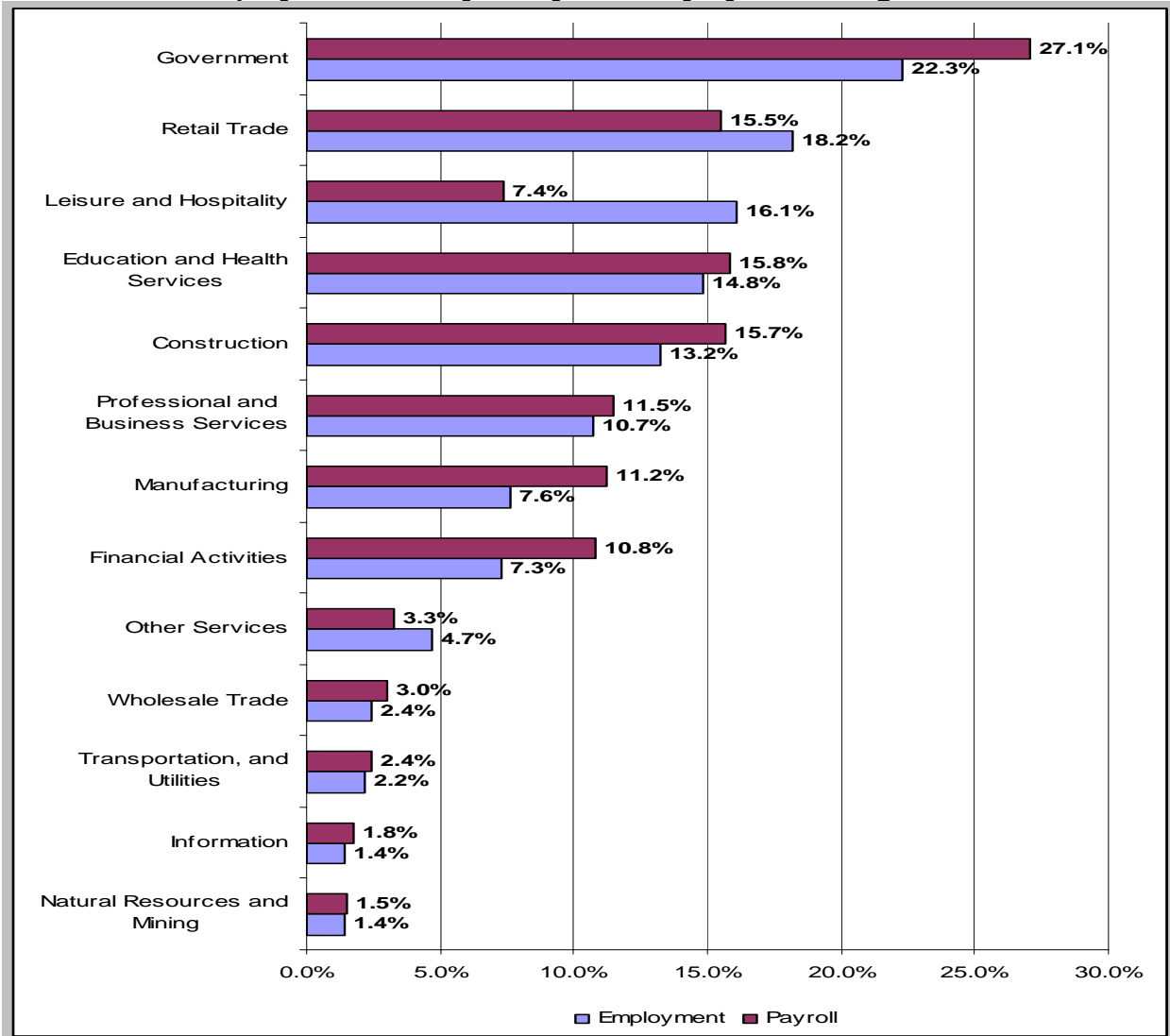
	EI				
	Nevada	Dorado	Placer	Sierra	State
All Private	35,500	34,164	39,728	26,000	45,656
Natural Resources & Mining	43,680	21,788	25,532	34,996	25,064
Construction	40,040	42,640	44,408	36,036	45,656
Manufacturing	48,152	42,692	67,548	46,124	59,748
Wholesale Trade	34,632	44,356	47,736	(S)	56,576
Retail Trade	27,664	26,988	29,640	17,680	29,380
Transportation and Utilities	29,068	30,056	33,488	21,632	38,844
Services	29,276	32,448	36,140	18,096	44,408
Information	47,704	43,732	54,392	(S)	84,136
Financial Activities	45,084	45,604	60,996	32,448	72,176
Professional and Business Services	35,724	47,424	42,380	(S)	54,756
Education and Health Services	34,840	36,504	40,664	21,996	42,588
Leisure & Hospitality	15,392	14,352	15,600	12,480	21,216
Other	23,452	25,740	26,572	12,376	23,712
Government	42,761	48,810	41,565	36,140	52,936

Source: Employment Development Department, Labor Market Information ES202
(S) – Data suppressed to avoid disclosure of data on individual companies.

PAYROLL BY INDUSTRY

A comparison of Nevada County's Payroll by Industry to the employment base (**Chart 8**) shows that workers in the *Government, Education and Health Services, Construction, Professional and Business Services, Manufacturing, Financial Activities, Wholesale Trade, Transportation and Utilities, Information, and Natural Resources and Mining* sectors earn larger percentages of total wages than the percentages of those sectors in the total work force. In order, *Financial Services, Manufacturing, and Government* had the greatest disparity between industry earnings versus proportion of total employment.

Chart 8
Comparison of Nevada County
Employment vs. Payroll by Industry by Percentage 2005



Source: California Employment Development Department, Labor Market Information, ES202 Data, 2005