



Solano County 2009 Index of Economic and Community Progress

Solano Economic Development Corporation

Prepared by Collaborative Economics • January 2010

The second annual Solano County Index of Economic and Community Progress reflects the ongoing collaboration of many community partners – the County of Solano, the Solano Economic Development Corporation, respected community experts serving on a Technical Advisory Committee and the consultant Collaborative Economics – who understand that with this knowledge they can sustain and grow the Solano County economy. The entire Solano County Index of Economic and Community Progress can be found at:

www.solanocounty.com



On behalf of the Board of Supervisors and our community partners, I am honored to present the *Solano County 2009 Index of Economic and Community Progress*, our annual in-depth look at the various indicators and trends shaping our local economy.

This report delves beyond headlines of double-digit unemployment and record home foreclosures. Building upon the data in the first index, the analysis gives us a long-term perspective and a context in which to view today's circumstances in a much more optimistic and pragmatic way. Yes, we did lose jobs, but we didn't erase the gains since the last recession. Household income is up. High school dropout rates are down. Crime is down. Housing affordability is up. Our workforce is more qualified.

The challenges are still there. Educational outcomes of high school students are not where we nor where the youth want them to be, based on what they told us at the Countywide Youth Summit. Too many of our neighbors still commute out of county to earn a living, spending time in traffic instead of with family and active in the community.

All of this reflects changes happening around us. Some of which we cannot control. Others we can guide toward making Solano County an even more prosperous place. This index furnishes us with the empirical data to identify those opportunities. Our collaborative history reveals how we make things happen once we know what needs to be done.

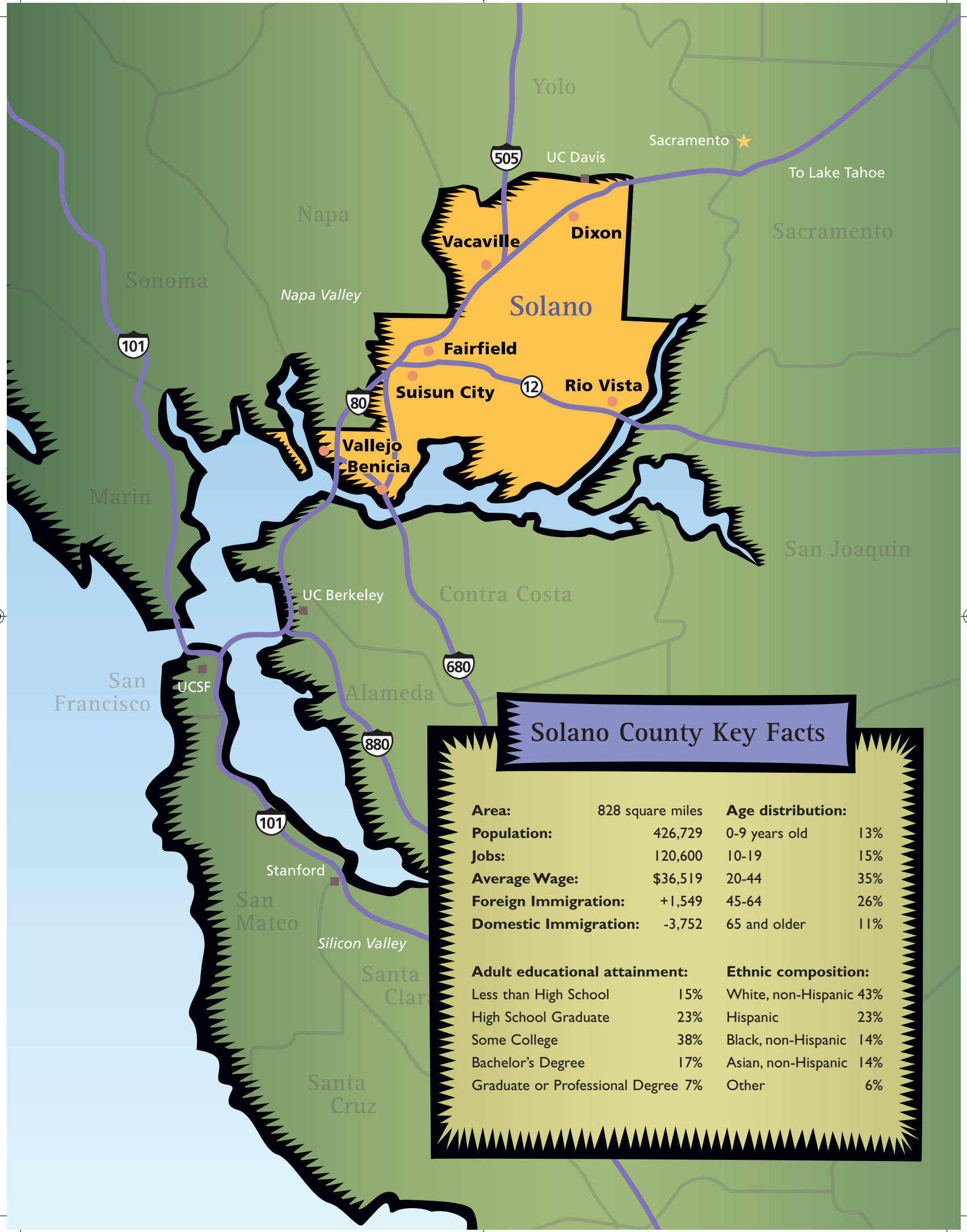
The last four years of building upon our shared economic development framework has earned us the 2009 Cities, Counties, Schools Partnership Award. So let me propose some goals for us to invest our award-winning collaborative capital.

- Graduating high school students are prepared to enter the work force and pursue additional education and training. We can do this by developing a countywide STEM program to increase math and sciences in our schools.
- The diversity of local jobs provides pathways for local career growth beyond the traditional career ladders. We need more skill connections to exploit our growing industry clusters – life sciences, energy and agriculture.
- The vast majority of our residents live and work in Solano County. That's our ultimate goal.

It will take a partnership of talents and resources to achieve these goals. Can you imagine how different Solano County will be when we achieve these goals? I can, and I like what I see.

Sincerely,

John M. Vasquez
Chairman
Solano County Board of Supervisors



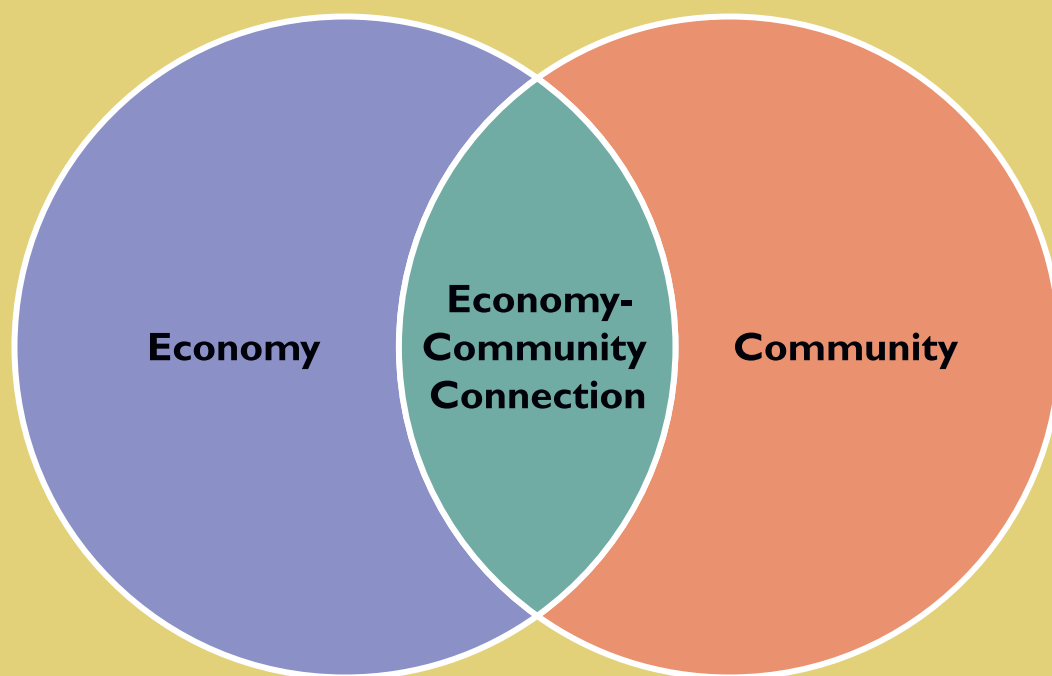
Solano County Key Facts

Area:	828 square miles	Age distribution:	
Population:	426,729	0-9 years old	13%
Jobs:	120,600	10-19	15%
Average Wage:	\$36,519	20-44	35%
Foreign Immigration:	+1,549	45-64	26%
Domestic Immigration:	-3,752	65 and older	11%
Adult educational attainment:		Ethnic composition:	
Less than High School	15%	White, non-Hispanic	43%
High School Graduate	23%	Hispanic	23%
Some College	38%	Black, non-Hispanic	14%
Bachelor's Degree	17%	Asian, non-Hispanic	14%
Graduate or Professional Degree	7%	Other	6%

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4 Index Overview








Index Overview

Measuring Our Progress Connecting Our Economy and Community

Solano County's economy and community continue to transform while showing some signs of resiliency. Clearly, the economy has experienced stress as a result of the recession. However, while jobs have been lost in some industries, other industries are growing and new industries are emerging as per capita income remains higher than California and the nation. Underlying business dynamics have been strong while the number of workers employed in the county and their educational levels have increased. After a spike in foreclosures, home affordability is now improving as foreclosures decline and sales increase. The resiliency of Solano County's response to external economic forces will determine the long term health of its economy and community.

The past year has been very challenging as Solano County felt the force of a national recession caused by a global financial meltdown. Families have suffered as unemployment spiked to over 10 percent and businesses have had to deal with declines in sales and profits.

The Index examines what has been happening under the surface of these changes. It asked a number of key questions:

-  **What are the long-term trends driving the Solano County economy and community?**
-  **What are the key business dynamics that are driving the economy?**
-  **How are Solano County's economic clusters changing?**
-  **Are Solano County residents prepared to take advantage of Solano's changing economy?**
-  **How resilient is the Solano County economy and community?**

With job losses in both 2008 and 2009, Solano County employment still fared better than the state between 2000 and 2009. Even after the downturn began in 2007, a net of 1,290 establishments were created in Solano County as a result of a dynamic business climate.

While total employment in cluster industries declined from 2007-2008, led by decreases in construction, there was growth in two clusters: 1) Health & Social Services and 2) Trade & Logistics. New clusters are emerging, including energy.

While the number of workers in the county has risen, so too has the educational level of employed residents in the county. Between 2005 and 2008, the percentage with Bachelor's Degree or higher increased by 5 percent.

After a sharp increase in home foreclosures in 2008, the number of foreclosures dropped 19 percent in the first half of 2009 compared to the first half of 2008. As home affordability has improved, home sales are increasing.

Thus while Solano County has been hit by turbulent economic forces, it has also shown signs of resiliency as a result of underlying business dynamics, changing economic clusters, talent shifts and a housing correction. The question now is how to help residents and businesses of Solano County take advantage of opportunities as the county emerges from recession.

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Index at a Glance

Our Changing Economy

Our Economy is Experiencing Stress, but Positive Signs Exist

- **With job losses, some industries are growing.** While the county lost 3,000 jobs between 2007 and 2008, employment grew in two clusters, Trade & Logistics and Health & Social Services. Solano County has fared better than the state in terms of overall employment growth since 2000 and job losses since 2007; however, unemployment of residents tracks closely with the state rates.
- **New opportunities are emerging.** Solano County is growing jobs in the area of Clean Energy & Transportation at a faster rate than the carbon-based energy industry, or even the overall economy.
- **Solano's business climate is vital.** Even during the downturn, from 2007 to 2008, 2,536 establishments either opened or moved into Solano County, while 1,246 establishments either closed or moved out of the county.
- **Our Incomes have grown.** Prosperity has been growing in Solano County, and incomes are holding up better than statewide. Between 2000 and 2008, median household income increased 17 percent more than California and 35 percent more than nationally. Just since 2007, household earnings grew 2 percent while statewide, median household income dropped 2 percent.



Our Changing Economy

Our Changing Community

We Are Growing more Slowly

- Since 2006, Solano's population has grown by a half percent annually while the state has maintained annual growth just above 1 percent and the rest of the Bay Area has been climbing toward 1.5 percent.



Our Changing Community

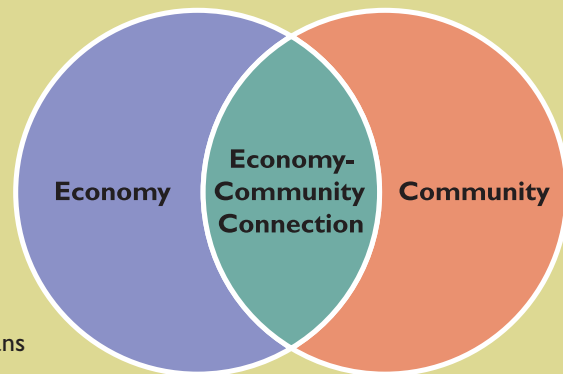
How We Are Doing

- **Educational outcomes are under threat.** Although traditional high school dropout rates are falling, our educational outcomes are under threat as graduation rates and college preparedness decline.
- **Crime is slowing.** After a recent spike, crime rates are returning to Solano County's longer term downward trend.
- **Health insurance is stressed.** Compared to the state, Solano County residents are more likely to have health insurance; however, the percentage of residents who are insured through their employers dropped from 77 to 64 percent.
- **Home affordability is improving.** Foreclosure rates have fallen but remain high. As a result of falling home prices, more potential first-time buyers are able to purchase homes. While sales are rising, prices are remaining flat.
- **Public investment is on hold.** Bonding to finance public projects has fallen sharply; however, the potential to access federal stimulus dollars and state infrastructure bonds could bring public projects and the associated construction jobs to Solano County.

The Connection between Our Economy and Community

Our Community is Adding Value in our Economy

- **Fuel efficiency is improving.** Our residents are driving less, conserving fuel more and choosing other means for getting to work than driving alone.
- **Our workforce is becoming more qualified.** From 2005 to 2008, the number of residential and commuter employees with a Bachelor's Degree or higher increased by 25 percent. More recently, there was a 13 percent increase from 2007 to 2008.
- **Environmental gains are under way.** Clean energy generation capacity is growing in the region, and land conversions from agriculture to urban are slowing.
- **Value is growing.** Solano County benefits from its proximity to U.C. Davis as high-value business and research activities spread beyond the campus into the broader region.



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2009 Index at a Glance

What is the Index?

The Solano County Index tells a story through indicators that measure the strength of our economy and the health of our community – highlighting challenges and providing an analytical foundation for leadership and decision making.

What is an Indicator?

Indicators are measurements that tell us how we are doing; whether we are going up or down, going forward or backward, becoming better or worse, or staying the same. All indicators use the most comprehensive data from the latest year available.

Good indicators do the following:

- They are bellwethers that reflect fundamentals of long-term regional health;
- They reflect the interests and concerns of the community;
- They are statistically measurable on a frequent basis; and
- They measure outcomes, rather than inputs.

Appendix A provides detail on data sources for each indicator.

What is an Industry Cluster?

Several of the economic indicators relate to “industry clusters.” An industry cluster is a geographic concentration of independent, internationally competitive firms in related industries, and includes a significant number of companies that sell their products and services outside the region. Healthy, outward-oriented industry clusters are a critical prerequisite for a strong economy.

Appendix B identifies the specific subsectors included in each cluster.



Employment Has Been Hit but is Growing in Some Industries



Why Is This Important?

Trends in job gains and losses provide a basic measure of economic health. Shifting employment across industries suggests structural changes in Solano County's economic composition. Over the course of the business cycle, employment shifts have taken place across industries as entire industries grow and shrink, exposing structural changes in Solano County's economic composition. Tracking establishments and jobs as firms open and close as they move in and out of a region illustrates current and long-running structural changes.

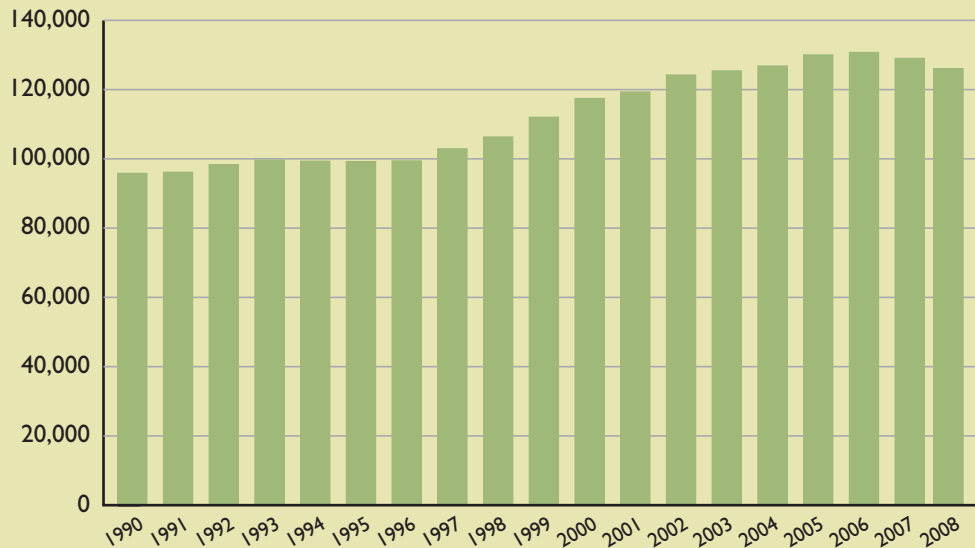


How Are We Doing?

Since 1990, Solano County has seen steady employment growth until the recent downturn beginning in 2007. Since its peak in 2006, the county's employment fell 4 percent with losses of 3,000 jobs between 2007 and 2008 alone. In November 2009, the total number of jobs in Solano County remained 1 percent higher than the number of jobs in the county in 2000. During the same period, jobs in California declined by 3 percent. In terms of Solano County residents, employment trends since 2000 track more closely with the state in employment and unemployment than industry jobs in the county.

Over the last decade and a half in Solano County, the number of establishments opening and moving in has exceeded the number closing and moving out, with the majority of the movements taking place between counties in California. On average, between 1995 and 2008, Solano County gained approximately 26,000 establishments due to businesses opening or moving in while losing an average of approximately 17,400 establishments due to businesses closing or moving out. Moreover, between 2007 and 2008, 2,536 establishments either opened or moved into Solano County, while 1,246 establishments either closed or moved out of the county. Of the establishments moving in and out of Solano County, the majority of migration to and from Solano County occurs between other regions in California and Solano County rather than with other states. In 2008, 87 percent of businesses moving into Solano County moved from other regions in California while 76 percent of businesses moving out of the county remained in California. However, these trends are slowly beginning to change; the percentage of firms moving in from other states has steadily increased, while the percentage of firms moving out to other states has also increased.

Annual Number of Jobs Solano County • 1990-2008



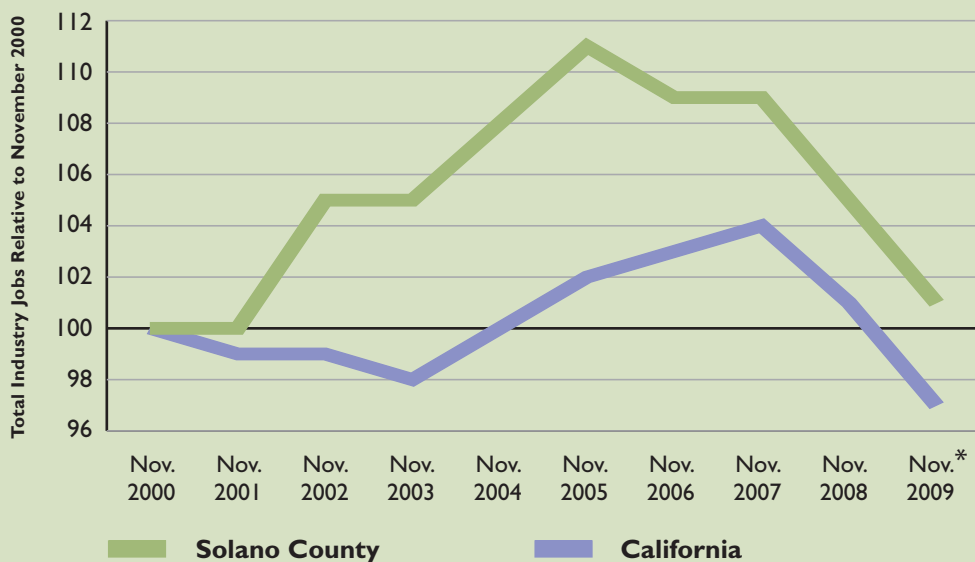
Data Source: California Employment Development Department, Labor Market Information Division, Current Employment Statistics
Analysis: Collaborative Economics



What Does this Mean?

Solano County is currently faced with steep job losses, but it has demonstrated its resiliency in the past from earlier economic shocks such as its rebound following the closure of Mare Island.

Change in Monthly Jobs Trends relative to 2000 • Solano County and California



Data Source: California Employment Development Department, Labor Market Information Division, Current Employment Statistics
Analysis: Collaborative Economics
* November 2009 is preliminary.



What Does this Mean?

Solano County's has fared better than the state in terms of overall employment growth since 2000 and job losses since 2007.

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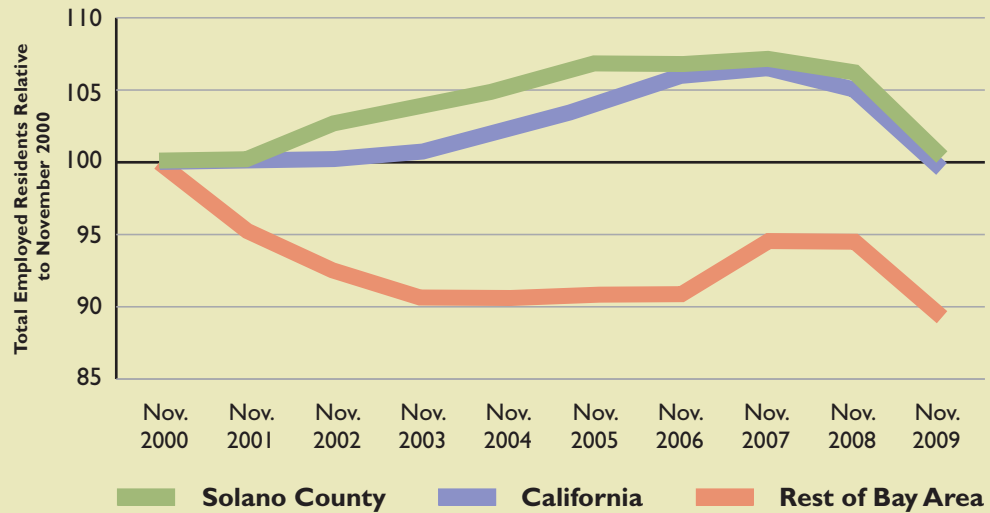


What Does this Mean?

Employment trends of Solano County residents since 2000 track more closely with the state in employment and unemployment.

Total Employed Residents Trends Relative to 2000

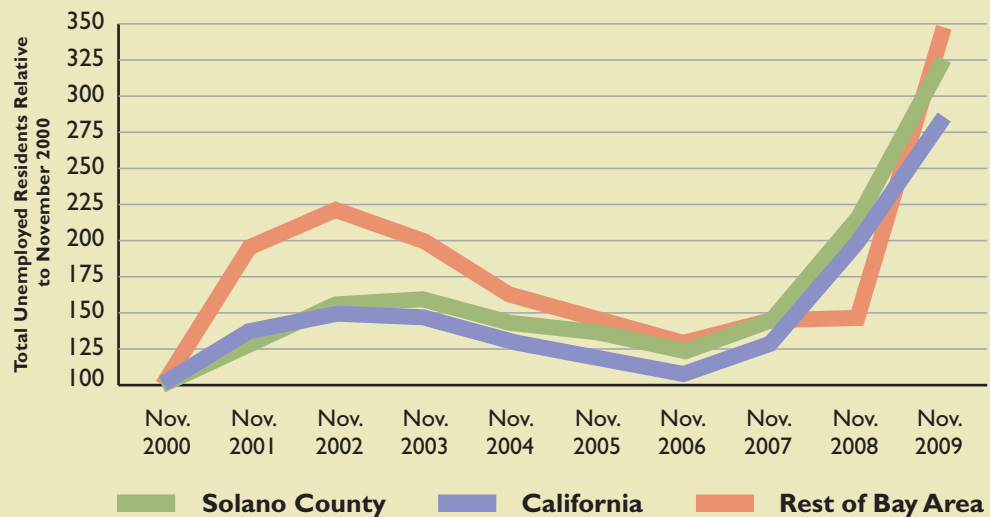
Solano County, Rest of Bay Area, and California
Total Employed Residents



Data Source: California Employment Development Department, Labor Market Information Division, Local Area Unemployment Statistics
Analysis: Collaborative Economics
* November 2009 is preliminary.

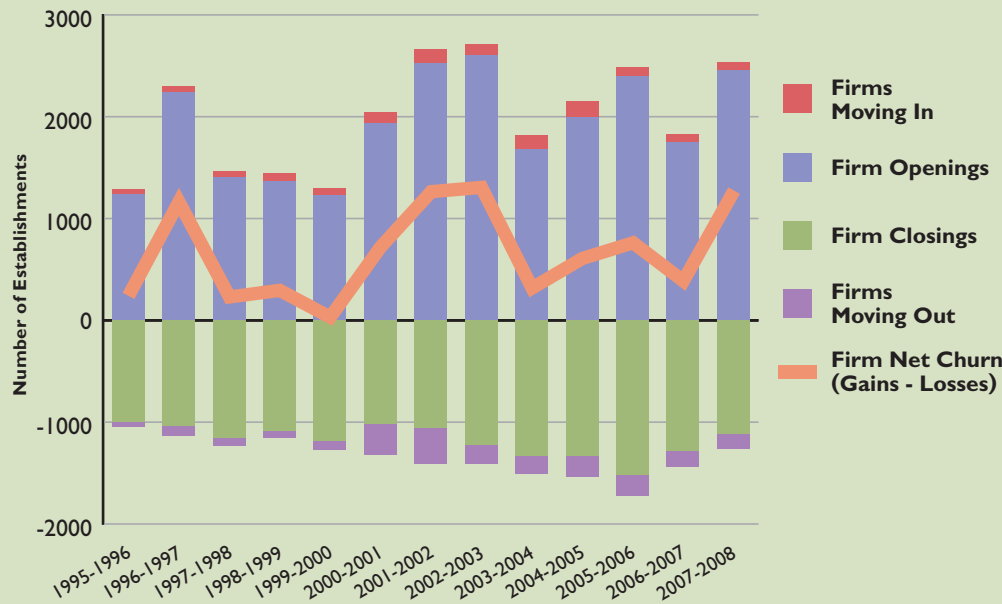
Total Unemployed Residents Trends Relative to 2000

Solano County, Rest of Bay Area, and California
Total Unemployed Residents



Data Source: California Employment Development Department, Labor Market Information Division, Local Area Unemployment Statistics
Analysis: Collaborative Economics
* November 2009 is preliminary.

Business Churn Solano County



Data Source: National Establishment Time Series Database (NETS)
Analysis: Collaborative Economics



+2,536

Even during the downturn, from 2007 to 2008, 2,536 establishments either opened or moved into Solano County, while 1,246 establishments either closed or moved out of the county.

Business Churn in Solano County

Percent of Total Moving			1995-1996	2007-2008
Establishments	In From	Other California Counties	100%	87%
		Rest of United States	0%	13%
	Out To	Other California Counties	90%	76%
		Rest of United States	10%	24%
Jobs	In From	Other California Counties	100%	91%
		Rest of United States	0%	9%
	Out To	Other California Counties	87%	92%
		Rest of United States	13%	8%

Signs of Continued Growth in Solano's Cluster Portfolio



Why Is This Important?

A region's ability to generate wealth is often determined by the activity of similar industry sectors, or "clusters." Jobs and income growth in a region are dictated by a cluster's strength and competitive advantage - a calculation that measures the percentage of regional employment against the percentage of the state's employment in that cluster. The year 2008 is the last year available for the most comprehensive industry employment data; however, due to the changes in the North American Industry Classification System, a comparison to 2006 and years prior is not possible.



How Are We Doing?

Over the last fourteen years, Solano County has seen overall strong performance in its industry clusters, although the county has not been immune to the recent economic downturn. Between 1995 and 2006, all seven clusters expanded in employment, with Life Sciences growing the fastest. Construction and Professional & Environmental Services represent the two largest clusters in terms of total employment.

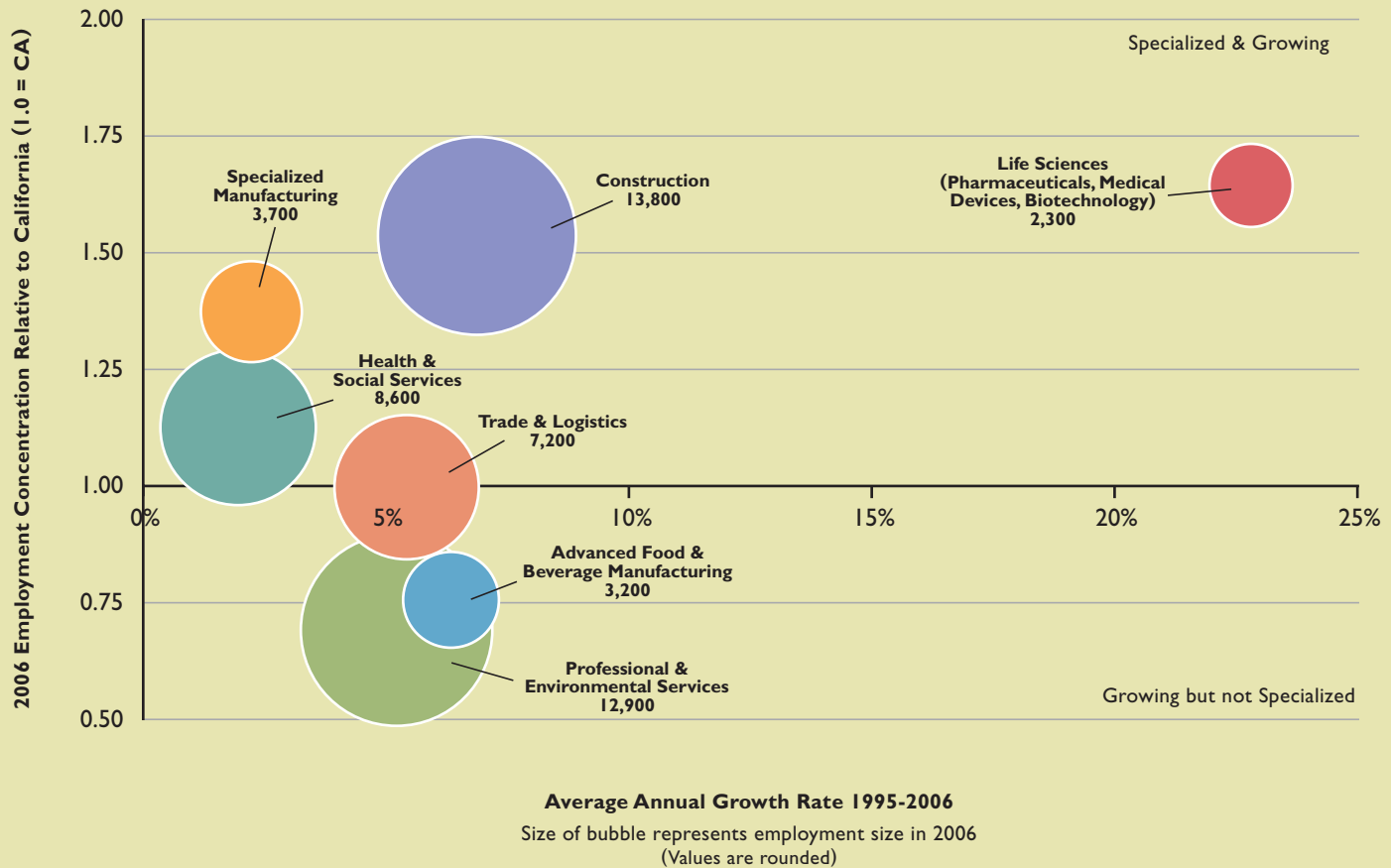
With the recent economic downturn, the county's total employment fell 1 percent between 2007 and 2008. The county's seven industry clusters accounted for 36 percent of Solano's total employment in 2008. While five of the seven industry clusters were hit with losses, two clusters actually expanded over this time period. With gains of roughly 400 jobs in each, Trade & Logistics increased by 6 percent and Health & Social Services increased by 5 percent. The growth in Trade & Logistics is primarily due to an increase of employment in two industry sectors: Machinery, Equipment, & Supplies Merchant Wholesalers and Support Activities for Water Transportation. In Health & Social Services, Home Health Care Services increased by 49 percent, adding 263 employees. The hardest hit, Construction witnessed the largest contraction of 13 percent with a loss of 1,500 jobs.

In addition, from 2007 to 2008, four of the county's clusters remained highly concentrated relative to the state, which suggests there are areas of growing specialization in the county. In 2008, Life Sciences and Special Manufacturing were nearly 30 percent more concentrated than the state. Although five clusters shed employment, three of those clusters maintained a higher concentration relative to California.

Solano County's energy cluster is rapidly transforming, creating new opportunities for economic prosperity and job growth. The cluster is diverse, with both carbon-based energy and clean-energy sectors and businesses. Together, these sectors employ over 1,500 people across more than 60 establishments. They include companies in oil and gas drilling and petroleum refining, as well as clean-energy generation (e.g., solar and wind), energy conservation products and services, and clean transportation. Jobs in Solano County's energy cluster span a wide range of occupations at the high, medium, and entry levels, with many occupations important in both carbon-based and clean-energy sectors.

More importantly, Solano County is growing jobs in Clean Energy and Transportation at a faster rate than the carbon-based energy, or even the overall economy. Overall, total jobs grew 30 percent from 1995 to 2007, while clean-energy and transportation jobs grew 72 percent. The bulk of the growth occurred in energy generation, which grew from an estimated 130 jobs to 300 jobs.

Solano Clusters of Opportunity 1995-2006



Data Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages
Analysis: Collaborative Economics

How to Read a Bubble Chart

A bubble chart provides perspective on three dimensions: the size, growth, and employment concentration in a cluster. Cluster bubbles arranged together in a chart help to communicate the overall regional picture. It tells what industries make up the region, their size, growth, and relative employment concentration.

The size of the bubble shows the employment size for the industry cluster. The x-axis displays the annual average growth rate each industry cluster grew or declined between 1995 and 2006. The y-axis displays the employment concentration of each industry cluster and its ratio to California's employment in a cluster. A concentration greater than one indicates Solano County has relatively more employment in that cluster as compared to the State's economy as a whole.

What does this mean?

Solano County's major industry clusters are diverse and most are more concentrated relative to the state and growing faster. These clusters pay higher wages and generate demand for support services.



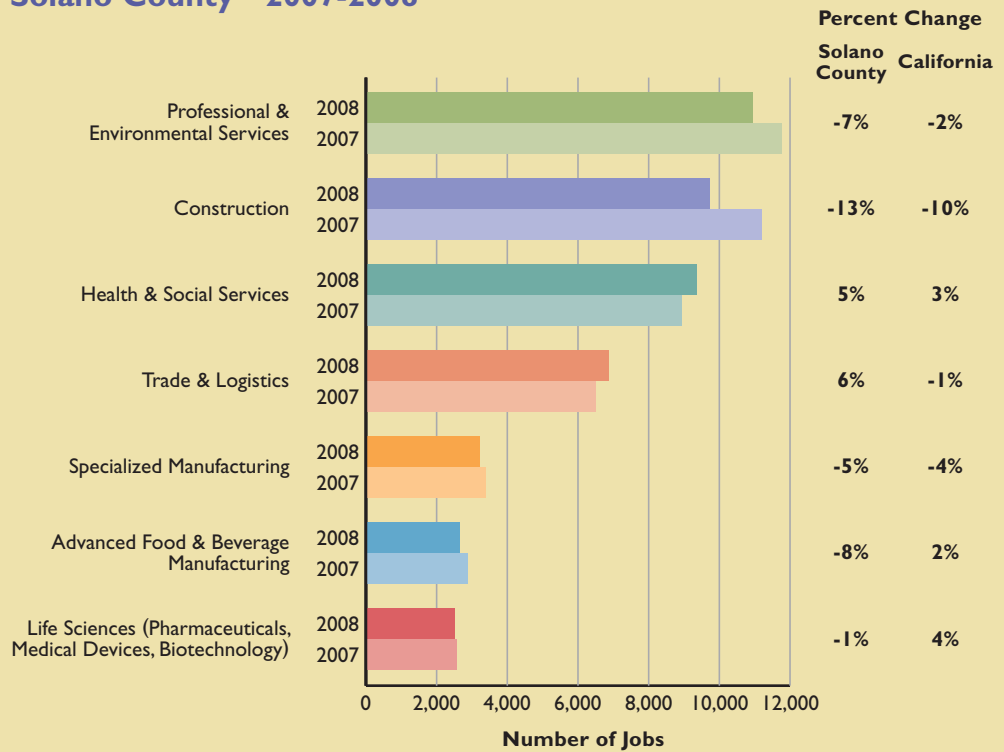
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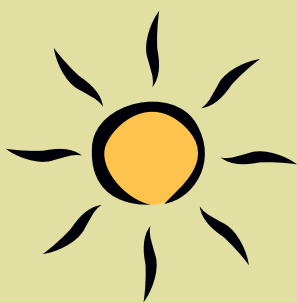
Job Growth!

Even between 2007 and 2008, Solano County experienced job growth in two areas: Health & Social Services (+5%) and Trade & Logistics (+6%).

Clusters of Opportunity Solano County • 2007-2008



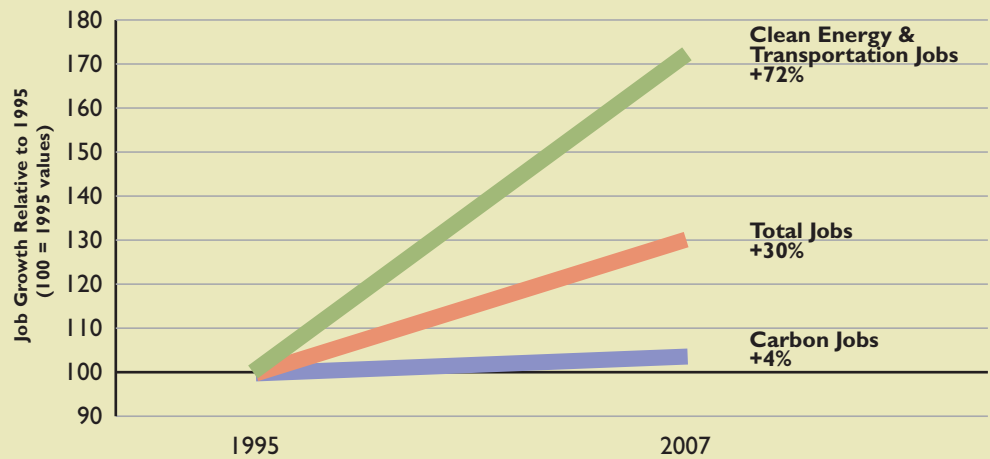
Data Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages
Analysis: Collaborative Economics



+ 72%

Solano jobs are growing in Clean Energy & Transportation at a faster rate than the carbon-based energy, or even the overall economy.

Clean Energy & Transportation Growth relative to 1995 • Solano County



Data Source: Green Establishments Database; National Establishment Time Series Database
Analysis: Collaborative Economics

Our Incomes Have Grown



Why Is This Important?

A community's standard of living can be estimated by the value of the region's median household and per capita income. Per capita income rises when a region generates wealth faster than its population increases. We can learn more about the concentrations of income by examining household income distribution and trends over time.



How Are We Doing?

Prosperity has been growing in Solano County, and incomes have been holding up better in the county than statewide. Between 2000 and 2008, median household income in the county increased 17 percent more than California and 35 percent more than nationally. Just since 2007, household earnings grew 2 percent while statewide, median household income dropped 2 percent. The median household income in Solano County was \$69,925 in 2008. Compared to Solano's top five commuter counties (where Solano County residents work), Contra Costa County has the highest median household income of \$77,828, and median household earnings in Sacramento and Napa Counties were below Solano's.

In terms of total income per person in the county, recent losses in average personal income have been smaller than statewide and nationally. Since 2000, per capita income in Solano County has increased by 9 percent and only 4 percent statewide. Between 2008 and 2009, income losses have been widespread; however, per capita income decreased 1 percent in Solano County and 2 percent in both California and the United States.

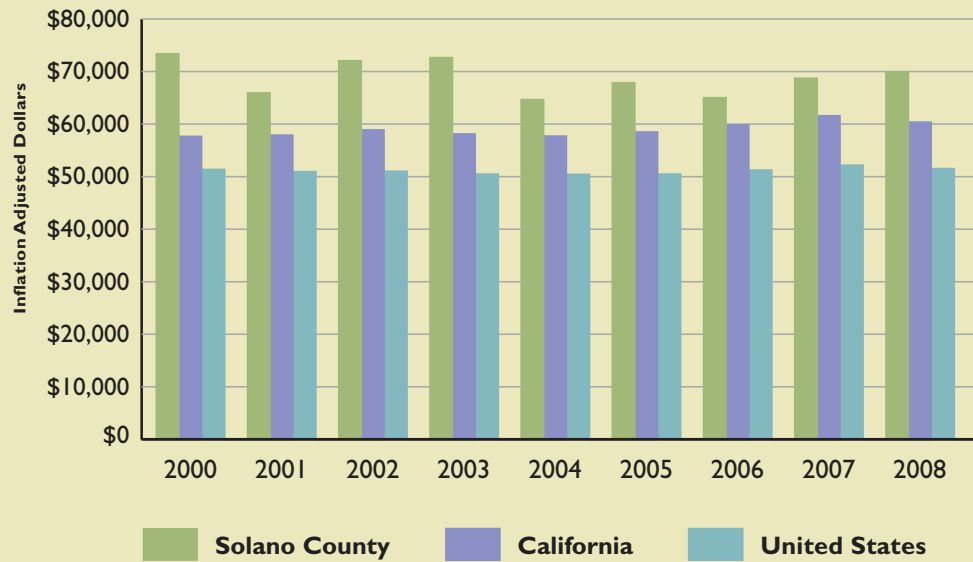
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+2%

While household income fell statewide and nationally in 2008, median household income increased 2 percent in Solano County.

Median Household Income Solano, California, and the United States



Data Source: U.S. Census Bureau, American Community Survey
Analysis: Collaborative Economics

Note: Household Income includes wage or salary income; net self-employment income; interest, dividends, or net rental or royalty income from estates and trusts; Social Security or railroad retirement income; Supplemental Security Income; public assistance or welfare payments; retirement, survivor, or disability pensions; and all other income; excluding stock options.

2008 Median Household Income

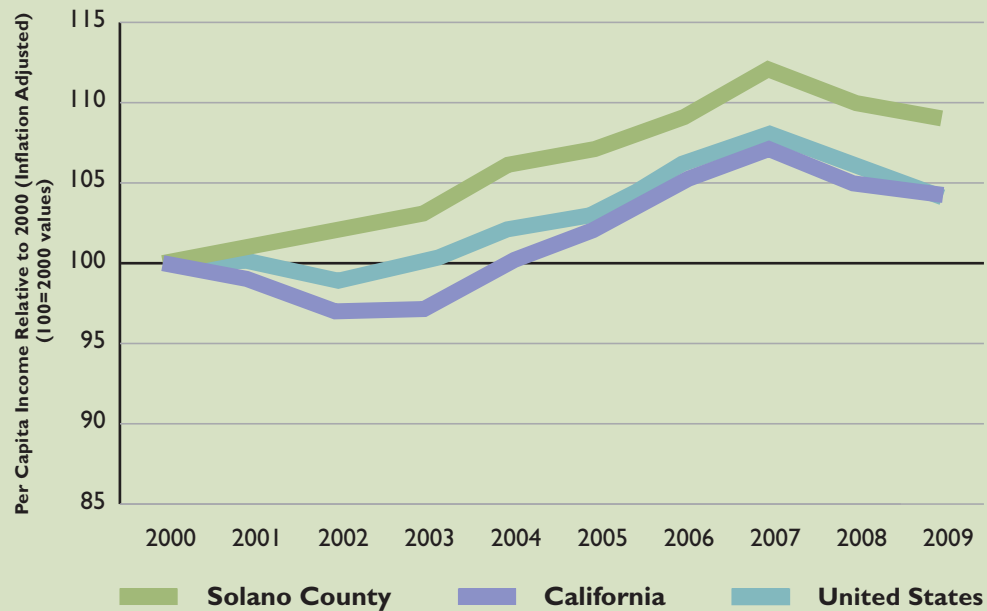
Solano County	\$69,925
California	\$60,408
United States	\$51,506

Median Household Income Top Five Commuter Counties*

	2007	2008	% change
Sacramento	\$58,580	\$56,411	-4%
Napa	\$63,817	\$64,503	1%
Alameda	\$70,662	\$69,687	-1%
Solano	\$68,750	\$69,925	2%
San Francisco	\$69,925	\$73,056	4%
Contra Costa	\$78,573	\$77,828	-1%

* Commuter counties are defined as counties to which residents of Solano County commute to work. Median household income is inflation adjusted.

Real per Capita Income Relative to 2000 Solano County, California, and the United States



Source: Moody's Economy.com
Analysis: Collaborative Economics



What Does this Mean?

Since 2000, Solano County's average income per person has been increasing at a faster rate than in California and the United States, and recent losses have been smaller.



Our Population Growth is Slowing



Why Is This Important?

A region's people are the growth engine that drives the economy, generates prosperity, and shapes its quality of life. Migration from around the country and around the world joined with natural population increases has fueled the growth of new people in Solano County. With this growing population come the new resources and ideas that drive economic growth and regional prosperity.



How Are We Doing?

Solano County's population continues to grow, though at a decreasing rate. In 2009, Solano's population grew slightly (0.1%) while the state experienced annual growth just below 1 percent and the rest of the Bay Area incurred growth a little above 1 percent. Since 2000, Solano has grown by 7 percent with a net increase of 29,250 residents, while the rest of the San Francisco Bay Area and California have grown by 9 percent and 13 percent, respectively. In contrast, Solano grew faster than both the rest of the San Francisco Bay Area and California in 2000 and 2001.

Natural change, due to births and deaths, is currently driving population growth. Solano County has maintained positive population growth despite continuing negative net migration for the last four years. Net migration includes all legal foreign immigrants, residents who left California to live abroad, and domestic migration, the balance of people moving to and from the region from within the United States.

Domestic out-migration continues to outpace foreign in-migration for the fourth year in a row. Population growth due to foreign migration decreased 35 percent from 2008 to 2009, though still adding 1,549 new residents while the county had a net loss of 3,752 residents to other parts of the country.

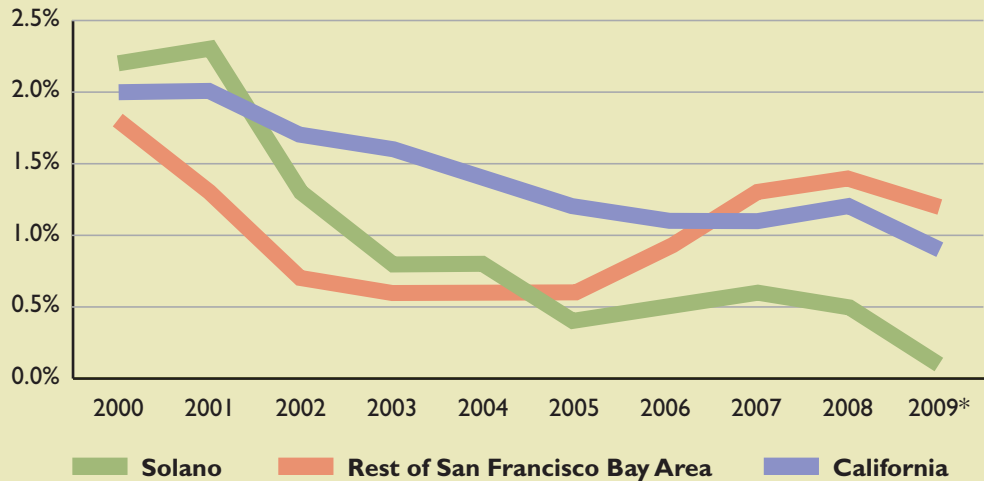
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What does this mean?

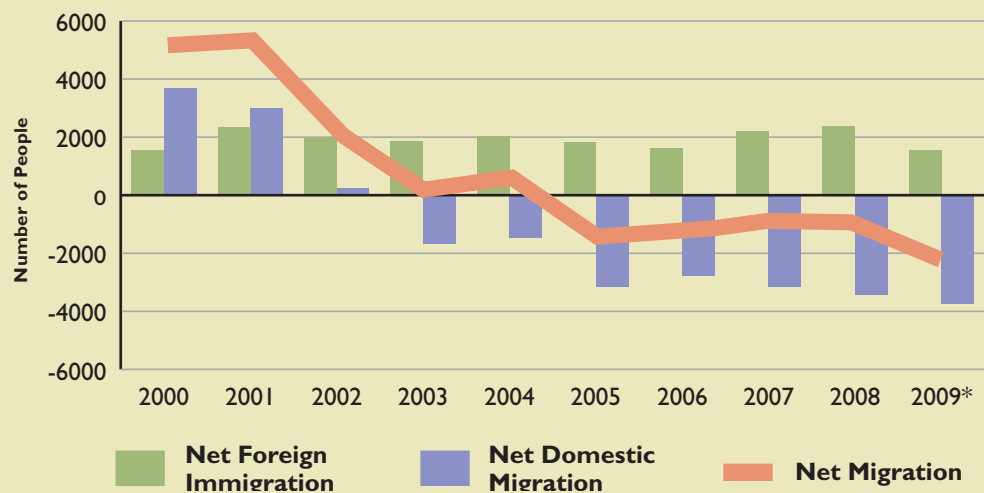
Since 2006, Solano's population has grown by a half percent annually. Slower population growth changes the underlying drivers of some elements of the economy, including housing and construction, which historically has been driven by population growth.

Population Growth Percent Change over Prior Year Solano County, Rest of San Francisco Bay Area, and California



Data Source: California Department of Finance
 Analysis: Collaborative Economics
 * 2009 population estimates are provisional.
 ** Rest of San Francisco Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, and Sonoma Counties.

Domestic and Foreign Migration Solano County



Data Source: California Department of Finance
 Analysis: Collaborative Economics
 * 2009 population estimates are provisional.

Net Migration Solano County 2008-2009

Foreign	+1,549
Domestic	-3,752

Educational Outcomes are at Risk



Why Is This Important?

Early education can put a child on a good footing for life, as they are better prepared to face the rigors of K-12 education. Similarly, high school graduation rates indicate how well a region is preparing its students for post-secondary education; while, high school dropout rates signify a challenge that a region must address. High school dropouts are more likely to be unemployed than high school graduates and earn less when they are employed. Variations in dropout rates by race and ethnicity reveal further disparities in opportunity. Also of particular interest are the percentage of graduating students that meet University of California (UC) and California State University (CSU) entrance requirements, as these institutes offer the most direct access to affordable higher education and professional training for many California residents. Promoting classes such as advanced math and science can help prepare students for post-secondary education and the workforce.



How Are We Doing?

Preschool enrollment in Solano County has been lower than that of the rest of the Bay Area, Sacramento and Yolo Counties, and California. In 2008, 33 percent of children age three to five in Solano County attended preschool or nursery school. This is 5 percent less than the California average. However, although preschool enrollment for three to five year olds has declined 6 percent since 2002, enrollment has been increasing more recently. Since 2006, preschool enrollment has risen 4 percent, to 33 percent, which is the most significant upturn of the last nine years.

Solano County has recently made headway in reducing high school dropout rates across almost all ethnicities and races. The overall dropout rate, a comparison of the total count of dropouts over the entire year to a single day of enrollment, for Solano County for the 2007-2008 school year was 22 percent, down from 28 percent from the previous year. This same trend was observed on the statewide level, which had a dropout rate of 19 percent in 2007-08, down from 21 percent in the previous year. Pacific Islanders experienced the largest decline in dropout rate – 39 percent in 2006-07 to 24 percent in 2007-08. Hispanics also experienced a dramatic decline in dropouts from 42 percent to 32 percent over the same period. Notably, the dropout rates for all seven ethnic groups either declined or remained constant in 2007-08 compared to the previous academic year; however, the "other" category experienced an increased dropout rate from 22 percent in 2007-06 to 28 percent in 2007-08. Other includes students with multiple responses or no response. In addition, according to the California Department of Education, at-risk students who attend alternative schools and dropout recovery high schools, and then dropout will not be included in the traditional high school dropout rate but will be attributed to either an alternative school or other educational program.

Despite the recent success in decreasing the high school dropout rates, high school graduation rates in Solano County and California have declined. The graduation rate for both the county and state decreased in 2007-08 over the prior year, by 4 percent and 1 percent respectively. In addition, Solano County's graduation rate has lagged behind the state's rate for the past two years. In 2006-07 Solano County had a graduation rate of 79 percent compared to 81 percent statewide. This disparity expanded in 2007-08 with Solano County's graduation rate falling to 75 percent and the state's declining to 80 percent.

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Solano County is at risk of its youth falling behind in the job market compared to students in the rest of the state. In 2007-2008, the percentage of graduates who met UC/CSU requirements for Solano County was 27 percent compared to 34 percent statewide. This divergence puts Solano County workers at a future disadvantage, as fewer residents are able to attain higher education and professional training. However, Asian (47%), Filipino (42%) and White (37%) ethnic groups all experienced a higher percentage of graduates with UC/CSU requirements than the overall rate for the county (27%). Conversely, African American (15%) had the lowest percentage of students graduating with UC/CSU requirements. Although there was an increase in the number of employed residents with at least a Bachelor's Degree in 2008, as illustrated on page 42, a decrease in the percentage of students graduating with UC/CSU requirements could lead to a future mismatch in the marketplace.

Students in Solano County have enrolled in fewer upper-level math and science courses, though this trend is similar to the rest of the state. The overall enrollment in upper-level math and science in grades 9-12 decreased by 2 percent in Solano County this year. Moreover, the enrollment declined by 21 percent in First-Year Physics and 42 percent in Advanced Math from 2007-08 to 2008-09. During the same period, enrollment in general math and remedial math/proficiency development increased by 45 percent and 57 percent, respectively.

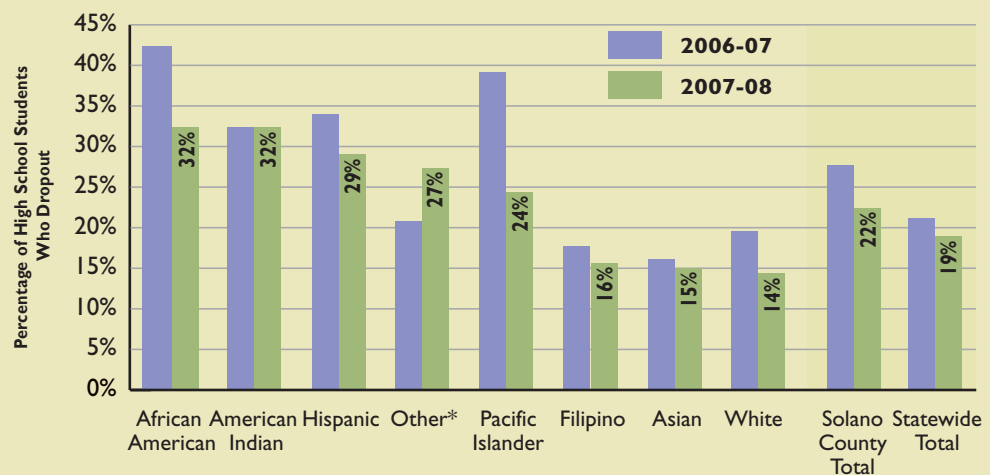
Starting with the school year 2006-2007, the California Department of Education derived dropout and graduate counts by tracking individual students. This approach more accurately reflects the in-and-out transferring of students in a four-year high school graduating class. Before the use of student identifiers, aggregate data on enrollment and dropouts were used to estimate dropout rates.



-6%

Solano County's high school dropout rates fell from 28 to 22 percent over the most recent school years. Gains are being made across almost all ethnicities and races.

High School Dropout Rate Solano County High Schools • 2006-2007 and 2007-2008

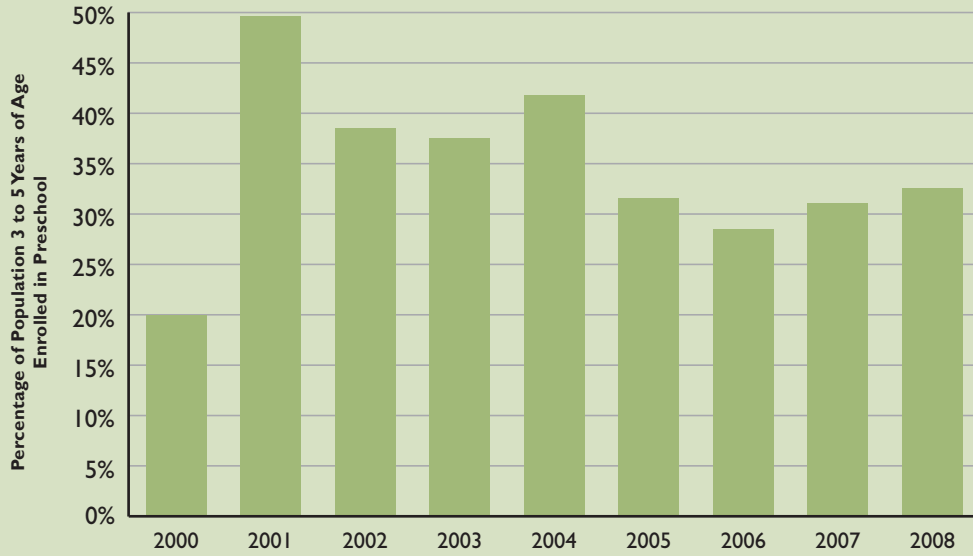


Data Source: California Department of Education
Analysis: Collaborative Economics

* Other includes students with multiple responses or no response.

Preschool Enrollment

Percentage of Population 3 to 5 Years of Age Enrolled in Preschool or Nursery School • Solano County



Data Source: U.S. Census Bureau, 2002-2008 American Community Survey and 2000-2001 Supplementary Survey
 Analysis: Collaborative Economics

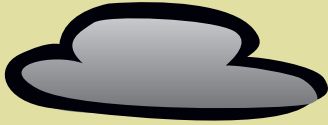


Preschool enrollment is improving

Although the percentage of children age three to five in Solano County attending preschool or nursery school is 5 percent below the California average, enrollment in the county has increased 4 percent since 2006.

Percentage of Population 3 to 5 Years of Age Enrolled in Preschool or Nursery School

	2006
Rest of San Francisco Bay Area	43%
Sacramento & Yolo	38%
California	38%
Solano County	33%

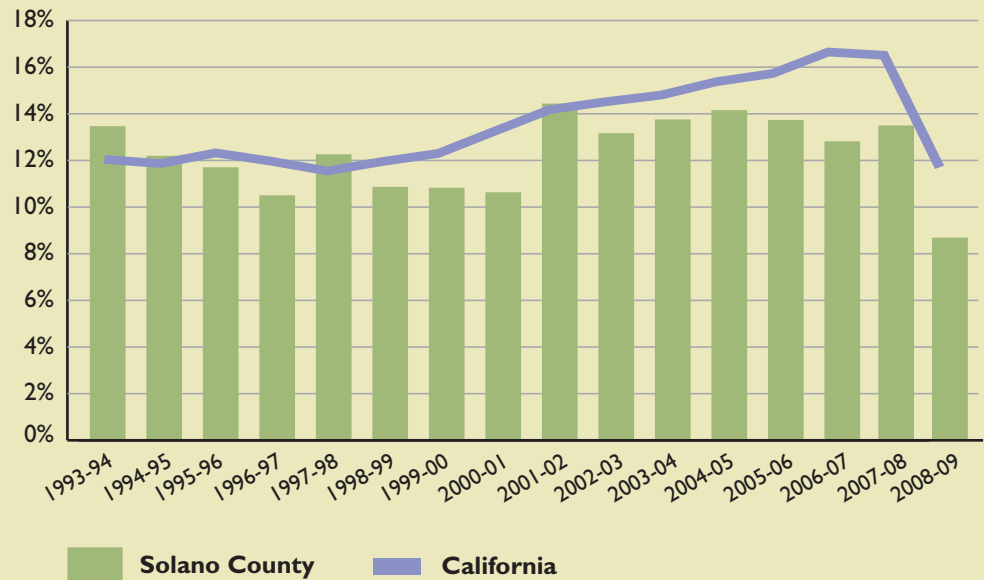


Enrollment in Math and Science is falling

Similar to statewide trends, enrollment in upper-level math and science courses is dropping precipitously. This trend bodes poorly for the future job opportunities that will be available to the county's graduates.

Intermediate Algebra

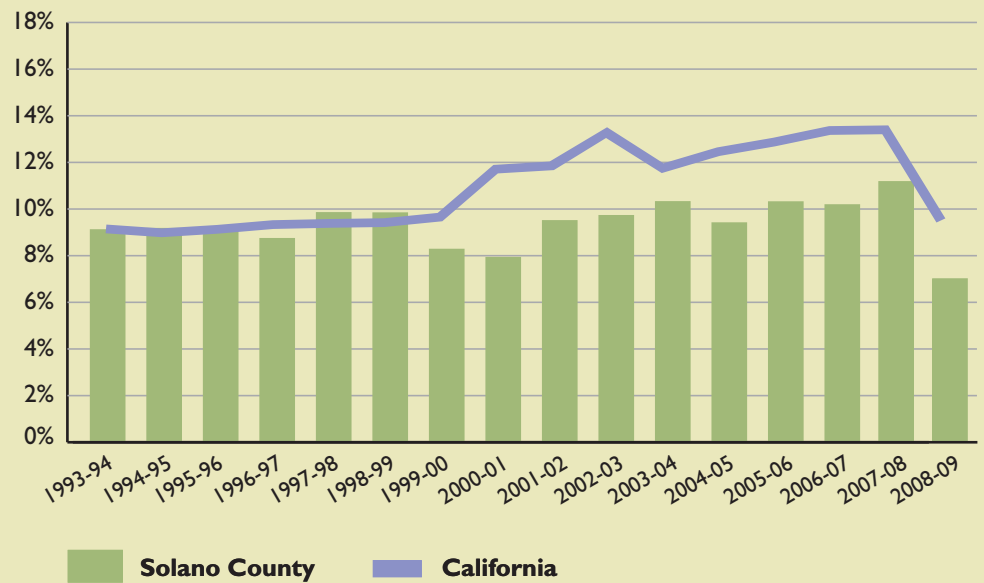
Percentage of High School Students Enrolled in Upper Level Math and Science Courses



Data Source: California Department of Education
Analysis: Collaborative Economics

First Year Chemistry

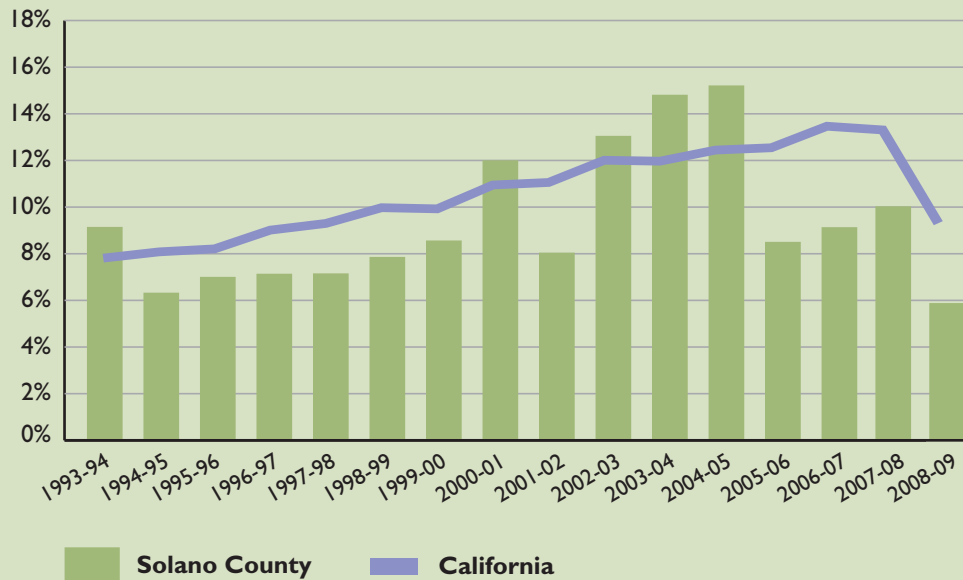
Percentage of High School Students Enrolled in Upper Level Math and Science Courses



Data Source: California Department of Education
Analysis: Collaborative Economics

Advanced Math

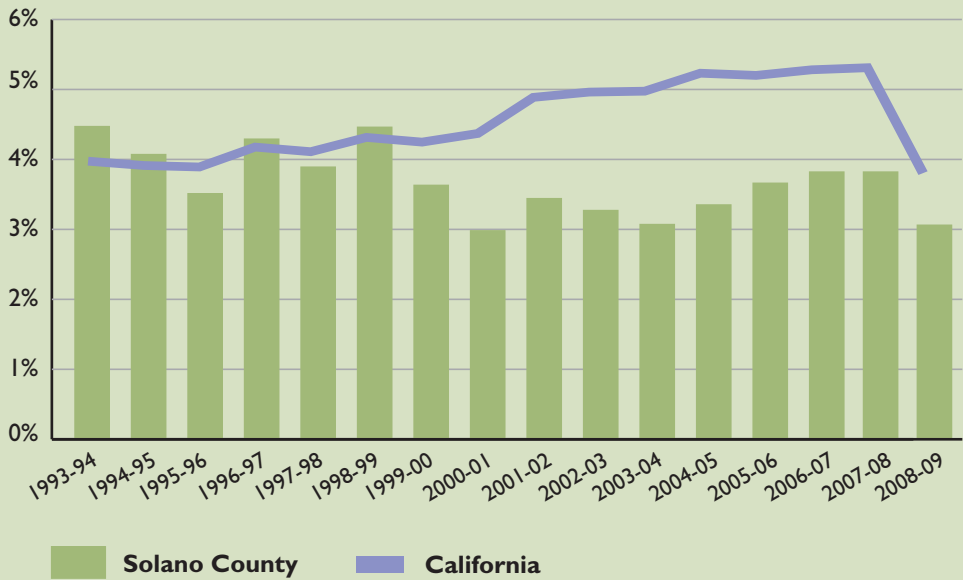
Percentage of High School Students Enrolled in Upper Level Math and Science Courses



Data Source: California Department of Education
 Analysis: Collaborative Economics

First Year Physics

Percentage of High School Students Enrolled in Upper Level Math and Science Courses



Data Source: California Department of Education
 Analysis: Collaborative Economics

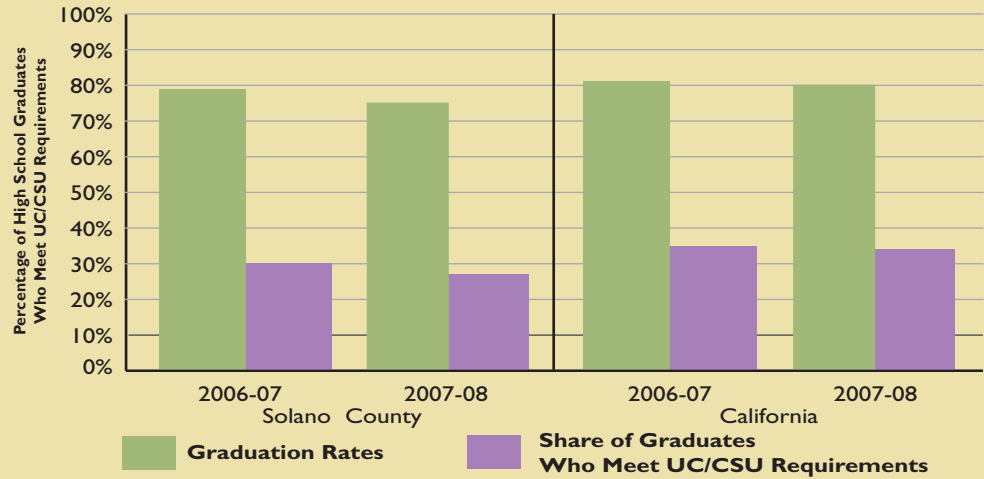


-4%

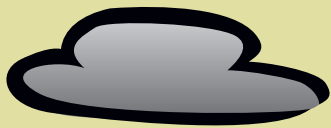
Solano County's high school graduation rates fell 4 percent while the state average fell only 1 percent.

High School Graduation

Rate of Graduation and Share Graduates Who Meet UC/CSU Requirements
Solano County and California



Data Source: California Department of Education
Analysis: Collaborative Economics
Note: 2006-07 marks the first year in which the CDE derived graduate and dropout counts based upon student level data.

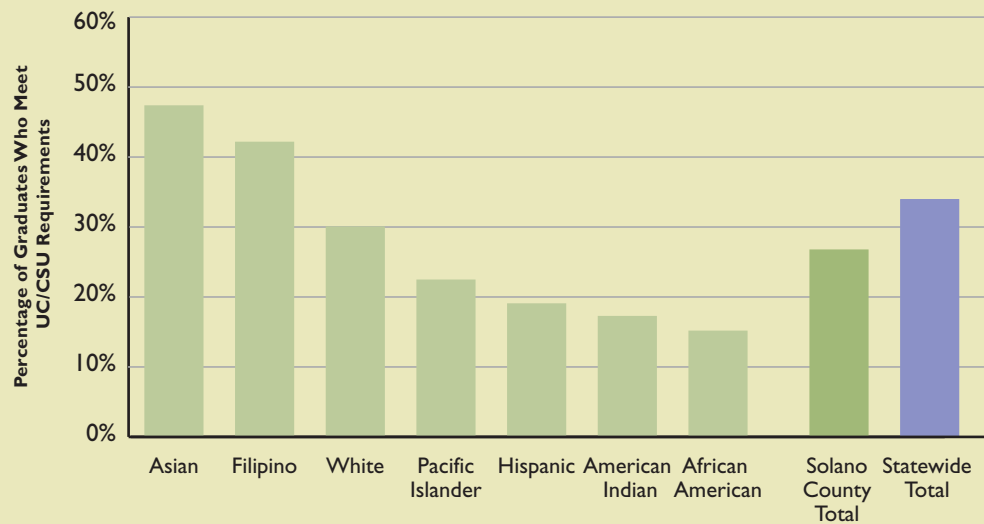


Fewer graduates ready for college

In Solano County and statewide, the percentage of high school graduates meeting the admissions requirements for the University of California and the California State systems is falling.

Graduates with UC/CSU Required Courses

Percentage of Graduates Who Meet UC/CSU Requirements by Ethnicity
2007-2008 • Solano County High Schools and California



Data Source: California Department of Education
Analysis: Collaborative Economics

Safety is Improving



Why Is This Important?

The level of crime in a community is a significant factor affecting quality of life as well as the economic health of a region. Incidence of crime poses an economic burden and creates fear, frustration, and instability, and diminishes a sense of community.



How Are We Doing?

Solano County, despite a recent spike in 2006, has seen a long-term decrease in the number of felony offenses per capita. From 2007 to 2008, the number of felony offenses per 100,000 people decreased 16 percent in Solano County and 6 percent in California. The number of felony offenses per 100,000 people has decreased 15 percent in Solano County and 21 percent in California since 1996. In 2008, Solano County had 1,875 felony offenses per 100,000 people - 150 more felony offenses per 100,000 people than Solano County's low in 2004.

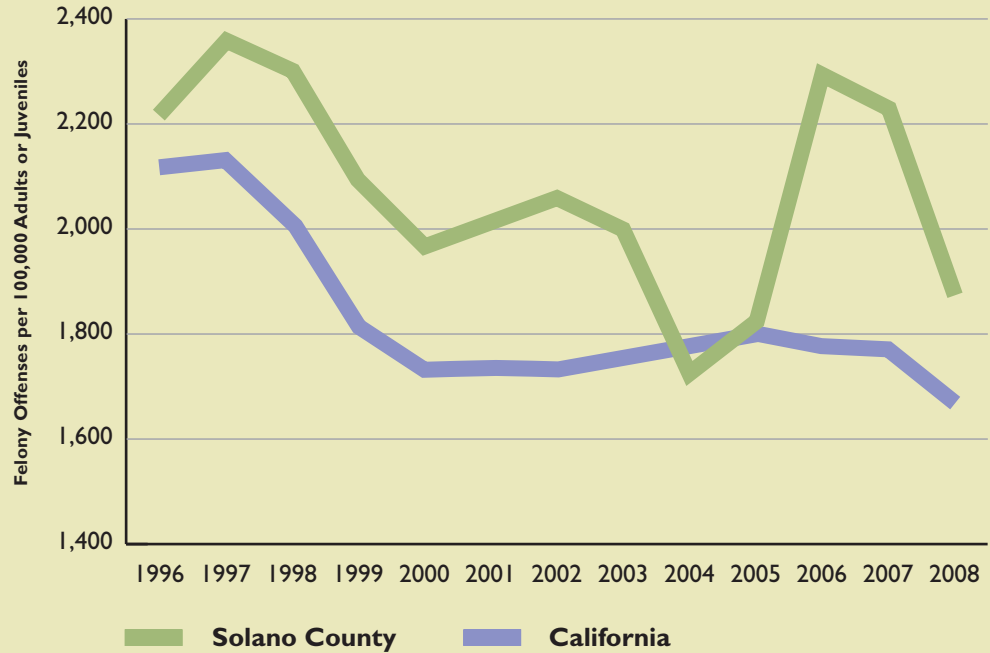
While violent crime is down nationwide, part of the decreasing number of felony arrests in the county is due to fewer arrests being made per crime reported. Law enforcement agencies have not been immune from the recent economic downturn and as a result have had fewer resources to make arrests. From 2007 to 2008, violent crime reports decreased 5 percent, while arrests decreased 15 percent.



What Does this Mean?

After a recent spike, crime rates are returning to Solano County's longer-term downward trend.

**Felony Offenses per 100,000 people
Solano County and California**



Data Source: California Department of Justice
 Analysis: Collaborative Economics
 Note: Felony offenses include violent, property, drug, sex, and other offenses.

Number of Felony Offenses in Solano County

2008	
Adults	5,295
Juveniles	1,132

Percent Change of Violent Crime in Solano County 2007-2008

% change	
Reports	-5%
Arrests	-15%

Health Care is Under Pressure



Why Is This Important?

Poor health outcomes are often strongly related to poverty, poor access to preventative health care, lifestyle choices, and education. Early and continued access to quality, affordable health care is crucial in guaranteeing Solano County's residents health and prosperity. Preventative care such as timely childhood immunizations encourage long-term health, prolong and save lives, prevent significant disability, and lessen medical costs. Because of the costly nature of health care, people with health insurance are more inclined to seek routine medical care and to take advantage of preventative health-screening services.

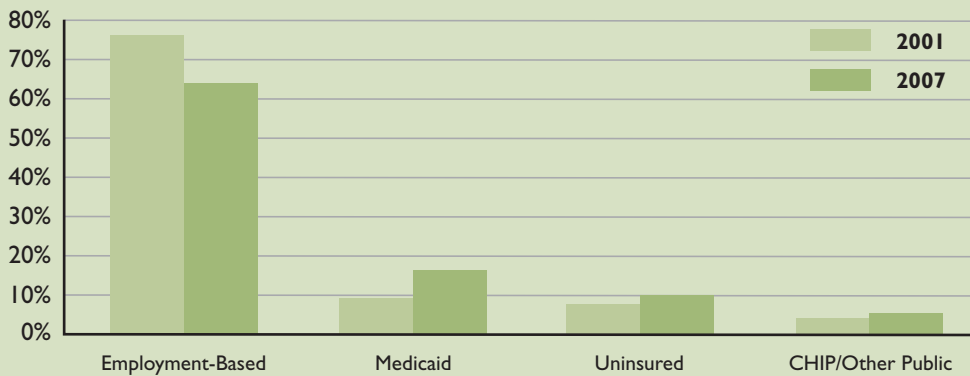


How Are We Doing?

In general, Solano County has a higher percentage of residents with health insurance coverage than California. In 2007, nearly 64 percent of Solano County residents had employment-based health insurance – this is roughly 4 percent greater than the percentage of California residents receiving employment-based health insurance. This higher percentage of residents with employer-based health insurance is largely responsible for Solano having a smaller share of uninsured residents than California. The percent of uninsured residents for Solano County and California in 2007 was 10 percent and 15 percent, respectively.

Health Insurance

Percentage of Residents under 65 Years Old • Solano County



Data Source: UCLA Center for Health Policy Research, California Health Interview Survey
 Analysis: Collaborative Economics
 Note: Privately purchased coverage not shown.

Percentage of Residents under 65 Years Old with Health Insurance - 2007

Category	Solano	California
Employment-Based	64.0%	59.6%
Medicaid	16.3%	15.2%
Uninsured	9.9%	14.6%
CHIP/Other Public	5.4%	4.5%



What Does this Mean?

Compared to the state, Solano County residents are more likely to have health insurance. However, the percentage of residents who are insured through their employers dropped from 77 to 64 percent.

Housing Affordability is Improving



Why Is This Important?

The affordability of housing affects a region's ability to maintain a viable economy and high quality of life. High housing costs in a region force people away from the region's core in search of cheaper housing, which results in longer commutes, less family time, and more traffic congestion.

The current mortgage crisis has resulted in the added burden of housing foreclosures. Foreclosures occur when homeowners cannot meet their mortgage payments. Thus, an increase in foreclosures is an indication of financial stress among households due to any variety of factors, including job loss, income decline, and adjustments of variable rate mortgages. Trends in home prices indicate the desirability of a region, as well as its underlying economic security and expected continuing viability.



How Are We Doing?

In 2008, Solano County homeowner households are slightly better off in terms of housing financial burden than homeowners in the San Francisco Bay Area and California. In that year, 40 percent of Solano County homeowner households had housing costs in excess of 35 percent of household income compared to 42 percent in the San Francisco Bay Area and 43 percent in California. From 2007 to 2008, both the Bay Area and Solano County experienced a 1 percent decline in the number of homeowner households for which housing costs accounted for 35 percent or more of household income; California remained steady at 43 percent. Overall, the percent of Solano County homeowner households with housing costs in excess of 35 percent of income experienced a significant increase of 10 percent from 2005 to 2006, and then had a slight adjustment (5%) downward from 2006 to 2007. This same increase from 2005 to 2006 can be seen in the San Francisco Bay Area and California though less dramatic (4% and 5% respectively). However, from 2006 to 2007, San Francisco Bay Area and California continued the upward trend.

Foreclosure activity in Solano County has slowed from the previous high in 2008, although the number of foreclosures in the first half of 2009 is still historically high. So far there have been more foreclosures in the first half of 2009 than all of 2007. However, this is less than the 5,300 foreclosures in Solano County and 238,400 foreclosures in California in 2008 – a high for both regions.

Related to the foreclosure activity, home affordability has drastically increased over the last year. In 2008, 46 percent of potential first-time homebuyers in Solano County could afford to buy a median priced single family home, an increase of 29 percent from 2007. Home affordability was the lowest in Solano County in 2006 when only 15 percent of potential first-time homebuyers in Solano County could afford to purchase a median-priced home.

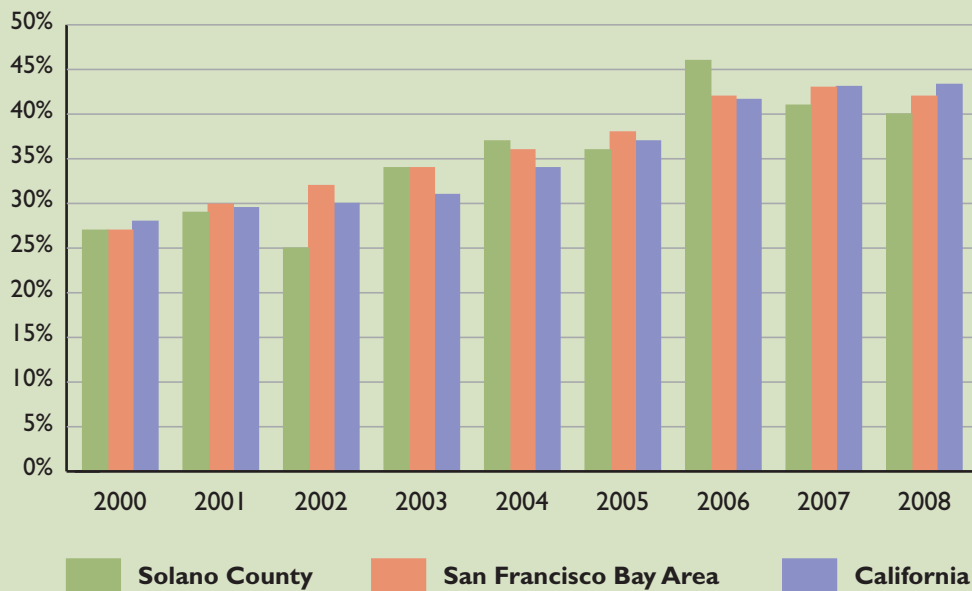
Rental Affordability has remained steady. While the county's average rent increased slightly by 1.4 percent in 2009, since 2002, the average rent in Solano County has declined 6 percent.

Home sales activity is recovering from the drop off during the housing market crash, though prices have yet to recover. The peak year for both home prices and number of sales came in

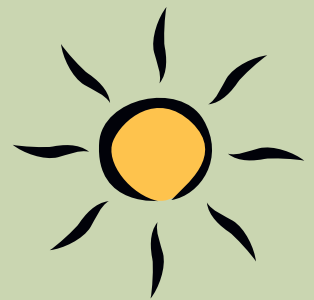
2005 for Solano County. By June 2009, the number of home sales in Solano County had increased by 80 percent over the first half of 2008. Of the cities in Solano County, Vallejo had the highest average number of home sales between 2002 and June 2009. The increased volume of sales suggests that housing prices should soon begin to recover, as there is typically a lag between volume of sales and housing prices.

Housing Financial Burden

Percentage of Homeowner Households with Housing Costs Greater than 35 Percent of Income
Solano County, San Francisco Bay Area, California



Data Source: U.S. Census Bureau, American Community Survey
Analysis: Collaborative Economics
Note: San Francisco Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma Counties.



What Does this Mean?

In 2008, the number of homeowner households with housing costs greater than 35 percent decreased by 1 percent since 2007.

Percentage of Homeowner Households with Housing Costs Greater than 35% of Income

	2006	2008
Solano County	46%	40%
Bay Area	42%	42%
California	42%	43%

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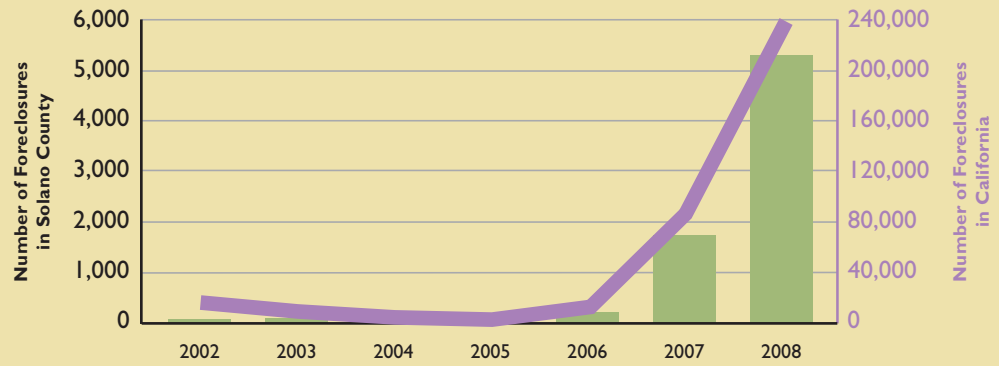


-19%

While foreclosure rates remain high, the number of foreclosures in the county dropped 19 percent in the first half of 2009 from 2008.

Residential Foreclosure Activity

Number of Foreclosures • Solano County and California



Data Source: RAND
 Analysis: Collaborative Economics
 Note: Foreclosure data includes single family homes, condominiums, and townhomes.
 *As of June 2009.

Number of Foreclosures in Solano County

January - June 2008	2,477
January - June 2009	1,997

Data Source: RAND
 Analysis: Collaborative Economics
 Note: Foreclosure data includes single family homes, condominiums, and townhomes.

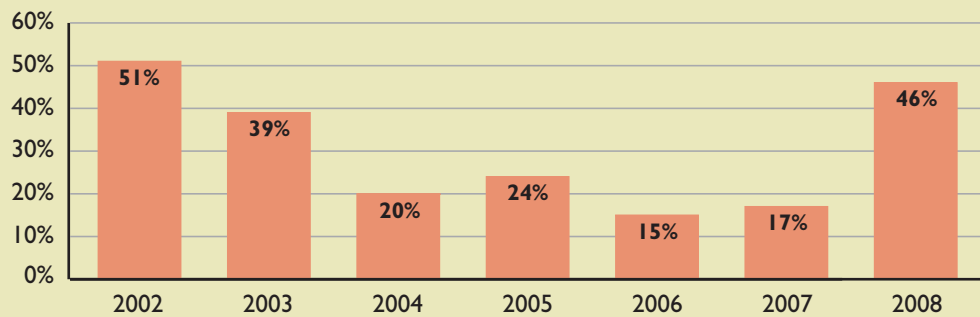


What does this mean?

In part due to rising foreclosure rates and tightening financial markets, home prices have fallen; thereby, improving home affordability for first-time home buyers.

Home Affordability

Percentage of Potential First-Time Homebuyers Who Can Afford to Purchase a Median-Priced Home Solano County



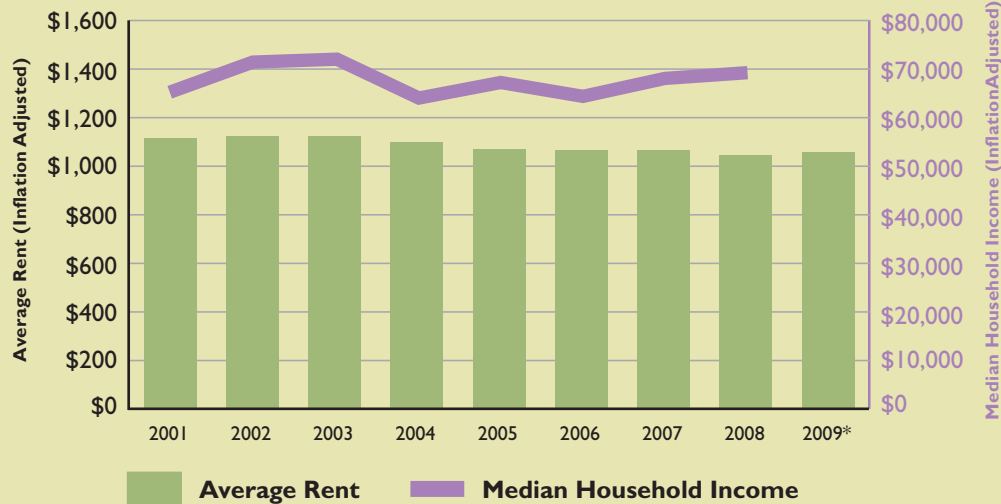
Data Source: California Association of Realtors; U.S. Census Bureau, 2002-2008 American Community Survey; and Freddie Mac, Primary Mortgage Market Survey
 Analysis: Collaborative Economics

Percent Change in Number of Foreclosure Sales First half of Year 2008-2009

	% change
Solano County	-19%
California	-20%

Rental Affordability

Apartment Rental Rates at Turnover Compared to Median Household Income Solano County



Data Source: RealFacts; United States Census Bureau, 2002-2008 American Community Surveys, and 2001 Supplementary Survey
 Analysis: Collaborative Economics
 * Estimates based on Quarters 1-3, 2009.

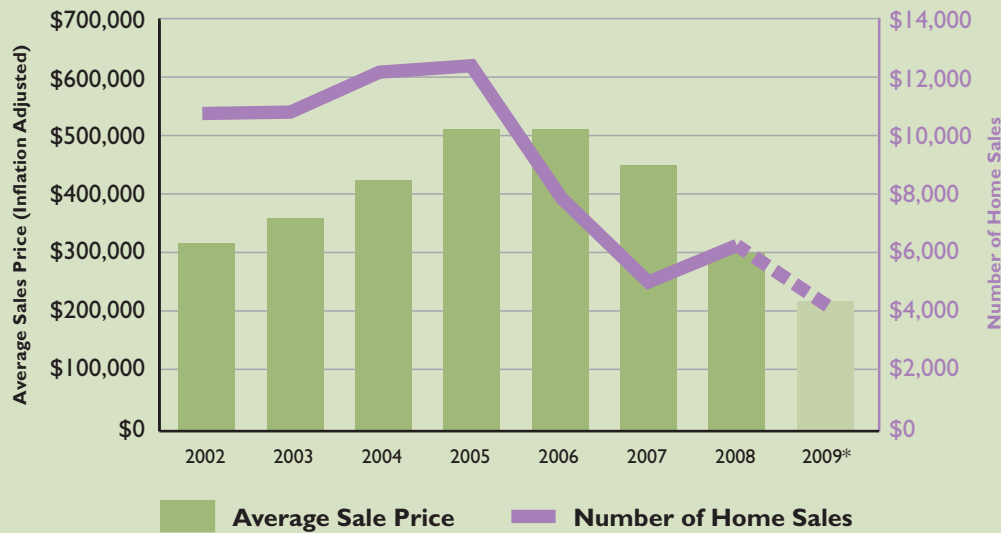


What Does this Mean?

Rental Affordability has remained steady. While the county's average rent increased slightly by 1.4 percent in 2009, since 2002, the average rent in Solano County has declined 6 percent.

Trends in Home Sales

Average Sale Price and Number of Home Sales Solano County



Data Source: DataQuick News; RAND California Statistics
 Analysis: Collaborative Economics
 * The year 2009 includes data through June 2009.



+80%

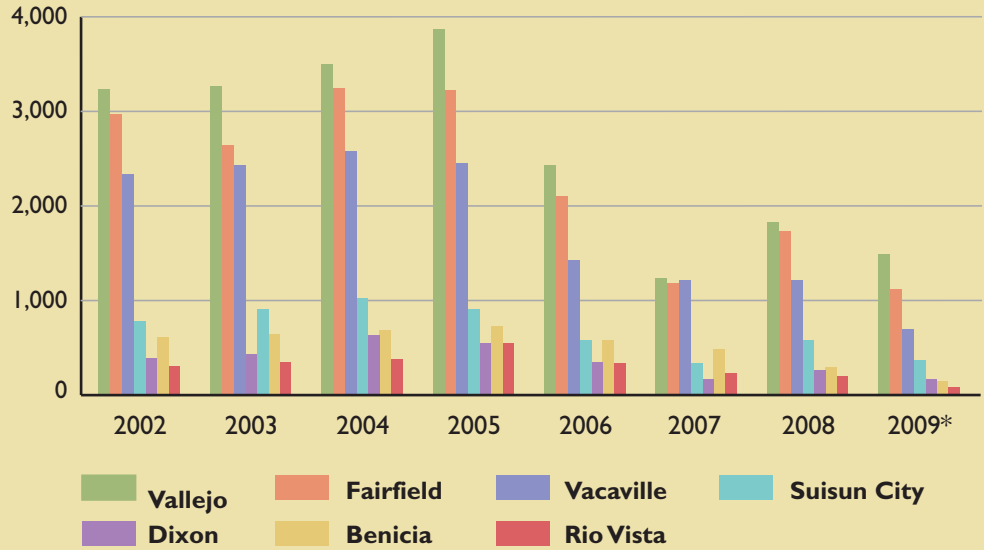
By June 2009, the number of home sales in Solano County had increased by 80 percent over the first half of 2008.



+80%

Homes sales are up, and some communities are recovering faster than others.

Number of Home Sales Solano County Cities and California



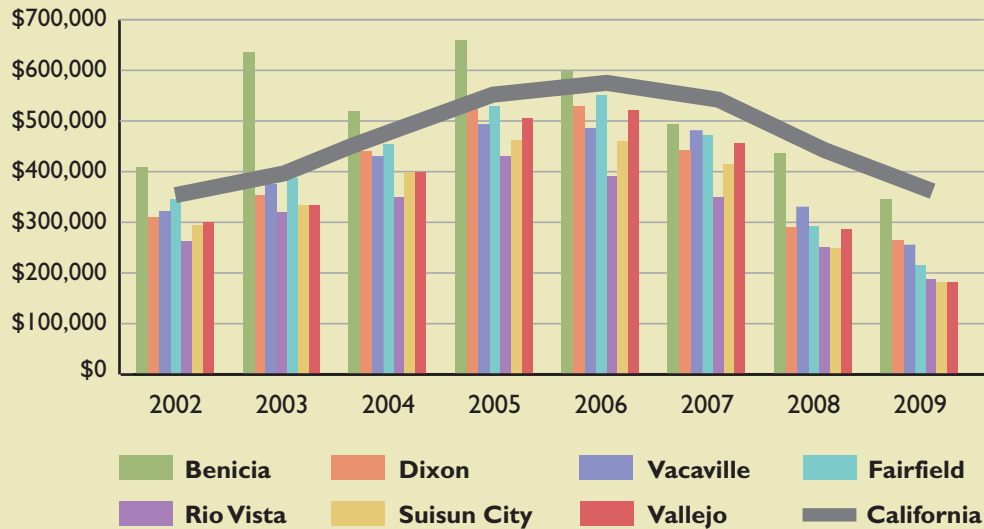
Data Source: DataQuick News; RAND California Statistics
 Analysis: Collaborative Economics
 *The year 2009 includes data through June 2009.



-34%

While sales are up, home prices are continuing to slide.

Trends in Home Prices Average Sale Price (Inflation Adjusted) Solano County Cities and California



Data Source: DataQuick News; RAND California Statistics
 Analysis: Collaborative Economics
 *The year 2009 includes data through June 2009.

City and County Bonds on Hold



Why Is This Important?

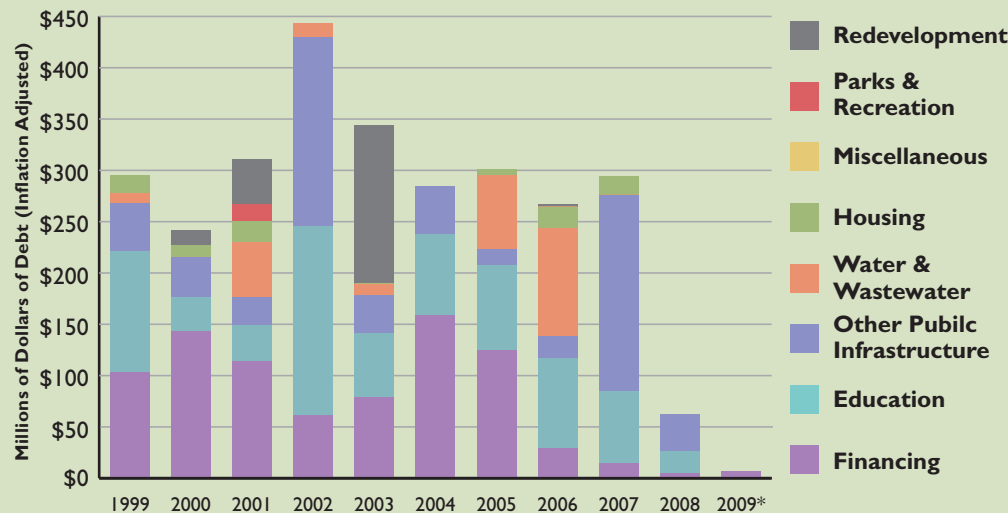
Bonds issued by municipalities are used to raise funds for city and county projects. During times of economic prosperity, municipal bonds are generally greater in volume and better rated, as cities, counties and investors are more confident in the ability of municipalities to repay debt offerings. However, when times are tougher, investors are cautious and municipalities are forced to explore other options to finance projects based on other sources of revenue, such as American Recovery and Reinvestment Act (ARRA) and state infrastructure bonds.



How Are We Doing?

In the last couple of years, municipal debt offerings have dropped off significantly. Over the last 10 years, jurisdictions in Solano County issued the smallest amount of annual debt in 2008 (\$62 million). With large bonds for education and other public infrastructure totaling \$439 million, 2002 accounts for the county's top year for issuing public debt. As of July 2009, Solano had issued nearly \$7 million of debt for financing, much less than in previous years. Although new projects requiring new local public investment appeared to be on hold, many public projects were delivered in 2009. In addition, the potential to access federal stimulus dollars and state infrastructure bonds may still bring public projects and the associated construction jobs to Solano County.

Municipal Debt Obligations Issued by Category Solano County



Data Source: California State Treasurer's Office
 Analysis: Collaborative Economics
 * As of June 2009.



What Does this Mean?

New local debt to finance public infrastructure projects appears to be replaced by grants.



The Connection between
Our Economy & Community



Positive New Trends in Transportation



Why Is This Important?

Choices in transportation impact the quality of air and transportation infrastructure. By encouraging alternative modes of transportation, such as public transit, carpooling and walking, as well as promoting vehicles with higher fuel efficiency and the use of alternative fuel sources, populations reduce their ecological footprint and improve the quality of their environment. Beyond government incentives, changes in transportation behavior are largely driven by fluctuations in gas prices. As gas prices rise, people work more locally and travel fewer miles.



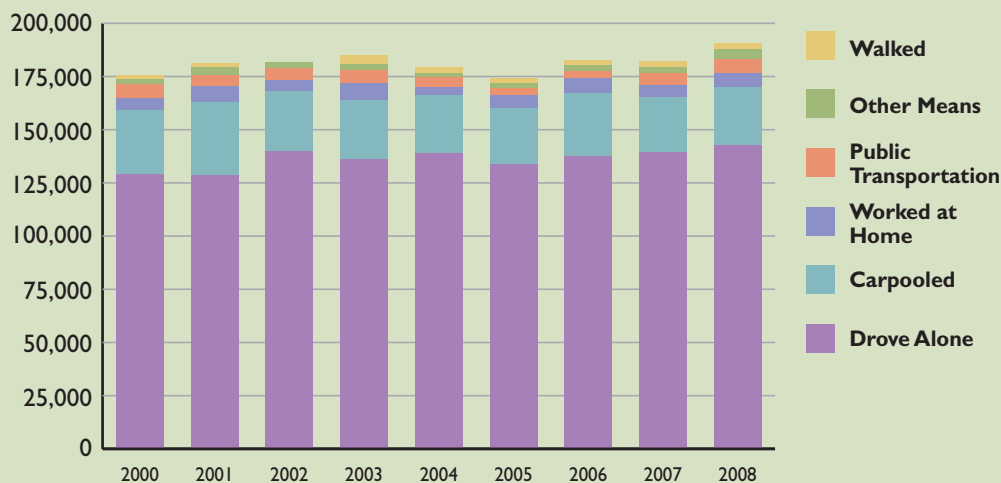
How Are We Doing?

The commuting habits of Solano County workers have fluctuated moderately over the last nine years. Since 2000, the number of workers driving alone has increased in Solano County, despite falling 3 percent from 2004 to 2008. The percentage of workers carpooling has remained steady at around 15 percent since 2002.

At the same time residents of both Solano County and the State at large have reduced their fuel consumption. From 2000 to 2007, fuel consumption per capita in Solano dropped by 2 percent. In 2007, fuel consumption per capita was 22 percent higher in Solano than in California.

Similarly, vehicle miles of travel (VMT) have been declining as gas prices have been growing. From 2007-2008, VMT in Solano County dropped by 6 percent and gas prices grew by 10 percent.

Means of Commute Number of Workers • Solano County



Data Source: U.S. Census Bureau, American Community Survey
 Analysis: Collaborative Economics
 Note: Other Means includes motorcycle, bicycle and other means not identified separately within the data distribution. Taxicabs are included in 2002 Public Transportation data and 2008 Other Means data.



What does this mean?

Solano County residents are finding new means of getting to work as more carpool, work from home, use public transit or other means.

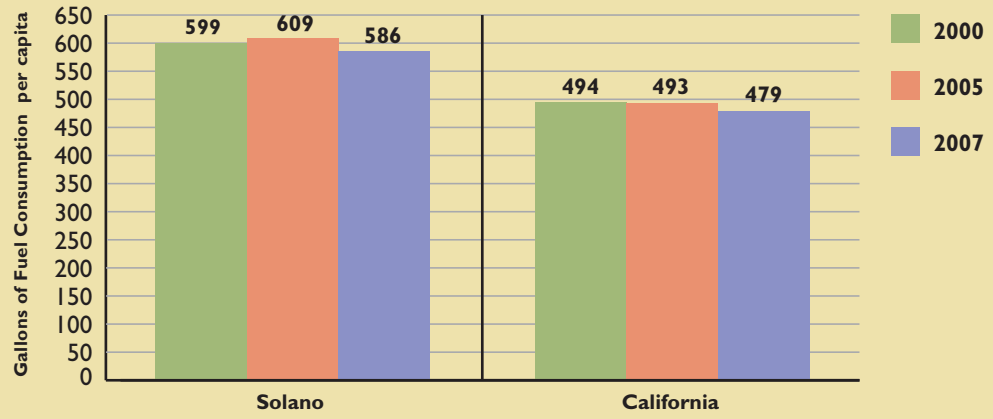
40 The Connection between Our Economy and Community



-2%

Fuel consumption in the county fell 2 percent between 2005 and 2007

Fuel Consumption per Capita Solano and California



Data Source: California Department of Transportation, California Department of Finance
 Analysis: Collaborative Economics
 Note: Fuel consumption consists of gasoline and diesel fuel usage on all public roads.

Fuel Consumption per Capita 2000-2007

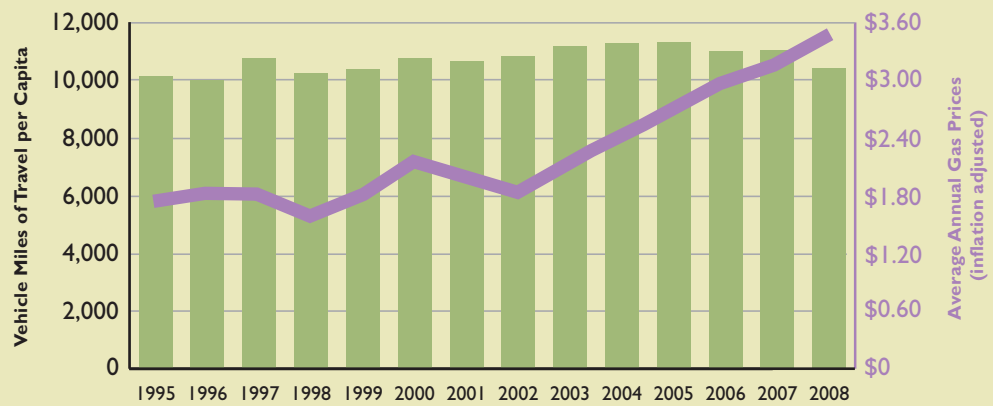
Solano	-2%
California	-3%



What does this mean?

Solano County residents drove 6 percent fewer miles on average in 2008. Rising gas prices are playing a role in this.

Vehicle Miles of Travel per Capita & Gas Prices Solano County



Data Source: California Department of Transportation; Energy Information Administration, U.S. Department of Energy; California Department of Finance
 Analysis: Collaborative Economics
 Note: Gas prices are average annual retail gas prices for California

Percent Change 2007-2008

VMT per Capita	-6%
Gas Prices	+10%

Our Workforce is Becoming More Skilled



Why Is This Important?

The better the match between the skills of residents and higher-skilled jobs in growing clusters, the more likely Solano County will capture the benefits of its dynamic economy. People use knowledge gained from previous jobs or school to acquire occupations that use the information they have learned. Educational attainment provides people with access to opportunity, and as skill sets increase, income potential grows. As regional educational levels rise, populations improve their ability to compete in the global economy for higher-paying jobs. This results in higher productivity and a higher standard of living in the region.



How Are We Doing?

Over the last four years, as the number of workers in the county has risen, so has the average educational attainment level. From 2005 to 2008, the number of employees who reside in Solano County increased by 1 percent to 77 percent of the regional workforce. During the same time period, the number of residential and commuter employees with a Bachelor's Degree or higher increased by 25 percent. More recently, there was a 13 percent increase (4,200 employees) from 2007 to 2008. Meanwhile, the number of employed residents with a Bachelor's Degree or higher increased nearly twice as fast as that of the entire workforce from 2005 to 2008 – 48 percent of the residential workforce had at least a Bachelor's Degree.

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+5%

Solano County's educational levels are rising. Between 2005 and 2008, the percentage of working residents with a Bachelor's Degree or higher increased by 5 percent.

Change in Educational Attainment of Employees

Solano County Residents and Nonresidents
2005 and 2008



Data Source: U.S. Census Bureau, American Community Survey 2005 - 2008

Analysis: Collaborative Economics

Note: High School Graduate includes equivalency.

* Some College includes: Less than 1 year of college; Some college, 1 or more years, no degree; Associates degree.

Employees in Solano County

	2005	2008	% change
Residents	95,024	109,477	+15%
Nonresidents	30,244	31,973	+6%

Environmental Gains are Under Way



Why Is This Important?

The environmental quality of a region affects the well being of the residents, as well as helps shape the region's economic prosperity for decades to come. Residential and commercial choices about transportation behavior, flows of goods and services, and land use greatly influence these generation long trends. Land conversion and preservation provides an important window from which to view changing economic and environmental dynamics, and illustrates how economic and environmental prosperity can be achieved in tandem.

Shifting from carbon-based energy to renewable sources also has the potential for wide-reaching impact on our environmental quality and the creation of economic opportunity. The adoption of clean and renewable energy sources, such as solar and wind, can begin to reshape our environmental impact immediately, and put us on a long term road toward climate prosperity.



How Are We Doing?

Over the last 13 years, agricultural land has seen a net decrease of 6,188 acres in the conversion of land between agricultural land and urban & built-up land. The net loss of agricultural land was the greatest in the 2002 to 2004 period in which agricultural land experienced a net loss of 1,731 acres. The net loss of agricultural land has decreased 76 percent since the 2002 to 2004 period.

Most recently in the 2006 to 2008 period, 496 acres of agricultural land were converted to urban & built-up land and 74 acres of urban & built-up land were converted to agricultural land - a net loss of 422 acres of agricultural land. The recent highs for conversions to both agricultural land and urban & built-up land came in the 2000 to 2002 period in which 2,739 acres of agricultural land were converted urban & built-up land and 1,504 acres of urban & built-up land were converted to agricultural land. From this time period to the present, the conversion of agricultural land to urban & built-up land has experienced a decrease of 82 percent, while the conversion of urban & built-up land to agricultural land has declined 95 percent since the same time period.

Solano County's solar energy portfolio is rapidly growing. As of November 2009, Vallejo and Suisun City led in solar capacity added through the California Solar Initiative; 1,042 kilowatts (kW) and 1,024 kW respectively. Vacaville is also a bright spot. In July 2009, it was ranked second among medium-sized cities for the total amount of wattage generated by solar panels in town by the Northern California Energy Association. In the same month, Suisun City added 1,000 kW over the prior year, which was the greatest addition to solar capacity in the county. Meanwhile, 746kW of solar generation were installed by Solano County in 2009.

Other achievements in solar generation came in 2007 when Meyer, a manufacturer of cook-ware and kitchen products, installed a 580 kW solar generator and the Alza Corporation, a pharmaceutical and medical delivery systems firm, installed a 1 MW solar generator. Recently in 2009, Budweiser (an Anheuser-Busch brewery) installed a 1.2 MW solar generator. Similarly plans to install a 1 MW solar array in Vacaville were announced by Novartis, a biopharmaceutical company, in October 2009. This installation will provide at least 20 percent of the facility's electricity needs.

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Wind energy is also becoming prevalent in Solano County and has great potential. Since 1982, Solano County has installed roughly 600 MW of wind generation capacity. Conversely as an example, the average coal-fired power plant generates 500 MW. Wind generation is particularly promising in Solano County. California Department of Energy research suggests that Solano County has some of the most powerful non-coastal wind in Northern California. This combined with Solano County's proximity to the State's transmission lines provides the county with a distinctive opportunity in wind energy generation.

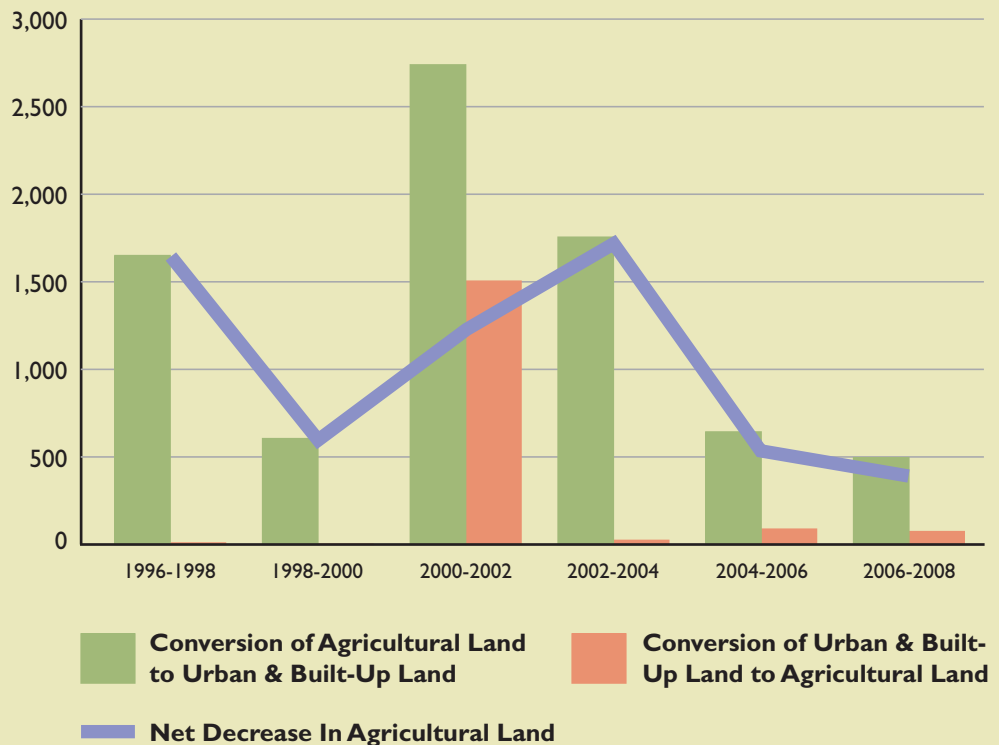


What Does this Mean?

The conversion of agricultural land to urban and built-up land has been slowing since 2002.

Conversion of Agricultural Land and Urban & Built-Up Land

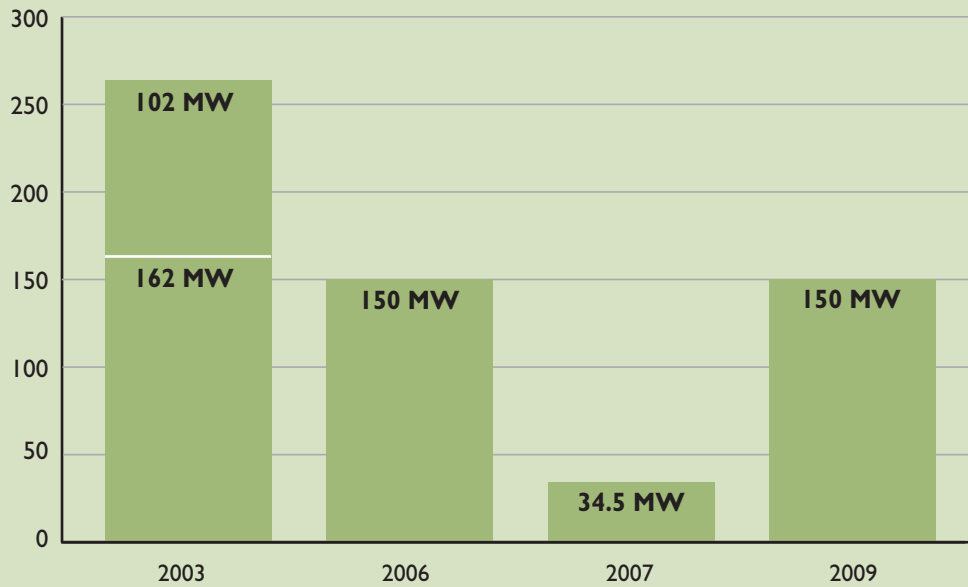
Number of Acres Converted • Solano County



Data Source: California Department of Conservation, State Farmland Mapping and Monitoring Program
 Analysis: Collaborative Economics

Renewable Portfolio Standard Eligible Facilities

Capacity (Mw) of New Wind Generation Facilities Solano County



Data Source: California Energy Commission, California's Renewables Portfolio Standard Eligible Facilities
 Analysis: Collaborative Economics
 Note: Renewable Portfolio Standard (RPS) eligible power generation systems from before 2003 are not shown.
 For years 2004, 2005 and 2008 no new facilities were RPS eligible.



Solano is generating clean energy

Solano is increasing its capacity across multiple types of renewable energy sources.

Other Renewable Portfolio Standard Facilities in Solano County

Commercial Operations Date	Capacity (MW)	Technology
1982	0.01	Wind
1983	11.90	Small Hydroelectric
1984	0.06	Small Hydroelectric

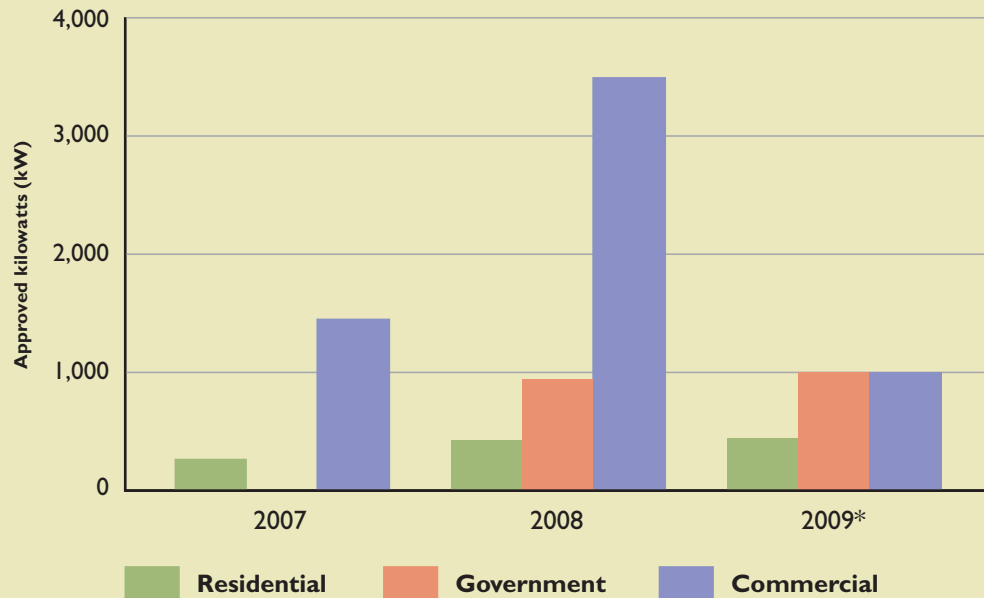


+184%

Solano has increased its solar energy generation capacity by 184 percent since 2007. The rest of the state has built up capacity by 29 percent.

Solar Installations by Sector

Capacity (kW) added through the California Solar Initiative
Solano County



Data Source: California Public Utilities Commission, California Solar Initiative
Analysis: Collaborative Economics
* As of November 25, 2009.

Growth in Solar Capacity (kW) added through the California Solar Initiative

2007-2008	
Solano County	184%
Rest of California	29%

Percent of Approved Kilowatts in Solano County

Sector	2008	2009
Commercial	72%	41%
Government	19%	41%
Residential	9%	18%

Innovation is Taking Place and Adding Value



Why Is This Important?

Innovation drives a region's economic success. The ability to generate new ideas, products, and processes is an important source of regional competitive advantage. In life sciences, an important measure for innovation is grant funding awarded by the National Institutes of Health. The National Institutes of Health (NIH) funds non-federal scientists and their institutions (known as the extramural scientific community) across the country and abroad to research that leads to improvements in the prevention, detection, diagnosis, and treatment of various diseases and disabilities. The extramural scientific community receives 80 percent of the funds appropriated to NIH.¹



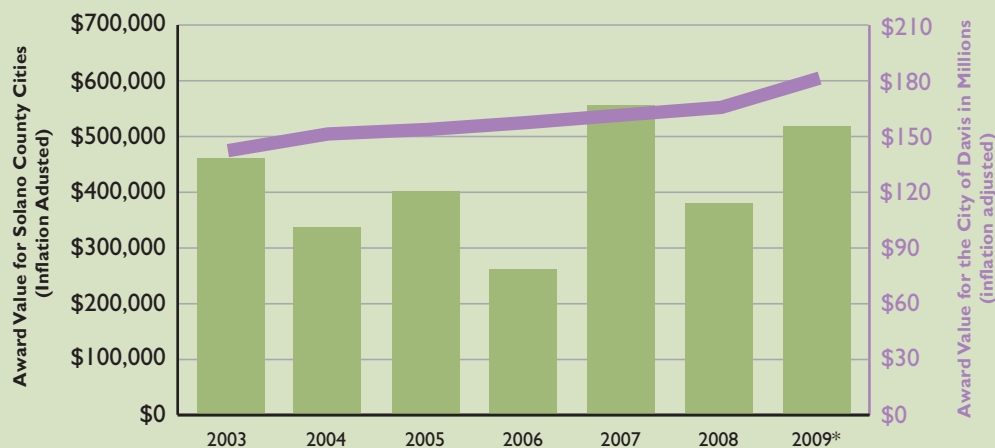
How Are We Doing?

The City of Davis, home to the University of California, is a major recipient of research funding from the National Institutes of Health. In 2009, the Davis area including the university received more than \$180 million in NIH awards. Solano County benefits from its proximity to U.C. Davis as high-value business and research activities spread beyond the campus into the broader region. As of September 2009, Solano County had three NIH awards valuing more than \$500,000. Since 2003, funding values have ranged from \$250,000 to \$550,000.

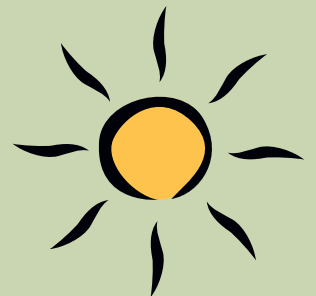
¹ National Institutes of Health, Fiscal Year 2009 Budget Overview. Page O-7. <http://officeofbudget.od.nih.gov/pdfs/FY09/Overview.pdf>

National Institutes of Health Research Grant Value

Total Amount Awarded in Solano County Cities and City of Davis 2003-2009



Data Source: U.S. Department of Health & Human Services, National Institutes of Health
 Analysis: Collaborative Economics
 Note: 2008 and 2009 contracts are preliminary.
 * As of September 18, 2009.



What Does this Mean?

Solano County benefits from its proximity to U.C. Davis as high-value business and research activities spread beyond the campus into the broader region.



This award-winning Index is a tremendous tool for all of us to get a clear picture of where we have been, where we are today, and what steps we can take to accomplish our future goals. The importance of this type of research project was underscored recently when the California Association for Local Economic Development honored the inaugural Index with an Award of Excellence.

The 2009 Index tells the story of the last decade, revealing some of our highest highs and lowest lows. Looking forward, these key economic indicators lead me to believe that within the next decade our community economic development goals should be focused on:

- The goal of doubling life science cluster to 5,000 high wage job opportunities is possible if land is zoned and the physical infrastructure constructed to allow for new and expanded space biotech facilities. More importantly the over arching need to grow a better math- and science-educated labor force, while nurturing business and university relationships, is key.
- Energizing the retention and greening of our existing carbon-based energy companies, while attracting the rapidly expanding clean energy companies that are creating new careers to meet clean air regulatory requirements of reducing CO₂.
- Retention and expansion of Travis Air Force Base – our largest and growing employer – is the best example of the growth in trade and logistics. Overall expansion and location of new major warehouse and distribution centers increased by 6 percent between 2007 and 2008, underscoring our strategic location in the Bay Area/Sacramento Mega Region. This mega region will grow by 3 million more consumers during next 25 years.
- Consumers are thinking differently about their food, choosing to eat local foods because they know where it is grown, how it is grown and who grows it. Across our mega region over 10 million new people are expected by 2035, creating a market opportunity and need for expanded local food processing. We must be prepared to be the place where new food processors can locate.

As we move forward, Solano EDC will continue to facilitate our community courage to ask the difficult questions, hear the answers clearly and then act collectively to build solutions that take advantage of future economic opportunities.

Sincerely,

Mike Ammann

President

Solano Economic Development Corp.

Data Sources and Methodology

Solano County Key Facts

Area

Data provided by the Solano Economic Development Corporation (EDC).

Population

Data are from the E-1: City/County Population Estimates with Annual Percent Change report by the California Department of Finance and for Solano County. Estimates are for January 1, 2009.

Jobs

Solano County employment data are provided by the California Employment Development Department Current Employment Statistics (CES). The industry data reflects the number of jobs in the county that may pay employees who live outside of the county. October 2009 data is preliminary.

Average Wage

Data provided by U.S. Bureau of Labor Statistics, Occupational Employment Statistics, May 2008. All income values are inflation-adjusted and reported in first half 2009 dollars, using CPI for the U.S. City Average from the Bureau of Labor Statistics. The median annual wage is for All Occupations in Solano County.

Foreign Immigration and Domestic Immigration

Data are from the E-6: County Population Estimates and Components of Change by County - July 1, 2000-2008 report by the California Department of Finance and are for Solano County and California. Estimates for 2008 are provisional. Net migration includes all legal and unauthorized foreign immigrants, residents who left the state to live abroad, and the balance of hundreds of thousands of people moving to and from California from within the United States.

Adult Educational Attainment, Age Distribution, and Ethnic Composition

Data provided by the U.S. Census Bureau, American Community Survey 2008 for Solano County.

Economy: Our Changing Economy

Annual Number of Jobs and Change in Monthly Jobs

Solano County employment data provided by the California Employment Development Department Current Employment Statistics (CES), the industry data reflect the number of jobs in the county that may pay employees who live outside of the county.

Trends Relative to 2000

Solano County resident employment data provided by the California Employment Development Department Local Area Unemployment Statistics (LAUS). The data reflects the number of residents employed and unemployed in the county.

Business Churn in Solano County

The National Establishment Time-Series Database (NETS), prepared by Walls & Associates using Dun & Bradstreet establishment data, was sourced for jobs data and establishment counts. Data is for Solano County and the movement of establishments in and out of the County between 1995 and 2008.

Cluster Portfolio

Figures derived from the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages and are based on the North American Industry Classification System (NAICS).

50 Appendix A

Clean Energy & Transportation Establishments & Jobs

The accounting of green business establishments and jobs is based on the methodology originally developed on behalf of Next 10 for the California Green Innovation Index. This database has been built through the use of multiple data sources for the identification and classification of green business (such as New Energy Finance, Cleantech Group™, LLC and others) and leveraged a sophisticated internet search process. The National Establishments Time-Series (NETS) database based on Dun & Bradstreet establishment data was sourced to extract business information such as job estimates. The operational definition of green is based primarily on the definition of “cleantech” established by the Cleantech Group™, LLC. This sample offers a conservative estimate of the green industry in Solano County.

Median Household Income

Data for Distribution of Income and Median Household Income are from the 2000-2008 American Community Survey from the U.S. Census Bureau. All income values are inflation-adjusted and reported in first half 2009 dollars, using CPI for the U.S. City Average from the Bureau of Labor Statistics. Household Income includes wage or salary income; net self-employment income; interest, dividends, or net rental or royalty income from estates and trusts; Social Security or railroad retirement income; Supplemental Security Income; public assistance or welfare payments; retirement, survivor, or disability pensions; and all other income; excluding stock options. Values displayed in Comparison to Top Five Commuter Counties chart are rounded to the nearest 500 dollars.

Real per Capita Income Relative to 2000

Data for total personal income and population are provided by Moody's Economy.com. Income values are inflation-adjusted and reported in first-half 2009 dollars, using the US City Average Consumer Price Index (CPI) of all urban consumers, published by the US Bureau of Labor Statistics.

Community: Our Changing Community

Population Growth and Net Migration Flows

Data are from the E-6: County Population Estimates and Components of Change by County - July 1, 2000-2008 report by the California Department of Finance and are for Solano County and California. Estimates for 2008 are provisional. Net migration includes all legal and unauthorized foreign immigrants, residents who left the state to live abroad, and the balance of hundreds of thousands of people moving to and from California from within the United States.

Preschool Enrollment

Data is derived from the United States Census Bureau, 2002-2008 American Community Surveys and the 2000-2001 Supplementary Surveys. The population of children is for people age three to five years old. The age of the population in preschools and nursery schools are three years old and older.

High School Dropout Rates by Ethnicity

Data for the 2007/2008 academic year are provided by the California Department of Education. This is the second year that statistics have been derived from student level records. California Legislature enacted SBI 453, which establishes two key components: (1) Assignment of a unique, student identifier to each K-12 pupil enrolled in a public school program or in a charter school that will remain with the student throughout his or her academic 'career' in the California public school system; and (2) Establishment of a longitudinal database of disaggregated student information that will enable state policy-makers to determine the success of its program of educational reform. The 4-year derived dropout rate is an estimate of the percent of students who would drop out in a four year period based on data collected for a single year. The adjusted dropout numbers were used in this analysis which takes the reported Grade 9-12 Dropout total and subtracts re-enrolled Grade 9-12 dropouts and adds Grade 9-12 lost transfers.

High School Graduation Rate and Share that Meet UC/CSU Entrance Requirements

Data for the 2007/2008 academic year are provided by the California Department of Education. This is the second year statistics have been derived from student level records. California Legislature enacted SBI453, which establishes two key components: (1) Assignment of a unique, student identifier to each K-12 pupil enrolled in a public school program or in a charter school that will remain with the student throughout his or her academic 'career' in the California public school system; and (2) Establishment of a longitudinal database of disaggregated student information that will enable state policy-makers to determine the success of its program of educational reform. Historical data are final and are from the California Department of Education. The methodology used calculates an approximate probability that one will graduate on time by looking at the number of 12th grade graduates and number of 12th, 11th, 10th, and 9th grade dropouts over a four year period. The adjusted dropout numbers were used which accounts for students who dropout and re-enroll, and lost transfer students.

Percentage of High School Students Enrolled in Upper Level Math and Science Courses

Data is from the California Department of Education DataQuest. The Enrollment in Selected Math and Sciences Courses by County was used, male and female enrollment data was aggregated for county totals. The California Department of Education changed the reporting system for class enrollment in 2008.

Felony Offenses: Adult & Juvenile

Crime data is from the FBI's Uniform Crime Reports, as reported by the California Department of Justice in their annual "Criminal Justice Profiles". Felony offenses include violent, property and drug offenses.

Health Insurance

Data is provided by the UCLA Center for Health Policy Research, California Health Interview Survey (CHIS) in the 2007 California Health Interview Survey. Data is on California residents less than 65 years of age. Privately purchased coverage data is statistically unstable and is not shown.

Housing Financial Burden

Data was obtained from the U.S. Census Bureau, American Community Survey for years 2002 through 2008. The U.S. Census Bureau Supplemental Survey provided data for years 2000 and 2001. Data indicates the percent of homeowner households with housing costs that account for 35 percent or more of the household's income.

Residential Foreclosure Activity

Data was compiled by RAND on behalf of the California Realtors Association and DataQuick News. Data reflects total foreclosures for townhomes, condominiums and single family homes. 2009 data includes foreclosures through June.

Home Affordability

The data for California is based on the median price of existing single-family homes sold from California Association of Realtors' (CAR) monthly existing home sales survey, the national average effective mortgage interest rate as reported by the Federal Housing Finance Board, and the median household income as reported by Claritas/NPDC. CAR stopped producing the Housing Affordability Index for all homebuyers since the end of 2005 and now produces a Housing Affordability Index for first-time buyers that has been updated historically to 2003. Solano County is not one of the geographic areas for which CAR calculates the Housing Affordability Index. As a result, the Housing Affordability Index methodology was followed to create an Index for Solano County. Sources for this data include the American Community Survey for income distribution data, CAR for median home sales, and Freddie Mac Primary Mortgage Market Survey for historical 1-year adjustable rate mortgage interest rates.

Rental Affordability

Data on average rental rates are from RealFacts survey of all apartment complexes in Solano County of 40 or more units. Rates are the prices charged to new residents when apartments turn over and have been adjusted into 2009 dollars using the U.S. city average Consumer Price Index (CPI) of all urban consumers, published by the U.S. Bureau of Labor Statistics. Median household income data is from the 2001 Supplementary Survey and the 2002 – 2008 American Community Surveys, U.S. Census Bureau.

52 Appendix A

Trends in Home Prices and Sales

Data provided by RAND California Statistics and sourced by DataQuick News. For average sale price and number of transactions, all homes (including condos/townhomes and

single-family homes) were included in calculations. Sales price are inflation-adjusted and reported in half-year 2009 dollars, using the U.S. City Average Consumer Price Index (CPI) of all urban consumers, published by the U.S. Bureau of Labor Statistics.

Municipal Debt Obligations Issued Category Groupings	
Municipal	College, University Facility K-12 School Facility Other, Multiple Education Users
Financing	Cash Flow, Interim Financing Insurance and Pension Funds Project, Interim Financing
Health Care Infrastructure	Health Care Facilities Hospital
Housing	Multifamily Housing Single-Family Housing
Miscellaneous	Convention Center Equipment Parking Prisons, Jails, Correctional Facilities Other Purpose Theatre/Arts/Museums
Other Public Infrastructure	Flood Control, Storm Drainage Multiple Capital Improvements/Public Works Other Capital Improvements/Public Works Power Generation/Transmission Public Building Solid Waste Recovery Facilities
Parks & Recreation	Parks, Open Space Recreation and Sports Facilities
Redevelopment	Redevelopment, Multiple Purposes
Transportation Infrastructure	Airport Bridges and Highways Ports, Marinas Public Transit Street Construction and Improvements
Water & Wastewater	Wastewater Collection, Treatment Water Supply, Storage, Distribution

Municipal Debt Obligations Issued

The California Debt and Investment Advisory Commission Database (CDIAC), as maintained by the California Department of Treasurer, was used to compile the municipal bond data for Solano County. State law that took effect in 1982 requires all governmental agencies, which issue debt to report information on each issuance to CDIAC [Government Code Sections 8855(k) and 8855(i)]. Agencies must provide data to CDIAC 30 days prior to each issuance, and within 45 days after the signing of the bond purchase contract in a negotiated or private financing, or after the acceptance of a bid in a competitive offering. Data includes both short and long term bonds as well as notes. Debt was grouped chronologically according to the sale date of type of debt (see table).

Economy/Community: The Connection between Our Economy and Community

Means of Commute

Data on the means of commute to work are from the United States Census Bureau, 2000-2008 American Community Survey. Data are for workers 16 years old and over residing in Solano County commuting to the geographic location at which workers carried out their occupational activities during the reference week whether or not the location was inside or outside the county limits. The data on employment status and journey to work relate to the reference week; that is, the calendar week preceding the date on which the respondents completed their questionnaires or were interviewed. This week is not the same for all respondents since the interviewing was conducted over a 12-month period. The occurrence of holidays during the relative reference week could affect the data on actual hours worked during the reference week, but probably had no effect on overall measurement of employment status. People who used different means of transportation on

different days of the week were asked to specify the one they used most often, that is, the greatest number of days. People who used more than one means of transportation to get to work each day were asked to report the one used for the longest distance during the work trip. The category, "Car, truck, or van," includes workers using a car (including company cars but excluding taxicabs), a truck of one-ton capacity or less, or a van. The category, "Public transportation," includes workers who used a bus or trolley bus, streetcar or trolley car, subway or elevated, railroad, or ferryboat, even if each mode is not shown separately in the tabulation. The category "Other Means" includes taxicab, motorcycle, bicycle and other means that are not identified separately within the data distribution.

Fuel Consumption

Fuel consumption data are from the Caltrans, 2008 "California Motor Vehicle Stock, Travel, and Fuel Forecast" and include estimates for diesel and gasoline. To compute per-capita values, Revised County Population Estimates, 1970-2008, December 2008" from the California Department of Finance were used.

Vehicle Miles of Travel per Capita & Gas Prices

Vehicle Miles Traveled (VMT) is defined as total distance traveled by all vehicles during selected time period in geographic segment. VMT estimates are from the California Department of Transportation's "2008 California Motor Vehicle Stock, Travel, and Fuel Forecast." Data includes annual total VMT on State highways and non-state highways. In order to calculate VMT, Caltrans multiplies the road section length (length in miles along the centerline of the roadway) by Average Annual Daily Traffic (AADT). AADT are actual traffic counts that the city, county, or state have taken and reported to the California Department of Transportation. To compute per-capita values, Revised County Population Estimates, 1970-2008, December 2008 from the California Department of Finance were used. Gas prices are average annual retail gas prices for California, and come from the Weekly Retail Gasoline and Diesel Prices (Cents per Gallon, Including Taxes) dataserie reported by the U.S. Department of Energy, Energy Information Administration. Gas prices are All Grades All Formulations Retail Gasoline Prices (including taxes) and have been adjusted into first half of 2009 dollars using the U.S. city

average Consumer Price Index (CPI) of all urban consumers, published by the Bureau of Labor Statistics.

Educational Attainment of Employees

Data provided by the United States Census Bureau, 2005, 2006, 2007, and 2008 American Community Survey Public Use Microdata Samples (PUMS). For educational attainment, Some College includes Less than 1 year of college; Some College, 1 or more years, no degree; and Associates Degree.

Conversion of Agricultural Land and Urban & Built-Up Land

Data is from the State of California Department of Conservation, Farmland Mapping and Monitoring Program (FMMP). The FMMP produces maps and statistical data used for analyzing impacts on California's agricultural resources. Agricultural land includes farmland and grazing land.

Solar Installations by Sector

Data is from the California Solar Initiative, November 25, 2009 extract. Data covers approved rebates, and rebates that were cancelled, withdrawn, and removed from the system are not included. Data covers the cities Benicia, Dixon, Fairfield, Suisun City, Vacaville, and Vallejo.

Renewables Portfolio Standard Facilities

Data is from the California Energy Commission through the California's Renewables Portfolio Standard (RPS) Eligible Facilities.

National Institutes of Health Research

Data is provided by the U.S. Department of Health & Human Services, National Institutes of Health. Award amounts were adjusted for inflation and are reported in half year 2009 dollars using the U.S. city average Consumer Price Index (CPI) of all urban consumers, published by the Bureau of Labor Statistics. The value of awards for Solano County is based on the city locations for the organizations awarded a grant. Preliminary data is used for fiscal years 2008 and 2009, contract data is not yet available.

54 Appendix B

Industry Cluster Definitions

Advanced Food and Beverage Manufacturing

1112	Vegetable and Melon Farming
1113	Fruit and Tree Nut Farming
1114	Greenhouse, Nursery, and Floriculture Production
1119	Other Crop Farming
1121	Cattle Ranching and Farming
1124	Sheep and Goat Farming
1129	Other Animal Production
1151	Support Activities for Crop Production
1152	Support Activities for Animal Production
3114	Fruit and Vegetable Preserving and Specialty Food Manufacturing
3116	Animal Slaughtering and Processing
3118	Bakeries and Tortilla Manufacturing
3121	Beverage Manufacturing

Construction

2361	Residential Building Construction
2362	Nonresidential Building Construction
2371	Utility System Construction
2373	Highway, Street, and Bridge Construction
2381	Foundation, Structure, and Building Exterior Contractors
2382	Building Equipment Contractors
2383	Building Finishing Contractors
2389	Other Specialty Trade Contractors
541310	Architectural Services
541320	Landscape Architectural Services
541330	Engineering Services
541350	Building Inspection Services
541370	Surveying and Mapping (except Geophysical) Services
5413	Architectural, Engineering, and Related Services (Federal Government)

Health and Social Services

6222	Psychiatric and Substance Abuse Hospitals (State Government)
6211	Offices of Physicians
6212	Offices of Dentists
6213	Offices of Other Health Practitioners
6214	Outpatient Care Centers
6216	Home Health Care Services
6231	Nursing Care Facilities
6232	Residential Mental Retardation, Mental Health and Substance Abuse Facilities
6233	Community Care Facilities for the Elderly
6239	Other Residential Care Facilities
6241	Individual and Family Services
6243	Vocational Rehabilitation Services
6244	Child Day Care Services

Life Sciences

3254	Pharmaceutical and Medicine Manufacturing
3391	Medical Equipment and Supplies Manufacturing
54171	Research and Development in the Physical, Engineering, and Life
541380	Testing Laboratories
811219	Other Electronic and Precision Equipment Repair and Maintenance

Professional and Environmental Services

3231	Printing and Related Support Activities
5241	Insurance Carriers
5242	Agencies, Brokerages, and Other Insurance Related Activities
5311	Lessors of Real Estate
5312	Offices of Real Estate Agents and Brokers
5313	Activities Related to Real Estate
5411	Legal Services
5412	Accounting, Tax Preparation, Bookkeeping, and Payroll Services
5414	Specialized Design Services
5415	Computer Systems Design and Related Services
54172	Research and Development in the Social Sciences and Humanities

5418	Advertising and Related Services
5511	Management of Companies and Enterprises
5611	Office Administrative Services
5613	Employment Services
5616	Investigation and Security Services
5617	Services to Buildings and Dwellings
5619	Other Support Services
6115	Technical and Trade Schools
541620	Environmental Consulting Services
813312	Environment, Conservation, and Wildlife Organizations
9241	Administration of Environmental Quality Programs (Federal Government)
9241	Administration of Environmental Quality Programs (State Government)
9241	Administration of Environmental Quality Programs (Local Government)

Specialized Manufacturing

2131	Support Activities for Mining
3252	Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing
3256	Soap, Cleaning Compound, and Toilet Preparation Manufacturing
3272	Glass and Glass Product Manufacturing
3273	Cement and Concrete Product Manufacturing
3323	Architectural and Structural Metals Manufacturing
3324	Boiler, Tank, and Shipping Container Manufacturing
3326	Spring and Wire Product Manufacturing
3327	Machine Shops; Turned Product; and Screw, Nut, and Bolt Manufacturing
3328	Coating, Engraving, Heat Treating, and Allied Activities
3329	Other Fabricated Metal Product Manufacturing
3331	Agriculture, Construction, and Mining Machinery Manufacturing
3332	Industrial Machinery Manufacturing
3339	Other General Purpose Machinery Manufacturing

3371	Household and Institutional Furniture and Kitchen Cabinet Manufacturing
3399	Other Miscellaneous Manufacturing
8113	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance

Trade and Logistics

4231	Motor Vehicle and Motor Vehicle Parts and Supplies Merchant Wholesalers
4232	Furniture and Home Furnishing Merchant Wholesalers
4233	Lumber and Other Construction Materials Merchant Wholesalers
4234	Professional and Commercial Equipment and Supplies Merchant Wholesalers
4237	Hardware, and Plumbing and Heating Equipment and Supplies Merchant Wholesalers
4238	Machinery, Equipment, and Supplies Merchant Wholesalers
4239	Miscellaneous Durable Goods Merchant Wholesalers
4241	Paper and Paper Product Merchant Wholesalers
4243	Apparel, Piece Goods, and Notions Merchant Wholesalers
4244	Grocery and Related Product Merchant Wholesalers
4246	Chemical and Allied Products Merchant Wholesalers
4247	Petroleum and Petroleum Products Merchant Wholesalers
4251	Wholesale Electronic Markets and Agents and Brokers
4841	General Freight Trucking
4842	Specialized Freight Trucking
4883	Support Activities for Water Transportation
4884	Support Activities for Road Transportation
4889	Other Support Activities for Transportation
4921	Couriers
4931	Warehousing and Storage
424910	Farm Supplies Merchant Wholesalers
424990	Other Miscellaneous Nondurable Goods Merchant Wholesalers

56 Acknowledgements

Technical Advisory Committee to the 2009 Solano County

Curt Johnston

City of Fairfield

Daryl Halls

Solano Transportation Authority

Dee Alarcon

Solano County Office of Education

Kim Thomas

Children's Network

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Mike Reagan

County of Solano

Robert Bloom

Workforce Investment Board

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County of Solano

Sandy Person

Solano EDC

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RAND

RealFacts

US Bureau of Economic Analysis

US Bureau of Labor Statistics

US Census Bureau

US Department of Commerce

US Department of Health & Human Services

US Department of Labor

UCLA Center for Health Policy Research

Solano EDC

The Mission of the Solano EDC is to attract, grow, and retain business and industry in Solano County that enhance the economic vitality and quality of life in our communities. We serve as the facilitator of countywide and regional discussions on how to improve the way we work together and take action on critical employer, transportation, and education issues.

Prepared by:

Collaborative Economics • Doug Henton • John Melville • Tracey Grose • Tiffany Furrell • Gabrielle Maor

Collaborative Economics

Collaborative Economics is a nationally-recognized consulting firm specializing in developing regional indexes, working with private and public sector leaders to develop innovative solutions to pressing economic and community challenges, and advising civic entrepreneurs across the country and globally.





The entire Solano County Index of Economic and
Community Progress can be found at:
www.solanocounty.com/economicindex

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