

The Ridgecrest Economy in 2020



RIDGECREST
CHAMBER OF COMMERCE



THE RIDGECREST ECONOMY IN 2020

February 2020

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Executive Summary: The Ridgecrest Economy

Ridgecrest is located in the northeasternmost corner of Kern County in the Indian Wells Valley.

The economic community is diverse, dominated by a symbiotic connection to the China Lake Naval Air Weapons Station, mining, and a thriving visitor serving industry.

The city and surrounding area have a population of nearly 36,000 people in 2020. Due largely to the growth of the base, the overall population of the region has been steadily increasing.

Ridgecrest is a jobs center, with a number of growth engines. The principal one is China Lake. Nearly 5,200 federal civilians are employed on the naval air base, accounting for 34 percent of all jobs in the

region. With contractors and military personnel, the total on-base population has reached 8,107.

Many workers commute from surrounding communities, principally to the base, followed by sectors serving visitors and the retail industry. But the average commute for workers in Ridgecrest is 23.4 minutes which is less than the national average.

Red Rock Canyon and Death Valley National Park are the two closest visitor attractions in addition to the eastern Sierra Nevada.

Film activity in the area has been prolific over the last 50 years due to the natural and unique geological formations and canyons.



Executive Summary: The Ridgecrest Economy

Earthquakes

Major Earthquakes in Ridgecrest

Aug 1995	5.4
Sept 1995	5.8
Nov 1996	5.3
July 4, 2019	6.4
July 5, 2019	7.1
Jan 20, 2020	3.1

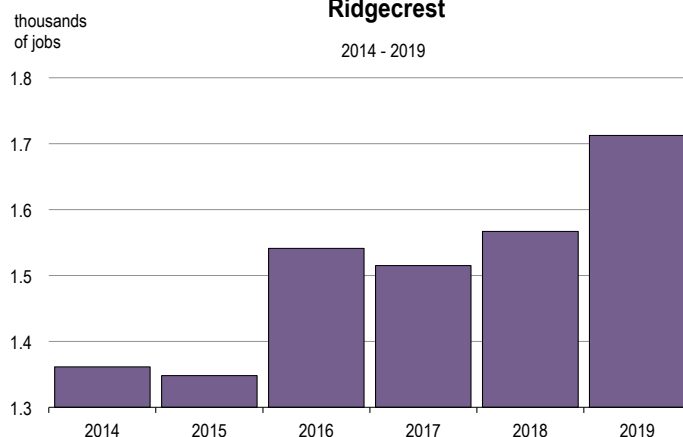
Two of the biggest quakes in California in the last 10 years were epicentered immediately north and northeast of Ridgecrest on July 4 and 5 of 2019. Only light damage occurred to homes and structures in the City. However, the naval base experienced damage to many facilities with 70 structures sustaining severe damage. The total estimated cost of repair or replacement is \$4.1 billion. Over half of that estimate is going toward demolition and new construction of facilities, utilities, and roads. Much of that funding has been appropriated or will be through the military construction (MILCON) budget.

For fiscal year 2020 (this year), a total of \$1.78 billion is approved for distribution. For FY2021, another \$1.22 billion of MILCON funding has been appropriated. Major construction on-base will be apparent this calendar year and next.

Employment

During 2019, more than 300 jobs were created by local companies and organizations in Ridgecrest, and the area's average salary increased sharply.

Engineering and Business Services Employment Ridgecrest



The engineering and business services sector represents the second largest component of the Ridgecrest job market, employing over 1,700 workers in 2019. This sector largely supports the base and is higher paying than other labor market sectors.

The unemployment rate in the greater Ridgecrest area is 5.2 percent, the lowest rate ever recorded. Within the city of Ridgecrest, the unemployment rate is estimated at 2.5 percent (December 2019), and is one of the lowest rates for cities in California. Labor

Unemployment Rate / City of Ridgecrest



Executive Summary: The Ridgecrest Economy

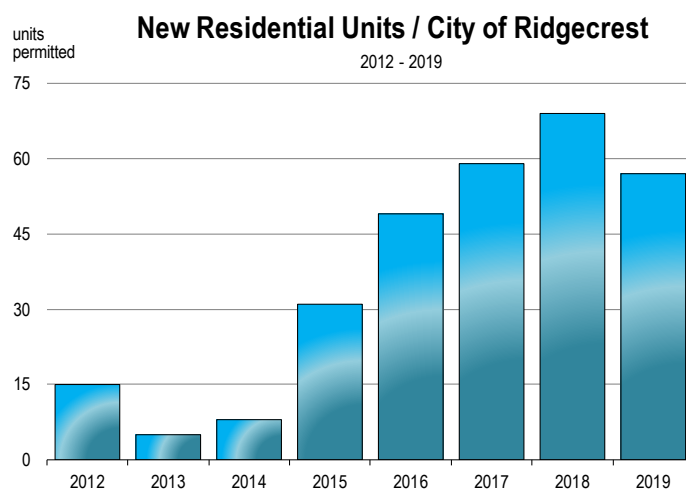
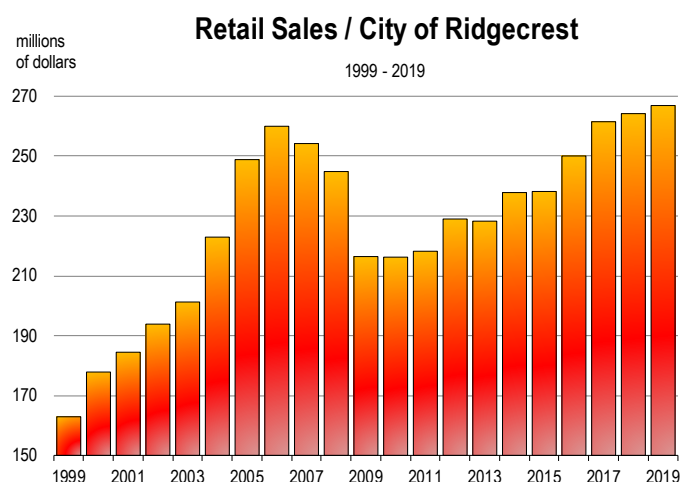
markets here and throughout California continue to record low rates of unemployment, signaling that nearly everyone in the labor force looking for work can find a job.

The largest employer in the region is the Air Naval Weapons Station, followed by Ridgecrest Regional Hospital and Searles Valley Minerals.

Tourism and Retail Sales

Local hotel / motel occupancy appears to be at record levels in California's high desert region. It is likely to continue rising when more construction workers need temporary quarters during the earthquake recovery efforts at the base.

Rising employment and population have increased total income in the region and spending in the City. Retail sales are now at their highest levels ever recorded, after rising an estimated 1.0 percent in 2019. Despite the retail apocalypse prevailing throughout the nation at this time, localized sales on goods and services continue to rise, not only from resident spending but from the significant flow of visitors in the area.



New Development

Within the city limits, there have been 265 new units permitted since 2015, nearly all of them single family detached homes.

New housing permits had been rising each year since 2013. However, last year, the number of new homes authorized by the City of Ridgecrest was less than total units receiving permits during 2018.

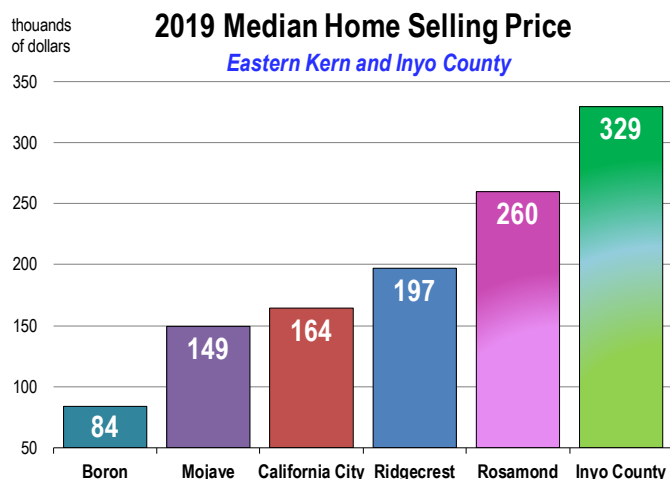
Home Prices

Zillow estimates the overall value of existing homes in the Ridgecrest area at \$195,000 (January 2020) and the median selling price at just over \$197,000. However, newer homes are selling for much higher prices.

Compared to other cities in Eastern Kern County, only housing values in Rosamond eclipse values in Ridgecrest. And largely due to selling prices in Bishop, median home selling values in Inyo County are higher than home values throughout most of Kern County.

There were 31 mobile homes for sale in Ridgecrest and 9 in Inyokern on February 17, 2020. The

Executive Summary: The Ridgecrest Economy



range of mobile home listing prices was \$4,950 to \$178,500. The total inventory of mobile homes in Ridgecrest was estimated at 943 in 2019.

For new homes, asking prices are substantially higher than existing homes. For the 36 homes listed using Realtor.Com on February 17, 2020, the average listing price was \$343,839. The median listing price was \$349,750. The price range for 34 of the 36 homes was between \$239,000 and \$440,000. The remaining two listings were between \$465,000 and \$499,000.

New Home Listings Ridgecrest

Listing Price Range	Number of Homes
\$200 to \$300,000	12
\$300 to \$400,000	15
\$400 to \$500,000	9
Total	36

Source: Realtor.Com / February 17, 2020

The 2020 Outlook for the Greater Ridgecrest Area

The economic expansion prevailing throughout the nation since late 2009 will continue for the remainder of 2020. And perhaps into 2021 though the future that far out is too blurry to call at this point in time.

Currently, many of the indicators that traditionally provide clues about an impending slowdown in growth are still signaling strength, both in the U.S. and in California.

Labor markets are fully utilized; wages are rising for nearly all sectors; and the outlook for global growth which materially impacts the U.S. economy has improved over the last 6 months, especially with the signing of the USMCA agreement and Phase 1 of the U.S.-China Trade dispute. With Brexit now complete, the U.S. will renegotiate a trade deal with Great Britain that should benefit both nations.

It appears that the current Administration in Washington, D.C., will receive a budget from Congress that is close to the asking amounts for the Department of Defense for FY2021. Currently DOD spending has been rising since the new Administration took office in 2017.

The growth of NAWS China Lake has moved in tandem with a rising DOD budget. Because of this and especially with \$3 billion earmarked for base earthquake repair, a significant economic stimulus is likely to prevail in the Ridgecrest sphere of influence for the next two or three years.

We expect construction employment to rise and base population numbers to increase. More spending in the Ridgecrest economy will occur, producing greater overall growth of the regional economy.

The Eastern Kern and Inyo Regional Economies

East Kern County

Ridgecrest is in the northeastern most corner of the broader Eastern Kern County region. Historically the location of the principal borax mining in the nation, today the U.S. Navy and Air Force dominate the region, operating the large and strategic facilities of China Lake NAS and Edwards AFB, employing thousands of direct workers and creating thousands of indirect jobs as a result of their economic reach.

The Mojave Air and Space Port is a principal industrial park and industrial center for Eastern Kern County.

Rio Tinto's open pit U.S. Borax mine in Boron, California, still mines over 12,000 tons of industrial borates daily providing nearly half of the world's total supply. The company employs 800 workers at the site.

Solar Star in Rosamond is the largest solar farm in the U.S. with 5 square miles and 1.7 million solar panels. The facility accounts for nearly 3 percent of the electricity supply from solar energy in California.

Energy projects and military technology dominate the Eastern Kern economy, along with mining in the Trona and Southern Kern County areas. The

Eastern Kern County Population 2019

City /Town	Residents
Inyokern	1,130
Boron	2,466
Mojave	6,067
California City	15,760
Rosamond	20,160
Ridgecrest	35,764

Source: California Department of Finance, GAVEA, Environics Analytics

Military Installations Eastern Kern County

Facility	Civilian Jobs	Military Jobs	Total Payrolls
Edwards AFB	6,983	2,246	\$695 million
China Lake NAWS	5,185	616	\$503 million
Total	12,186	2,862	\$ 1,198 million

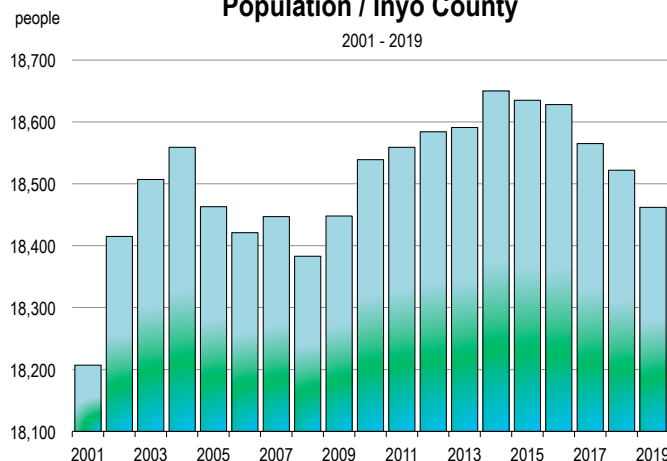
two military installations represent the dominant economic engine of Eastern Kern.

Inyo County

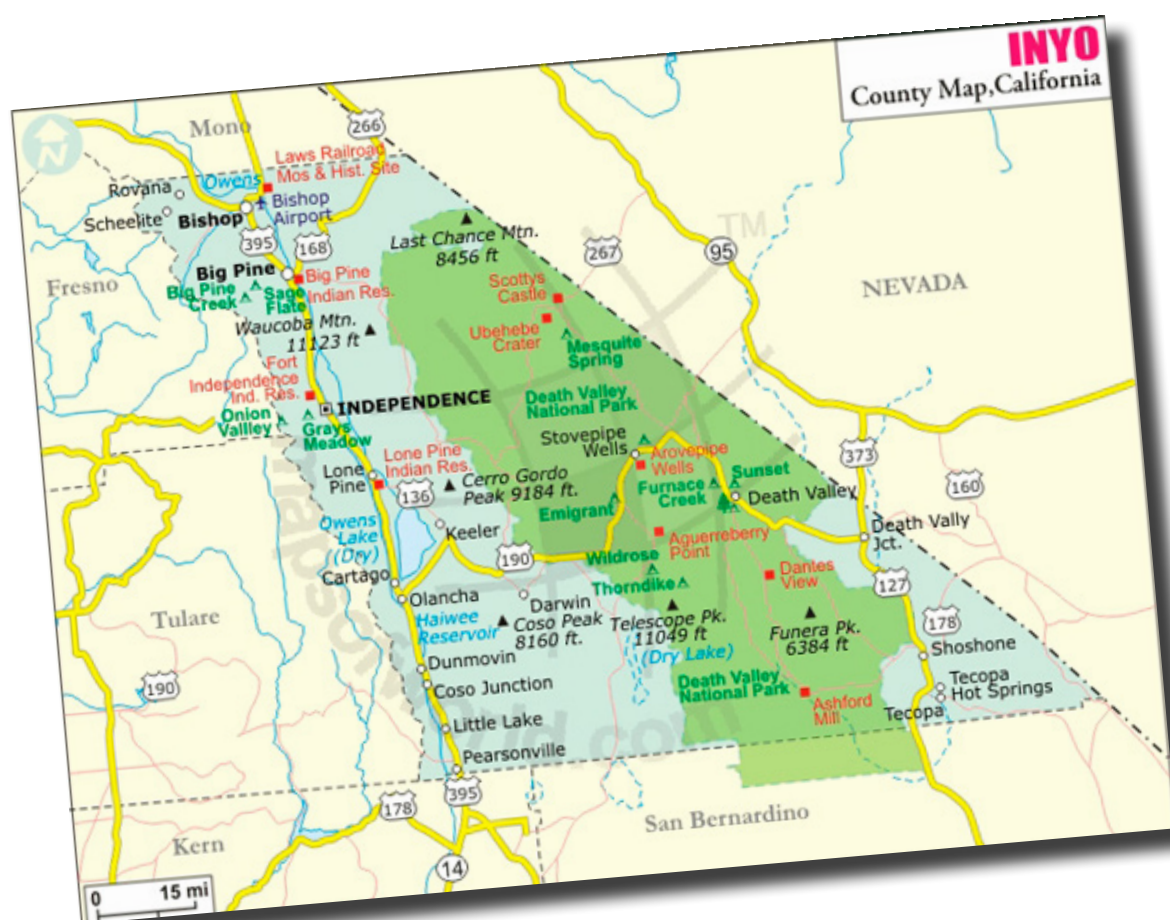
The County line is 12 miles north of Ridgecrest. The County includes 125 miles of Highway 395 bordering the Eastern Sierra, and Death Valley National Park which continues to set visitor attendance records every year.

Inyo County has a population of 18,460 people. But unlike Kern County, the population is now in steady decline, due largely to the age demographics indicative of the County's resident population.

Population / Inyo County

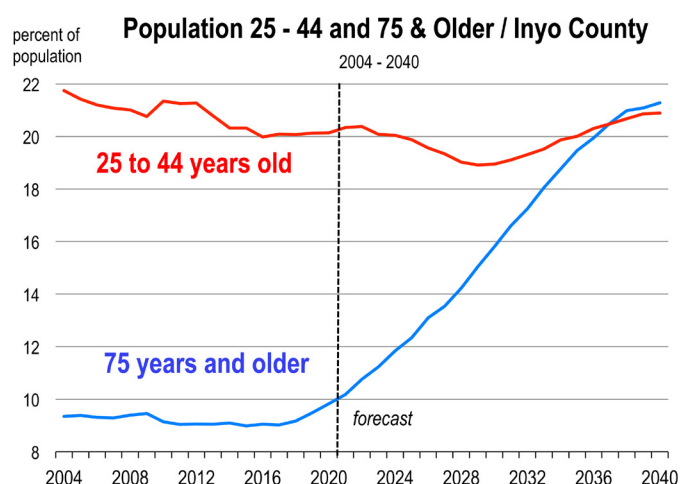


The Eastern Kern and Inyo Regional Economies

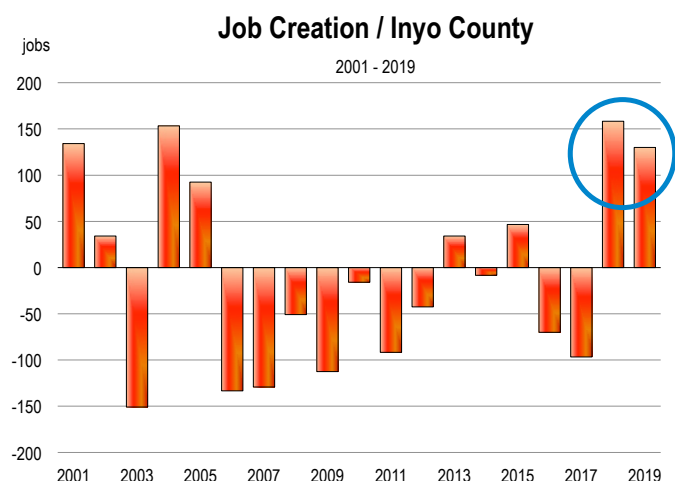


Inyo County

Inyo County's population is much older than the statewide average. In 2019, more than nine percent of the county's population was aged 75 or older, compared to just six percent of the total population in California. The number of deaths each year now exceeds births, and annual net in-migration has been negative since 2012. Given the age structure of the population, these trends will not change, meaning that the population will continue to decline over time unless the out-migration can be reversed.



The Eastern Kern and Inyo Regional Economies



The creation of jobs during the economic expansion has been nearly non-existent in Inyo County. And although during the most recent two years, positive total job growth was recorded, only two sectors of the economy contributed these jobs: leisure and hospitality, and local government.

The public sector---including the County government office, the City of Bishop and the Inyo County health and human services department---

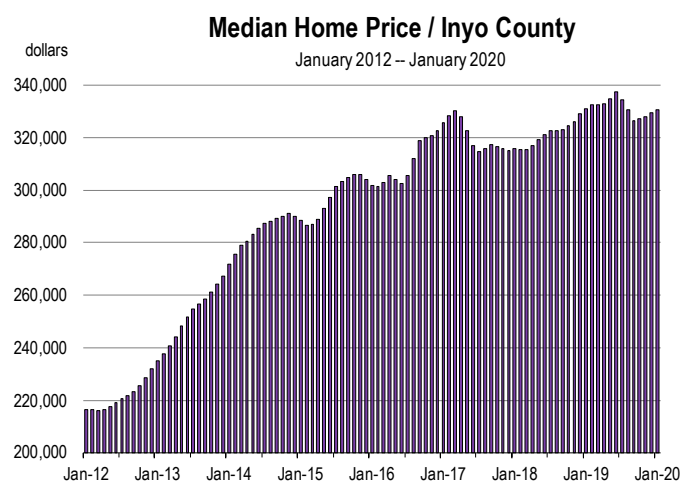
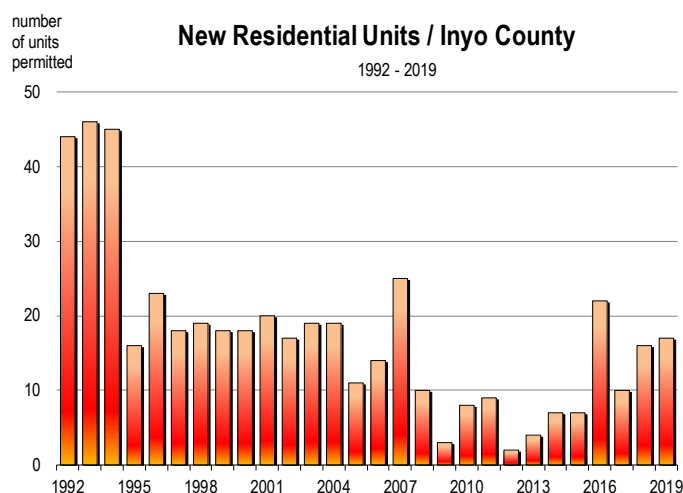
is the largest employment sector in Inyo County, accounting for more than 40 percent of all wage-and-salary jobs.

Aside from government, most employment is concentrated in leisure/recreation services, healthcare, and retail trade.

Because of the relatively stagnant population for most of this century, new development of homes or non-residential structures has been sparse. Only 17 new homes were permitted in 2019. Since 2001, only 240 new housing units have been authorized, an average of 13 per year.

Existing home prices have generally been rising throughout the current economic expansion. Appreciation rates have softened over the last year, rising just 3.2 percent in 2019. The January 2020 median home value as reported by Zillow was \$330,000.

Home sales were rising steadily since 2013 but total transactions declined nearly 16 percent in 2019.



Naval Air Weapons Station China Lake

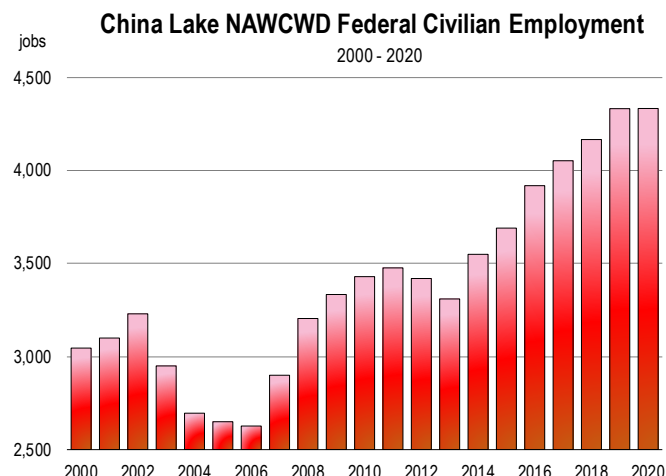
Introduction

The Naval Air Weapons Station is both within and borders the City of Ridgecrest. Its principal mission is to support research, development and testing of U.S. Navy programs involving weapons and armaments. The land area of the facility and its ranges account for 38 percent of total U.S. Navy land holdings world wide, with over 1.1 million acres.

There are a number of tenant commands located at China Lake. The principal ones are the following:

- Naval Air Warfare Center Weapons Division
- Air Test and Evaluation Squadrons
- Marine Aviation Detachment
- Explosive Ordnance Disposal Detachments
- Naval Facilities Engineering Command

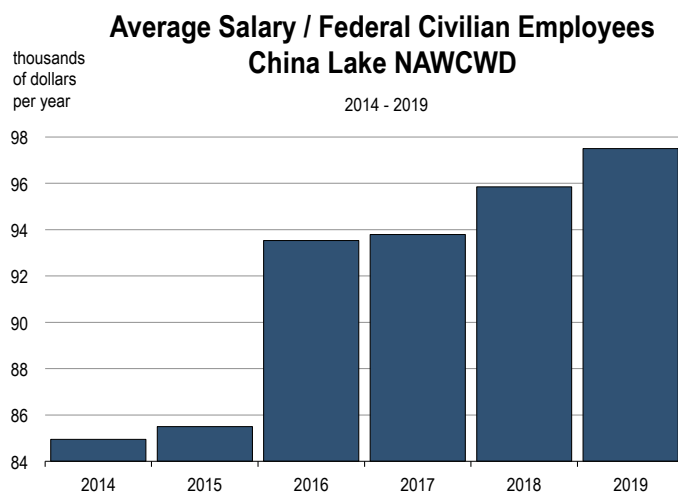
The Navy is the largest employer in Ridgecrest. The total federal civilian workforce at the base currently stands at 5,185. The largest tenant is the Naval Air Warfare Center Weapons Division with 4,334 federal employees. The active duty military headcount is 616. And on-base contractors number 2,306.



Therefore, the total on-base workforce is 8,107. This total represents a 2 percent increase over the level reported in 2017.

The NAWCWD workforce continues to grow steadily over time, especially in recent years in tandem with an annually increasing DOD budget since 2016.

Average salaries for federal civilians located on the base are the highest of any sector in the Greater Ridgecrest economy. Higher salaried personnel along with affordable housing alternatives for workers provides significant expenditure potential in the region for other goods and services besides housing.



Naval Air Weapons Station China Lake

Earthquake Recovery

A major issue with the base that has significant economic implications for the regional economy is the current effort underway to repair earthquake damage. The July 4th and 5th temblors of last summer caused estimated damages of \$4 billion to on-base buildings and infrastructure. To date, nearly \$3 billion has been appropriated for demolition, repair, and/or new construction:

Existing facility design and repair: \$627 million

FY20 MILCON replacement budget: \$1,152 million

FY21 MILCON replacement budget: \$1,216 million

It has been estimated that 20 percent of all buildings have been declared unsafe or currently have use restrictions. The total on-base building inventory was 1,527 as of 2015.

Work is underway for the design, replacement, or repair of existing facilities. A key challenge is obtaining construction resources for the 2 to 3 year project. Currently, construction labor is fully utilized throughout California. Also, there is limited housing in the Ridgecrest community to serve temporary construction workers. Consequently, the recovery effort could face potential delays for some of the large projects requiring immediate repair. These potential issues are recognized and being aggressively addressed by the Navy and community.

Outlook for China Lake Operations

The FY2020 budget is higher than FY2019, allocating more funding for base budget requirements to support the National Defense Strategy that is designed to compete directly with defense escalation within China and Russia.

The current Administration's 5 year budget shows modest increases in DOD spending through FY2025.

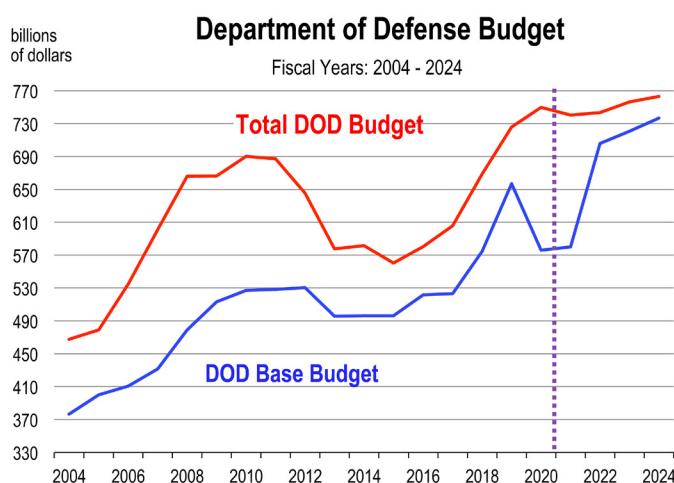
5 year DOD budgetary Scenario (February 2020)

FY21	\$741 billion
FY22	\$743 billion
FY23	\$756 billion
FY24	\$763 billion
FY25	\$768 billion

The DOD five year program has the total budget rising between 2.1 and 2.3 percent each year, to account for inflation. This has been the budget request of the current President. If Trump is reelected, the budget is likely to follow this path.

Under that scenario, the economy of the greater Ridgecrest area should also remain predictable and with steady growth. Furthermore, additional outlays directly allocated for the China Lake earthquake recovery provide a boost to the economy for at least the next 3 years and probably longer.

Congress usually revises presidential budget submissions substantially before passing them into law. Consequently, actual DOD numbers will be revised between now and the end of the year.

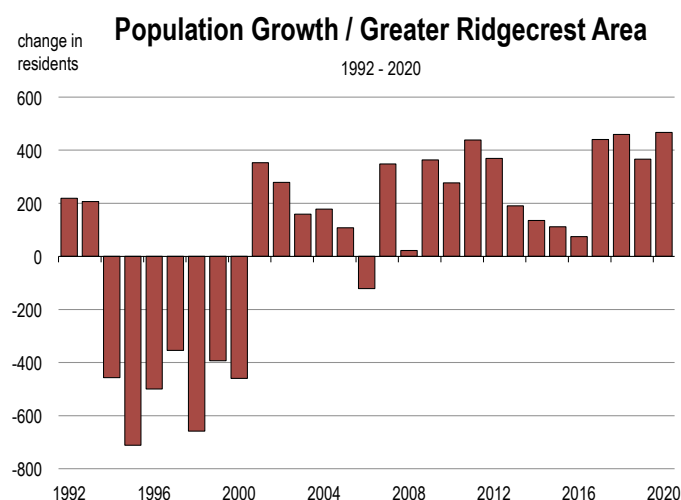
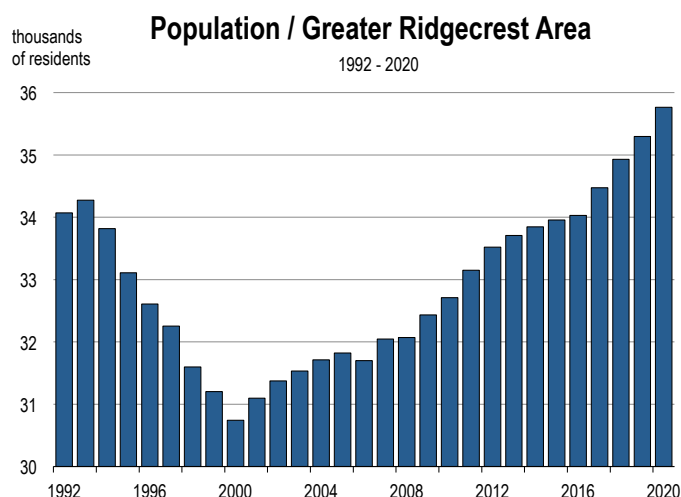


Demographics

Population Growth

The population of the Ridgecrest area is growing at a strong rate. The City of Ridgecrest gained 393 residents in 2020 while the Greater Ridgecrest Area gained 467 residents.

People are moving into the region for its healthy job market, and for real estate options that are more affordable than other parts of California.



Population by Age Group

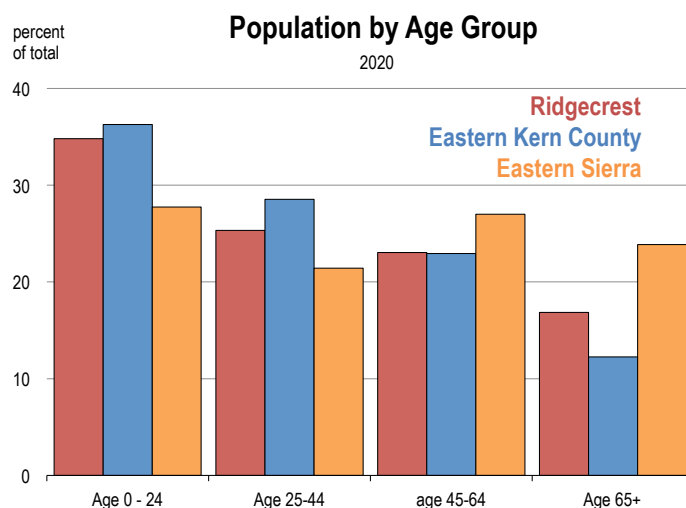
The population of the Ridgecrest Area is older than many parts of California, with a substantial share of residents above the age of 65. In 2020, almost 17 percent of Ridgecrest area residents were 65 or over, compared with less than 15 percent statewide.

Ridgecrest has a population that is slightly older than the rest of Eastern Kern County, but much younger than the Eastern Sierras. The Eastern Sierras is one of the oldest areas of California, with almost 24 percent of residents age 65 and up.

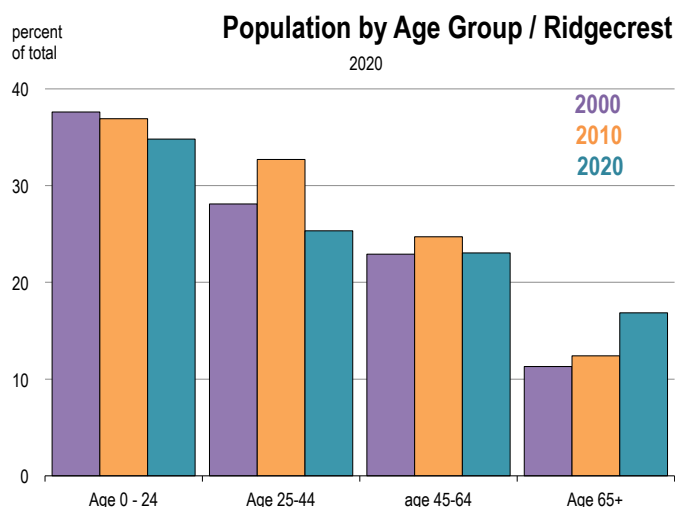
The Ridgecrest population has aged over time. During the last 20 years, the share of residents age 24 and under has fallen, while the share of residents age 65 and older has reached an all-time high.

The prime working-age group, which is comprised of residents age 25 to 64, rose sharply from 2000 to 2010, but then returned to its previous level by 2020. As of the most recent estimate, approximately 48 percent of Ridgecrest residents were in this group.

A declining youth population has led to lower school enrollments. Over the past 25 years, enrollment in



Demographics

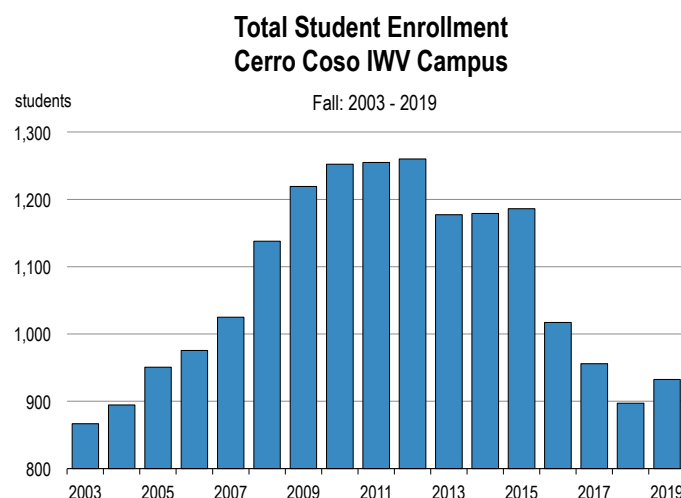


the Sierra Sands Unified School District declined by almost 2,000 students.

But over the past few years, total enrollment has increased slightly, primarily due to an increase in junior high and high school students. Whether this increase persists will rely on the number of children that are born in the coming years, as well as the number of young families that move to the region.

Enrollment at Cerro Coso has also ticked up recently, but is generally in a pattern of decline.

A shrinking number of community college students, who are primarily under the age of 25, is another

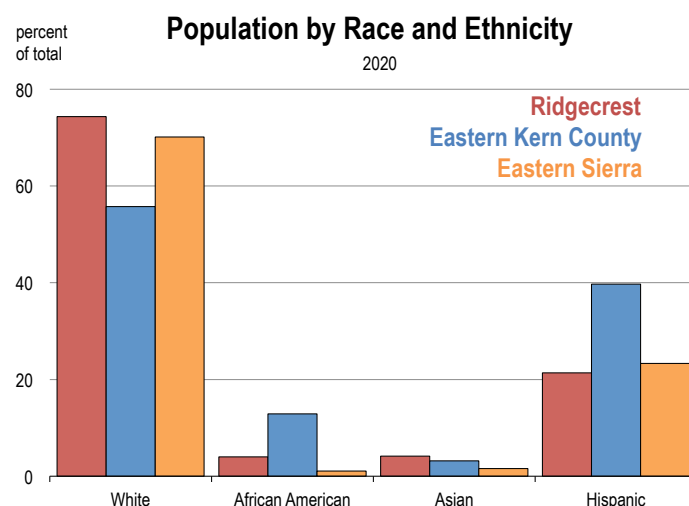
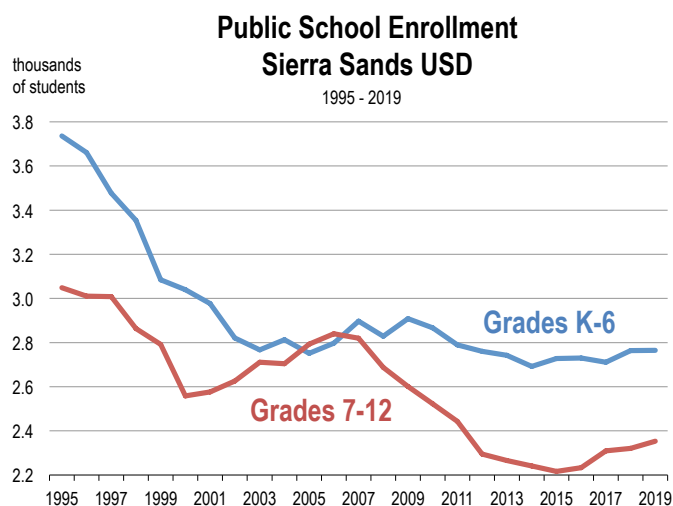


reason for the declining share of young people in the Ridgecrest population.

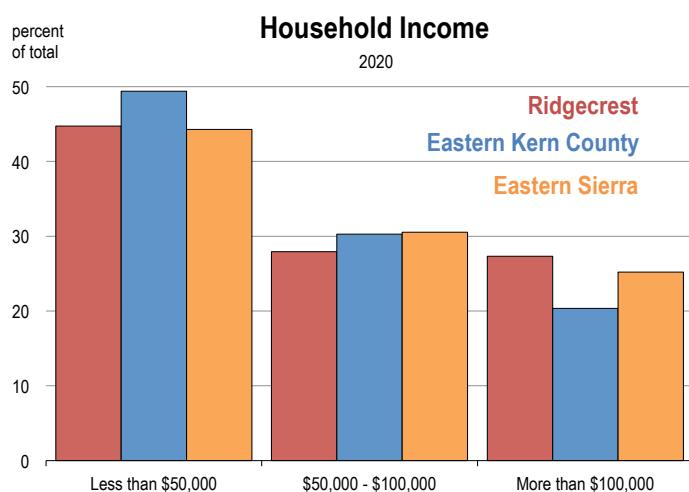
Population by Race and Ethnicity

The Ridgecrest area population is 74 percent White, 4 percent Black, 4 percent Asian, and 21 percent Hispanic (these figures sum to more than 100 percent because some Hispanic individuals also identify as White, Asian, Black, or another racial category).

The rest of Eastern Kern County has a higher share of Black and Hispanic, but a lower share of White



Demographics



and Asian residents. The Eastern Sierra region has more Hispanic residents, but fewer residents who are White, Black, or Asian.

Household Income

Ridgecrest is a more affluent area than the Eastern Sierras or the rest of Eastern Kern County.

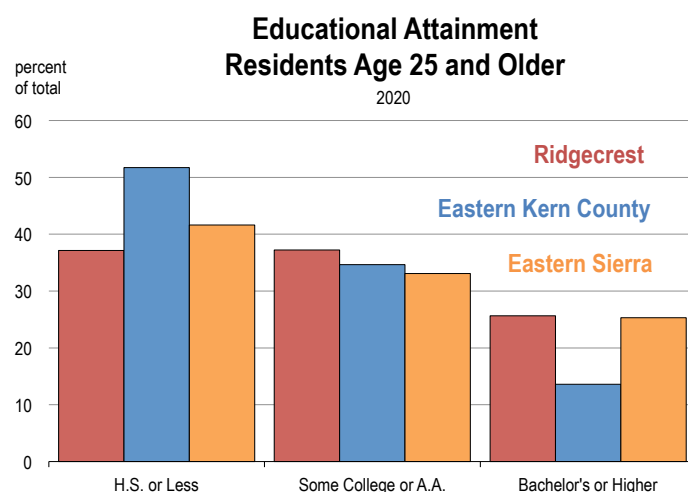
More than 27 percent of households in Ridgecrest earn more than \$100,000, compared to just 25 percent of households in the Eastern Sierras and 20 percent of households in Eastern Kern County.

Only 45 percent of Ridgecrest households earn less than \$50,000, and only 29 percent of households earn between \$50,000 and \$100,000.

Education

The Ridgecrest area has a higher proportion of residents with a 4-year college degree than either the Eastern Sierras or Eastern Kern County. This is largely due to the presence of the China Lake Naval Weapons Station, which has many engineers and other positions that require advanced degrees.

Ridgecrest also has a large number of individuals who have an associate's degree. In fact, there are more Ridgecrest residents with an associate's

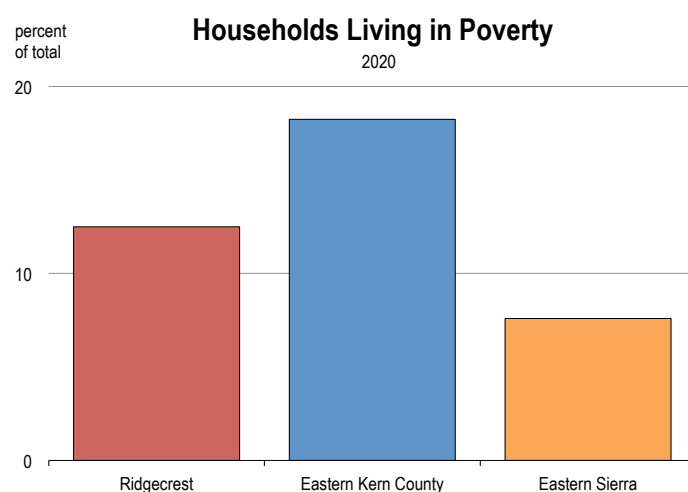


degree or some college training than people who have no college training, which is very uncommon across California.

Poverty

Eastern Kern County has a high rate of poverty, with 18 percent of households living below the poverty line in 2020. The Eastern Sierra region, by contrast, has a much lower rate, with just 8 percent of households under the poverty line.

The poverty rate in Ridgecrest is similar to the statewide average. In 2020, approximately 13 percent of households were below the poverty line in Ridgecrest, compared to 10 percent statewide.

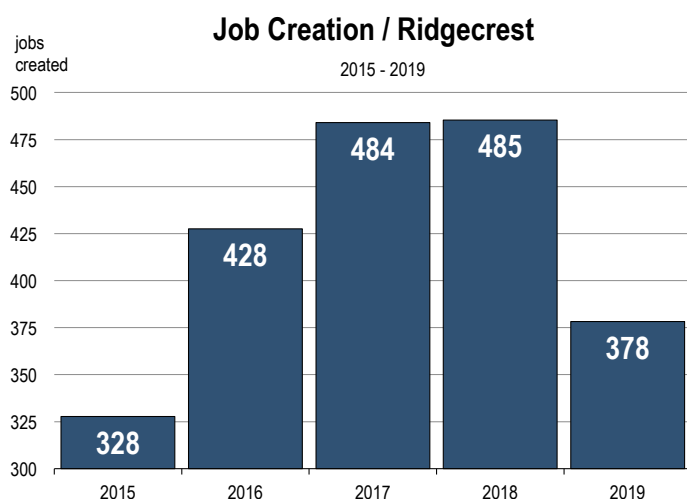
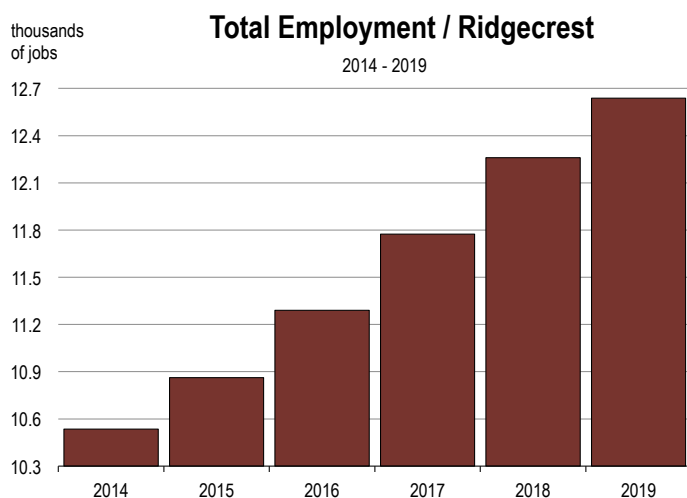


Employment and Income

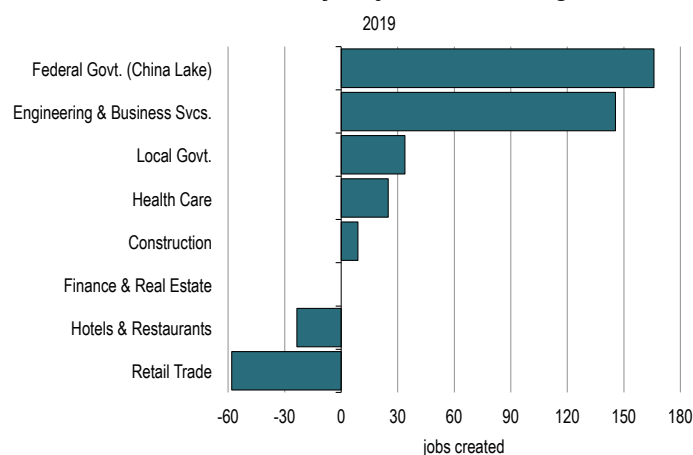
The Ridgecrest labor market had an outstanding year in 2019. More than 300 jobs were created by local companies and organizations, and the area's average salary increased sharply.

The local labor market is concentrated in five industries: healthcare, engineering and business services, hotels and restaurants, retail, and government. Combined, these sectors account for 75 percent of total wage-and-salary jobs in the Ridgecrest area.

In 2019, job growth was dominated by the Naval Weapons Station at China Lake, and by the engineering and business services sector.



Job Creation by Major Sector / Ridgecrest



Employment by Sector Ridgecrest Area 2019

Sector	Jobs	Share of all Jobs
Federal Government (China Lake)	4,872	38.6
Engineering & Business Services	1,713	13.6
Health Care & Social Assistance	1,395	11.0
Local Government	1,227	9.7
Retail Trade	1,198	9.5
Hotels and Restaurants	1,016	8.0
Construction	329	2.6
Finance and Real Estate	232	1.8
Private Educational Services	92	0.7
Information	89	0.7
Arts, Entertainment, and Recreation	85	0.7
Transportation and Warehousing	78	0.6
Manufacturing	78	0.6
Wholesale Trade	62	0.5
Total	12,638	

Source: Labor Market Information Division,
State of California and California Economic Forecast

Employment and Income

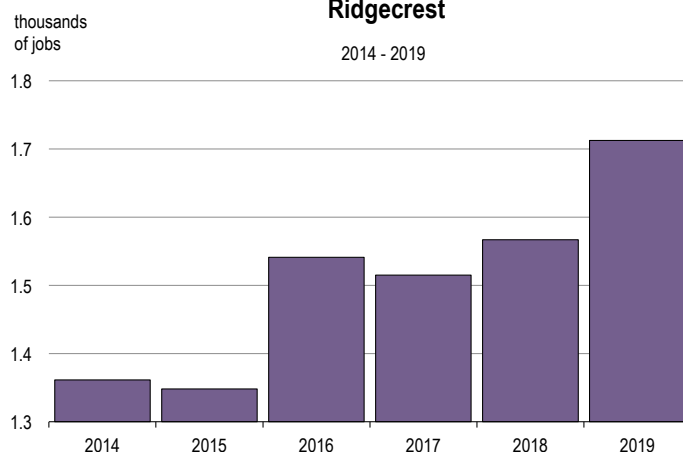
The Naval Weapons Station is the primary economic engine of the Ridgecrest area, providing the jobs and income that support the local economy. In February 2020, the principal tenant command reported 4,334 federal civilian employees. Other tenant commands reported 851 civilian workers pushing the total federal civilian employment on the base to 5,185 this year. This workforce accounts for more than 35 percent of all jobs in the greater Ridgecrest labor market.

The base has expanded its employee headcount consistently since 2013, creating more than 1,700 jobs in the process.

The base is also the location of 2,306 private contractors, many of whom are engineers that work at local engineering firms.

The engineering and business services sector represents the second largest component of the Ridgecrest job market, employing 1,713 workers in 2019. Firms in this sector include Jacobs

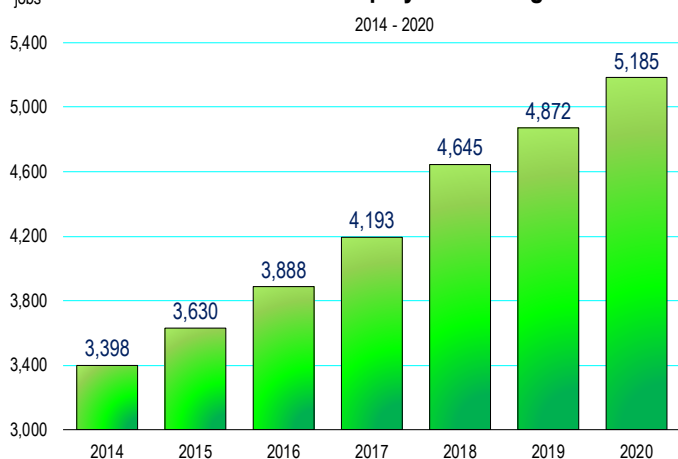
**Engineering and Business Services Employment
Ridgecrest**



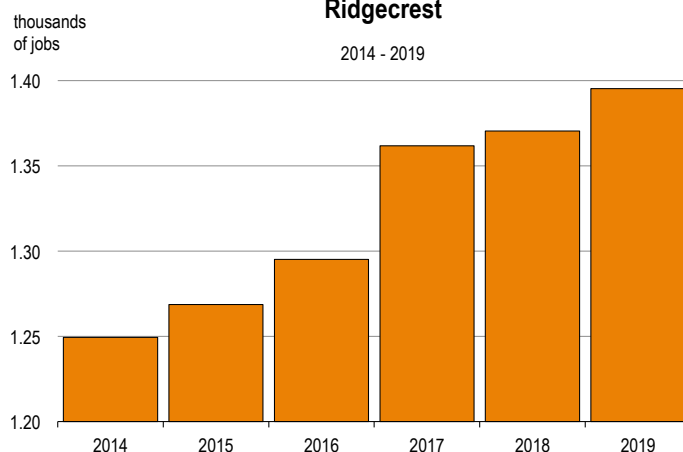
Technology and Saalex, which employ a combined total of almost 400 workers in Ridgecrest.

The healthcare sector employed almost 1,400 workers in 2019, accounting for 11 percent of the Ridgecrest job market. More than half of these jobs were at Ridgecrest Regional Hospital, while the others were in smaller clinics, doctor's offices, nursing care homes, and other establishments.

Federal Civilian Employment / Ridgecrest

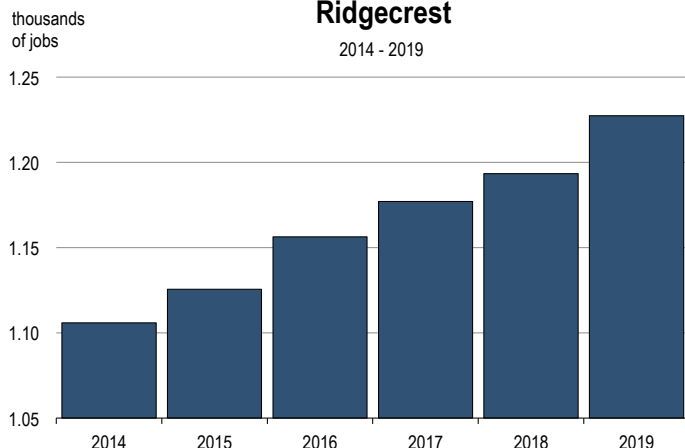


**Employment in Healthcare and Social Assistance
Ridgecrest**



Employment and Income

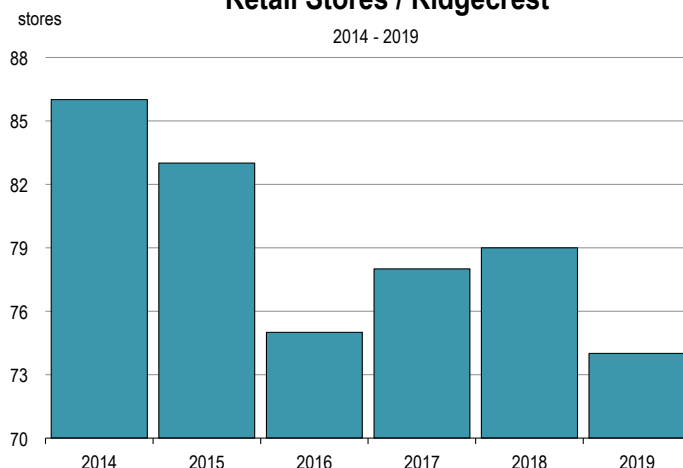
**Employment in Local Government
Ridgecrest**



Local government agencies, including the Sierra Sands Unified School District, employed approximately 1,200 faculty, staff, and administrators in 2019. Local government agencies have been slowly expanding their headcounts, creating approximately 120 jobs over the last five years.

The only sector to lose a substantial number of jobs has been retail, which has declined from 1,366 workers in 2015 to 1,198 in 2019.

Retail Stores / Ridgecrest

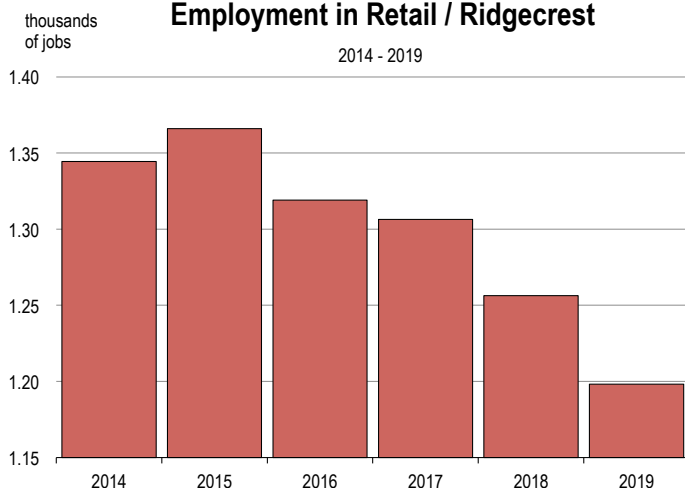


These declines have occurred alongside the national “Retail Apocalypse,” which has been punctuated by bankruptcies and closures of retail firms across the country. In Ridgecrest, the total number of retail stores has fallen from 86 in 2015 to 74 in 2019.

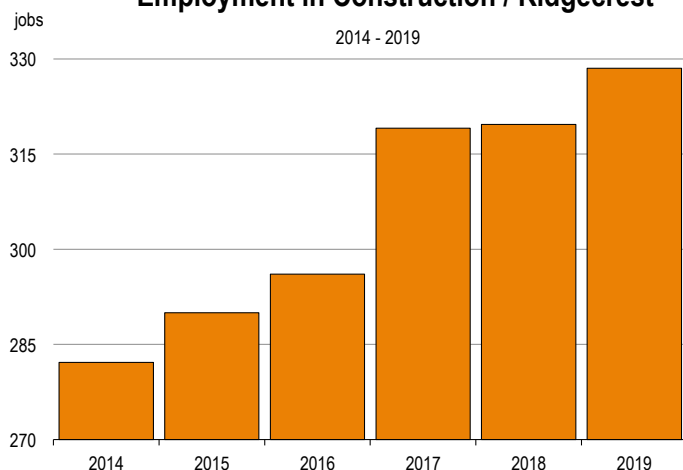
In 2019, Ridgecrest had 329 construction jobs, but this number is expected to increase sharply in 2020.

During the earthquakes of July 4th and July 5th of 2019, approximately 230 buildings were damaged at the China Lake Weapons Station.

Employment in Retail / Ridgecrest



Employment in Construction / Ridgecrest



Employment and Income

Approximately \$3 billion has been appropriated to date for the repair and reconstruction of these buildings, with the first \$1.8 billion expected to be awarded in fiscal year 2020. Another \$1.2 billion in funding has been appropriated for fiscal year 2021.

Consequently, nearly \$3 billion has been appropriated of the estimated \$4 billion of damage, with expenditure of these funds now underway with design and demolition of facilities.

The repair effort will require at least 300 new workers, many of whom will be construction workers. But because the California construction workforce is fully employed, many of these jobs will have to be filled by workers from outside the area.

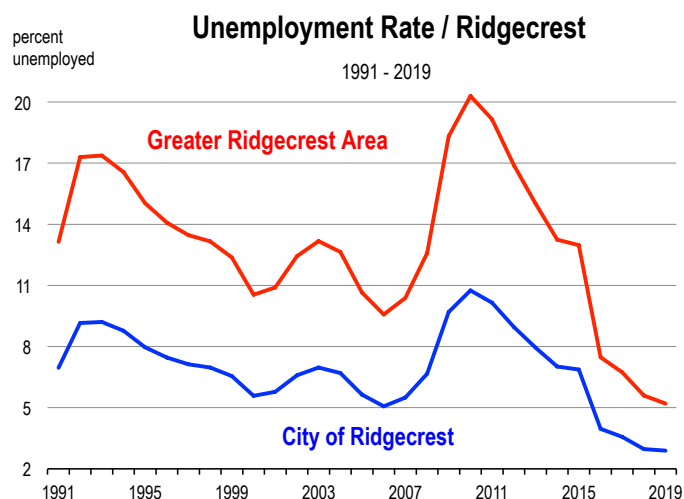
There has been discussion of possible plans for an on-base tent facility to house these workers, and contractors are expecting to pay a substantial premium to entice workers to relocate to Ridgecrest for the duration of the project.

In 2019 the average salary for construction workers was \$45,265 in the Ridgecrest area, but earthquake repair jobs are expected to pay much more.

As of 2019, the unemployment rate for the Ridgecrest area had fallen to 5.2 percent, the lowest on record. The Ridgecrest economy is now in a “full employment” scenario, where almost everyone who wants a job already has a job.

Within the City of Ridgecrest, the unemployment rate is even lower, registering at just 2.9 percent in 2019.

When a full employment scenario occurs, companies can only expand their workforce by (1) recruiting workers from other firms, (2) attracting workers from other regions, or (3) hiring new high school or college graduates. The competition that now exists for employers to fill open positions enables workers to demand higher salaries, leading to economy-wide wage increases.

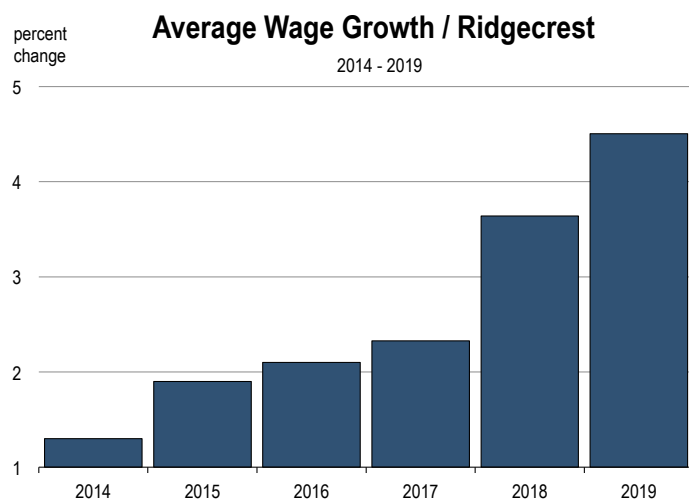


Employment and Income

Average Salaries

In 2019 the average salary across Ridgecrest increased by 4.5 percent, placing Ridgecrest among areas of California with the fastest wage growth.

- The highest salaries were observed at the China Lake Weapons Station, and by a wide margin.
- Other sectors with high wages in 2019 were manufacturing, engineering and business services, wholesale trade, and local government.
- The lowest paying sectors were entertainment and recreation, hotels and restaurants, and private educational services.



Average Salary by Sector Ridgecrest Area 2019

Sector	2019 Average Salary
	--dollars per worker--
Federal Government (China Lake)	97,493
Manufacturing	70,244
Engineering & Business Svcs.	68,186
Wholesale Trade	67,672
Local Government	50,787
Finance & Real Estate	49,563
Health Care & Social Assistance	47,265
Construction	45,265
Information	43,844
Transportation & Warehousing	35,689
Retail Trade	27,906
Private Educational Services	20,351
Hotels & Restaurants	19,355
Entertainment & Recreation	11,860
Total, All Sectors	65,163

Source: Labor Market Information Division,
State of California, and California Economic Forecast

Employment and Income

Largest Employers in Ridgecrest

The largest employers in the region is a survey conducted during the first half of February. All companies comprising the largest employers list were directly contacted by email or phone. Their responses pertained to headcount of employees located at operations limited to the greater Ridgecrest area.

- Across the Ridgecrest area there are 11 organizations with at least 100 employees.
- In February 2020 the largest employers had a total of 8,655 workers, representing 68 percent of the entire local labor market.
- Between 2019 and 2020, the largest employers expanded their collective employee headcounts by 315 positions, an increase of 3.8 percent.
- The largest gains were at the China Lake Naval Station, where the total federal civilian workforce expanded by 313 jobs.
- Ridgecrest Regional Hospital expanded by 59 jobs.
- The largest employers include 4 government organizations and 7 private organizations.
- The government organizations employed 6,101 workers in February 2020. The private organizations employed 2,554 workers.

Largest Employers

Ridgecrest Area

2020

Rank	Organization	Industry	February 2019 Employee Headcount	February 2020 Employee Headcount	Change from 2019 to 2020
1	China Lake, Federal Civilian	Government	4,872	5,185	313
2	Ridgecrest Regional Hospital	Healthcare	780	839	59
3	Searles Valley Minerals Minnig & Natural Resources		711	700	-11
4	Sierra Sands Unified School District	Government	650	650	0
5	Walmart	Retail	322	322	0
6	Saalex	Engineering	280	258	-22
7	Alta One Federal Credit Union	Financial Services	195	174	-21
8	Albertson's (2 locations)	Retail	162	158	-4
9	Cerro Coso Community College	Government	143	145	2
10	City of Ridgecrest	Government	122	121	-1
11	Jacobs Technology	Engineering	103	103	0
Total, Largest Employers			8,340	8,655	315

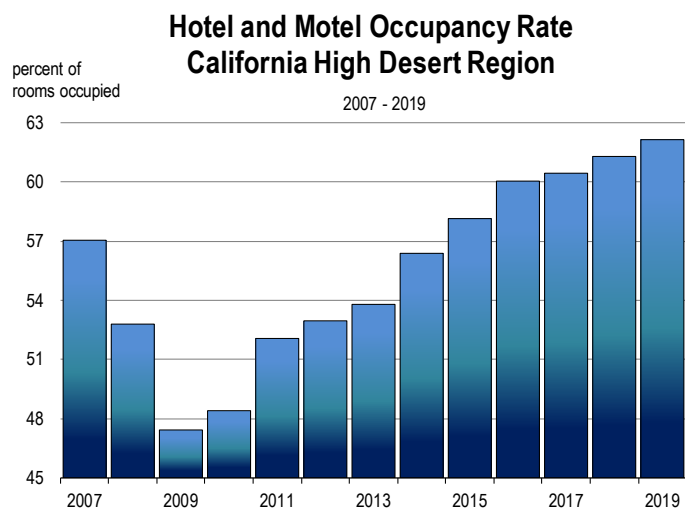
Source: California Economic Forecast

Tourism

The presence of visitors and their spending represents a significant contribution to the Indian Wells Valley economy. Tourism generates substantial revenues for the City's general fund, supports a significant number of jobs, and contributes to retail sales transactions in Ridgecrest at local shops, restaurants, recreational sites, and gasoline stations.

The three principal forms of tourism are recreational visitors, business visitors who travel to Ridgecrest principally to support China Lake, and business visitors in the region to film movies, television, music videos, or still shoots. In all cases, visitors spend in the region.

There are 20 hotels in Ridgecrest. For the greater High Desert region, the average hotel / motel occupancy during 2019 was 63 percent. The average daily rate as reported by Visit California for the 2019 calendar year was \$125. However for 19 hotels in Ridgecrest, for the arbitrary night of Wednesday, February 26, 2020, the simple average overnight rate was \$80.21.



Room Rates Ridgecrest Transient Lodging For the Night of February 26, 2020

Hotel / Motel	Price
<i>--dollars per room--</i>	
SpringHill Suites by Marriott	171
Hampton Inn & Suites	149
Best Western China Lake	140
Quality Inn	118
Rodeway Inn and Suites	94
Roadway Inn and Suites	85
Clarion Inn	81
Clarion Inn	81
Eco Lodge Inn & Suites	76
Super 8 Wyndham	67
American Inn & Suites	61
City Center Inn	59
Mayfair Passport Inn	55
Oasis Inn & Suites	52
Budget Inn	52
OYO Hotel	52
OYO Hotel Europa	49
A Nights Inn	45
Hotel Ridgecrest	37
SureStay Hotel Best Western	NA

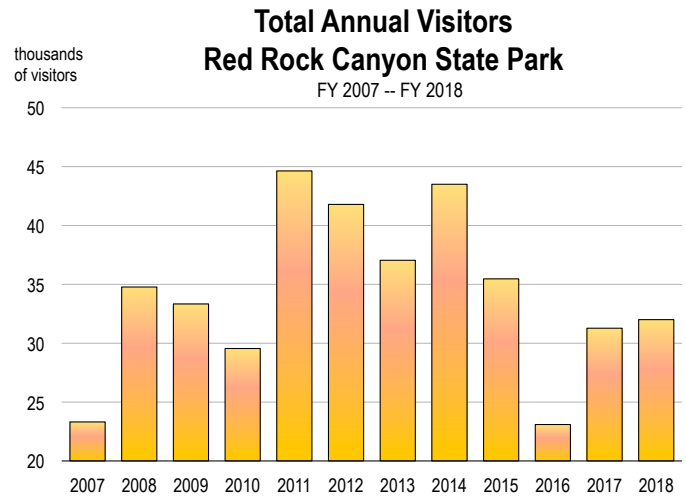
Source: google.com

Tourism

Recreational Tourism

Red Rock Canyon State Park

Located just thirty five miles from Ridgecrest, in the southernmost tip of the Sierra Nevada is the State Park. The Park is known for its nighttime star and planet watch and hikes through the multi-hued array of folded sandstone buttes. Also, there is the rare Red Rock poppy. The State Park service reported an estimated 32,000 visitors in 2019.



Red Rock Canyon

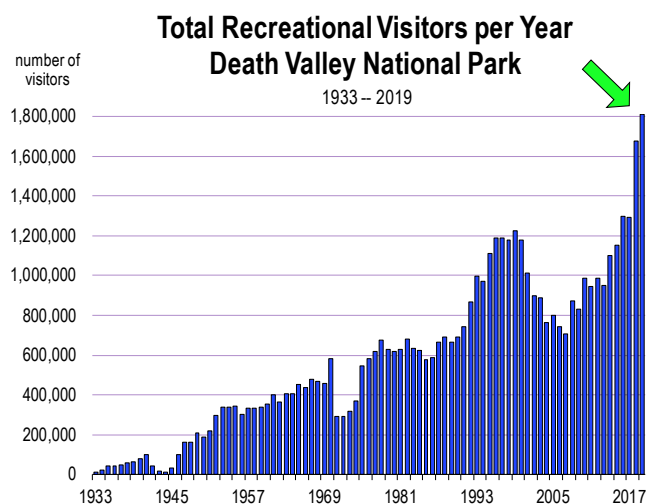
Tourism

Death Valley National Park

Ridgecrest is generally considered the last stop before traveling the 113 miles on CA 178 and CA 190 to the National Park. Traveling northbound on the 395, visitors taking the 395 Business Route into Ridgecrest have a shorter and slightly faster route to the Park than remaining on Highway 395 until Olancho.

Consequently, many overnight stays for Death Valley destination travelers occur in Ridgecrest.

In 2018 and 2019, total recreational visitation to the park has soared, with the winter months now receiving most of the recent increase in visitors.



Death Valley

Tourism



Trona Pinnacles

The Trona Pinnacles

The Trona Pinnacles, 28 miles east of the City, is another attraction for visitors in the area that may also journey to Death Valley or Joshua Tree. Visitor statistics are unknown because parking and hiking there is free. The site is also a popular location for films and commercials. Hundreds of movies including Star Trek V, Lost in Space, Planet of the Apes, Star Wars, and Fast & Furious 7 filmed on location here.

Filming Activity

Since the 1920s, the region has been an especially popular location for film and TV production.

Many major films and TV shows have been filmed at the Trona Pinnacles. Most recently was Xenophobia in 2019. The Pinnacles are largely used for space scene shots, including Chrysalis (2016), Alien

Hunter (2016), Farther (2009), and the Lost in Space television series (1965-1968). The Ridgecrest Film Commission reports the following other major movies and TV shows:

- Star Wars Episode VII: The Force Awakens
- “War for Planet of the Apes”
- Bad Drones (Independent Film)
- Ghost in the Gun (Short Film)
- Zero Motorcycle Road (Short Film)
- 9 Minutes (Short Film)
- Solus Sizzle (Digital Short Film)
- Star Trek V: The Final Frontier
- Bulletproof (Damon Williams/Adam Sandler)
- Land of the Lost (Will Farrell)
- Westworld” (2016-2018 episodes)
- “Top Gear” Reality TV Show
- Avengers: Agents of S.H.I.E.L.D.

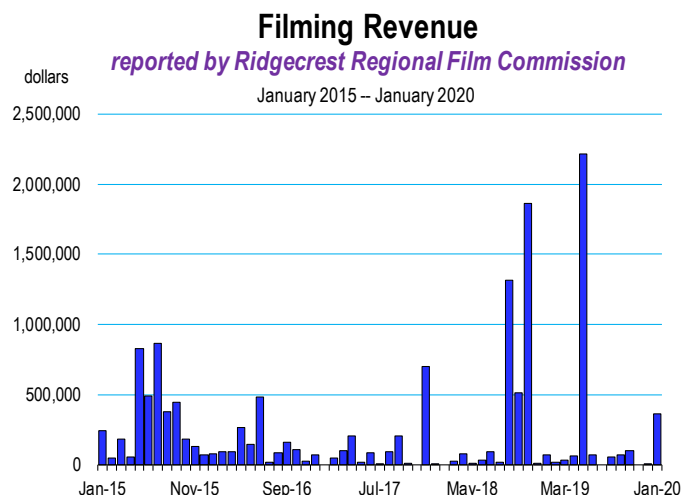
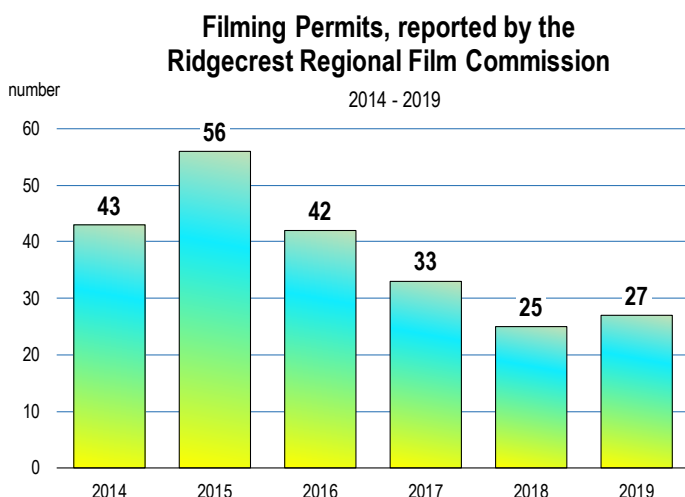
Tourism

- “Chernobyl USA” Russian TV Show
- Mighty Morphin Power Rangers
- Airwolf
- Alien Runner

In 2018 and 2019, scenes from Top Gun 2 were filmed at China Lake and in the City of Ridgecrest. A Honda off-road vehicle video was shot in Jawbone Canyon just south of Red Rock Canyon.

Red Rock Canyon State Park has a long (100 year) history of filming for TV and movies. Parts of old vintage shows such as Bonanza and Lost in Space were shot there. And hundreds of movies, mostly westerns, had locational shoots in the Canyon, largely in the 1970s, but going back to the 1930s.

Death Valley’s landscape was used often by the 1952 to 1970 television series “Death Valley Days.” The Twilight Zone utilized the Valley for several episodes. Western movies were filmed there, mostly during the 1930 to 1970 period.



Film revenues are the fees that production companies of commercials, TV shows, or movies pay to obtain permits to shoot on location within the Ridgecrest Film Commission jurisdiction. The higher the revenues, the longer the period (in days) of filming. In recent years, there have been fewer permits but longer shoots resulting in more revenues received over time.

Hundreds of other movies and shows including Greed (1924), Tarzan (1951), Spartacus (1960), Return of the Jedi (1983), and Ride with Norman Redus (2016) had scenes filmed in Death Valley.

Film permits reported by the Film Commission totaled 27 in 2019 and 226 over the last 6 years. Fees paid by production companies on location have been substantial, totaling in excess of \$17 million since 2014. Furthermore, having crews in the area for movies, television, music videos, documentaries, or still shoots increase overnight visitor stays in Ridgecrest and retail expenditures on food, supplies, equipment, and other goods.

Consequently, filming provides a continuing meaningful economic boost to the region.

Residential Real Estate

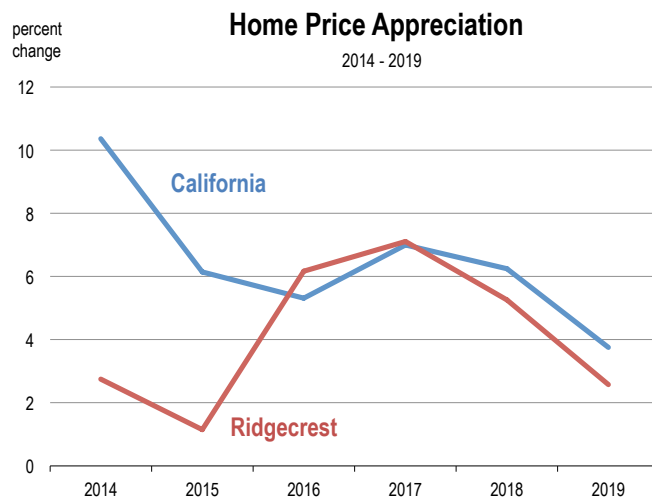
The Ridgecrest housing market is in a transition period, largely mirroring conditions across California.

In the Ridgecrest area and the state of California, home prices are rising slowly. The market has moved beyond the days of 5 percent to 7 percent gains, with appreciation slowing into the 2 to 3 percent range during 2019.

Why are prices increasing more slowly? Because sales are declining and inventory is rising.

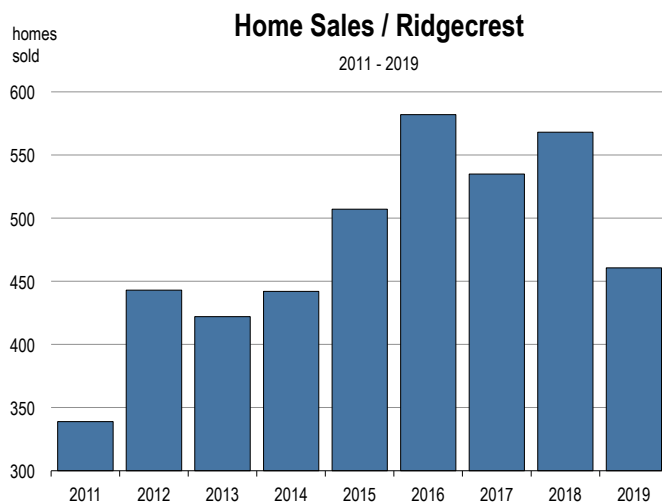
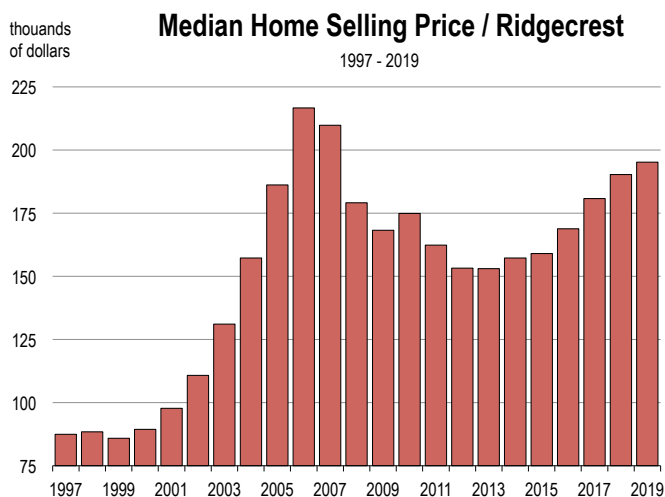
After a period of relatively high sales, when the Ridgecrest area was characterized by more than 500 transactions per year, the number of sales dropped sharply in 2019. At the same time, the number of homes on the market began to rise.

These diverging trends can be evaluated in the context of “months of inventory,” which describes the number of months that would be needed to sell all homes on the market, and is essentially a measure of the supply and demand relationship of



residential real estate. The increase in this metric, which indicates that supply is increasing while demand is falling, is representative of the forces that are subduing price appreciation in many areas of California.

Homes in Ridgecrest are more expensive than homes in neighboring areas. Compared to a median

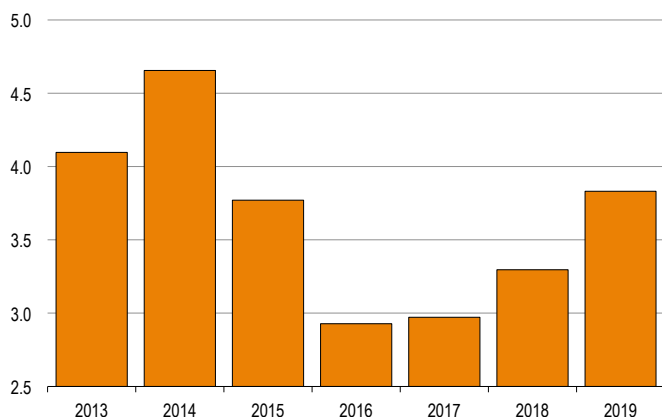


Residential Real Estate

number of months
needed to sell
all homes on the market

Months of Inventory / Ridgecrest

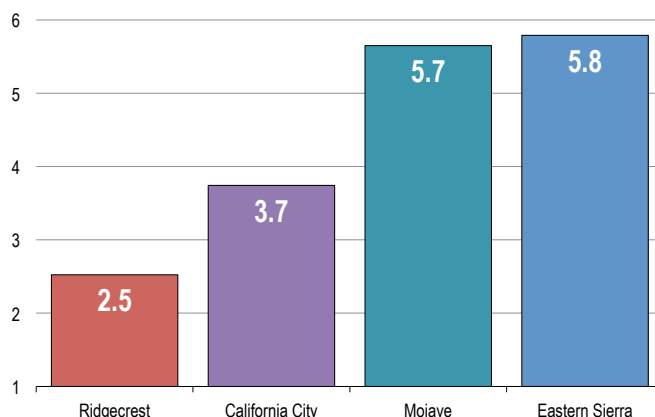
2013 - 2019



median home price
divided by
median household income

Price to Income Ratio

2019



price of \$195,200 in Ridgecrest, a typical home in Mojave or California City costs less.

But homes in Ridgecrest are also more affordable because residents of Ridgecrest have higher incomes. In Ridgecrest, the price to income ratio is just 2.5, making Ridgecrest arguably the most affordable housing market in California.

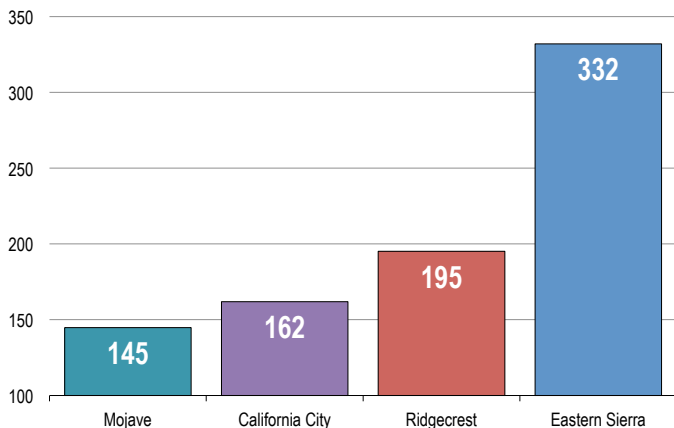
In neighboring areas, homes are still relatively affordable, with price to income ratios at between 3 and 6. By comparison, along Coastal California, this ratio is frequently as high as 8 or 10.

Rents in Ridgecrest are also highly affordable. Like home prices, median rents are rising slowly, increasing by less than 2 percent per year.

thousands
of dollars

Median Home Selling Price

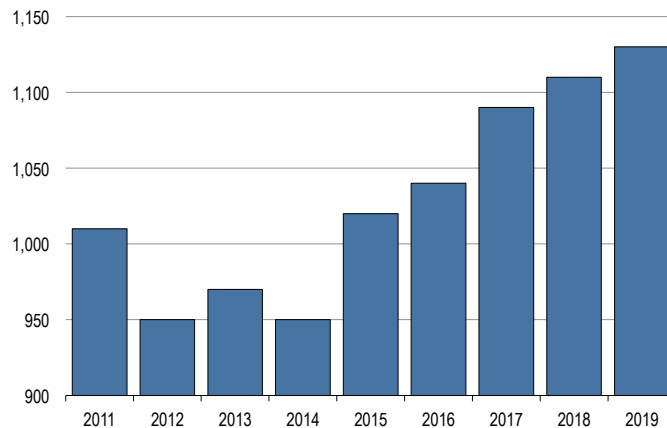
2019



dollars
per month

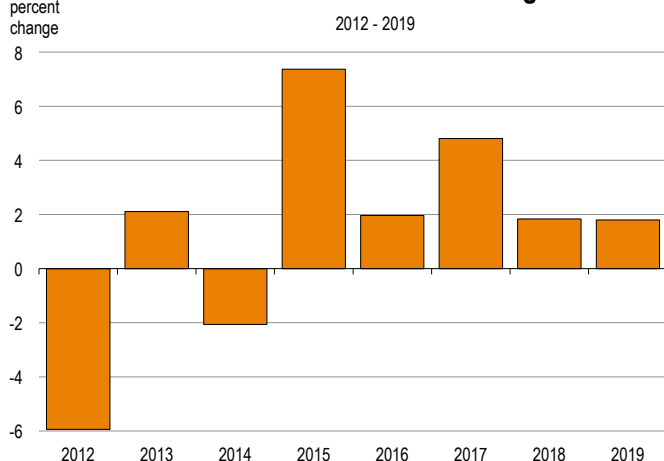
Median Rent / Ridgecrest

2011 - 2019



Residential Real Estate

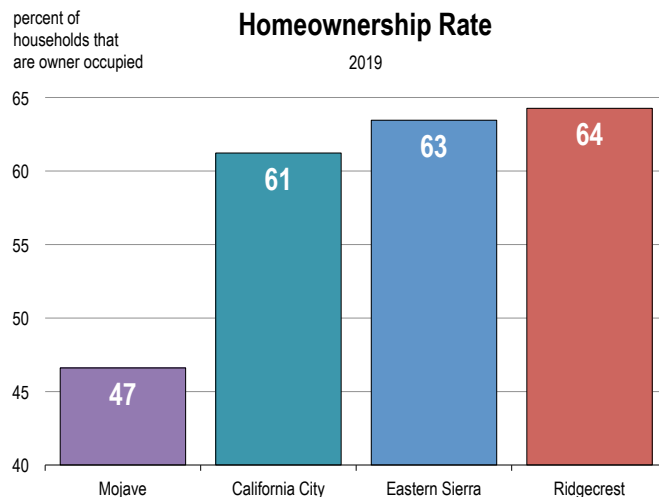
Growth Rate of Median Rent / Ridgecrest



In 2019 the median rent was just \$1,130, which was lower than the median rent in any major nearby region.

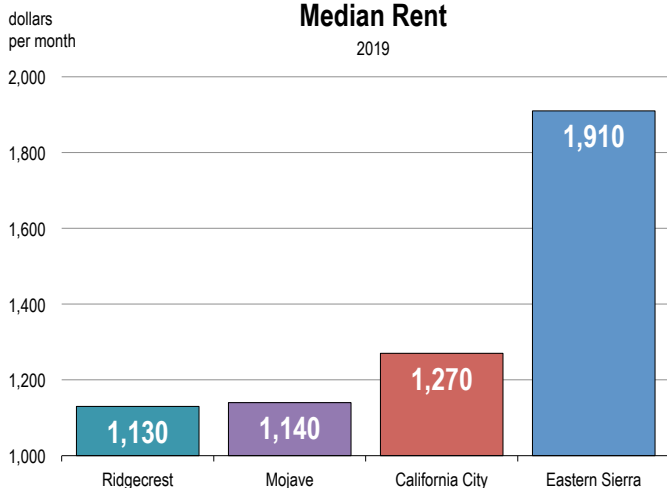
The Ridgecrest area has a relatively high homeownership rate. It's higher than all major neighboring areas, as well as the broader state of California.

Homeownership Rate

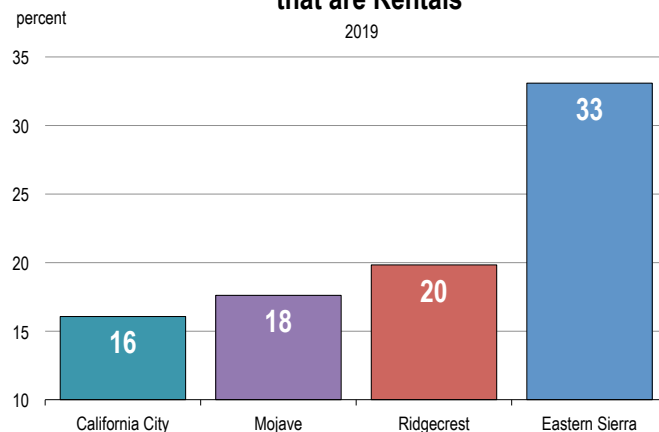


Aside from the Eastern Sierras, all regions near Ridgecrest have a low percentage of single-family homes that are used as rentals. In some parts of California, single-family rentals have become more common. This is particularly true in coastal communities that have prohibitively high housing prices and large numbers of renters.

Median Rent



Share of Single-Family Homes that are Rentals



New Development

Residential Development

Real estate development activity has increased in Ridgecrest during the current housing cycle.

After development activity fell to very low levels, with just 5 homes built in 2013 and 8 homes built in 2014, between 50 and 70 homes have been built in each of the last few years.

Virtually all of these units have been single-family homes, although in 2019 a handful of apartment units were permitted.

As of February 2020, some of the newly built homes were on the market, and many were going for high rates.

Of the 36 most recently constructed homes for sale, the median price was \$349,700, which is substantially higher than the median price for all homes (both newly built and previously existing) of \$197,100.

The most prominent residential project in the Ridgecrest development pipeline is the Red Rock

New Home Listings Ridgecrest

Listing Price Range	Number of Homes
\$200 to \$300,000	12
\$300 to \$400,000	15
\$400 to \$500,000	9
Total	36

Source: Realtor.Com / February 17, 2020

Villas apartment complex, which will be located at South Downs Street and West Bowman Road in the City of Ridgecrest.

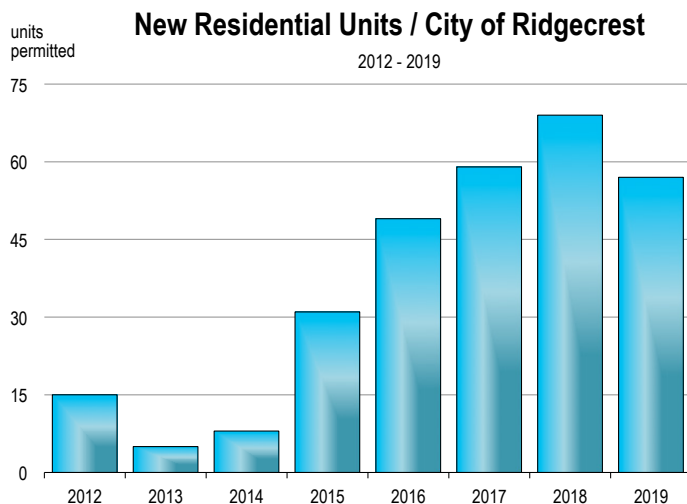
The Red Rock Villas complex is expected to include 198 units, a pool, and a community center. Permits for the first 22 units are expected to be issued by the City in February or March of 2020.

Another apartment complex, named the Mojave View Apartments, is also being planned. Located at 600 North Norma Street, the project would include 76 units for low income households age 55 and older. It would be built by Pacific West Communities Inc., and is expected to move forward if affordable housing grants can be secured by Pacific West Communities and by the City of Ridgecrest.

Public Works Projects

Ridgecrest has a substantial amount of public works activity, including road widening, right of way access, and a new sewer project.

Public works projects currently under construction include a renovation of the senior center, the Sunland Avenue project, and street widening on the east side of Downs Street.



New Development

Public Works Projects

City of Ridgecrest

2020

Project	Planning	Design	Right of Way	Construction	Close Out
ADA Access - Ridgecrest Blvd.	NA	NA	Complete	Bidding	Not Yet Started
Senior Center Project	Complete	Complete	NA	Active	Not Yet Started
Senior Parking Lot	Complete	Complete	Complete	Complete	Active
Sunland Ave Project	Complete	Complete	Complete	Active	Not Yet Started
Eastside of Downs (street widening)	Complete	Complete	Complete	Active	Not Yet Started
Westside of Downs (street widening)	Active	Active	Active	Not Yet Started	Not Yet Started
Crosswalk Improvement at Schools	Complete	Complete	NA	Bidding	Not Yet Started
Intersection Improvements Bowman	Complete	Complete	NA	Bidding	Not Yet Started
System Safety Analysis Program	Complete			Bidding	
Signal Synchronization (China Lake Blvd)	Complete	Complete	NA	Complete	Active
Rite Aid ROW			Active		
Dolphin Ave (road paving)	Active	Active	Not Yet Started	Not Yet Started	Not Yet Started
Tamarisk Ave (road improvement)	Active	Not Yet Started	Not Yet Started	Not Yet Started	Not Yet Started
Article 3 Upgrades/Shelter to Bike Path	Active	Not Yet Started	Not Yet Started	Not Yet Started	Not Yet Started
Sewer - Bowman and Downs	NA	Complete	NA	Active	Not Yet Started
New Sewer Plant	Active	Active		Not Yet Started	Not Yet Started
Sewer Program Phase 2	Active	Not Yet Started	Not Yet Started	Not Yet Started	Not Yet Started
2019/2019 Streets Project	Active	Not Yet Started		Not Yet Started	Not Yet Started

Source: City of Ridgecrest

The most substantial project in Ridgecrest is a new sewer plant, which has been in the planning process for more than a decade. It will be built in multiple phases, but a number of details need to be addressed before construction can begin. The sewer is expected to be located on land owned by the Navy. Before construction can begin, the City of Ridgecrest must secure easement rights (portions of a property that the City accesses to maintain and repair sewer lines), negotiate the rate that will be paid by the Navy for treatment of Navy water, and reach an agreement with an organization that can operate the new sewer system.

New research also shows that the proposed site of the sewer may be too saturated with heavy metals, which would require additional treatment of the water. Because of this, and because an agreement has not been reached on Navy water treatment

rates, the project may be relocated to a parcel owned by the City and located near the fairgrounds.

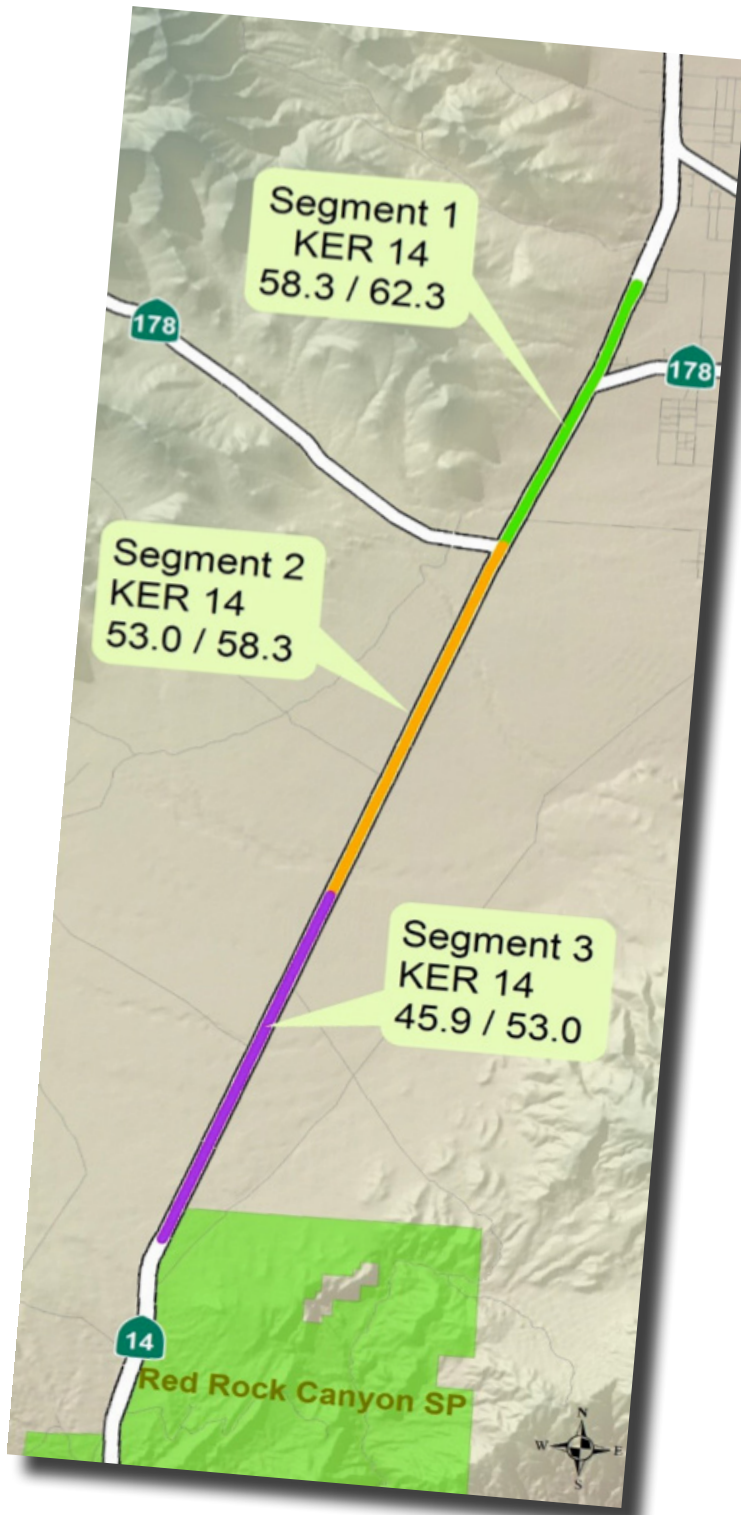
Initial estimates of the project are around \$80 million, but these costs could go up if additional features are added. A timeline for construction and completion has not yet been determined.

Outside of the City limits, other noteworthy public works projects have been planned.

In the immediate Ridgecrest area, Caltrans plans to widen Highway 14, expanding it from 2 lanes to 4 lanes. The widening will occur along a 20-mile stretch, from State Route 178 down to Red Rock Canyon State Park.

The first phase of the project has been completed, and the second phase is expected to be built between June 2023 and November 2024. A timeline

New Development



Highway 14 Widening Project

for the third phase, which will end near Red Rock, is contingent upon progress on Phase 2.

Overall, this freeway widening project will cost more than \$100 million and will bring dozens of construction jobs to the Ridgecrest region.

Moving further outside of the Ridgecrest area, a major solar project is in the development pipeline. Located between California City and Cantil, the facility will be able to produce 400 megawatts of energy, and will power homes and businesses in Los Angeles County. It will also include a power storage facility that will allow it to operate at night, when the solar panels are not actively generating electricity. It is expected to be operational by 2023.

The project will be near other large-scale solar facilities, turning East Kern County into a major hub for solar energy.

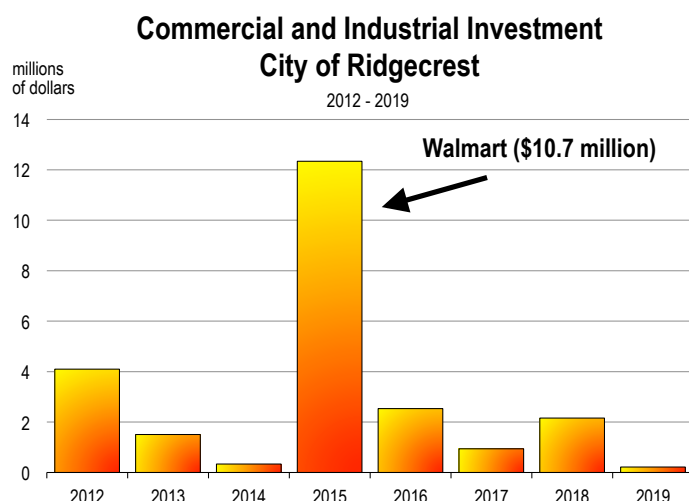
Commercial and Industrial Development

In 2019, approximately \$2 million was invested into building and renovating commercial and industrial structures.

Commercial and industrial development reached a high point in 2015, when construction began on a Walmart store that was valued at \$10.7 million.

Since the Walmart was built, an average of \$3.3 million has been invested each year. Prominent projects include a \$1.8 million retail facility in 2016 and a \$215,000 church in 2019.

New Development



The most prominent projects in the development pipeline include the Oasis Project, the Timbisha Shoshone Casino, and two hotels.

The Oasis Project is a shopping center that would include a movie theater, retail storefronts, restaurants, and office facilities. In total it could produce 164,829 square feet of space at the southeast corner of China Lake Boulevard and Rader Avenue.

A tentative parcel map was approved by the Ridgecrest Planning Commission in July 2019.

The first phase of development will produce the movie theater, two retail storefronts, a restaurant,

and 11,993 square feet of office space. The second phase will include additional retail, restaurant, and office structures.

According to an agreement between the developer (G&L China Lake LLC) and the Planning Commission, the project must be completed within a 10-year construction period.

The Timbisha Shoshone Casino is expected to include 35,000 to 50,000 square feet of space for casino, restaurant, and parking uses, along with a 52,000 square foot convention center and a 100-room hotel.

After years of delays, the City of Ridgecrest has ended its legal opposition to the project. The developer expects that it could break ground in 2020 and could open its doors in 2021.

Ridgecrest's development pipeline has two hotel projects – a Townplace Suites and a Holiday Inn Express.

The Townplace Suites is expected to have 96 rooms and was approved by the Planning Commission in January 2020. Plans for the The Holiday Inn Express are still evolving, but could include more than 100 rooms.

Acknowledgements

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California Economic Forecast

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