



Wealth in Kern County A Transfer of Wealth Opportunity



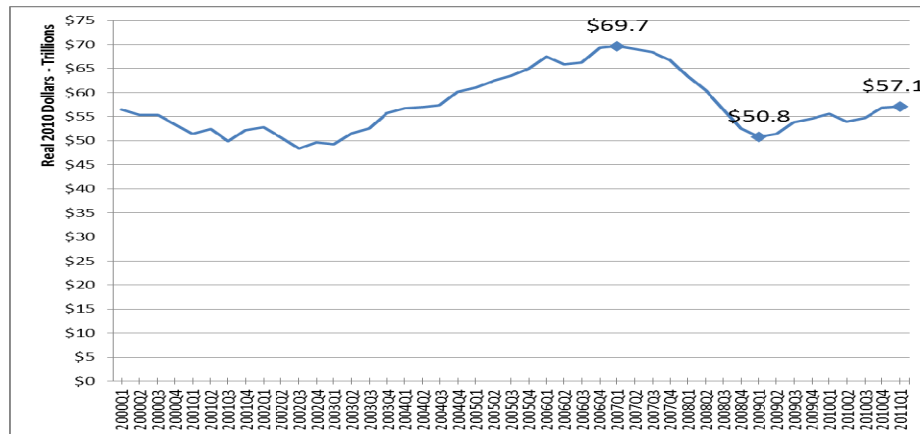
**Technical Findings Report
to the
Kern Community Foundation
from
RUPRI Center for Rural Entrepreneurship**

November 22, 2011 Version

Wealth in America

America is experiencing its most challenging economic downturn since the Great Depression. Challenges with government debt are rocking our national confidence. The Great Recession hit many American households hard and overall household related current net-worth declined from nearly \$70 trillion prior to the crash to just over \$51 trillion at the depth of the recession. Recovery has been slow, but steady, and household wealth has grown by \$6.3 trillion or 12.4%.

Recent Trends in the U.S. Household Net-Worth



Source: Board of Governors of the Federal Reserve System & Center for Rural Entrepreneurship, 2011

Bottom line, America remains a Nation with tremendous personal wealth. The potential for charitable giveback remains strong and is improving with each quarter. In 1999 Boston College in their landmark report [Millionaires in the Millennium](http://bit.ly/qFI2y9) (<http://bit.ly/qFI2y9>) captivated the Nation with their estimates of \$41 to \$136 trillion in household wealth transfer (1998-2052). A decade has passed since this work was released and a lot has changed. Earlier this year the RUPRI Center for Rural Entrepreneurship created a new set of transfer of wealth opportunity scenarios based on the most recent demographic forecasts by the U.S. Census Bureau. These forecasts are rooted in likely population growth based on a range of assumptions about international migration.

Our new scenarios for transfer of wealth opportunity for the United States for the period of 2010 through 2060 range from a high of \$91 trillion to a low of \$43 trillion. Our most likely scenario estimates the TOW opportunity at \$75 trillion. Assuming we set a giveback goal of just 5%, over the next five decades nearly \$3.8 trillion in new community endowments could be built. These endowments could generate, once fully capitalized, nearly \$200 billion annually in new grant making! In this new age of challenged government spending, this investment could prove critically important to the future of America's communities.

Don Macke – Ahmet Binerer – Deb Markley
RUPRI Center for Rural Entrepreneurship

Acknowledgements

The ‘*Wealth in Kern County*’ was sponsored by Kern Community Foundation. This analysis could not have been completed without the assistance and counsel of numerous organizations and individuals.

We would like to recognize the leadership and active support of Jeffrey R. Pickering, President and CEO and his staff members. Their interest in bringing this research to Kern County and their commitment to encouraging homegrown philanthropy as a potential source of funding for economic renewal is a source of inspiration to many.

We owe special thanks to the members of the Technical Advisory Committee (TAC) who have helped us gain a deeper understanding of Kern County and its communities and to produce more meaningful research. Members of this Committee include:

- Sheryl Barbich, Barbich Consulting
- Keith Brice, President/CEO, Mid State Development Corporation
- John Brock, Jr., Vice President, Gregory D. Bynum and Associates, Inc.
- Richard, Chapman, Former President & CEO, Kern Economic Development Corporation (KEDC)
- Chandra Commuri, Assistant Professor of Public Administration, California State University, Bakersfield
- John Pryor, Management Consultant
- Bill Van Skike, Chief Operations Officer, Klassen Corporation

We also would like to recognize Steve Runyan, ARA, Runyan Appraisal Service; Bill Van Skike, President, Mazzei Injector Company, LLC; Dr. Joseph MacIlvaine, President, Paramount Farming Co. and Suzie Roget for providing us with more detailed knowledge on agricultural economy and Eugene J. Voiland, retired President and CEO, Aera Energy LLC, for providing us with more detailed knowledge on the oil and gas industry. We also would like to extend our appreciation to Kern Council of Governments for their extensive data center and Department of Finance for providing us with population projections for Kern County.

The authors of this study include Don Macke (Project Leader), Ahmet Binerer (Research Analyst), Dr. Deborah Markley (Report Editor) and John Hitt (Report Editor). The Center has completed over 40 major Transfer of Wealth (TOW) studies since the early 2000s and copies for most of these reports can be found at our website (<http://bit.ly/qPYoeU>).

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Executive Summary

Transfer of wealth (TOW) is the process whereby one generation transfers their assets to the next generation. This typically occurs at the time of death and represents the moment when legacy community giveback is the greatest. TOW most likely represents the single largest under-developed financial resource available to communities to support their development.

Our TOW opportunity scenario for Kern County estimates that in the coming five decades there will be \$80 billion in TOW giveback potential. If just 5% of this opportunity was captured into community endowments a total of \$4 billion could be realized with the potential to generate \$200 million annually in grant making.

This document represents our **Technical Findings Report** for TOW opportunity scenarios for Kern County, its seven communities.

Our Technical Findings Report is organized into an expanded Executive Summary followed by more detailed sections outlining the TOW opportunity for Kern County communities. Following the region specific sections we provide background information on our methodology and tables and charts detailing our findings. This information is intended to support Kern Community Foundation and its affiliated funds in their preparation of communication strategies and materials.

Extensive research and scenario-related modeling work has been completed generating these findings. We have created an Electronic Library containing all of the research and analysis procured and generated from this TOW Project. Access to each Electronic Library can be obtained with permission from Kern Community Foundation and through Ahmet Binerer at abinerer@e2mail.org or by calling 402.323.7336.

Summary of Overall Findings

Figure 1 provides a map of the geographies for which TOW opportunity analysis has been prepared. This map can be used as a quick reference to the communities included in our analysis and findings.

Figure 1 - Kern County and Its Communities

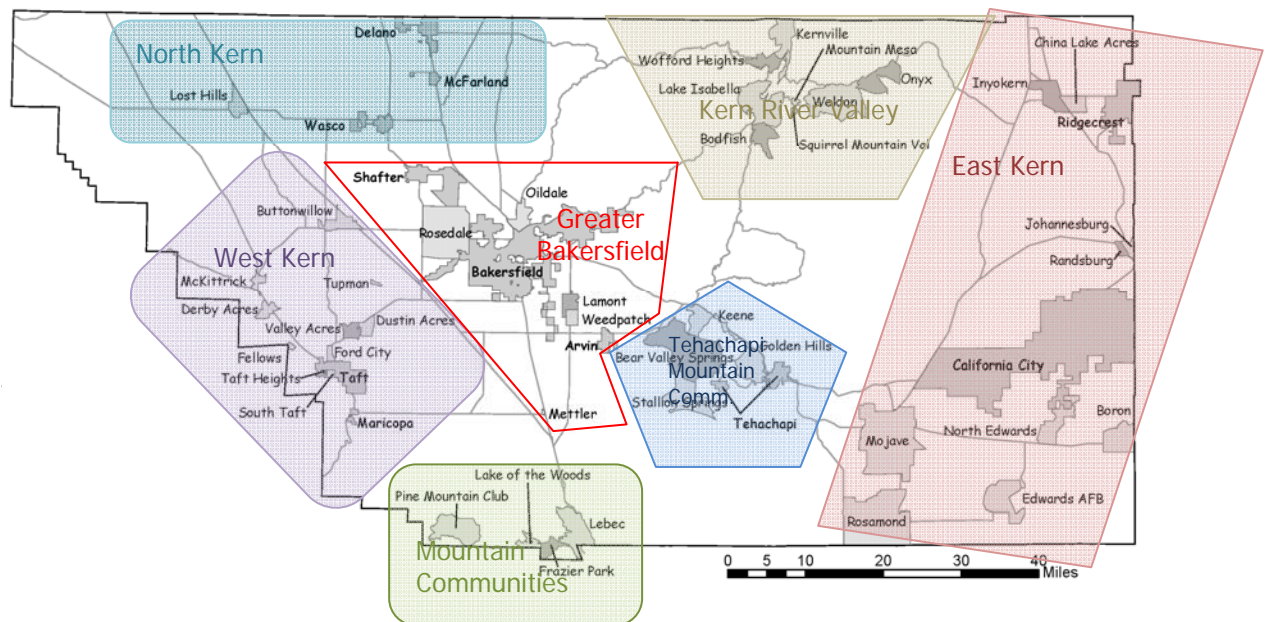


Figure 2 provides summary findings for current net-worth (CNW) for 2010 (our base year for analysis) and the 10-Year (2010-2020) transfer of wealth (TOW) opportunities for the U.S., California, Kern County and each of its communities. All values are provided in 2010 real dollars. By using real dollars, we have removed the likely influences of inflation. So a dollar in 2060 has the same purchasing power as a dollar in 2010. Including inflation in our estimates distorts the real potential for community giveback from our TOW findings.

Figure 3 provides similar TOW opportunities for the 50-year timeframe and includes a 5% capture scenario along with a 5% annual payout potential. It should be noted that we are NOT predicting that 5% of the TOW opportunity will materialize into community giveback. These values are presented to illustrate what this *could* mean in terms of community endowment building and possible enhanced grant-making potential. We know from experience around the United States that many community foundations have set and are achieving a 5% giveback and capture rate. A 5% annual payout rate is standard for the foundation industry and typically ensures the income generating potential of the endowment over time protecting it from devaluation due to likely inflation.

**Figure 2 - Summary Findings of
Current Net-Worth and 10-Year TOW Scenarios**

Absolute Values in Real Dollars & Comparative per Household Values

| Place | 2010 Net Worth | | 10-Year TOW | |
|--------------------------------|---------------------|--------------------|---------------------|--------------------|
| | Value (billions) | PHH (thousands) | Value (billions) | PHH (thousands) |
| U.S. | \$28,065.17 | \$235.0 | \$6,162.74 | \$51.5 |
| California | \$2,789.58 | \$220.3 | \$490.27 | \$38.7 |
| Kern County | \$32.90 | \$129.0 | \$7.77 | \$30.4 |
| East Kern | \$3.04 | \$116.9 | \$0.73 | \$27.9 |
| Greater Bakersfield | \$19.00 | \$139.7 | \$4.44 | \$32.6 |
| Kern River Valley | \$0.72 | \$97.8 | \$0.31 | \$41.5 |
| Mountain Communities | \$0.30 | \$101.4 | \$0.09 | \$31.8 |
| North Kern | \$1.23 | \$70.7 | \$0.26 | \$14.8 |
| Tehachapi Mountain Communities | \$1.54 | \$167.2 | \$0.44 | \$47.3 |
| West Kern | \$0.51 | \$79.0 | \$0.12 | \$18.9 |
| Balance of the County | \$6.56 | \$132.2 | \$1.39 | \$28.0 |

Source: RUPRI Center for Rural Entrepreneurship

Figure 3 – Summary Findings of 50-Year TOW Scenario

Absolute Values in Real Dollars & Comparative Per Household Values

| Place | 50-Year TOW | | 5% Capture | | 5% Payout | |
|--------------------------------|---------------------|--------------------|---------------------|--------------------|---------------------|---------|
| | Value (billions) | PHH (thousands) | Value (billions) | PHH (thousands) | Value (millions) | PHH |
| U.S. | \$75,089.08 | \$628.0 | \$3,754.45 | \$31.4 | \$187,722.70 | \$1,570 |
| California | \$6,562.14 | \$518.2 | \$328.11 | \$25.9 | \$16,405.34 | \$1,300 |
| Kern County | \$80.20 | \$314.5 | \$4.01 | \$15.7 | \$200.51 | \$790 |
| East Kern | \$6.02 | \$231.0 | \$0.30 | \$11.6 | \$15.05 | \$580 |
| Greater Bakersfield | \$47.66 | \$350.5 | \$2.38 | \$17.5 | \$119.15 | \$880 |
| Kern River Valley | \$3.28 | \$444.9 | \$0.16 | \$22.2 | \$8.20 | \$1,110 |
| Mountain Communities | \$0.97 | \$326.8 | \$0.05 | \$16.3 | \$2.42 | \$820 |
| North Kern | \$2.54 | \$146.2 | \$0.13 | \$7.3 | \$6.35 | \$365 |
| Tehachapi Mountain Communities | \$4.69 | \$510.2 | \$0.23 | \$25.5 | \$11.73 | \$1,280 |
| West Kern | \$0.93 | \$144.0 | \$0.05 | \$7.2 | \$2.33 | \$360 |
| Balance of the County | \$14.11 | \$284.4 | \$0.71 | \$14.2 | \$35.29 | \$710 |

Source: RUPRI Center for Rural Entrepreneurship

Key Considerations

Diversity within the Community

Demographic Growth

Energy Development & Production

Agricultural Real Estate

Vacation & Second Homes

There are five unique factors that impact household wealth holding in Kern County and its Transfer of Wealth (TOW) opportunity:

Diversity within the Community
Demographic Growth
Energy Development & Production
Agricultural Real Estate
Vacation & Second Homes

In this section of our Technical Findings Report we highlight how each of these five factors uniquely shape wealth holding and TOW opportunity in Kern County.

Diversity within the Community

Kern County is geographically large with a diverse landscape and collection of communities. This diversity is reflected in the kinds of households in Kern County and their unique wealth holding. We are challenged to generalize Kern County and its TOW opportunity because of this diversity. In order to provide more specific insight on wealth holding and the TOW opportunity, we have completed community level analysis for seven landscapes based on guidance from the Foundation (i.e., East Kern, Greater Bakersfield, Kern River Valley, Mountain Communities, North Kern, Tehachapi Mountain Communities, and West Kern). Additionally, we have generated four special reports with respect to wealth holding related to the energy sector, agricultural real estate, vacation and second homes and high net-worth households.

Demographic Growth

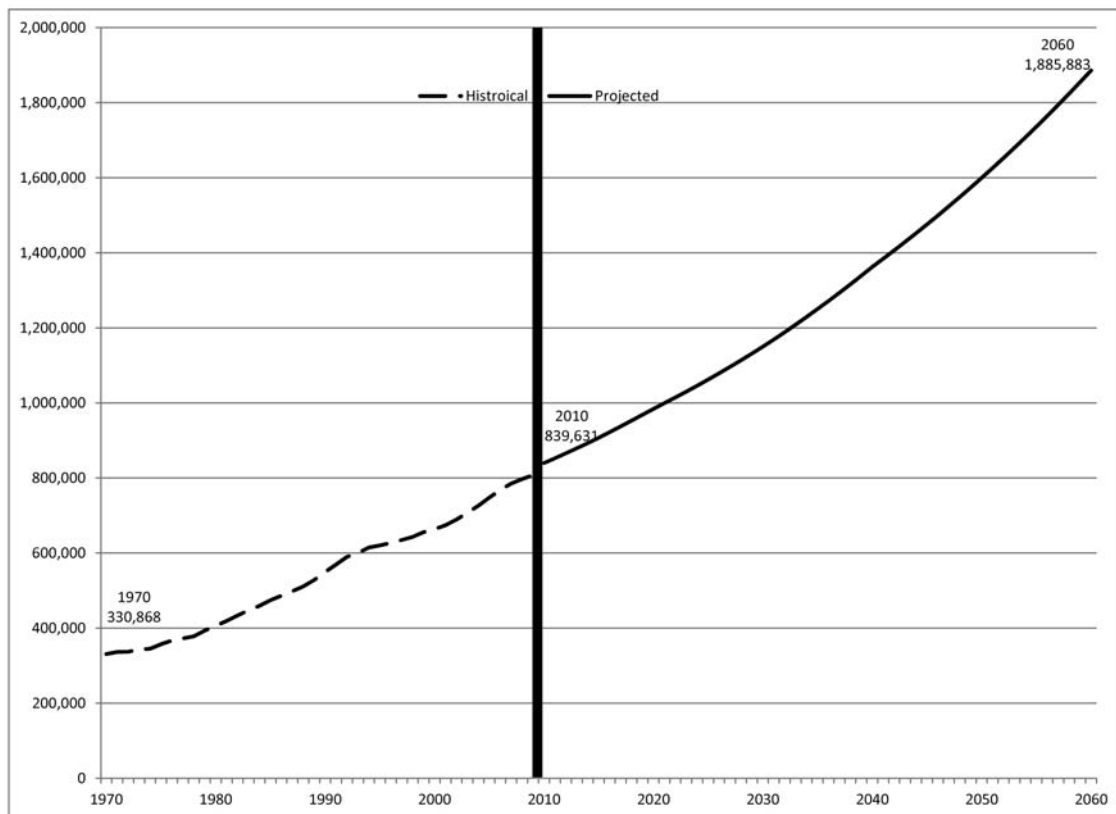
Between 1970 and 2010 (past four decades) Kern County has increased in population by over 150% rising from 331,000 residents in 1970 to over 830,000 residents today. This represents a remarkable 3.78% annualized growth rate. This growth has shaped household wealth formation over the past decades.

Reliable population forecasts are available for Kern County and these forecasts call for Kern County growing from over 830,000 residents in 2010 to over 1.8 million in 2060. Some communities like Greater Bakersfield will experience over 100% growth in population based on these forecasts. Other communities will see more modest demographic growth (e.g., West Kern is projected to grow from 21,776 in 2010 to

24,184 in 2060). Strong demographic growth significantly impacts our TOW scenarios for Kern County and its communities. Much of this growth will be concentrated in low and moderate income households who have more limited capacity for giveback. *It should be noted that we are assuming population growth rates at 2.49% per year compared to the 1970 to 2010 annualized growth rate of 3.78% or roughly 1% less than the historical growth rate.*

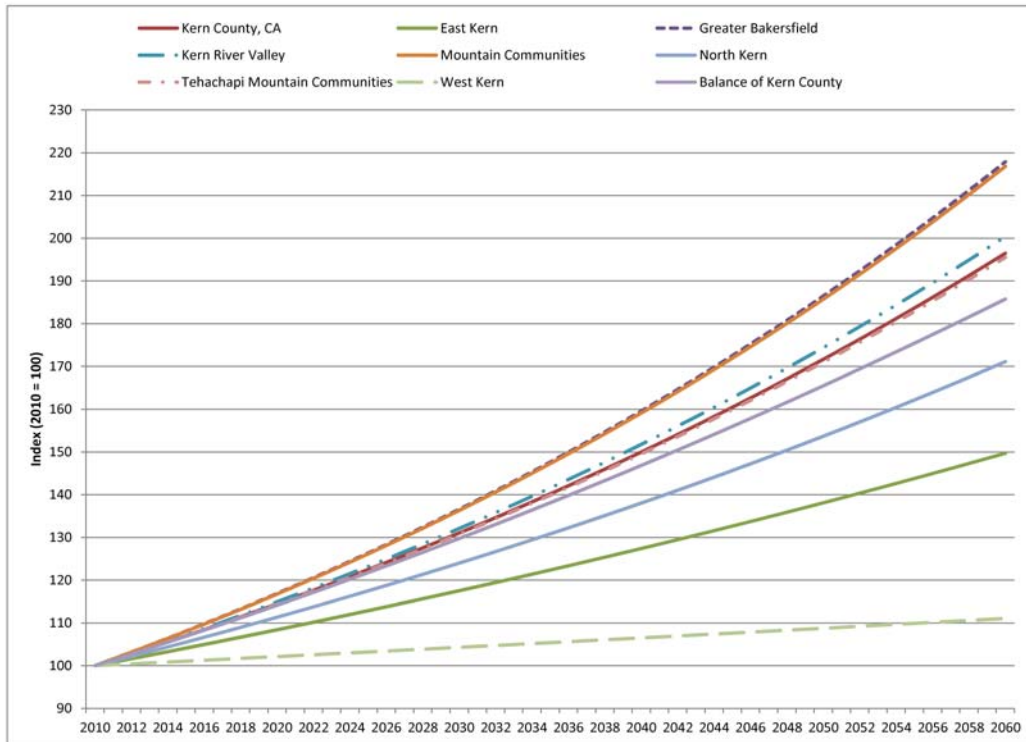
Figure 4 highlights both historical (1970-2010) and projected (2010-2060) population growth for Kern County. Figure 5, on the next page, illustrates the projected population growth (2010-2060) for Kern County and its communities.

Figure 4 – Population Trend Line, Kern County



Source: U.S. Department of Commerce, Bureau of Economic Analysis (1970 to 2009) and Census 2010 (2010 population).

Figure 5 – Population Growth, Kern County & Its Communities (Index = 2010)



Source: RUPRI Center, 2011

However, growth at these levels will drive economic growth and will create considerable opportunities for wealth formation in real estate, construction, commercial ventures and the like. Significant new household wealth will be created and the opportunity for community giveback will be substantially increased. At the same time, Kern County and its communities will be challenged to accommodate rapid growth placing greater pressure on both the government and non-profit sectors.

Energy Development & Production

If Kern County was a state it would be among the top 4 oil and natural gas producing states in the United States. Kern County leads California in oil production. While oil and natural gas production dominate the energy sector there is also increased activity in renewable energy including wind and solar. According to the U.S. Bureau of Economic Analysis between 2001 and 2009 household personal income derived from “mining” (including energy production) rose from \$821 million to nearly \$1.3 billion or by a remarkable 56%. Energy development and production in Kern County impacts household wealth in three important ways addressed more fully later in this Report:

Development & Production Royalty Income Paid to Residents
Retired Energy Executives & Workers Living in Kern County
Family Owned Oil Supply Businesses

Agricultural Real Estate

Kern County is part of California's Central Valley and one of the most productive agricultural production regions in the U.S. and the world. Production agriculture in Kern County has evolved from dependence on lower value per acre commodities to specialty food crops. General trends in the value of agricultural real estate coupled with this transition to higher value farm products has greatly increased wealth associated with production agriculture. An important segment of the County's agricultural sector is owned and operated by external regional, national and international corporations. However, there is still a very large locally and family owned agricultural community. According to the U.S. Bureau of Economic Analysis between 2001 and 2009 household personal income derived from farming and ranching increased from \$545 million to nearly \$1.2 billion or by 120%. From this community there is significant wealth and opportunity for charitable giveback.

Vacation & Second Homes

According to the American Community Survey there are over 6,000 vacation or second homes in Kern County. These vacation or second homes are concentrated in three communities including the Kern River Valley, the Mountain Communities of Frazier Park and Pine Mountain Club and the Tehachapi Mountain Communities. For some of these communities the owners of these properties are also Kern County residents and their wealth is fully captured in our analysis. However, there is significant ownership by outside residents (particularly from the LA Basin). These "part-time" residents are not adequately captured in our analysis, but may represent potential community donors. Depending upon their affinity with their second homes, these part-time residents represent an important donor community specific to the places where they have their properties. Later in this Report we further explore part-time residents (donors?) related to vacation or second home ownership.

Military Installations

Kern County has two major military installations with Edwards Air Force Base located in the southeastern part of the County and China Lake Naval Weapons Center located in the northeastern part of the County near Ridgecrest. Large military installations can be important economic development drivers in area economies. However, the military households associated with these bases are transient and typically have limited potential for donor development and giveback. In our analysis we deeply discount the TOW potential associated with military bases and their households. However, the area support businesses (if family held) do represent pockets of potential donors in these specific communities.

Economic Performance

The following chart summarizes the annualized growth rate of U.S. household CNW by decade since 1945:

| | | |
|---------------------------|---------------------------|---------------------------|
| 1945-1950 3.47% | 1950-1960 4.48% | 1960-1970 4.09% |
| 1970-1980 3.08% | 1980-1990 3.47% | 1990-2000 5.77% |
| 2000-2010 -0.12% | | |

Historically, for most of the post-World War II period, America's households experienced sustained and significant growth driven by an expanding country both demographically and economically. For the early part of this period, America also witnessed dropping poverty rates, rather full employment and an expanding middle class. In the latter part of the period the wealth status of the middle class began to first stagnate and then decline. But the top 25% of American households continued to see improvement in economic and wealth status. The decade of the 2000s represents a radical departure from the rest of the decades in this period. What is not clear is whether the 2000s are a new normal or simply one of the most severe economic downturns since the Great Depression to be followed by renewed growth, prosperity and wealth formation.

For the past seven decades there has been a very strong correlation between growth in Gross National Product (GNP), personal income growth and household wealth formation. For purposes of our Kern TOW Opportunity analysis we are assuming more conservative future trend lines when compared to patterns over the past 50 years. For example we have included the following assumptions within our new scenarios for Kern County and its communities:

- Future economic growth nationally will be closer to 2.0 to 3.0% per year compared to historical growth rates of 3.5 to 4.5% per year.
- Growth in household personal income will be slower and it will take households longer to reach a tipping point where wealth asset accumulation occurs.
- Demands on wealth will increase in the future period due to demands by both children and elders for support by the key wealth-holding demographics of 50 to 65 year olds.

- Barring fundamental tax reform, wealth will continue to concentrate in the top 20 percent of households in the United States. The middle class will see wealth formation stagnate and those in poverty will become a larger share of all households.
- There will be exceptions associated with production agriculture, other natural resources like energy and entrepreneurial business ownership. Communities with these activities will tend to create more wealth and have increased giveback potential.
- Kern County, because of its projected demographic growth and diverse economy, is likely to do better than the country with respect to wealth formation.

In the earlier section of this Report we highlighted key TOW considerations. In this section of our Technical Findings Report we drill down into four important potential pockets of donors and potential for community philanthropic giving:

Energy
Agriculture
Second Homes
High Net-Worth Households

Our core Current Net Worth (CNW) and TOW analysis for Kern County and its communities captures some of the wealth associated with these four sectors. However, our analysis does not fully capture the TOW opportunity associated with these four sectors. In this section of our Report we further illustrate the potential for charitable giving from households associated with energy, agriculture and vacation/second homes. We are unable to fully estimate the TOW opportunities associated with these four pockets of wealth and recommend further analysis to deepen insight and potential understanding.

Scenarios

It is not reasonable to predict TOW opportunities out over 50 years with degrees of accuracy. So our analysis does not represent predictions.

We live in a dynamic world. Consequently, our TOW projections are scenarios based on reasonable assumptions about the future of Kern County and its communities. These scenarios are a likely future and provide insight on the remarkable TOW opportunity. Our scenarios are conservative in nature and represent a baseline opportunity for community giveback.

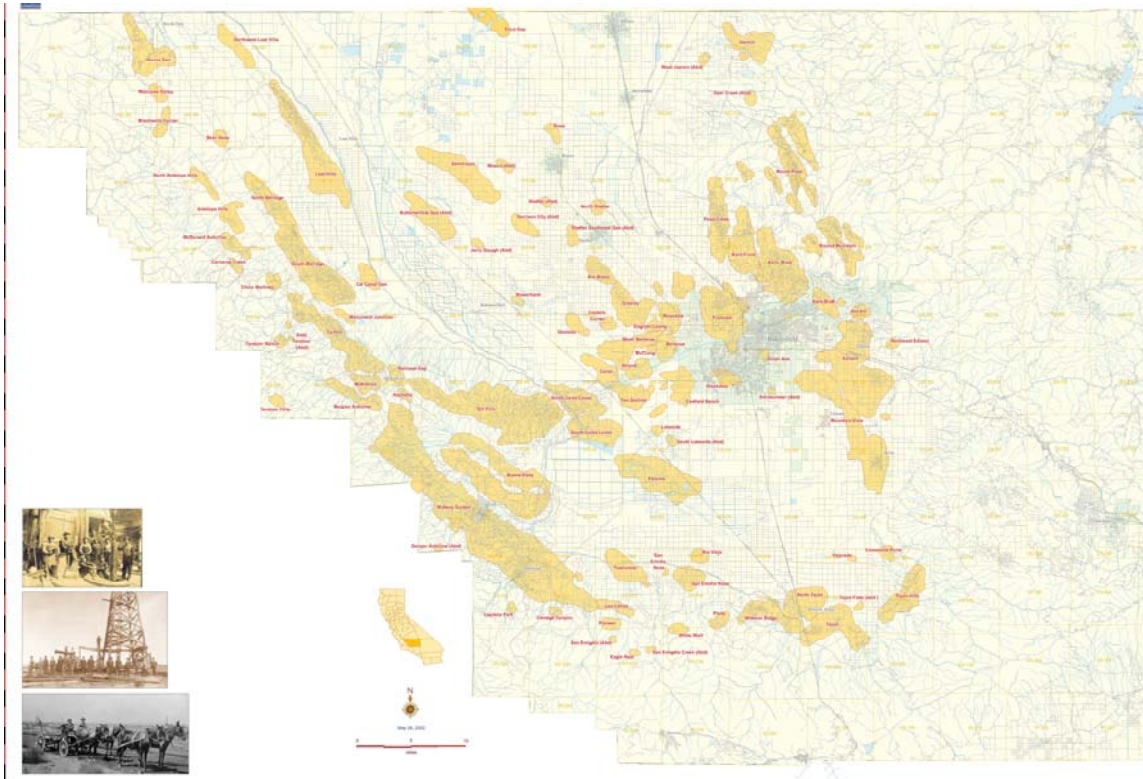
Energy Drill Down

Legacy Asset
Petroleum & More
Economic Engine
Past & Future
Potential Donors

Over a century later, the San Joaquin Valley still produces a large quantity of oil. In fact, just the Kern County part of the valley in 2008 had over 42,000 producing wells that provided 68% of the oil produced in California, 10% of the entire United States production, and close to 1% of total world oil production.¹

Figure 6 below provides an illustration of oil fields in Kern County based on information from the California Department of Conservation, Division of Oil, Gas & Geothermal:

Figure 6 – Oil Fields in Kern County



Source: California Department of Conservation, Division of Oil, Gas & Geothermal Resources

¹ The San Joaquin Valley Oil Industry, <http://www.sjvgeology.org/oil/index.html>

Legacy Asset

*A Defining Part of Kern County
By the Numbers
Wealth Creator*

A Defining Part of Kern County. According to those we interviewed, oil and Kern County (Bakersfield) have tightly integrated identities. Oil development and production is a legacy economic driver in Kern County and has helped shape the economy and culture of this region of California. Bakersfield is often identified among America's big three "oil cities" along with Houston and Denver.

By the Numbers. As the previous quote highlights, energy production in Kern County is significant and contributes to this community's wealth profile. The following provides an interesting summation of the size and nature of this social and economic sector:

*42,000 Active Oil Producing Wells
Nearly 150 Million Barrels of Annual Oil Production
Over 160 Million Cubic Feet of Annual Natural Gas Production
At \$100 per Barrel the Annual Value of Oil Production is nearly \$15 Billion*

Wealth Creator. The energy sector has been at work in Kern County for a long time and it has generated significant wealth over this run. If only 5% (an illustration) of the \$15 billion in annual production was captured by local residents over \$750 million annually would flow to Kern County households. We are unable to precisely estimate the wealth effect of oil and energy, but these numbers illustrate its size and potential impact. Kern County's energy industry generates wealth (historically, currently & into the future) through three primary venues:

*Lease & Royalty Holders
Legacy Independents
Oil Services Entrepreneurs*

| | |
|------------------------------------|--|
| Lease & Royalty Holders | Property owners who retain their mineral rights are compensated through lease payments associated with exploration and development. Once energy production begins, these lease holders generally receive royalty payments based on the value of energy being produced each year. |
| Legacy Independents | Energy development and production has been a big part of Kern County for a long time. There is a large community of retirees associated with the energy industry. These retirees have settled in Kern County and call it home. |
| Oil Services Entrepreneurs | Kern County is a center of oil and gas industry activity. There is a rather large community of closely held family businesses or entrepreneurs related to the oil services industry including machinery, construction and the like. These entrepreneurs represent the third potential wealth center associated with this sector. |

These three potential donor groups are explored in a bit more detail later in this section of our Report.

Petroleum & More

Oil

Natural Gas

Renewables

Oil. Crude oil production is king in Kern County's energy sector. It has and will likely dominate the energy sector over much of our scenario timeframe. Seven of the United State's top 100 oil fields are located in Kern County including:

*#3 – Belridge South, #8 – Midway-Sunset, #9 – Elk Hills
#10 – Kern Valley, #20 Cymrie, #22 – Lost Hills & #84 – Kern Front*

While oil dominates that part of Kern County, there are other energy resources and over time these non-oil energy resources may become more important as sources of wealth creation.

Natural Gas. Compared to oil production, natural gas production is relatively small, but still is significant. In 2010 near 160 million cubic feet of natural gas was produced in Kern County. We have not explored potential reserves of natural gas or the potential for expanded development. However, natural gas is rising in importance in the United States and there is increasing development pressure to identify and produce more domestic natural gas.

Renewables. Kern County is vast geographically and it has remarkable conditions suitable to renewable energy production associated with wind energy and solar. Wind and solar energy development is occurring in Kern County and the potential for more development is likely. Like oil and gas development and production, wind and solar developments could generate wealth through their economic activity and lease/royalty payments to land owners.

Economic Engine

Jobs

Personal Income

Economic Activity

Jobs. According to the U.S. Bureau of Economic Analysis between 2000 and 2009 the total employment tied to the "Mining Sector" (e.g., largely oil related) rose from 9,606 jobs in 2000 to 11,703 in 2009. Total employment in the County for the same period

grew by nearly 12%, but Mining related employment grew by nearly 22% or twice the total employment growth rate. This reflects the significant expansion in oil related activity within the County over the past decade. Energy related jobs on average generate significantly greater incomes. The following average annual wages are for Kern County for 2010 specific to certain kinds of employment:

All Jobs in Kern County = \$40,870
All Private Jobs in Kern County = \$37,528
Oil & Gas Related Jobs = \$142,400
Energy Support Related Jobs = \$71,595

According to our interviews the culture within the oil and natural gas sector in Kern County is conservative. Those engaged in this industry tend to work hard, are conservative in their spending, save and invest and consequently build estates over time. Much of this culture is deeply connected to the communities and institutions of Kern County with potentially strong affinity and giveback potential.

Personal Income. Again according to the U.S. Bureau of Economic Analysis total personal income derived from the “Mining Sector” rose from \$822 million in 2000 to nearly \$1.3 billion in 2009 or by \$459 million. This represents an increase of 56% or 6.2% per year. Energy related personal income as a share of total County personal income rose from 5.9% in 2000 to 7.1% in 2009.

Economic Activity. The energy industry in Kern County generates two important economic impacts. First, energy development and production within the County creates significant economic impact particularly given the higher average wage rates within the industry. The multiplier effect impacts the entire economy creating wealth for non-energy sectors including housing, shopping, entertainment and the like. The concentration of oil services entrepreneurs brings wealth into the County. As these firms work outside of the County they generate income that returns to the County. Anticipated international energy development will drive this activity and as long as these closely-held family businesses remained rooted in Kern County, this will be a growing and on-going source of wealth to the County and some of its residents.

Past & Future

Reserves
Oil Services
Renewables

Reserves. Oil reserves for Kern County are conservatively estimated at 12.2 billion barrels. At current production rates the life span of these reserves is over 80 years. As the value of oil and other energy resources increases over time, the potential for additional reserves to be discovered and developed increases. Bottom line, oil and natural gas are likely to remain a major economic and social sector in Kern County throughout our scenario period. This sector will remain an important source of wealth creation in the decades to come.

Oil Services. As noted earlier in this analysis, the oil services sector is large, diverse and robust. Closely held family businesses dominate the oil services sector. These entrepreneurial ventures are part of a growing and dynamic continental and international energy sector. The potential for growth and wealth creation is significant.

Renewables. We have not conducted detailed research on renewable energy resources in Kern County. Based on our interviews we have some insight that there is significant potential for both solar and wind energy production. Renewable energy is becoming an increasing part of both domestic and international energy supplies. We assume that in time these sectors of Kern County energy complex will increase in size and potential.

Potential Donors

Majors & Independents

Legacy Independents.

Oil Services Entrepreneurs

Majors & Independents. Kern County's oil industry is dominated by major energy companies who own mineral rights from where they are producing. We have not secured published source data for the relative mix between majors and independents, but insight from our interviews suggests that about 75% of all oil production is tied to major oil companies that are external to the County and that own the mineral rights. The remaining 25% of energy production is by independents who lease mineral rights. This distinction is important. Independents with leased mineral rights tend to generate more locally rooted wealth than majors with owned rights. Our interviews suggest that the common practice in Kern County is for a 15% annual royalty on the value of energy produced through mineral right leasing. In this case the landowners who are leasing their mineral rights are realizing between 12% to 20% of the energy being produced from their mineral holdings. Even at 25% lease holding, this represents a significant potential source of wealth and giveback potential.

Legacy Independents & Lease Holders. As noted before there is a long history of oil development and production in Kern County. Even today it is one of America's leading oil centers with a large concentration of independents and oil services entrepreneurs. Because of this history, there is a relatively large community of what we are calling "legacy independents" or individuals and families that have been part of the industry

and are now retired or approaching retirement. These individuals have potentially deep roots in selected communities within the County and are likely legacy donors.

Oil Services Entrepreneurs. Significant new wealth is being created every day by Kern County's oil services entrepreneurs. These closely-held family ventures are likely to grow over time and this community represents a potentially important donor sector. We cannot quantify the specific number of oil services entrepreneurs or their wealth. Further exploration of this potential donor community may be warranted in the future.

Agriculture Drill Down

Location of Farm & Ranch Activity

Profile of Changing Production

Economic Impact of Production Agriculture

Wealth in Agricultural Real Estate

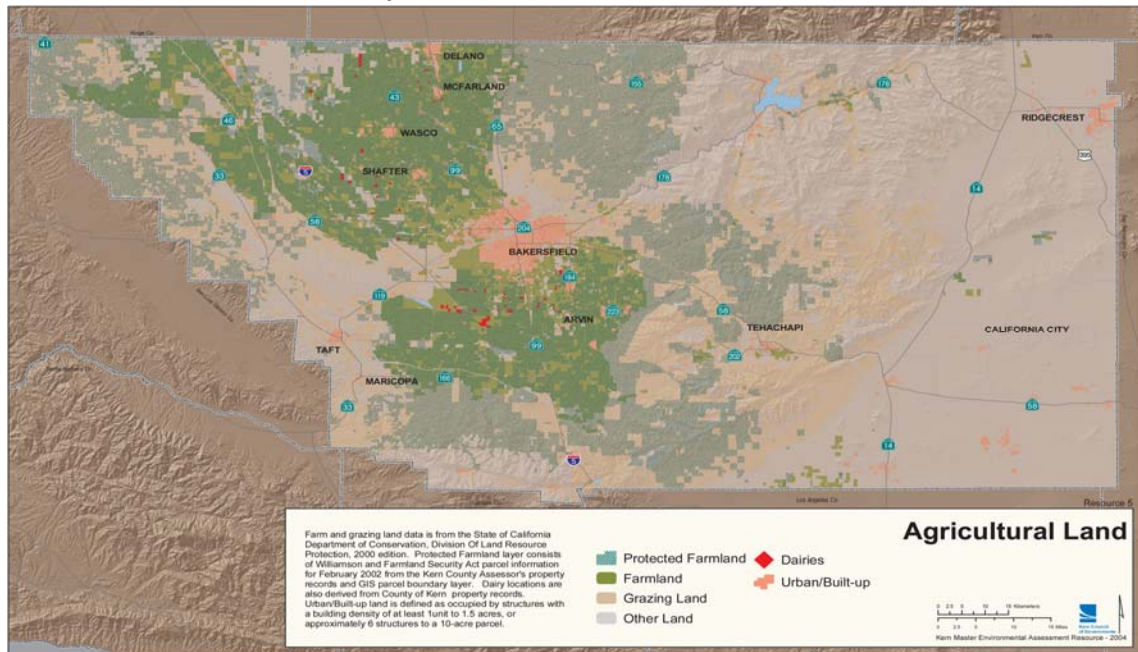
Water & Urbanization Wild Cards

Location of Farm & Ranch Activity

The following map highlights those areas of Kern County where production agriculture is present. Those areas in green represent farmland or where crops are produced. Grazing lands are in tan and dairies are noted with red dots.

Figure 7 – Agricultural Land

*Source: State of California Department of Conservation,
Division of Land Resource Protection, 2004 edition.*



Profile of Changing Production

Kern County is physically large with around 5.2 million acres. According to the 2007 Agricultural Census roughly 45% of Kern County represents land in agriculture (2.36 million acres). Of agriculture related acreage we have the following breakout:

Cropland = 943,000 acres or 40% of Agricultural Lands
Pasture or Rangeland = 1.3 million acres or 55% of Agricultural Lands
Woodlands & Farmsteads = 117,000 acres or 5% of Agricultural Lands

Economic Impact of Production Agriculture

The 2010 Kern County Agricultural Crop Report (www.kernag.com) provides current (as of 2010) information on production agriculture. The following is a snapshot from this report:

Gross Value of Agricultural Products in 2010 = \$4.58 billion
This represents a \$1.14 billion increase (31%) from the 2009 Report
This increase is largely due to shifts to higher value products.

The top five (based on value) agricultural products in 2010:
Grapes – Pistachios - Almonds – Milk – Citrus
These five crops accounted for 60% or \$2.8 billion of total Agricultural Production

Production agriculture is an economic engine in Kern County and a center of household wealth. Based on information from the U.S. Bureau of Economic Analysis production agriculture (farms & ranches) generated the following economic impacts in 2009:

Farm Related Employment = 14,692
Farm Derived Personal Income to County Households = \$1.2 billion
Net Farm Income has increased from around \$0 in 2000 to over \$1 billion in 2009

These metrics only partially reflect agriculture's role within the County. Farms and ranches in Kern County generate significant spending in area support businesses (e.g., machine shops, input providers, etc.) financial and insurance businesses.

Wealth in Agricultural Real Estate

There is significant sunk wealth rooted in agricultural real estate within Kern County's farms and ranches. Unfortunately there are not precise estimates of household specific current net worth related wealth. However, we have completed some analysis matching production acreage by product with estimated value of acreage employing per acre real estate values based on the 2011 Trends in Agriculture Land & Lease Values Report (www.caasfmra.com).

We estimate that current agricultural real estate in Kern County is conservatively valued between \$8 and \$12 billion.

We do not have information about the likely debt against this real estate. Nationally we know that with better times in production agriculture, the debt to asset ratios in farm and ranch country is at all time lows. Generally speaking farmers have paid down debt with increased incomes over the past decade. We assume this is the case in Kern County, but based on our interviews were unable to secure documentation supporting this assumption. Nevertheless, there is significant wealth in Kern County tied to agricultural real estate.

Ownership patterns are mixed and can best be characterized by following three groups:

| | |
|--|--|
| <p>Smaller Family-Owned Operations</p> | <p>According to the <u>2007 Census of Agriculture</u> for Kern County there are 2,117 farms and ranches. Of these 538 have less than \$1,000 in annual sales. Another 775 have sales between \$1,000 and \$99,999. 325 farms have sales between \$100,000 and \$500,000 and there are 529 larger producers with sales in excess of \$500,000 annually. There are large numbers of smaller family-owned farming and ranching operations where wealth in agricultural real estate is modest.</p> |
| <p>Larger-Corporate But Family-Owned Operations</p> | <p>We do not have specific research breaking out larger producers with most of the agricultural real estate wealth between family-owned corporations and externally-owned corporations. However, locally rooted family farm corporation is significant in the County and there is potentially billions of dollars of rooted wealth within this segment of the community.</p> |
| <p>Externally-Owned Corporations</p> | <p>Externally owned corporations are important in production agriculture in the County and are likely to increase in scale over time. These corporations typically have some kind of community giveback ethic and policy. However, the potential for significant legacy giving is typically less likely when compared to family-owned operations.</p> |

Based on our interviews and general research into agricultural estate nationally, there are mixed views regarding the recent run up in the value of commodities and production land. Some feel this is a building bubble and that an adjustment is likely. Others, while not debating the potential for a short-term value adjustment in both commodity values and related production land, feel that international demand for agricultural products will remain strong as the world's population (particularly rising middle classes in Brazil, India, China, etc.) increases relative to commodity producing capacity. Longer-term there is some consensus that productive agricultural lands will increase in value faster than the general growth in the economy resulting in rising land wealth for owners.

For purposes of this analysis, we assume that agricultural real estate represents significant legacy wealth in Kern County and that this wealth will appreciate in real value over time expanding the potential for philanthropic giveback.

Water & Urbanization Wild Cards

There are two wild card conditions that could impact the role of agriculture in the County and associated household related land wealth:

Access to & Cost of Water Urbanization

Water has always been a huge issue in the West and particularly California. Access to affordable water for production agriculture is a key consideration as we evaluate wealth related to farm families and their real estate they own. Continued access to affordable and adequate water is critical to continued production agriculture and wealth continuation. We assume that water will be a constraint, but not a deal killer going forward for Kern County. But this is an issue that needs to be tracked and any development that materially reduces water access or increases core water costs, will directly impact farm and ranch family wealth in the County.

Kern County has seen dramatic population growth over the past 40 years as illustrated earlier in this Report. We are assuming somewhat slower, but still robust population growth over the coming 50 years. Parts of Kern County adjoin the LA Basin and continued growth in LA will spur urbanization in Kern County. The Great Recession has dramatically slowed real estate development. There is actually evidence of land once converted from agriculture for development back to agriculture. As significant as this short-term trend is, we assume the long-term trend will result in increased urbanization tied to the projected growth in population.

As rural real estate is developed and urbanized, land valued at \$5,000, \$10,000 or \$15,000 per acre will be sold at much higher levels \$50,000 to \$100,000 per acre. These one time transactions will create significant new wealth for rural land owners and represent moments in time for potential philanthropic giving. Tracking urbanization could be an important donor development opportunity for Kern County into the future.

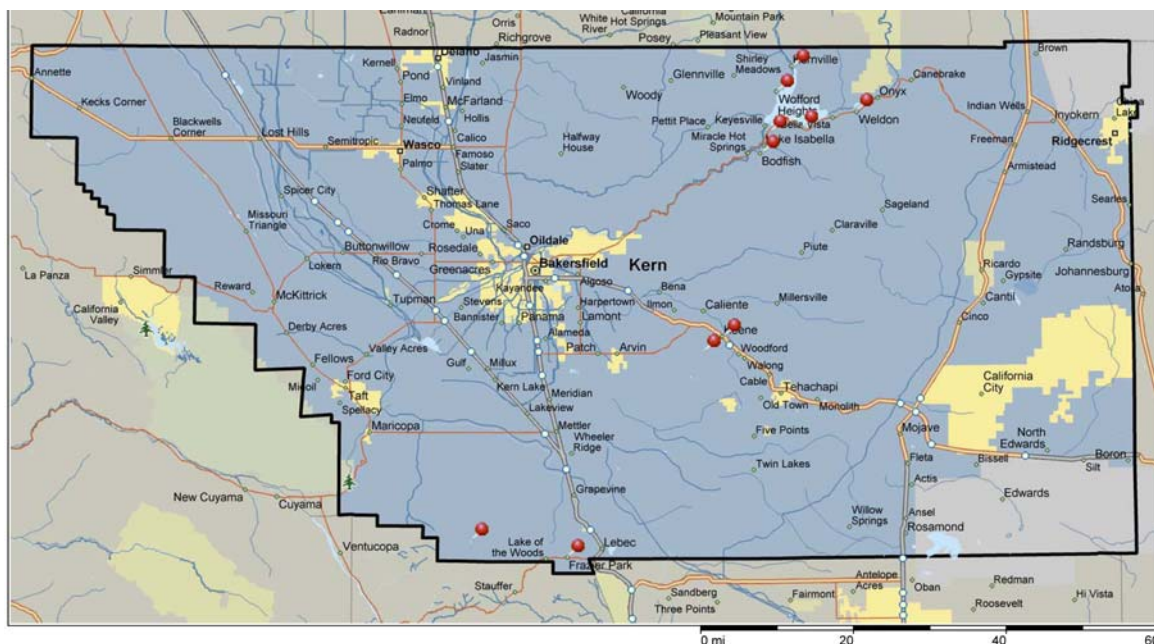
Second Homes Drill Down

Profile of Typology Wealth Opportunity Kinds of Households

Unfortunately there is limited secondary research on second home ownership based on typical sources like the U.S. Census Bureau. Unless customized research has been undertaken we have limited sources of information from which to profile this potentially important donor pool and source of giveback wealth. Nevertheless, based on our field experience we believe that households related to second homes are important in specific geographies in Kern County.

The following map (Figure 8) identifies those communities with high concentrations of vacation, second or retirement housing as a portion of the community's overall housing stock:

Figure 8 – Vacation Homes



Source: U.S. Census Bureau, American Community Survey, 2005-2009

Figure 9 provides “vacation home analysis” for selected communities in Kern County based on the American Community Survey covering the period of 2005-2009:

Figure 9 - Housing Unit Values in 2010

| | Total Households ACS 2005-2009 | Vacation Homes ACS 2005-2009 | % of Vacation Homes 2009 |
|---------------------------------------|---|---|---|
| U.S. | 127,699,712 | 4,411,956 | 3.45% |
| California | 13,268,682 | 296,689 | 2.24% |
| Kern | 266,880 | 6,048 | 2.27% |
| Valley Acres | 140 | 23 | 16.43% |
| West Kern | 7,281 | 98 | 1.35% |
| Greater Bakersfield | 137,912 | 553 | 0.40% |
| North Kern | 19,264 | 48 | 0.25% |
| Frazier Park | 1,334 | 274 | 20.54% |
| Pine Mountain Club | 1,725 | 953 | 55.25% |
| Mountain Communities | 3,829 | 1,227 | 32.04% |
| Bear Valley Springs | 2,476 | 334 | 13.49% |
| Keene | 175 | 46 | 26.29% |
| Tehachapi Mountain Communities | 9,733 | 696 | 7.15% |
| Bodfish | 1,224 | 152 | 12.42% |
| Lake Isabella | 2,109 | 264 | 12.52% |
| Weldon | 1,327 | 187 | 14.09% |
| Mountain Mesa | 447 | 115 | 25.73% |
| Kernville | 1,247 | 340 | 27.27% |
| Wofford Heights | 1,747 | 491 | 28.11% |
| Kern River Valley | 8,555 | 1,564 | 18.28% |
| Edwards AFB | 1,076 | 122 | 11.34% |
| Johannesburg | 122 | 25 | 20.49% |
| Randsburg | 127 | 93 | 73.23% |
| East Kern | 28,400 | 623 | 2.19% |

Source: ESRI, www.esri.com

Profile of Typology

When we estimated household current net worth (CNW) and the transfer of wealth (TOW) opportunity we primarily focus on permanent residents within a community. There is one important exception that focuses on non-permanent residents, but temporary residents with potentially deep connections to their “part-time” homes. This group of part-time residents and potential donors are profiled in the following chart.

| | |
|--|---|
| <p>Second Homes. A fairly high percentage of American households have second homes. Sometimes these are vacation homes that are leased to others when not being personally used. These homes can be a mobile home or a multi-million dollar complex.</p> | <p>Local Residents. Kern County is a big place with a major city (Bakersfield). There are likely a large number of Kern County permanent residents who have second, vacation or retirement homes in other parts of the County.</p> |
| <p>Vacation Homes. Most second homes are used for recreation or vacation purposes. There is a long tradition in America of vacation homes that are often used generationally over time and truly represent a “second home.” These vacation properties create strong affinity to their resident’s part-time communities.</p> <p>Retirement Homes. Many Americans create an attachment to areas where they vacation. In some cases these vacation experiences lead to part-time or even permanent retirement relocations. The donor capacity ranges from minimal to significant.</p> | <p>External Residents. There are also other vacation, second or retirement home owners who have permanent residence outside of Kern County. The location of Southwestern Kern County and the LA Basin creates a perfect opportunity for residents from LA to have such homes in locations adjacent to the Greater LA Region.</p> |

Wealth Opportunity

Donors, particularly legacy donors, have diverse interests and passions. The strength of potential giveback is tied to the strength of affinity. Families that are permanent residents in one community, but have a deepening connection to a second community where they vacation, rest, recreate and may even retire represent potential donors. There are an estimated 6,000 vacation homes in Kern County. We cannot quantify the breakout between Kern County residents and part-time seasonal residents. Furthermore, we cannot begin to speculate on the potential attachment of external part-time residents associated with these vacation homes to their second homes and communities. Based on field experience from other settings like Northern Wisconsin or Coastal Maine, we know there is donor potential. Additional primary research may be needed to detail this potential and build donor development strategies.

Kinds of Households

ESRI of Chicago is a private market research service. One of ESRI’s services is Community Tapestry. Community Tapestry organizes American households into 66 distinct groups based on income, age and spending patterns. Every geographic landscapes can be profiled using Community Tapestry to profile the kinds of households present. For more information on Community Tapestry check out www.esri.com/tapestry.

For purposes of this Report we have selected specific Zip Code level communities with high concentrations of vacation, second or retirement homes and provided snapshots based on primary tapestry communities associated with these communities:

| | |
|---|---|
| <p>Johannesburg <i>Tapestry Group 49</i> <i>Senior Sun Seekers</i></p> | <p>Lower middle class households with a median age of 41.7 years. High school graduates with some college. Single family houses, mobile homes & seasonal Key activities include domestic travel & dining out. Own annuities & own or least Buicks. Play backgammon, cards & watch game shows.</p> |
| <p>Pine Mountain <i>Tapestry Group 31</i> <i>Rural Resort Dwellers</i></p> | <p>Middle income households with a median age of 46.9 years. Professional, management, skilled or service sector background. Some college. Single family homes, mobile homes & seasonal Like boating and fishing. Own stock worth \$75,000 or more. Attend NASCAR races, watch rodeo, tractor pulls. Own or lease a compact pickup truck.</p> |
| <p>Keene <i>Tapestry Group 15</i> <i>Silver & Gold</i></p> <p><i>Tapestry Group 31 or</i> <i>Rural Resort</i> <i>Dwellers also important</i> <i>in Keene.</i></p> | <p>Upper middle class with a median age of 59.3 years. Retired with professional or management background. Some college and graduate school. Single family homes & seasonal. Like to go boating and fishing. Own stock worth \$75,000 or more. Like to join civic groups, watch the Golf Channel Spent between \$20 and \$30k on their last motor vehicle.</p> |
| <p>Wofford Heights <i>Tapestry Group 49</i> <i>Senior Sun Seekers</i></p> | <p>Lower middle class households with a median age of 41.7 years. High school graduates with some college. Single family houses, mobile homes & seasonal Key activities include domestic travel & dining out. Own annuities & own or least Buicks. Play backgammon, cards & watch game shows.</p> |

The following selected information and profiles provide examples of available information. More detailed socio-economic information is available through ESRI for these Tapestry Groups and communities. All potential second home, vacation or retirement Zip Code level communities in Kern County could be profiled with is research.

High Net-Worth Households Drill Down

Defining Higher Net Worth

Higher Net Worth Profile for Kern County

Implications of this Research

All households are important to a community. All donors are important to community philanthropy. One of the key indicators of a culture with strong community philanthropy is the share of all households that are giving back based on their passion and means. From a practical standpoint not all potential donors are equal. Some donors have greater capacity to give because they control more wealth. These donors are important in that they can make more significant gifts based on their greater wealth capacity.

Defining Higher Net Worth

Relative wealth is relative to the geography being considered. For example, someone with a CNW of \$250,000 in rural Nebraska may be considered to have moderate giveback capacity. That same household in Los Angeles could be classified very differently due to relative cost of living. ESRI of Chicago provides detailed profiles of households based on age and CNW holding. We have included these profiles in the Project Electronic Library for the U.S., California, Kern County and the detailed Kern County communities. Nationally, ESRI profiles households from no current net worth to those with CNWs of \$20 million or more. But at lesser geographies the top wealth category is \$1 million CNW or greater. For purposes of this analysis we are employing households with CNWs of \$1 million or more as “high net worth.” It is important to note that this threshold is just one indicator of a household’s capacity to give and says little about their motivation to give back to their community.

Higher Net-Worth Profile for Kern County

Figure 10 provides the percentage of households for selected communities with \$1 million or more in CNW based on 2010 data from ESRI. We have also included the “media” or mid-point and “mean” or average household CNW values along with the median to mean ratio (an indicator of equity within a geography). The larger the “median to mean ratio” -- the greater the wealth disparity within the geography.

Kern County has less than half the number of households with \$1 million plus CNW estates when compared to California (4.3% vs. 9.4%) and less such households when compared to the United States (4.3% vs. 7.6%). Furthermore, Kern County, when compared to both California and the U.S. has a somewhat greater wealth disparity (6.03x vs. 5.79x for CA & 4.50x for the U.S.).

Nevertheless, there are a significant number of higher net worth households in Kern County:

Million Plus CNW Households = 10,964 or 4.3% of Total Households
\$500,000 to \$999,999 CNW Households – 14,591 or 5.7% of Total Households

Figure 10 – Percent of Households with more than \$1 Million in net worth

| Geography | \$1 Million + Households | Median Net Worth | Average Net Worth | Median to Mean Ratio |
|----------------------|--------------------------|------------------|-------------------|----------------------|
| United States | 7.6% | \$93,084 | \$418,865 | 4.50 |
| California | 9.4% | \$82,014 | \$475,025 | 5.79 |
| Kern County | 4.3% | \$44,382 | \$267,426 | 6.03 |
| North Kern | 2.2% | \$14,649 | \$146,629 | 10.01 |
| Greater Bakersfield | 4.7% | \$50,075 | \$289,590 | 5.78 |
| Mountain Communities | 2.0% | \$64,670 | \$210,079 | 3.25 |
| Tehachapi Mountain | 5.8% | \$81,264 | \$346,264 | 4.26 |
| West Kern | 2.1% | \$23,564 | \$163,721 | 6.95 |
| Kern River Valley | 3.2% | \$38,574 | \$202,618 | 5.25 |
| East Kern | 3.5% | \$51,264 | \$242,217 | 4.72 |

Source: ESRI, Chicago, IL. November 2011 & the RUPRI Center for Rural Entrepreneurship.

There is considerable range in Kern County with respect to the concentration of higher net worth households from a low of just over 2% in North Kern and West Kern to Greater Bakersfield with 4.7% and Tehachapi Mountain with a County high of 5.8%

Implications of this Research

There are likely Zip Code areas where there are deeper concentrations of higher net worth households in Kern County. Given the size and diversity of the County, significant additional research would need to be done to pin point these pockets of higher net worth households. If this analysis is helpful we recommend the use of GIS mapping capabilities in conjunction with ERSI CNW data for 2010 to create “heat” maps where there is higher incidence of these households. However, we also sense that there is dispersion throughout the County. Given the conservative nature of segments within the community, it is likely that unassuming households as measured by the street view actually have significant wealth and potential for giveback.

Timing of the TOW Opportunity

One of the improvements our TOW Team has made in our methodology relates to how we measure the **timing** of the **TOW opportunity**. In the earlier TOW studies we estimated the timing of the TOW opportunity based on the total amount of inter-generational wealth being transferred by five-year or 10-year periods. This method created one representation of the transfer timing of the TOW opportunity. However, it also created a significant distortion. A key attribute related to whether the **opportunity** can become **giveback** is tied to estate decisions. The number and character (e.g., size, type of assets, etc.) of estates we believe is a better metric for estimating opportunity. This is particularly true in this era of wealth concentration.

In places with natural resources, including agricultural real estate, the overall wealth base is increasing over time theoretically increasing the TOW giveback opportunity. Technically this is true. But at the same time due to depopulation and the general decline in overall economic and social well-being, natural resource wealth is being concentrated into fewer and fewer estates. Over time the number of opportunities for someone to decide to give back declines. With this kind of pattern the probability of giveback also declines. Simply put, there are fewer opportunities over time for someone to decide to giveback. Wealth giveback opportunity becomes similar to the lottery. There is a very remote chance of a larger giveback.

The following figures illustrate the basic TOW opportunity graphic for each of the communities. There is additional analysis on each of the communities later in this Report (page 32). Figure 11 on the next page represents the entire county. It illustrates that given Kern County's projected demographic and economic growth over time, more new wealth is being created than transferred resulting in an upward trending wealth opportunity pattern.

By and large the TOW Opportunity Timing Charts for Kern County and its selected communities all show upward progression suggesting new wealth will be created faster than existing wealth will transfer. This pattern is a function of a demographically and economically growing community which is a good thing. However, there is urgency for acting on Kern County's TOW Opportunity. Each day and each year households are passing and estates transitioning. The past 50 years have been a remarkable period of wealth creation in Kern County. With each estate that is transitioned without a provision for community giveback, a lost TOW opportunity occurs.

Figure 11 - TOW Opportunity Timing Chart for Kern County

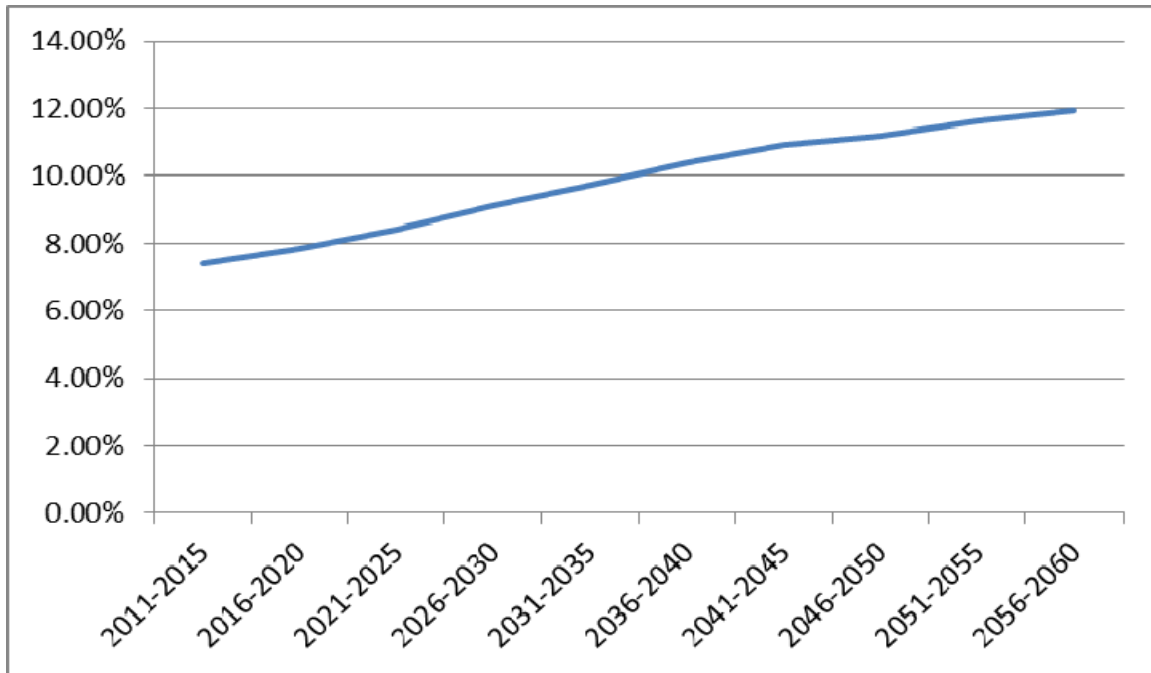


Figure 12 - TOW Opportunity Timing Chart for East Kern

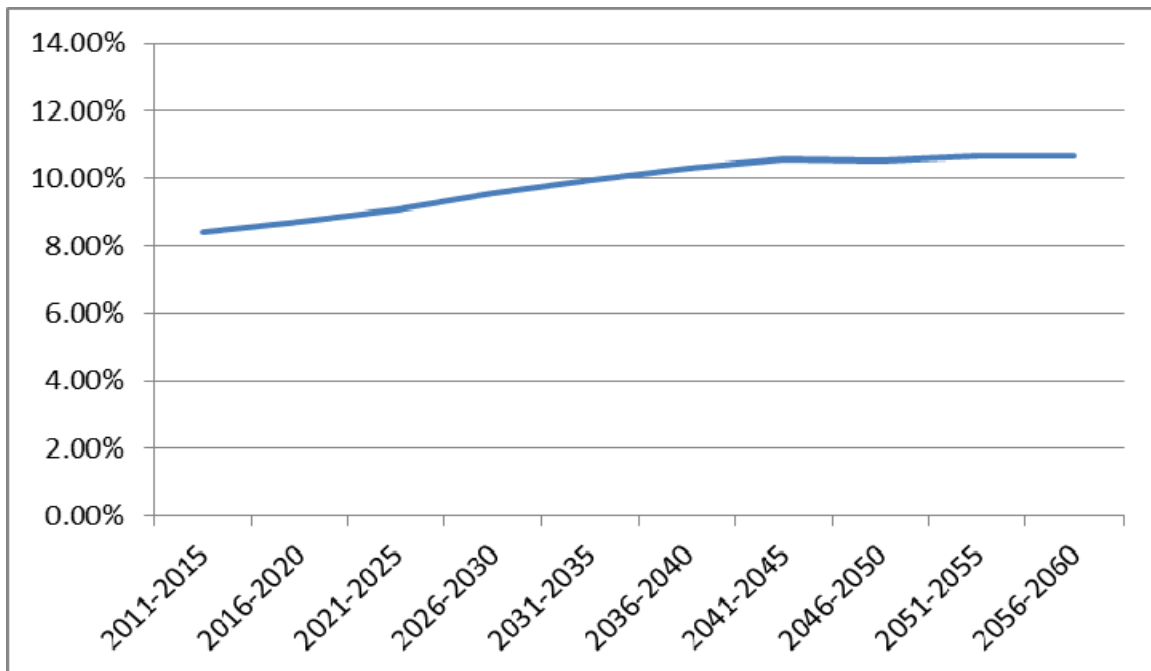


Figure 13 - TOW Opportunity Timing Chart for Greater Bakersfield

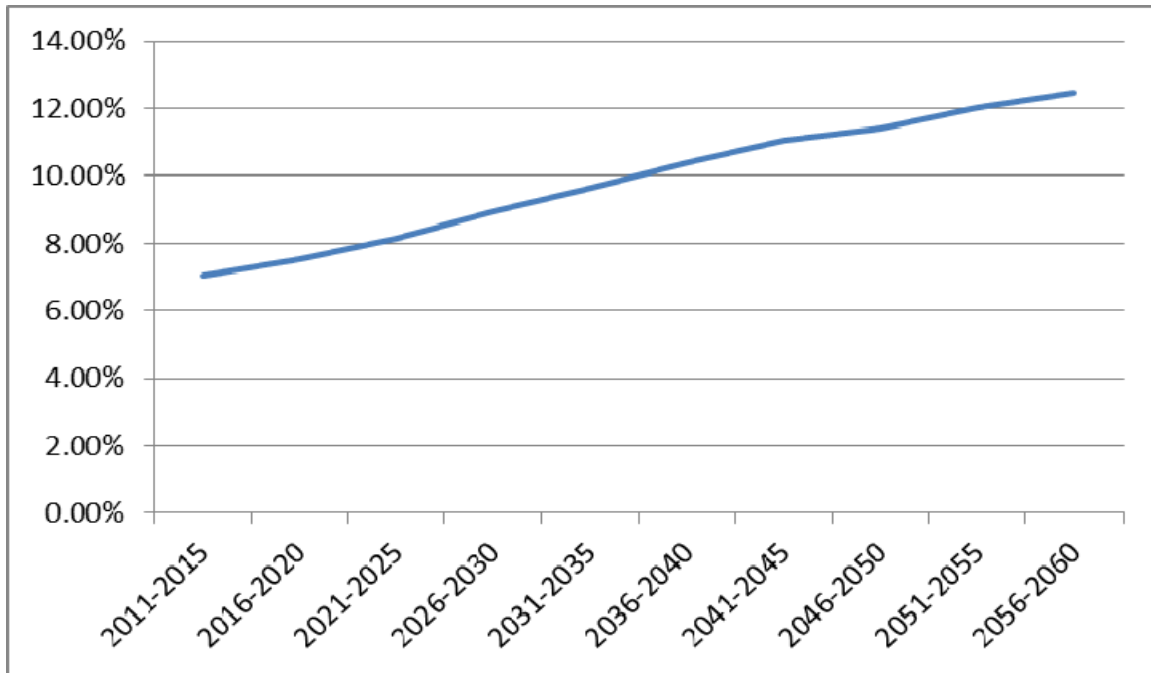


Figure 14 - TOW Opportunity Timing Chart for Kern River

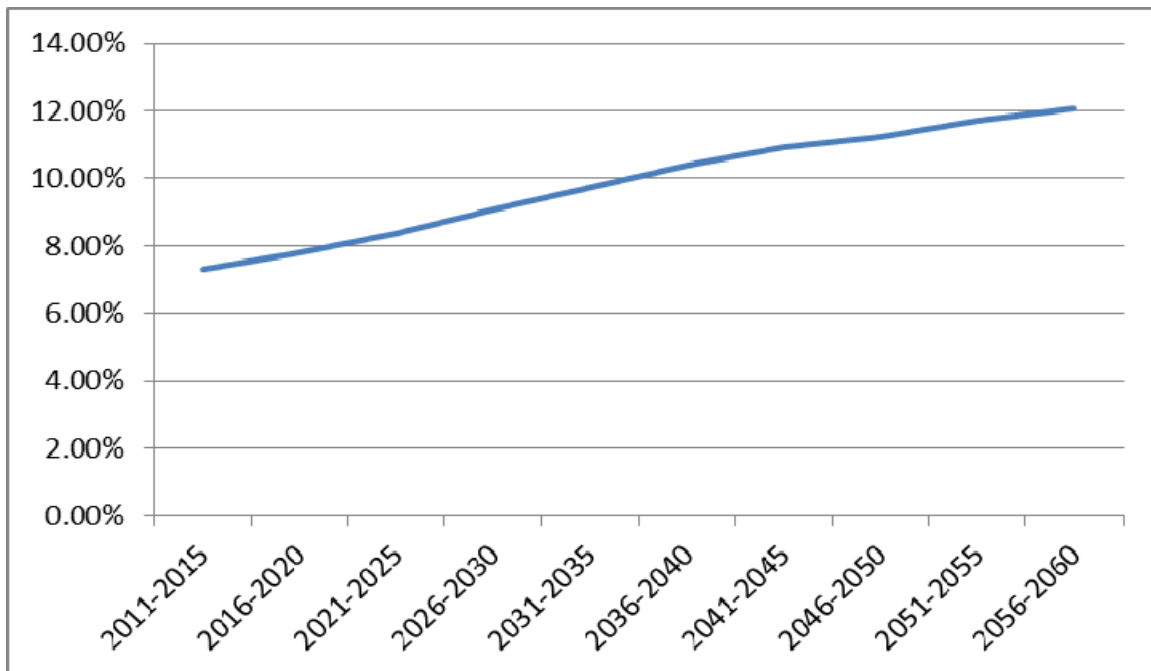


Figure 15 - TOW Opportunity Timing Chart for Mountain Communities

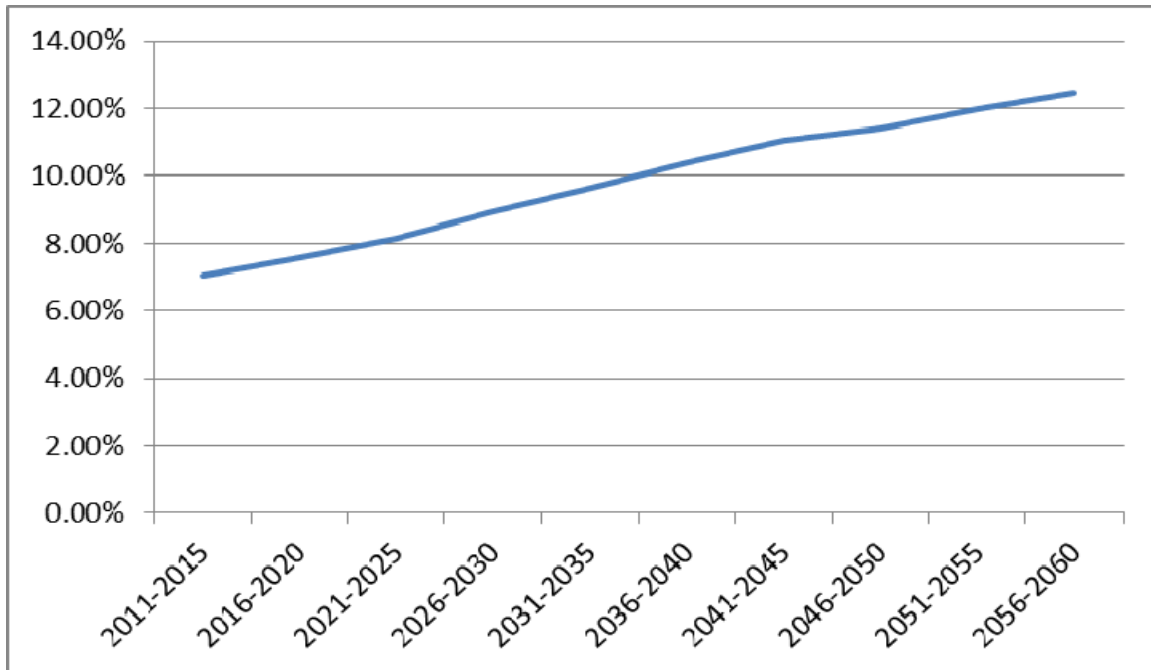


Figure 16 - TOW Opportunity Timing Chart for North Kern

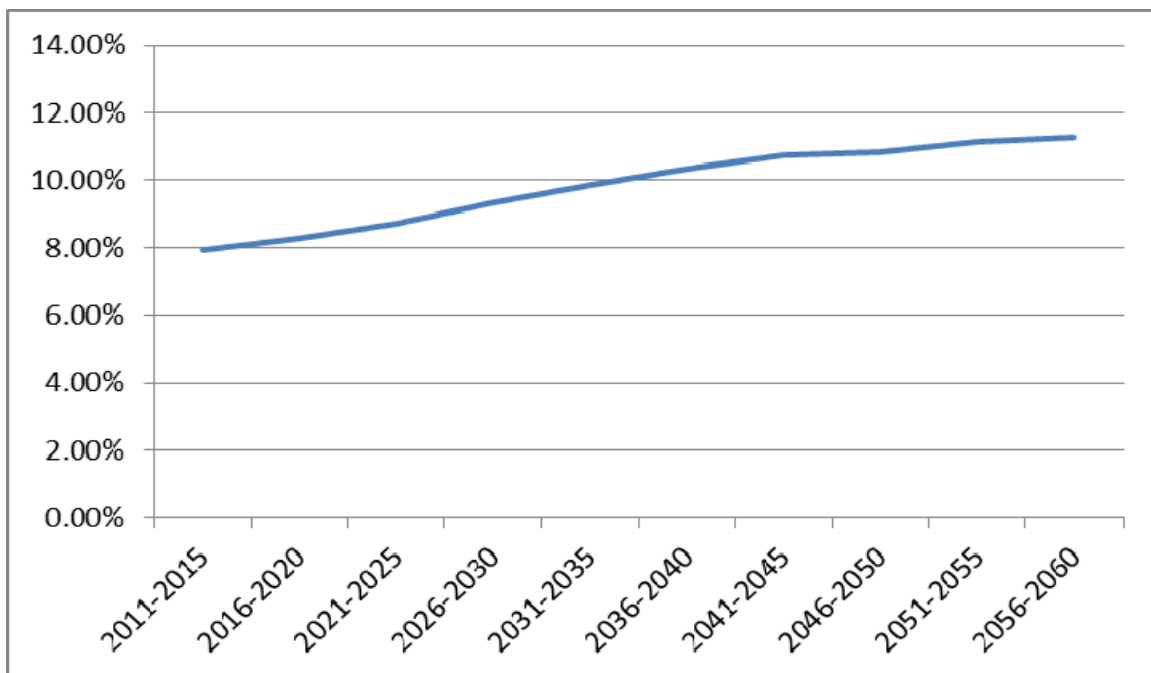


Figure 17 - TOW Opportunity Timing Chart for Tehachapi Mountain

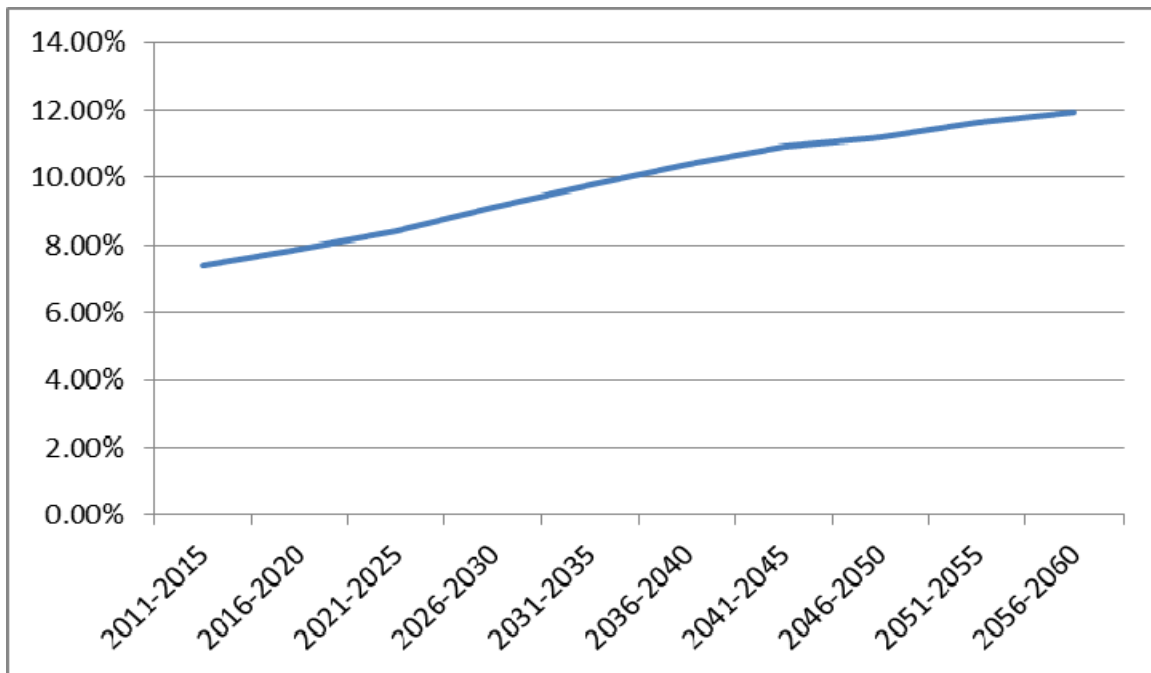
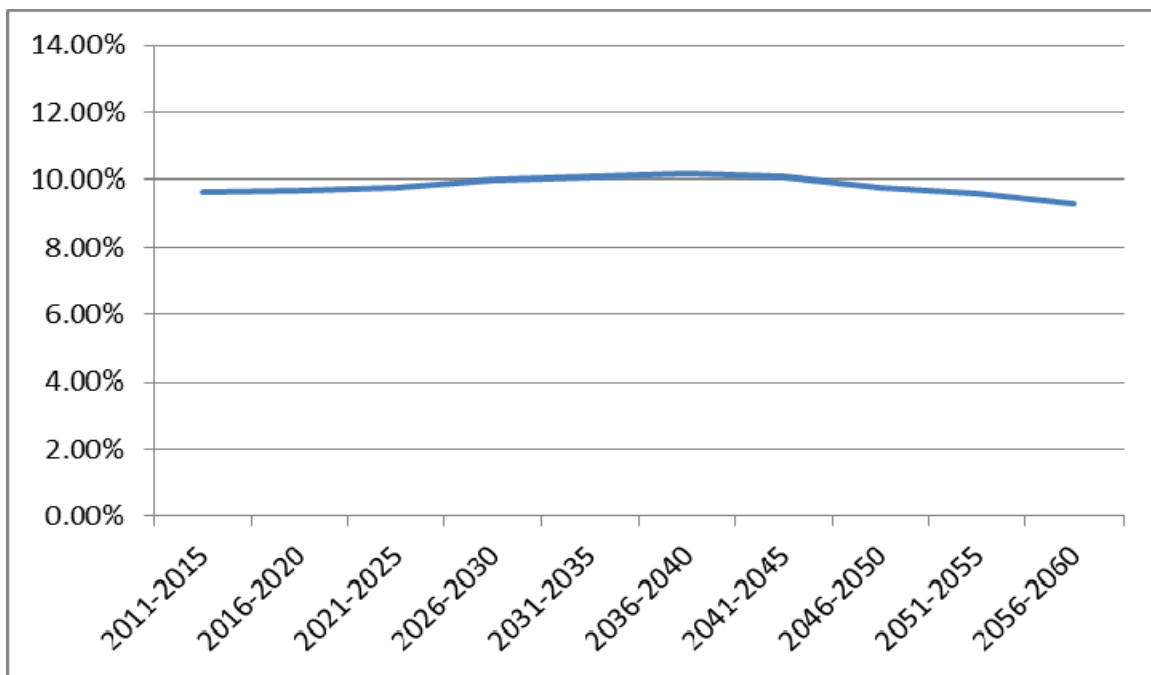


Figure 18 - TOW Opportunity Timing Chart for West Kern



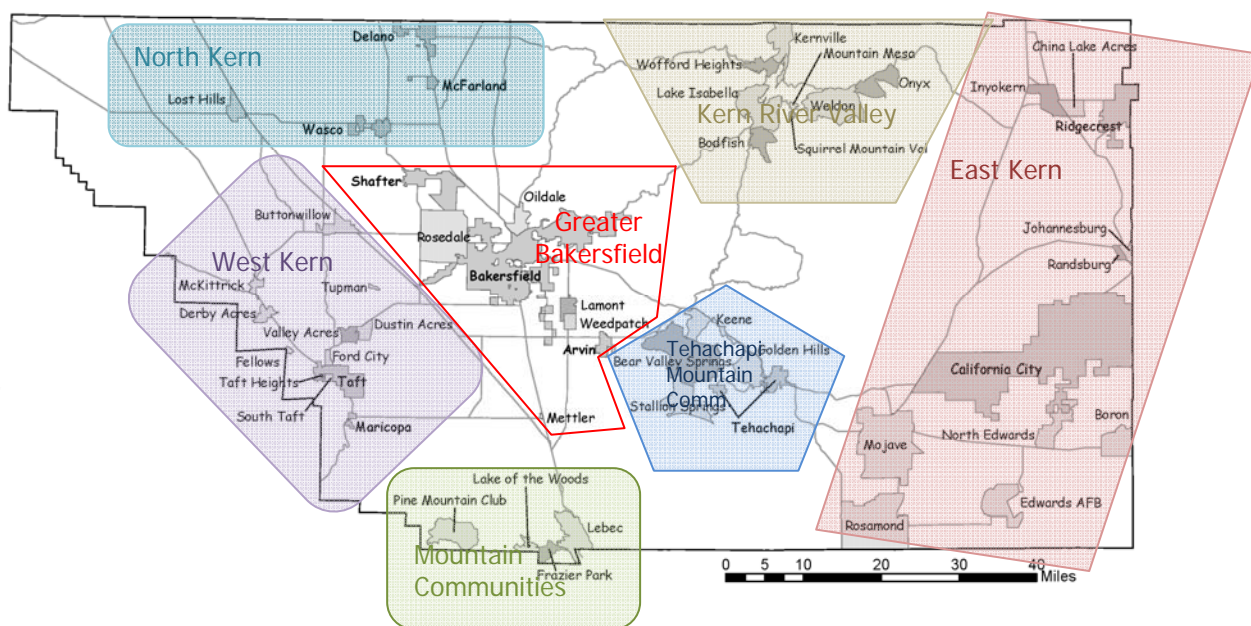
Analysis & Findings by Community

Communities Defined

- East Kern
- Greater Bakersfield
- Kern River Valley
- Mountain Communities
- North Kern
- Tehachapi Mountain Communities
- West Kern

The following section provides snapshots of each of the seven communities identified by the Foundation for specific TOW analysis. More detailed socio-economic analysis is available for each community and this information can be found in the Project Electronic Library. This analysis will provide meaningful insight into the diversity that is a characteristic of Kern County.

Figure 19 - Kern County and Its Communities



For each community we provide a summary table of findings that includes our TOW scenario results and key indicator information on wealth, income and demographic trends. These tables provide a snap-shot profile of the grouping. For documentation on each finding or indicator refer to the Electronic Library <http://bit.ly/ojFwwm>.

We have divided households into three distinct categories according to their wealth holdings and incomes.

Explanation by wealth holding categories:

- Low net-worth: households with less than \$50,000 in net worth
- Middle net-worth: households with net worth in between \$50,000 and \$249,999
- High net-worth: households with net worth of \$250,000 and above.

Explanation by income categories:

- Low income: households with incomes less than \$25,000
- Middle income: households with incomes between \$25,000 and \$99,999
- High income: households with incomes at \$100,000 and above.

Why these Regions?

Because of the size and diversity of Kern County dozens of specific communities could be profiled. But time and budget did not allow for every community to be profiled for its TOW opportunity. Kern Community Foundation staff selected these seven communities based on present and future development activities. We have also created a residual community that includes all those areas not captured in the seven targeted communities.

Findings by Regions

On each of the following pages we summarize our findings by community. Complete tables of all findings by community type can be found in Appendix A.

East Kern

The community of East Kern is a desert landscape with a current population of just over 74,000 residents. Its population growth rate has been lower when compared to the County's growth. East Kern is projected to have slower growth over the coming five decades based on the projections employed in this analysis. Both income and wealth levels are somewhat lower when compared to the County.

Figure 20 – Summary Findings & Key Indicators – East Kern

| | | East Kern | Kern County | U.S. |
|---------------|---|------------|--------------|---------------|
| RESULTS | 2010 Current Net Worth (millions) | \$3,043.96 | \$33 Billion | \$28 Trillion |
| | 10-Year (2010-2020) Transfer of Wealth (millions) | \$725.79 | \$8 Billion | \$6 Trillion |
| | 5% Capture (millions) | \$36.29 | \$388 | \$308 Billion |
| | 5% Payout (millions) | \$1.81 | \$19 | \$15 Billion |
| | 50-Year (2010-2060) Transfer of Wealth (billions) | \$6.02 | \$80 Billion | \$75 Trillion |
| | 5% Capture (millions) | \$300.90 | \$4 Billion | \$4 Trillion |
| | 5% Payout (millions) | \$15.05 | \$201 | \$188 Billion |
| WEALTH (2010) | | | | |
| | Percent of Households with less than \$100K in Net Worth | 62.5% | 63.9% | 51.4% |
| | Percent of Households with \$100K to \$449,999 in Net Worth | 29.4% | 26.1% | 32.2% |
| | Percent of Households with \$500K to \$999,999 in Net Worth | 4.6% | 5.7% | 9.0% |
| INCOME | Percent of Households with \$1M+ in Net-Worth | 3.5% | 4.3% | 7.6% |
| | | | | |
| | Percent of Low Income Households, '09 | 29.6% | 26.9% | 23.8% |
| | Percent of Middle Income Households, '09 | 55.9% | 55.6% | 55.9% |
| | Percent of High Income Households, '09 | 14.6% | 17.3% | 20.3% |
| | | | | |
| | Average Household Income, '10 | \$53,993 | \$56,960 | \$70,173 |
| | Median Household Income, '10 | \$43,875 | \$44,458 | \$54,442 |
| TREND | Average Occupied Housing Unit Value, '10 | \$114,511 | \$164,071 | \$220,131 |
| | Median Occupied Housing Unit Value, '10 | \$105,818 | \$138,153 | \$157,913 |
| TREND | | | | |
| | Annual Population Change, 2000-2010 | 1.42% | 2.69% | 0.97% |
| TREND | Annual Population Change, 2010-2060 | 1.42% | 2.49% | 0.94% |
| | | | | |

Greater Bakersfield

Greater Bakersfield includes metropolitan Bakersfield and is the urban center in Kern County. In 2010 Greater Bakersfield contained over 51% of the entire County's population. Historically, Greater Bakersfield has grown faster than the County and the projections used in this analysis call for this pattern to continue into the future. Both average and median household incomes are somewhat lower when compared to the County, but the percent of higher CNW households is greater than the County metrics.

Figure 21 – Summary Findings & Key Indicators – Greater Bakersfield

| | | Greater Bakersfield | Kern County | U.S. |
|---------------|---|------------------------|--------------|---------------|
| RESULTS | 2010 Current Net Worth (millions) | \$18,999.39 | \$33 Billion | \$28 Trillion |
| | 10-Year (2010-2020) Transfer of Wealth (millions) | \$4,435.49 | \$8 Billion | \$6 Trillion |
| | 5% Capture (millions) | \$221.77 | \$388 | \$308 Billion |
| | 5% Payout (millions) | \$11.09 | \$19 | \$15 Billion |
| | 50-Year (2010-2060) Transfer of Wealth (billions) | \$47.66 | \$80 Billion | \$75 Trillion |
| | 5% Capture (millions) | \$2,382.98 | \$4 Billion | \$4 Trillion |
| | 5% Payout (millions) | \$119.15 | \$201 | \$188 Billion |
| WEALTH (2010) | | | | |
| | Percent of Households with less than \$100K in Net Worth | 62.1% | 63.9% | 51.4% |
| | Percent of Households with \$100K to \$449,999 in Net Worth | 26.5% | 26.1% | 32.2% |
| | Percent of Households with \$500K to \$999,999 in Net Worth | 6.7% | 5.7% | 9.0% |
| INCOME | Percent of Households with \$1M+ in Net-Worth | 4.7% | 4.3% | 7.6% |
| | | | | |
| | Percent of Low Income Households, '09 | 33.3% | 26.9% | 23.8% |
| | Percent of Middle Income Households, '09 | 54.4% | 55.6% | 55.9% |
| | Percent of High Income Households, '09 | 12.3% | 17.3% | 20.3% |
| | | | | |
| | Average Household Income, '10 | \$51,895 | \$56,960 | \$70,173 |
| | Median Household Income, '10 | \$42,286 | \$44,458 | \$54,442 |
| | Average Occupied Housing Unit Value, '10 | \$179,003 | \$164,071 | \$220,131 |
| | Median Occupied Housing Unit Value, '10 | \$148,736 | \$138,153 | \$157,913 |
| TREND | | | | |
| | Annual Population Change, 2000-2010 | 3.79% | 2.69% | 0.97% |
| | Annual Population Change, 2010-2060 | 2.98% | 2.49% | 0.94% |

Kern River Valley

The Community of Kern River Valley is located in northern east-central Kern County and includes the southern reach of the Sierra Nevada Mountains. The population base for this community is small with nearly 16,000 permanent residents in 2010. Based on our projections, this community will double in size by 2060 representing growth, but very modest growth over time. Compared to historical growth patterns, we are assuming a much stronger growth rate which is slightly higher than the countywide assumed growth rate. Incomes and wealth levels are lower when compared to the County, but there are pockets of higher net worth households including non-permanent or seasonal residents.

Figure 22 – Summary Findings & Key Indicators – Kern River Valley

| | | Kern River Valley | Kern County | U.S. |
|---------------|---|-------------------|--------------|---------------|
| RESULTS | 2010 Current Net Worth (millions) | \$720.91 | \$33 Billion | \$28 Trillion |
| | 10-Year (2010-2020) Transfer of Wealth (millions) | \$306.17 | \$8 Billion | \$6 Trillion |
| | 5% Capture (millions) | \$15.31 | \$388 | \$308 Billion |
| | 5% Payout (millions) | \$0.77 | \$19 | \$15 Billion |
| | 50-Year (2010-2060) Transfer of Wealth (billions) | \$3.28 | \$80 Billion | \$75 Trillion |
| | 5% Capture (millions) | \$164.04 | \$4 Billion | \$4 Trillion |
| | 5% Payout (millions) | \$8.20 | \$201 | \$188 Billion |
| WEALTH (2010) | Percent of Households with less than \$100K in Net Worth | 69.5% | 63.9% | 51.4% |
| | Percent of Households with \$100K to \$449,999 in Net Worth | 24.2% | 26.1% | 32.2% |
| | Percent of Households with \$500K to \$999,999 in Net Worth | 3.1% | 5.7% | 9.0% |
| | Percent of Households with \$1M+ in Net-Worth | 3.2% | 4.3% | 7.6% |
| INCOME | Percent of Low Income Households, '09 | 40.7% | 26.9% | 23.8% |
| | Percent of Middle Income Households, '09 | 48.9% | 55.6% | 55.9% |
| | Percent of High Income Households, '09 | 10.4% | 17.3% | 20.3% |
| | Average Household Income, '10 | \$39,339 | \$56,960 | \$70,173 |
| | Median Household Income, '10 | \$27,896 | \$44,458 | \$54,442 |
| | Average Occupied Housing Unit Value, '10 | \$122,840 | \$164,071 | \$220,131 |
| | Median Occupied Housing Unit Value, '10 | \$93,898 | \$138,153 | \$157,913 |
| TREND | Annual Population Change, 2000-2010 | 0.17% | 2.69% | 0.97% |
| | Annual Population Change, 2010-2060 | 2.58% | 2.49% | 0.94% |

Mountain Communities

The Mountain Communities are located in extreme southwestern Kern County and adjacent to the LA Metropolitan Area. The population base of this community is very small by Kern County standards with just over 7,500 residents in 2010. We anticipate that the community's population will more than double by 2060. Incomes and wealth rates are lower when compared to the County values, but both average and median housing unit values are somewhat higher.

Figure 23 – Summary Findings & Key Indicators – Mountain Communities

| | Mountain Communities | Kern County | U.S. |
|---------------|---|-------------|----------------------------|
| RESULTS | 2010 Current Net Worth (millions) | \$299.90 | \$33 Billion \$28 Trillion |
| | 10-Year (2010-2020) Transfer of Wealth (millions) | \$94.05 | \$8 Billion \$6 Trillion |
| | 5% Capture (millions) | \$4.70 | \$388 \$308 Billion |
| | 5% Payout (millions) | \$0.24 | \$19 \$15 Billion |
| | 50-Year (2010-2060) Transfer of Wealth (billions) | \$0.97 | \$80 Billion \$75 Trillion |
| | 5% Capture (millions) | \$48.34 | \$4 Billion \$4 Trillion |
| | 5% Payout (millions) | \$2.42 | \$201 \$188 Billion |
| WEALTH (2010) | Percent of Households with less than \$100K in Net Worth | 61.0% | 63.9% 51.4% |
| | Percent of Households with \$100K to \$449,999 in Net Worth | 29.6% | 26.1% 32.2% |
| | Percent of Households with \$500K to \$999,999 in Net Worth | 7.4% | 5.7% 9.0% |
| | Percent of Households with \$1M+ in Net-Worth | 2.0% | 4.3% 7.6% |
| INCOME | Percent of Low Income Households, '09 | 22.1% | 26.9% 23.8% |
| | Percent of Middle Income Households, '09 | 63.8% | 55.6% 55.9% |
| | Percent of High Income Households, '09 | 14.2% | 17.3% 20.3% |
| | Average Household Income, '10 | \$55,082 | \$56,960 \$70,173 |
| | Median Household Income, '10 | \$45,620 | \$44,458 \$54,442 |
| | Average Occupied Housing Unit Value, '10 | \$185,268 | \$164,071 \$220,131 |
| | Median Occupied Housing Unit Value, '10 | \$164,498 | \$138,153 \$157,913 |
| TREND | Annual Population Change, 2000-2010 | 2.18% | 2.69% 0.97% |
| | Annual Population Change, 2010-2060 | 2.96% | 2.49% 0.94% |

North Kern

The community of North Kern is located in the extreme northwestern part of Kern County. In 2010 North Kern sported a population of nearly 87,000 residents. This part of the County is projected to grow more slowly than the County but approach 150,000 residents by 2060. This community has a much higher concentration of lower and middle income households. In incidence of \$1 million plus CNW households is less than half the County average. Housing values reflect income and wealth numbers that are somewhat lower for both average and median housing unit values when compared to the County.

Figure 24 – Summary Findings & Key Indicators – North Kern

| | | North Kern | Kern County | U.S. |
|---------------|---|------------|--------------|---------------|
| RESULTS | 2010 Current Net Worth (millions) | \$1,229.38 | \$33 Billion | \$28 Trillion |
| | 10-Year (2010-2020) Transfer of Wealth (millions) | \$257.73 | \$8 Billion | \$6 Trillion |
| | 5% Capture (millions) | \$12.89 | \$388 | \$308 Billion |
| | 5% Payout (millions) | \$0.64 | \$19 | \$15 Billion |
| | 50-Year (2010-2060) Transfer of Wealth (billions) | \$2.54 | \$80 Billion | \$75 Trillion |
| | 5% Capture (millions) | \$127.01 | \$4 Billion | \$4 Trillion |
| | 5% Payout (millions) | \$6.35 | \$201 | \$188 Billion |
| WEALTH (2010) | | | | |
| | Percent of Households with less than \$100K in Net Worth | 78.8% | 63.9% | 51.4% |
| | Percent of Households with \$100K to \$449,999 in Net Worth | 16.8% | 26.1% | 32.2% |
| | Percent of Households with \$500K to \$999,999 in Net Worth | 2.2% | 5.7% | 9.0% |
| | Percent of Households with \$1M+ in Net-Worth | 2.2% | 4.3% | 7.6% |
| INCOME | | | | |
| | Percent of Low Income Households, '09 | 37.9% | 26.9% | 23.8% |
| | Percent of Middle Income Households, '09 | 56.6% | 55.6% | 55.9% |
| | Percent of High Income Households, '09 | 5.5% | 17.3% | 20.3% |
| | | | | |
| | Average Household Income, '10 | \$43,877 | \$56,960 | \$70,173 |
| | Median Household Income, '10 | \$33,349 | \$44,458 | \$54,442 |
| | | | | |
| TREND | | | | |
| | Annual Population Change, 2000-2010 | 5.07% | 2.69% | 0.97% |
| | Annual Population Change, 2010-2060 | 1.91% | 2.49% | 0.94% |
| | | | | |

Tehachapi Mountain Communities

The community of Tehachapi Mountains is located south and east of Greater Bakersfield. The 2010 population was nearly 31,000 residents. Projections call for this community to grow to nearly 60,000 by 2060. This community has moderately higher incomes, wealth levels and housing values when compared to the County. Nearly 26% of all households are considered “higher income.” This area has the highest concentration of \$1 million plus CNW households of any of the studied communities. There is also significant second home, vacation home and possibly retirement non-resident related populations.

Figure 25 – Summary Findings & Key Indicators – Tehachapi Mountain Communities

| | | Tehachapi Mountain Communities | Kern County | U.S. |
|---------------|---|--------------------------------|--------------|---------------|
| RESULTS | 2010 Current Net Worth (millions) | \$1,537.45 | \$33 Billion | \$28 Trillion |
| | 10-Year (2010-2020) Transfer of Wealth (millions) | \$435.45 | \$8 Billion | \$6 Trillion |
| | 5% Capture (millions) | \$21.77 | \$388 | \$308 Billion |
| | 5% Payout (millions) | \$1.09 | \$19 | \$15 Billion |
| | 50-Year (2010-2060) Transfer of Wealth (billions) | \$4.69 | \$80 Billion | \$75 Trillion |
| | 5% Capture (millions) | \$234.65 | \$4 Billion | \$4 Trillion |
| | 5% Payout (millions) | \$11.73 | \$201 | \$188 Billion |
| WEALTH (2010) | Percent of Households with less than \$100K in Net Worth | 54.5% | 63.9% | 51.4% |
| | Percent of Households with \$100K to \$449,999 in Net Worth | 32.4% | 26.1% | 32.2% |
| | Percent of Households with \$500K to \$999,999 in Net Worth | 7.2% | 5.7% | 9.0% |
| | Percent of Households with \$1M+ in Net-Worth | 5.8% | 4.3% | 7.6% |
| INCOME | Percent of Low Income Households, '09 | 11.4% | 26.9% | 23.8% |
| | Percent of Middle Income Households, '09 | 63.0% | 55.6% | 55.9% |
| | Percent of High Income Households, '09 | 25.6% | 17.3% | 20.3% |
| | Average Household Income, '10 | \$66,942 | \$56,960 | \$70,173 |
| | Median Household Income, '10 | \$57,752 | \$44,458 | \$54,442 |
| | Average Occupied Housing Unit Value, '10 | \$226,563 | \$164,071 | \$220,131 |
| | Median Occupied Housing Unit Value, '10 | \$187,672 | \$138,153 | \$157,913 |
| TREND | Annual Population Change, 2000-2010 | 2.73% | 2.69% | 0.97% |
| | Annual Population Change, 2010-2060 | 2.47% | 2.49% | 0.94% |

West Kern

West Kern is located west of Bakersfield and hugs the county border with San Luis Obispo County. The population of this community was nearly 22,000 in 2010 and it is not projected to significantly change over the scenario period (projected to only grow to 24,000 by 2060). During the past decade, this is the only community within the study group that lost population. Income, wealth and housing values are moderately to significantly lower when compared to values for Kern County.

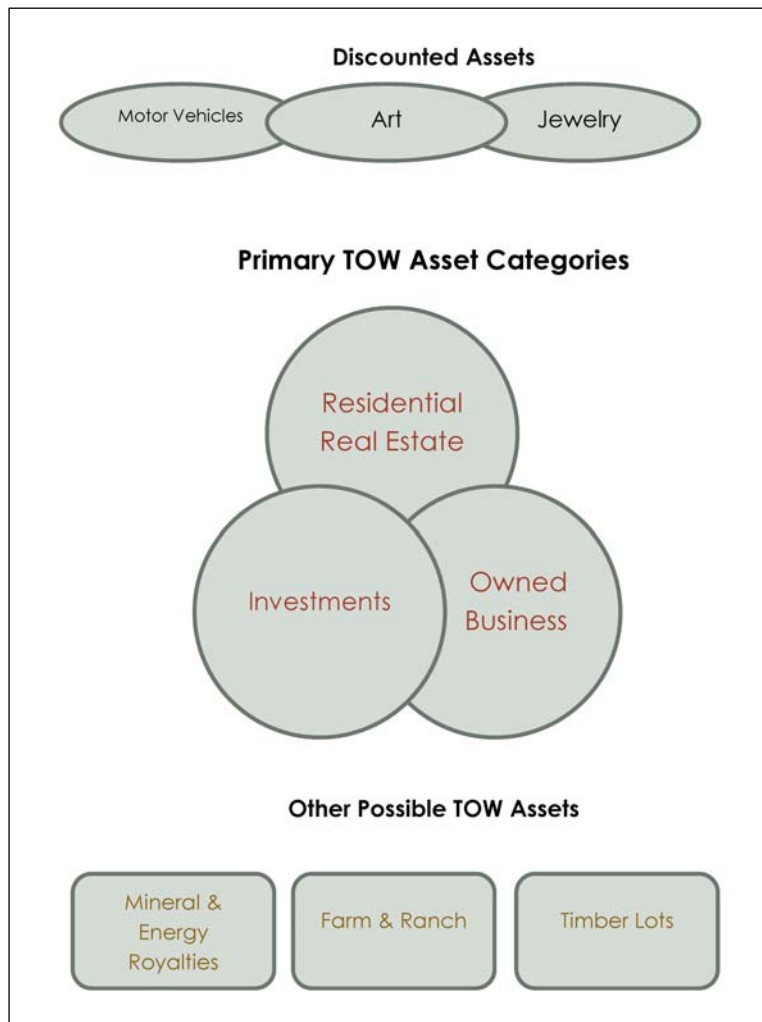
Figure 26 – Summary Findings & Key Indicators – West Kern

| | | West Kern | Kern County | U.S. |
|---------------|---|-----------|--------------|---------------|
| RESULTS | 2010 Current Net Worth (millions) | \$510.7 | \$33 Billion | \$28 Trillion |
| | 10-Year (2010-2020) Transfer of Wealth (millions) | \$122.17 | \$8 Billion | \$6 Trillion |
| | 5% Capture (millions) | \$6.11 | \$388 | \$308 Billion |
| | 5% Payout (millions) | \$0.31 | \$19 | \$15 Billion |
| | 50-Year (2010-2060) Transfer of Wealth (billions) | \$0.93 | \$80 Billion | \$75 Trillion |
| | 5% Capture (millions) | \$46.51 | \$4 Billion | \$4 Trillion |
| | 5% Payout (millions) | \$2.33 | \$201 | \$188 Billion |
| WEALTH (2010) | Percent of Households with less than \$100K in Net Worth | 72.0% | 63.9% | 51.4% |
| | Percent of Households with \$100K to \$449,999 in Net Worth | 22.8% | 26.1% | 32.2% |
| | Percent of Households with \$500K to \$999,999 in Net Worth | 3.1% | 5.7% | 9.0% |
| | Percent of Households with \$1M+ in Net-Worth | 2.1% | 4.3% | 7.6% |
| INCOME | Percent of Low Income Households, '09 | 30.1% | 26.9% | 23.8% |
| | Percent of Middle Income Households, '09 | 56.8% | 55.6% | 55.9% |
| | Percent of High Income Households, '09 | 13.1% | 17.3% | 20.3% |
| | Average Household Income, '10 | \$49,748 | \$56,960 | \$70,173 |
| | Median Household Income, '10 | \$39,817 | \$44,458 | \$54,442 |
| | Average Occupied Housing Unit Value, '10 | \$106,620 | \$164,071 | \$220,131 |
| | Median Occupied Housing Unit Value, '10 | \$95,951 | \$138,153 | \$157,913 |
| | | | | |
| TREND | Annual Population Change, 2000-2010 | -1.91% | 2.69% | 0.97% |
| | Annual Population Change, 2010-2060 | 0.54% | 2.49% | 0.94% |

Methodology and Use of This Report

Figure 27 provides a visual presentation of household related wealth assets in the United States.

Figure 27 – Household Related Wealth Assets

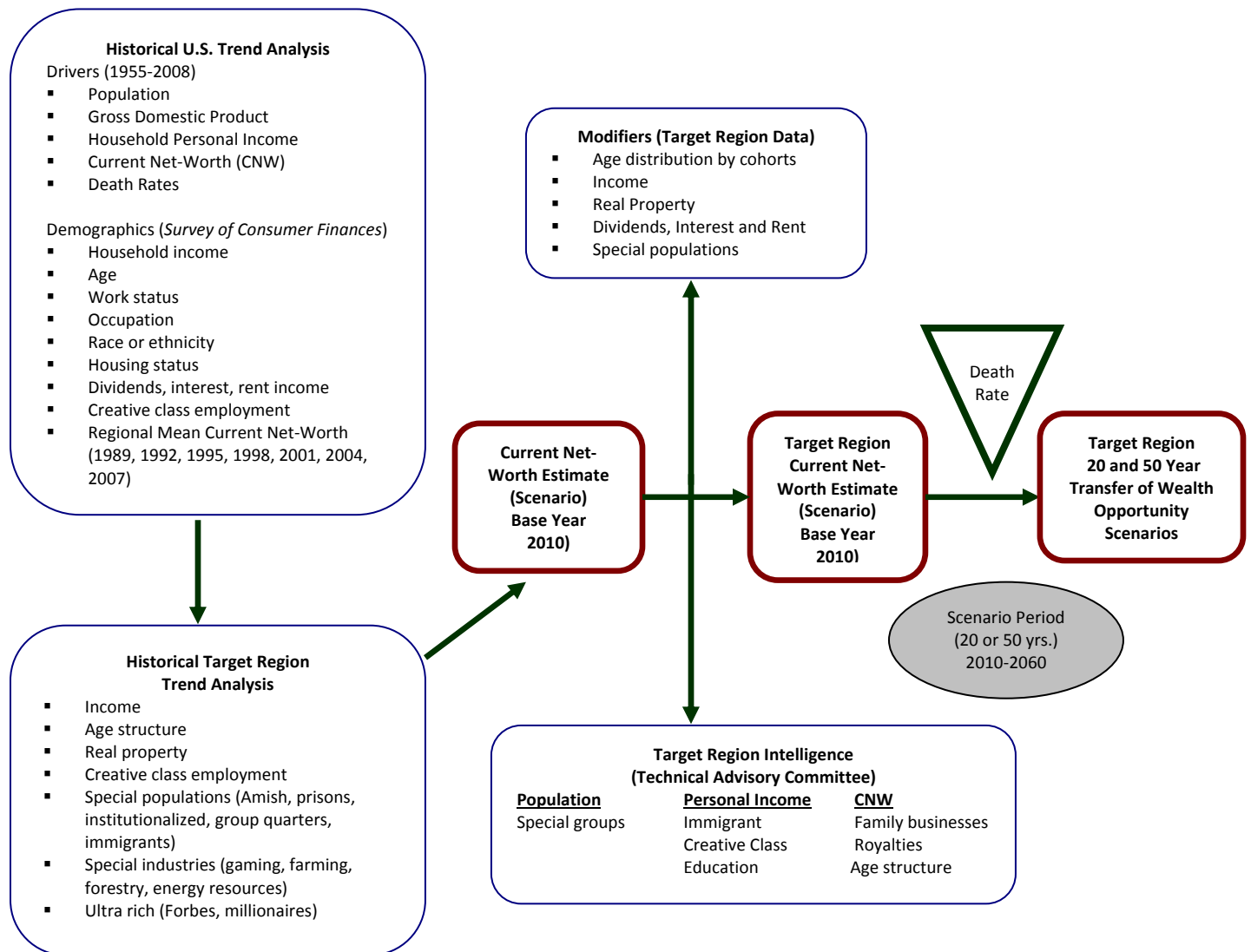


There are certain assets often defined as “non-financial assets” that are hard to value or depreciate quickly. These include motor vehicles, art and jewelry. In our CNW and TOW analysis we fully discount these assets from our TOW opportunity scenarios. For most communities there are three primary or core household assets categories – residential real estate (including vacation, second & retirement homes), investments like stocks and bonds and ownership in businesses. These assets are discounted in our TOW estimates based on what share of these assets are likely to be available for giveback. America is a very diverse landscape and depending upon the region there are other household assets that can come into play including mineral and energy royalties, farm and ranch real

estate and ownership of timber and other natural resources. These assets come into play in those communities where they are important.

Figure 28 provides an illustration of our CNW and TOW scenario model. This figure highlights the basic factors we consider for the estimating process. It is not possible to predict what the TOW opportunity will be, particularly 50 years into the future. We also cannot predict actual giveback rates. We can generate conservative and reasonable scenarios of “likely futures” that can estimate potential for charitable giveback. Our estimates are very conservative and may well underestimate the actual giveback potential.

Figure 28 – Illustration of Methodology Used



The earlier Boston College work provided predictions of likely giveback. We have chosen to not focus our analysis on this kind of estimate. We believe that by focusing on the TOW opportunity and motivating communities to increase philanthropic development, the actual giveback rate can be influenced. We know from actual field experience this is true. This analysis can raise awareness about the potential for giveback, endowment building and grant making capacity. As awareness is raised motivation is increased to act on this remarkable opportunity already present in our communities.

Within our Electronic Library for this Project we have included a paper that provides a more detailed description of our Methodology. Additionally, we have included a paper titled Wealth in America that provides insight on wealth holding and formation in the United States.

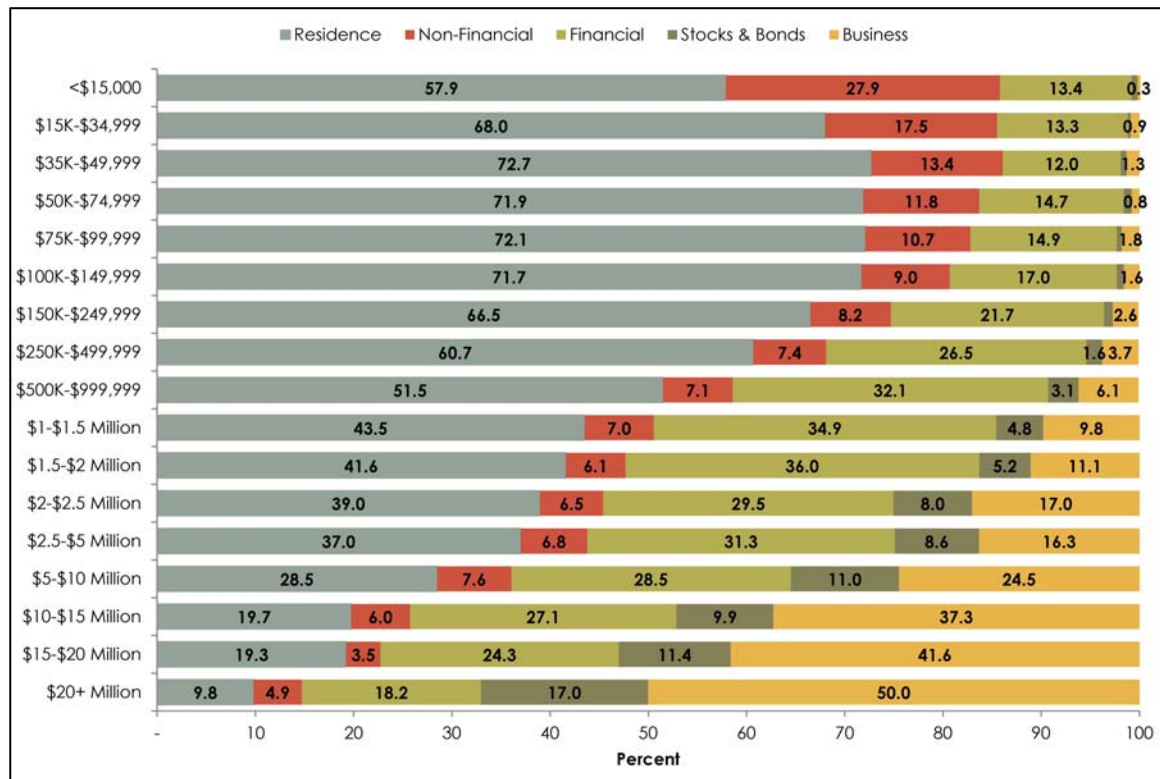
Most households giveback to their communities, making donations of time and funds to their churches, local schools and assorted other causes and charities. Giveback is a widely held cultural tradition in the United States. U.S. and state laws encourage giveback through assorted tax advantages and charitable incentives. Encouraging broad-based giveback is important to most communities. However, the potential for significant charitable giveback is shaped by wealth capacity. Higher net-worth households simply have greater capacity to giveback because they control more wealth. We have prepared analysis on the distribution of assets by type.

Figure 29 provides a graphic illustration of how the asset mix changes with High Net-Worth (HNW) households nationally. While this mix of assets will vary somewhat from geography to geography and vary significantly from wealth holder to wealth holder, the overall pattern is likely to be consistent as we move from national patterns to Kern County and its communities. For those HNW households with CNW levels of under \$5 million a significant portion of their wealth is concentrated in residential real estate, with lesser amounts in financial investments and businesses. Clearly the housing bubble and the Great Recession have reset valuations and significantly impacted this asset component. This reality is reflected in our projections.

Within the \$5 to \$10 million group, the allocation of assets is more equal between residential real estate, financial investments and businesses. As we progress to ever higher net-worth households, business holdings surpass financial investments, residential real estate and stocks and bonds ownership. While losses have occurred with the Great Recession in financial investments like stocks, there has been a relatively strong recovery particularly among active traders or higher net-worth investors. The impact on business holdings has been mixed. For those who failed during or following the recession there have been significant losses, and these are likely to be permanent. However, for those businesses that made it through, many are actually stronger with

higher valuations today. This mix of impacts will average out somewhat within the entire portfolio of HNW households. Within the cohort, there will be a wide range of good and bad impacts. (*Description of Assets* document at the following link includes a detailed description of financial and non-financial assets <http://bit.ly/oi0tHR>.)

Figure 29 – Distribution of Assets



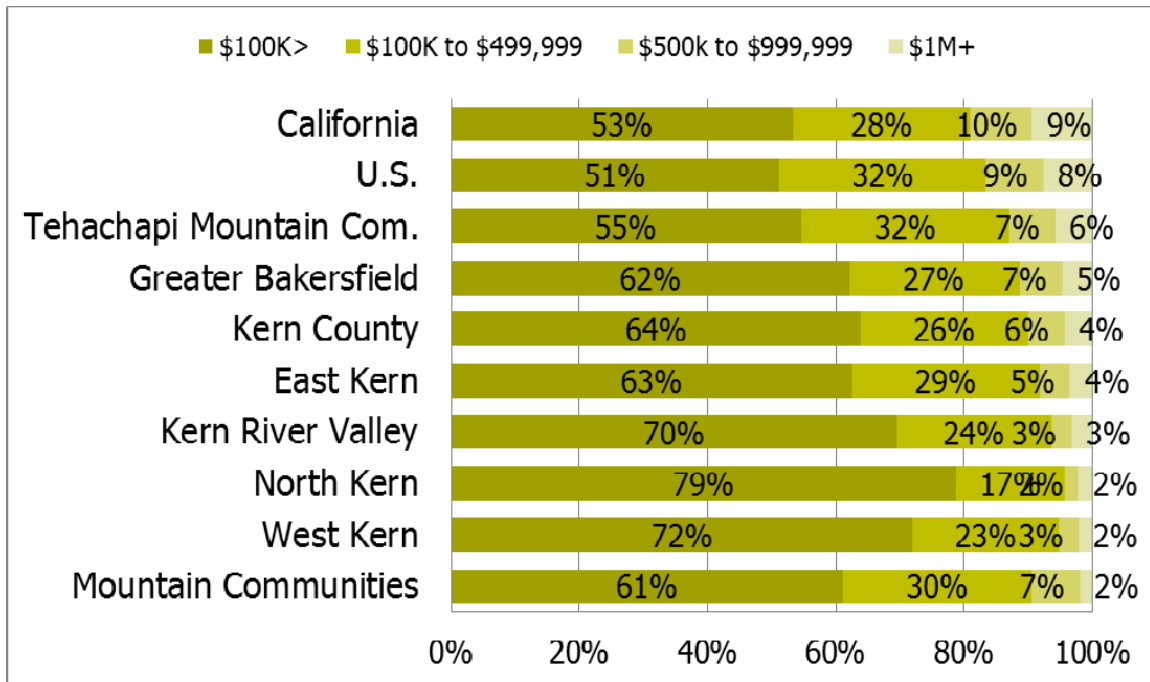
Source: The Federal Reserve Board, Survey of Consumer Finances, 2007

*Financial assets include all financial assets but exclude stocks & bonds.

**Non-financial assets include all non-financial assets but exclude residence and business.

Figure 30 provides an interesting profile of Kern County and its communities benchmarked to California and the United States. This graphic illustrates the share of households in 2010 using ESRI research by CNW range. The values are presented from highest concentration of high net-worth households to the lowest. Matching these specific communities with their ESRI Tapestry profiles could provide qualitative insight into the potential donor characteristics of these communities and their neighborhoods.

Figure 30 – Household Current Net-Worth Shares



Source: ESRI, 2010 Data, January 2011 & RUPRI Center for Rural Entrepreneurship, August 2011.

Discounting Household Current Net-Worth (CNW)

We discount the CNW to better reflect the actual philanthropic opportunity by eliminating assets that are unlikely to become available for giveback.

Additional Resources

There are better data available about national wealth holding, allowing researchers to provide more detailed analysis of trends than can be obtained with state and county level research. This national level analysis creates an important historical context for this Transfer of Wealth work that is useful in identifying the best way to use this study as a foundation for policy and practice. To provide some of this grounding in the study of wealth holding in the U.S., we produced [American Wealth – Household Wealth Holding in America](http://bit.ly/omLThD) (<http://bit.ly/omLThD>). This report combines various information sources to create a useful chart book that can quickly help you and your communities better understand the community development philanthropy opportunity.

In addition to this national level picture of wealth holding, we have prepared an electronic library containing additional research and analysis to help develop a deeper understanding of the TOW scenario analysis results and to develop communication messages for sharing this work with others in the state. All of these items can be accessed through the following link <http://bit.ly/ojFwwm>.

The primary goal of this TOW research is to help individuals, communities, donors and organizations gain a better understanding of the remarkable TOW opportunity. Goal setting is important in our culture and a way of doing business. Individuals, communities and even nations can be mobilized in powerful ways when there are clear goals and opportunities for being part of the effort. The TOW estimates provide not only a good idea of the size of this opportunity, but the ability to set donor development goals that can translate to endowment building and strategic grant making. The 5% TOW capture target used in this analysis is based on early TOW experience in Nebraska and the real experiences of communities that are working toward achieving this goal. It provides a reasonable target for people who care about their communities and regions.

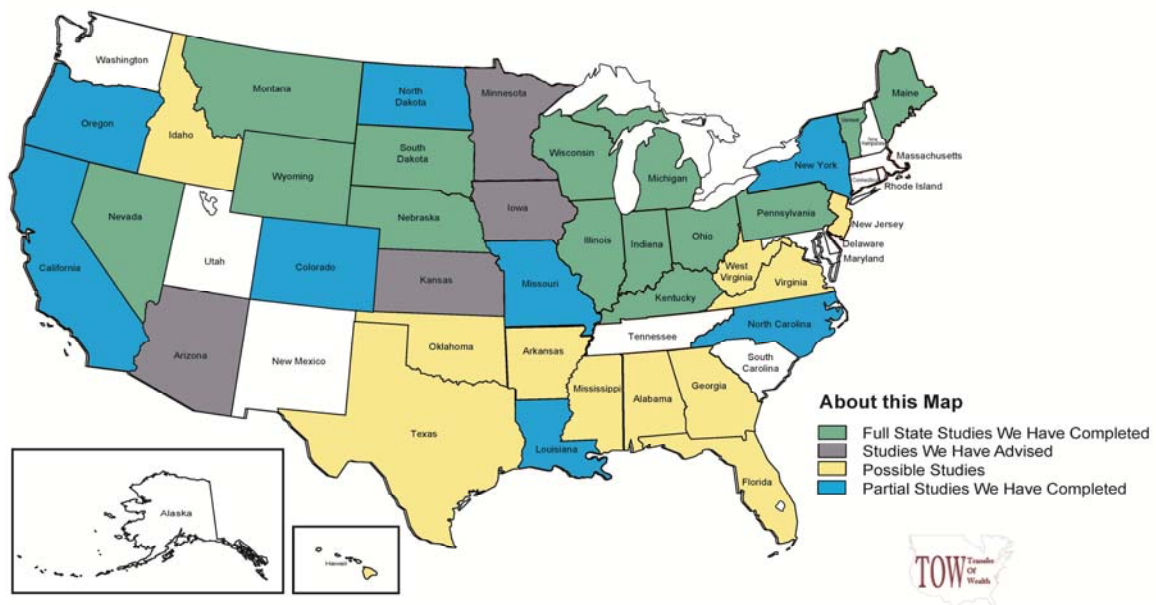
This technical report shares the basic data and background information that you can use to communicate the TOW potential in the communities and regions that you serve. We believe it is important to learn from others who have used TOW as a tool to stimulate strategic discussions. We recommend the following report from the San Diego Foundation as an excellent example of how our partners have communicated about the TOW opportunity to community leaders – [Our Region's Future Funding](http://bit.ly/o1bQIE) (<http://bit.ly/o1bQIE>). Several key features of this report include:

- Elements of a branding campaign including “Strive for 5%” and “Plan Today For Good, For Ever”
- Demonstration of the potential behind TOW capture by showing how actual community projects across the county could be funded through endowments built by capturing just 5% of the TOW opportunity

- Outline of a strategy for what communities can do to translate their affinity for a place (or an interest such as organic community gardens) into an endowment fund

Our experience with TOW is extensive (see map below). Each new study and the work on the ground that grows out of it contribute to the further development of the model and our ability to share promising practices with other communities across North America. To learn more about the RUPRI Center's TOW research and what communities are doing with that learning, contact Don Macke at 402.323.7339 or don@e2mail.org.

Figure 31. Transfer of Wealth Studies Conducted & Advised in the U.S.



**Appendix A. Current Net Worth (CNW) and 10-Year Estimated Transfer of Wealth
Opportunity Scenario for Kern County and Its Communities**

| Place | Summary Findings | | | | | | | |
|--------------------------------|---------------------|--------------------|-------------------|--------------------|-------------|--------------------|------------|-------|
| | 2010 | | 10-Year TOW | | | | | |
| | Net Worth | | TOW | | 5% Capture | | 5% Payout | |
| | Value (billions) | PHH (thousands) | PHH (billions) | PHH (thousands) | (millions) | PHH (thousands) | (millions) | PHH |
| California | \$2,789.58 | \$220.3 | \$490.27 | \$38.7 | \$24,513.65 | \$1.9 | \$1,225.68 | \$97 |
| Kern County | \$32.90 | \$129.0 | \$7.77 | \$30.4 | \$388.27 | \$1.5 | \$19.41 | \$76 |
| East Kern | \$3.04 | \$116.9 | \$0.73 | \$27.9 | \$36.29 | \$1.4 | \$1.81 | \$70 |
| Greater Bakersfield | \$19.00 | \$139.7 | \$4.44 | \$32.6 | \$221.77 | \$1.6 | \$11.09 | \$82 |
| Kern River Valley | \$0.72 | \$97.8 | \$0.31 | \$41.5 | \$15.31 | \$2.1 | \$0.77 | \$104 |
| Mountain Communities | \$0.30 | \$101.4 | \$0.09 | \$31.8 | \$4.70 | \$1.6 | \$0.24 | \$79 |
| North Kern | \$1.23 | \$70.7 | \$0.26 | \$14.8 | \$12.89 | \$0.7 | \$0.64 | \$37 |
| Tehachapi Mountain Communities | \$1.54 | \$167.2 | \$0.44 | \$47.3 | \$21.77 | \$2.4 | \$1.09 | \$118 |
| West Kern | \$0.51 | \$79.0 | \$0.12 | \$18.9 | \$6.11 | \$0.9 | \$0.31 | \$47 |
| Balance of the County | \$6.56 | \$132.2 | \$1.39 | \$28.0 | \$69.42 | \$1.4 | \$3.47 | \$70 |

**Appendix B. Current Net Worth (CNW) and 50-Year Estimated Transfer of Wealth
Opportunity Scenario for Kern County and Its Communities**

| Place | Summary Findings | | | | | | | |
|--------------------------------|---------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|---------|
| | 2010 | | 50-Year TOW | | | | | |
| | Net Worth | | TOW | | 5% Capture | | 5% Payout | |
| | Value (billions) | PHH (thousands) | PHH (billions) | PHH (thousands) | PHH (billions) | PHH (thousands) | PHH (millions) | PHH |
| California | \$2,789.58 | \$220.3 | \$6,562.14 | \$518.2 | \$328.11 | \$25.9 | \$16,405.34 | \$1,296 |
| Kern County | \$32.90 | \$129.0 | \$80.20 | \$314.5 | \$4.01 | \$15.7 | \$200.51 | \$786 |
| East Kern | \$3.04 | \$116.9 | \$6.02 | \$231.0 | \$0.30 | \$11.6 | \$15.05 | \$578 |
| Greater Bakersfield | \$19.00 | \$139.7 | \$47.66 | \$350.5 | \$2.38 | \$17.5 | \$119.15 | \$876 |
| Kern River Valley | \$0.72 | \$97.8 | \$3.28 | \$444.9 | \$0.16 | \$22.2 | \$8.20 | \$1,112 |
| Mountain Communities | \$0.30 | \$101.4 | \$0.97 | \$326.8 | \$0.05 | \$16.3 | \$2.42 | \$817 |
| North Kern | \$1.23 | \$70.7 | \$2.54 | \$146.2 | \$0.13 | \$7.3 | \$6.35 | \$365 |
| Tehachapi Mountain Communities | \$1.54 | \$167.2 | \$4.69 | \$510.2 | \$0.23 | \$25.5 | \$11.73 | \$1,276 |
| West Kern | \$0.51 | \$79.0 | \$0.93 | \$144.0 | \$0.05 | \$7.2 | \$2.33 | \$360 |
| Balance of the County | \$6.56 | \$132.2 | \$14.11 | \$284.4 | \$0.71 | \$14.2 | \$35.29 | \$711 |

Center for Rural Entrepreneurship

energizing entrepreneurial communities

The RUPRI Center for Rural Entrepreneurship is the focal point for energizing entrepreneurial communities where entrepreneurs can flourish. Created in 2001 with founding support from the Kauffman Foundation and the Rural Policy Research Institute (RUPRI), the RUPRI Center is located jointly in Nebraska and North Carolina. The RUPRI Center's work to date has been to develop the knowledge base of effective entrepreneurship practices and to share that knowledge through training and strategic engagement across rural America. Working with economic development practitioners and researchers, the RUPRI Center conducts practice-driven research and evaluation that serves as the basis for developing insights into model practices and other learning. The RUPRI Center is committed to connecting economic development practitioners and policy makers to the resources needed to energize entrepreneurs and implement entrepreneurship as a core economic development strategy. To learn more about the RUPRI Center, visit www.energizingentrepreneurs.org.



The Rural Policy Research Institute (RUPRI) functions as a national scientific research center, identifying and mobilizing teams of researchers and practitioners across the nation and internationally to investigate complex and emerging issues in rural and regional development. Since its founding in 1990, RUPRI's mission has been to provide independent analysis and information on the challenges, needs, and opportunities facing rural places and people. Its activities include research, policy analysis, outreach, and the development of decision support tools. These are conducted through a small core team in Missouri and Washington DC, and through three centers, **including the Center for Rural Entrepreneurship**, and a number of joint initiatives and panels located across the United States. RUPRI was created as a joint program of Iowa State University, the University of Missouri, and the University of Nebraska, and is now housed at the Harry S. Truman School of Public Affairs at the University of Missouri. To learn more about RUPRI, visit www.rupri.org.



The Inter-Generational Transfer of Wealth (TOW) analysis is a service of the RUPRI Center for Rural Entrepreneurship. Original founding support to develop our TOW analysis was provided by the Nebraska Community Foundation (NCF). For more information about NCF, visit www.nebcommfound.org. Subsequent and ongoing support for the RUPRI Center for Rural Entrepreneurship and our TOW Analysis is being provided by RUPRI and regional funding partners. The authors of this study include Don Macke (Project Leader), Ahmet Binerer (Research Analyst), and Dr. Deborah Markley (Editor).

