

SOLANO
City-County Coordinating Council

MEMBERS

Jack Batchelor
Chair
City of Dixon

Linda J. Seifert
Vice Chair
*Supervisor, Solano
County, District 2*

Elizabeth Patterson
Mayor, City of Benicia

Harry Price
Mayor, City of Fairfield

Norman Richardson
Mayor, City of Rio Vista

Pete Sanchez
*Mayor, City of Suisun
City*

Steve Hardy
Mayor, City of Vacaville

Osby Davis
Mayor, City of Vallejo

Erin Hannigan
*Supervisor, Solano
County, District 1*

Jim Sperring
*Supervisor, Solano
County, District 3*

John Vasquez
*Supervisor, Solano
County, District 4*

Skip Thomson
*Supervisor, Solano
County, District 5*

SUPPORT STAFF:

Birgitta Corsello
*Solano County
Administrator's Office*

Michelle Heppner
*Solano County
Administrator's Office*

Daryl Halls
*Solano Transportation
Authority*

Sean Quinn
City of Fairfield

AGENDA
March 14 2013

Location - Solano County Water Agency, Berryessa Room,
810 Vaca Valley Parkway, Suite 203, Vacaville, CA.

7:00 P.M. Meeting

PURPOSE STATEMENT – City County Coordinating Council

“To discuss, coordinate, and resolve City/County issues including but not necessarily limited to land use, planning, duplication of services/improving efficiencies, as well as other agreed to topics of regional importance, to respond effectively to the actions of other levels of government, including the State and Federal government, to sponsor or support legislation at the State and Federal level that is of regional importance, and to sponsor or support regional activities that further the purpose of the Solano City-County Coordinating Council.”

Time set forth on agenda is an estimate. Items may be heard before or after the times designated.

ITEM

AGENCY/STAFF

I. CALL TO ORDER (7:00 p.m.)

Roll Call

II. APPROVAL OF AGENDA (7:00 p.m.)

III. OPPORTUNITY FOR PUBLIC COMMENT (7:05 p.m.)

Pursuant to the Brown Act, each public agency must provide the public with an opportunity to speak on any matter within the subject matter of the jurisdiction of the agency and which is not on the agency's agenda for that meeting. Comments are limited to no more than 5 minutes per speaker. By law, no action may be taken on any item raised during public comment period although informational answers to questions may be given and matter may be referred to staff for placement on future agenda.

This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42U.S.C.Sec12132) and the Ralph M. Brown Act (Cal.Govt.Code Sec.54954.2) Persons requesting a disability-related modification or accommodation should contact Jodene Nolan, 675 Texas Street, Suite 6500, Fairfield CA 94533 (707.784.6108) during regular business hours, at least 24 hours prior to the time of the meeting.

IV. CONSENT CALENDAR

- a. Approval of Minutes for January 10, 2013
(Action Item)

Chair Batchelor

V. DISCUSSION CALENDAR

1. Economic Development / Job Creation – (Workshop with Guest Speaker)
(7:10 p.m. – 8:00 p.m.)

Presenters: Dr. Rob Eyler, Director of
Economic Analysis, Sonoma State
University

Solano City-County Coordinating Council
Meeting Agenda
March 14, 2013

2. Legislative Update
(8:00 p.m. – 8:40 p.m.)

Presenters: Michelle Heppner, Solano County, Paul Yoder, Shaw, Yoder, Antwih, LLC.

VI. ANNOUNCEMENTS

VII. CCCC CLOSING COMMENTS

ADJOURNMENT: The next City-County Coordinating Council meeting is scheduled for May 16, 2013 at 7:00 p.m. at the Solano County Water Agency – Berryessa Room, 810 Vaca Valley Parkway, Suite 203, Vacaville, CA.

**CITY-COUNTY COORDINATING COUNCIL
January 10, 2013 Meeting Minutes**

The January 10, 2013 meeting of the Solano City-County Coordinating Council was called to order at 7:00 p.m. in the Berryessa Room at the Solano County Water Agency located at 810 Vaca Valley Parkway, Ste 303, Vacaville, CA 95688.

I Roll and Call to Order

Members Present

Jack Batchelor, Chair	Mayor, City of Dixon
Linda Seifert, Vice Chair	Solano County Board of Supervisors (District 2)
Elizabeth Patterson	Mayor, City of Benicia
Harry Price	Mayor, City of Fairfield
Norm Richardson	Mayor, City of Rio Vista
Pete Sanchez	Mayor, City of Suisun
Ron Hewlett (Alternative)	Councilmember, City of Vacaville
Erin Hannigan	Solano County Board of Supervisors (District 1)
Jim Spering	Solano County Board of Supervisors (District 3)
John Vasquez	Solano County Board of Supervisors (District 4)
Skip Thomson	Solano County Board of Supervisors (District 5)

Members Absent:

Osby Davis	Mayor, City of Vallejo
Steve Hardy, Vice-Chair	Mayor, City of Vacaville

Staff to the City-County Coordinating Council Present:

Birgitta Corsello	County Administrator, Solano County
Sean Quinn	City Manager, City of Fairfield
Michelle Heppner	Legislative, Intergovernmental, & Public Affairs Office, Solano County
Robert Macaulay	Solano Transportation Authority

Other Staff Present

David Okita	General Manager, Solano County Water Agency
Bill Emlen	Director, Dept. of Resource Management, Solano County
Matt Walsch	Dept. of Resource Management, Solano County

I. Meeting Called to Order

The meeting called to order at 7 pm.

II. Approval of Agenda

Motion to approve the Agenda was made by Supervisor Vasquez and seconded by Supervisor Spering. Agenda approved by an 11-0 vote.

III. Opportunity for Public Comment

There were no public comments.

IV. Consent Calendar

a. Approval of minutes for January 10, 2013.

Motion to approve the January 10, 2013 minutes was made by Mayor Sanchez and seconded by Mayor Price. Minutes approved by an 11-0 vote.

V. Discussion Calendar

1. Update on Solano Community College and Measure Q Projects.

Dr. Jowel Laguerre, Superintendent-President of Solano Community College, provided the City-County Coordinating Council an overview of Solano Community College and the projects that are being proposed to be funded by Measure Q, a ballot initiative passed by the Solano voters in November 2012. Dr. Laguerre noted that with the approval of Measure Q, Solano Community College finally has the resources to make capital improvements to the college, especially with regard to the temporary buildings that have been used for the past decade or more. He believes a more attractive campus will entice more students to attend. Dr. Laguerre provided the following information relative to proposed Measure Q projects:

- With regard to the Vallejo campus, there is only space for one more building before the campus is completely saturated. The goal is to acquire more land using Measure Q funds.
- During the Measure Q campaign, a promise was made to build a BioTech center at the Vacaville campus to upgrade the area where the existing well-known program currently resides. The Solano Community College intends to make good on this promise to the voters.
- One of the goals of Solano Community College is to implement a “Middle College High School” program to enable motivated high school students to start college as early as ninth grade.
- Existing classrooms at Travis Air Force Base need upgrading to accommodate the number of students wanting to take college classes.
- The School of Aeronautics is an exciting new airplane repair program offered at the Nut Tree Airport and efforts to partner with and co-locate the program at the existing museum for increased space is being discussed.
- Measure Q funding will allow the college to expand the agricultural program.
- A fire tower will be erected for on-site fire fighter training.
- Winters is part of the college attendees and a campus is needed in that area.
- The college also wants to renovate and expand the existing theatre to create more space to live performances.
- Measure Q funding will be used for a new science building, a new library, expanding the career tech building and the humanities building to accommodate additional students.
- Solano Community College, together with Dixon public schools is researching opportunities in Dixon.

Dr. Laguerre noted that with respect to the success of Measure Q, the college has benefitted from the trust and confidence of the voters and the college is viewed as the

City-County Coordinating Council
January 10, 2013 Minutes

“community’s” college. Solano Community College leadership wants to continue outreach to all its constituents, to all the cities it serves, and build positive relationships with businesses and industries, which provide workforce opportunities for Solano Community College graduates. Most importantly, Solano Community College wants to keep the promises made to the voters.

Dr. Laguerre further noted that the next steps for Solano Community College is to solidify the planning process within a Facilities Master Plan that was scheduled to be approved in February 2013 by the Solano Community College Board of Trustees and will shared with the CCCC at a future meeting. The college will establish a Citizen Board Oversight Committee (CBOC) as it continues its outreach with internal and external stakeholders to enable the college to better serve the community. (PowerPoint handed out at the meeting is attached)

Supervisor Sperring enquired whether Solano Community College was engaged in high school drop-out rate efforts and what can be done for those youth who would not end up in college. Dr. Laguerre responded that they are engaged to some extent and that they are engaging in several joint discussions with cities and school districts. He noted that there is an existing committee that has been meeting for over 25 years and the Solano Community College serves on the committee. Dr. Laguerre stated that the Middle College High School he referenced is aimed at brighter youth who drop out of high school due to boredom. He noted that stimulating these youth at a higher level is one of the solutions to improve the dropout rate. Dr. Laguerre also noted in the City of Vallejo, there is the Vallejo Education and Business Alliance, in which Supervisor Hannigan participates, that has a subcommittee working directly with the school district to discuss strengthening academic achievement and to address the high dropout rate. Solano Community College would like to model the alliance in Vallejo with other cities in the region.

Supervisor Sperring noted that in an exit survey, most high school dropouts cite not going to college as the reason to not obtain a high school diploma. He emphasized the importance of helping these youth understand that there is hope even if they do not intend to go to college and that the high school diploma sets the bar for those opportunities.

Mayor Patterson suggested the term college be redefined to not imply only professional degrees but to emphasize obtaining technical level career training for which a high school diploma is a necessity.

Supervisor Seifert complimented Dr. Laguerre on the success and well run campaign on Measure Q and the overwhelming percentage of voter approval indicates that Solano Community College is doing a great job. Mayor Batchelor also commended Solano Community College leadership and its Board of Trustees on the voter approval for Measure Q and cited Dixon’s excitement of the technical aeronautics expansion project.

2. Adopt a resolution approving the draft Solano Subregional Housing Allocation and methodology and direct staff to submit the resolution to the Association of Bay Area Governments (ABAG).

Matthew Walsh of Solano County Resource management Department introduced David Early, tasked with assisting Solano Subregion in developing and analyzing the numbers included in the resolution attached to the staff report. Mr. Walsch requested the CCCC to approve a resolution to submit to ABAG for developing its subregion housing allocation. For purposes of the new CCCC members, Mr. Early provided an overview of the process that resulted in the resolution before the CCCC. Mr. Walsch noted that all seven cities in the county have passed separate resolutions, all of which are included in the staff report.

Supervisor Seifert made a motion to approve the Solano Subregional Housing Allocation Resolution. The motion was seconded by Mayor Sanchez. The Solano Subregional Housing Allocation Resolution was approved by an 11-0 vote.

3. Federal and State Legislative Update and Adopt the 2013 Legislative Platform for the City-County Coordinating Council.

Ms. Heppner presented the draft 2013 CCCC Legislative Platform. Ms. Heppner noted Solano County revised its annual Platform format and for purposes of consistency has mirrored the draft CCCC Legislative Platform in a similar format. Ms. Heppner also noted that the Solano Transportation Authority and Travis Community Consortium are attachments to the draft CCCC Legislation Platform because they were approved by their various boards as recently as the week of the CCCC meeting.

Mayor Patterson suggested two additions to the draft CCCC Legislative Platform. Firstly to add under the Agricultural, Natural Resources, and Water category, a bullet supporting California State Parks. The second suggestion is to include all modes of transportation in the bullet related to Cap and Trade, not just our roads. In addition, Mayor Patterson asked for clarification to the reference to off-highway funds under the Transportation category in the draft. Ms. Heppner responded that off-highway was a common term used to describe funding received from gas sales from buyers other than at local gas stations, for example, diesel sales for farming and agricultural uses. She also noted that when developing the Solano County's platform, a discussion ensued that off-highway funding should be redirected back to agricultural programs. Supervisor Spering requested a change to be made when referring to "roads", to change all references to "streets and roads".

Mayor Patterson made a motion to approve the CCCC Legislative Platform with the suggested changes. The motion was seconded by Supervisor Seifert. The CCCC Legislative Platform was approved by an 11-0 vote.

Paul Yoder, Solano County's legislative advocate provided the CCCC with an update on the State budget and also a copy of the California Assembly's Budget Committee overview of the Governor's budget which was released early that day. He directed attention to page two where the committee report cited no deficit for California in the coming years. Mr. Yoder noted that with the passing of Proposition 30 and Proposition 39, there was a lot more money in California. Proposition 39 has approximate a half billion dollars that will accrue to the State's General Fund. The Governor proposes to

increase General Fund spending by 5 percent, from \$93 billion in 2012-13 to \$97.7 billion in 2013-14. The Governor's proposed budget includes increased funding levels for K-12 schools and higher education and calls for the expansion of Medi-Cal, the state's health care program for low-income families, as part of the state's implementation of federal health care reform. Mr. Yoder noted the Governor's proposal also includes a \$1 billion reserve and pays down \$4.2 billion in budget-related debt. The proposed budget includes a 2013-14 total of \$56.2 billion in spending on K-12 schools and community colleges under the Proposition 98 guarantee; this represents an increase of \$2.7 billion over the revised 2012-13 funding level of \$53.5 billion and is up from \$47.3 billion in 2011-12. These increases are largely due to additions in General Fund revenues resulting from voter approval of Propositions 30 and 39 in November 2012 that boost the state's minimum funding obligation for schools and community colleges. The Governor's proposed budget includes \$13.2 billion in General Fund spending for higher education – including community colleges, the California State University and University of California systems, and the California Student Aid Commission. This is part of \$25.8 billion in total spending on higher education, a 5.3 percent increase over the 2012-13 spending level. Mr. Yoder noted the Governor also proposes to adopt the expansion of Medi-Cal envisioned by federal health care reform, extending eligibility to low-income adults who are currently excluded. Mr. Yoder noted the Governor proposes two options for implementing the Medi-Cal expansion: a state-based approach that would build on the existing state-administered Medicaid program and managed care delivery system or a county-based approach that builds on the existing Low Income Health Program (LIHP), with counties serving as the lead entities responsible for the Medi-Cal expansion. The proposed budget generally maintains last year's funding levels for two areas that have been subject to deep spending cuts in recent years: the California Work Opportunity and Responsibility to Kids (CalWORKs) Program and child care. The Governor proposes an increase of \$142.8 million in state support for CalWORKs to assist counties as they implement significant programmatic changes adopted in 2012.

On a non-budgetary matter, Supervisor Sperring enquired whether the threshold for transportation would be lowered to 55% and whether the revenues created from that could be leveraged and the state could provide matching funds for infrastructure projects. The idea was to create a nexus between the two to justify the lower threshold. Mr. Yoder agreed and noted that Assemblymember Liu has introduced SCA 4, legislation that would provide that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for local transportation projects require the approval of 55% of its voters voting on the proposition.

VI. ANNOUNCEMENTS:

Supervisor Seifert suggested Mayor Davis present the statement he made on gun violence prevention at a seminar the previous evening, to the CCCC at a future meeting. Mayor Patterson concurred.

VII. ADJOURNMENT:

City-County Coordinating Council
January 10, 2013 Minutes

The meeting was adjourned at 8:03 p.m. The next meeting will be March 14, 2013 in the Berryessa Room at the Solano County Water Agency located at 810 Vaca Valley Parkway, Ste 303, Vacaville, CA 95688.

**SOLANO
City County Coordinating Council
Staff Report**

Meeting of. March 14, 2013

**Agency/Staff: Solano County
Administrator's Office,
Michelle Heppner**

Agenda Item No: V1

Economic Development / Job Growth Workshop:

At the December 13, 2012 meeting, the CCCC approved the 2013 work plan that included a workshop to discuss economic development and job growth strategies. Staff invited a guest speaker, Dr. Rob Eyler, to provide some context to the regional economy as it relates to job growth and economic activity.

Background:

Dr. Rob Eyler, a Professor and Chair of Economics at Sonoma State University, as well as director of the Center for Regional Economic Analysis and head of the Executive MBA program. He earned a Ph.D. from the University of California, Davis in 1998, and a B.A. in Economics at CSU Chico in 1992. He has worked on multiple regional studies for Sonoma, Napa, Marin, and Mendocino counties.

Dr. Eyler has acted as an expert witness in interstate trade litigation, and as a forensic economist. He has also been a visiting scholar at both the University of Bologna and Stanford University. He is also the interim CEO of the Marin Economic Forum, a countywide, public-private partnership for economic development organization in Marin County.

Dr. Eyler specializes in research on macroeconomic and monetary policies, and is finalizing a textbook on monetary and banking topics. His academic work has focused on the economics of the wine industry, monetary policy and theory, derivative markets, and international finance. Dr. Eyler has authored two books. The first, *Economic Sanctions: International Theory and Policy at Work* (2007), investigated the efficacy of using economic sanctions as a political tool and constructed a theoretical model using new open economy macroeconomic modeling to show that import sanctions are the most effective form of these political decisions. His most recent text, *Money and Banking: An International Text* (2009), is a college-level textbook for classes on central banking, financial institutions and markets, and banking as a business.

Dr. Eyler also currently acts as the interim CEO of the Marin Economic Forum. This organization provides resources for Marin County economic stakeholders to work collaboratively to improve sustainability as defined as driving economic vitality, while reducing the costs of poverty and income inequality (social equity) as well as protecting Marin's natural environment (environmental balance).

Dr. Eyler's family has been farming in the North Bay area since 1910.

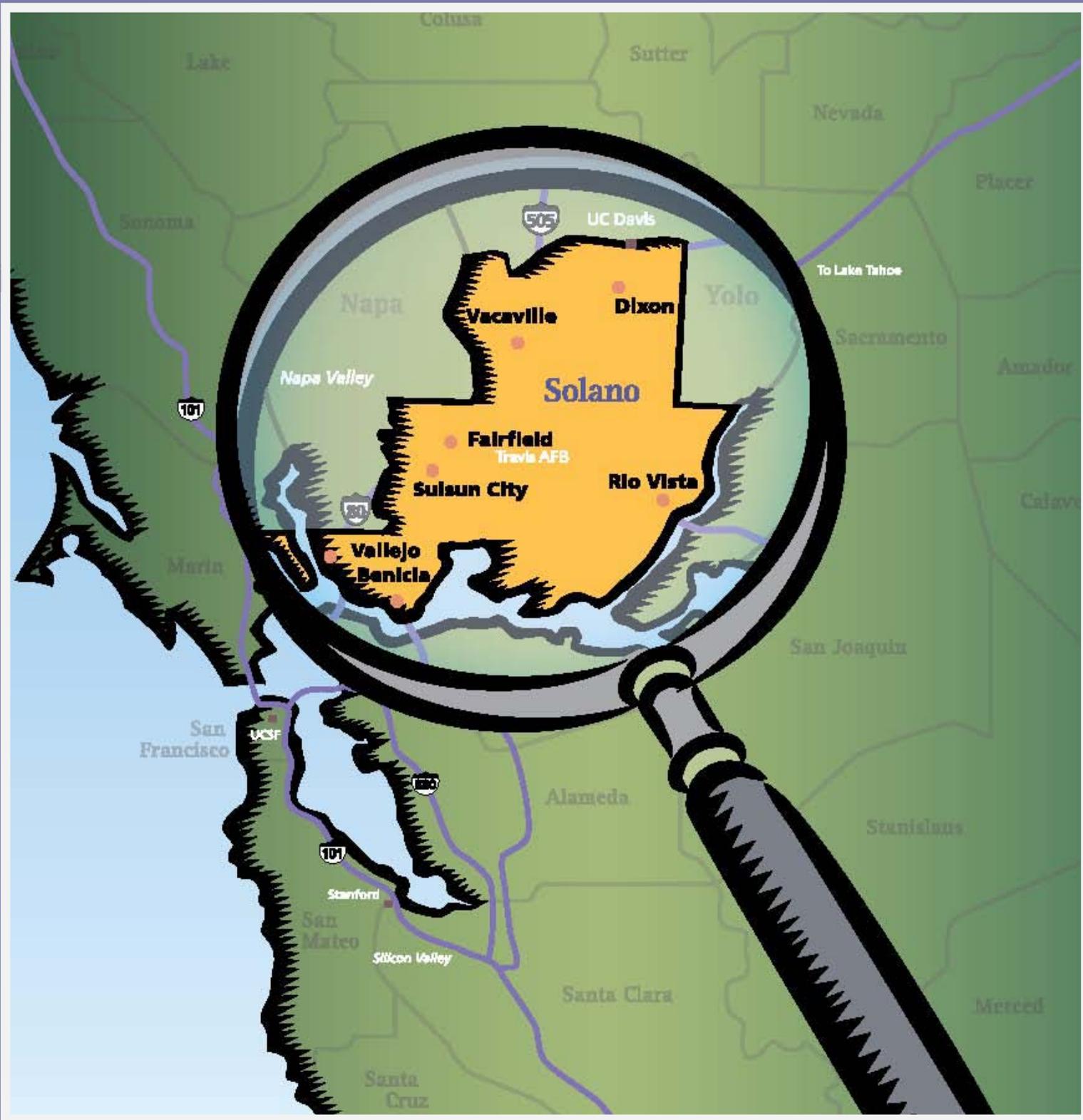
Source: Dr. Eyler's website: <http://econforensics.com/>

Discussion: Oral presentation.

Recommendation: Receive a presentation on regional economic development and job growth.

Attachments:

1. 2012 Index of Economic and Community Progress

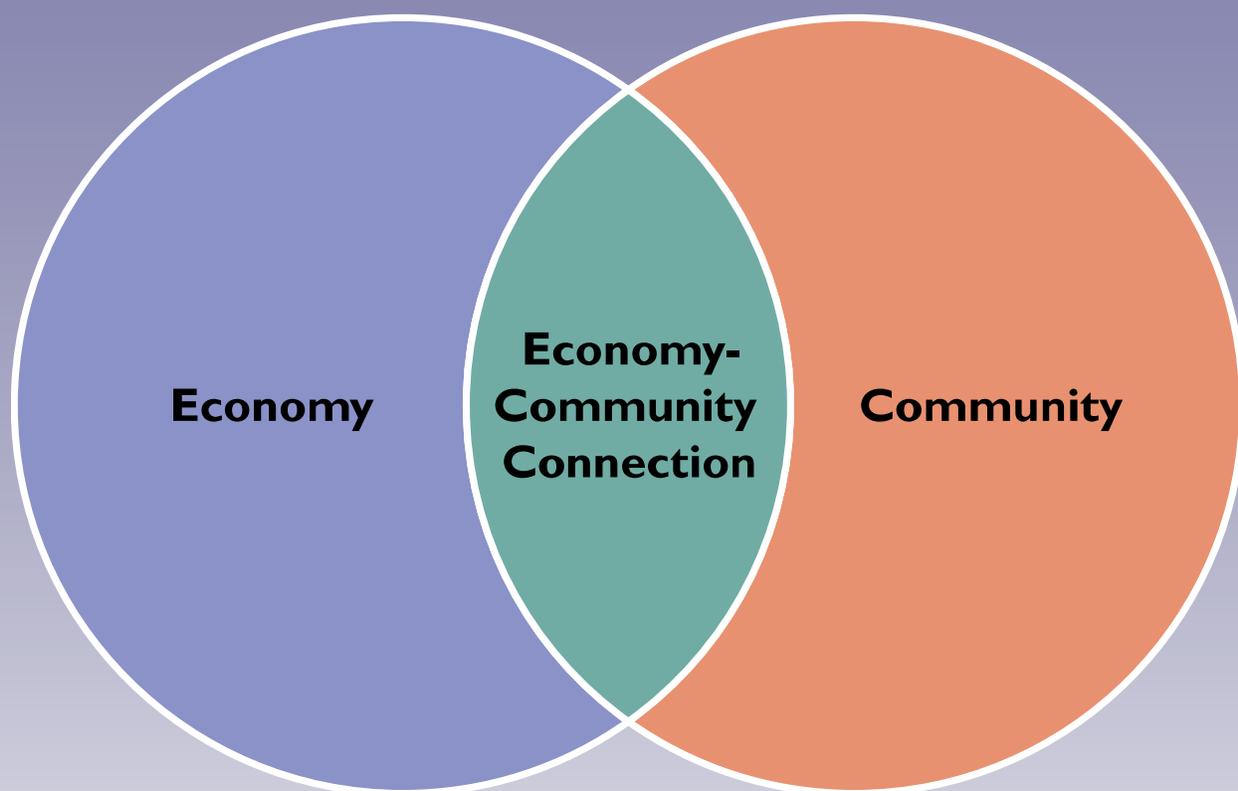


Solano County 2012

Index of Economic and Community Progress

Solano Economic Development Corporation

Prepared by the County of Solano ♦ March 2013



Solano County 2012

Index of Economic and Community Progress

The *Solano County Index of Economic and Community Progress* is a project that was launched in 2007 after a series of economic summits identified a need for more fact-based information to guide efforts by leaders in both the public and private sectors to expand the long-term viability of the Solano County economy.

Three comprehensive editions were produced for 2008, 2009 and 2010 by the consultant Collaborative Economics for the County of Solano and the Solano Economic Development Corporation. These insightful documents provided an objective analysis of key indicators shaping the local economy.

In 2011, the Index became a project for County staff, in cooperation with the Solano EDC, to maintain and update throughout the year. The Index was expanded to include comparisons in many instances to the Sacramento

Area (El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba counties), the rest of Bay Area (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, and Santa Clara counties), California and the United States.

The 2012 Index includes the objective analysis and technical assistance of Dr. Robert Eyler, a principal at Economic Forensics and Analytics in Petaluma, Calif. He is also Professor and Frank Howard Allen Research Scholar of Economics and Director of the Center for Regional Economic Analysis at Sonoma State University. He earned a Ph.D. from University of California, Davis in 1998 and a bachelor of Arts in Economics from California State University, Chico in 1992.

All of the Indexes and several in-depth analyses of local industry clusters can be found at www.solanocounty.com/economicindex.

Index of Economic and Community Progress

Five years ago when we first published the *Solano County Index of Economic and Community Progress*, the report was optimistic and celebrated the data's revelation that we had been outperforming the state and region on several key indicators. While the Index did acknowledge the economic turbulence Solano County faced, the trend lines were something we could rightfully brag about. However, in each subsequent Index our enthusiasm was tempered as the recession continued to erode our previous gains.

On a positive, the 2012 Index rekindles some of that enthusiasm. Once again, there are trend lines for Solano County that are starting to point in the right direction. Our annual examination of the various indicators and trends shaping our local economy provides us three perspectives of what is happening in our county. The long view appreciates how firms located in Solano County have, despite the Great Recession, achieved a 3.7 percent net gain in local jobs since 2000 and grew the gross domestic product by 28.3 percent since 2001. Overall, 5.8 percent more Solano residents were employed in 2012 than in 2000. In the last year alone, we added nearly 2,800 more local industry jobs.

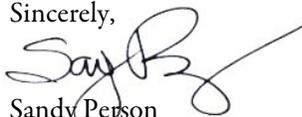
The recession view exposes our county's vulnerability — more than a third of our workforce still travels outside of the county for employment. In both directions along Interstate 80 the job market recoiled dramatically while the number of people seeking employment continued to climb. Our unemployment spiked, per capita income plummeted, and foreclosures skyrocketed. The silver lining was our median home price fell to more affordable levels and the high school dropout rate edged downward.

We also included a recovery view. Unemployment is inching downward, and the local industry sectors dismantled by the housing market collapse are seeing positive growth again. Not everything is moving in the right direction just yet, but it appears most of the indicators have stopped going in the wrong direction. It's a start of a recovery that we can capitalize on. We can build on those sectors that never stumbled, such as Health Care, and continue to diversify our portfolio of industries to provide our residents with more employment options here at home.

Since the inception of the Index project, the objective has been to delve behind the headlines to give us the context in which to view today's circumstances and thoughtfully plan our strategic actions. Looking forward we know our changing demographics will present new challenges and innovative opportunities. Over the coming months, we will embark on an ambitious new project that will provide a framework to move us forward in our quest to further diversify our local economy. This will be our opportunity to harness our "collaborative capital" to craft a road map to define our future and the future of our children.

As we continue on this journey, the Solano EDC remains committed 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 current and future economic opportunities.

Sincerely,



Sandy Person

President

Solano Economic Development Corporation

Index of Economic and Community Progress

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Index of Economic and Community Progress

Information posted on March 21, 2013

Index Overview

Any description of the local economic picture depends upon the lens in which the economy is viewed. The 2012 Index examines the local economic condition from three perspectives. The long view goes from 2000 to 2012, which compares the end of the 1990s cycle to the recent recovery. The recession view goes from 2006 (the peak year) to 2010 (the bottom year) in the local employment market. The recovery view represents changes since 2010.

Net gain in local industry employment

Between 2000 and 2012, employment among firms located in Solano County experienced a dramatic roller coaster ride, climbing to a peak gain of 13,300 jobs in 2006, plunging for a loss of 11,800 jobs between 2006 and 2010. Jobs then climbed back up for a net gain of 3,067 jobs between 2010 and 2012. Over the long view of 2000 to 2012, Solano County had a net gain of 4,367 jobs from firms located in the county.

Solano County's private sector employers represented 80.6 percent of local employment in 2012, up from 79.1 percent in 2000. The private sector experienced a net increase in 5,200 local jobs between 2000 and 2012. During the same period, the public sector experienced a net decrease of 833 jobs. The resolution of the federal budget discussions and the implementation of spending cuts, also known as sequestration, may have a ripple effect on state and local public sector resources. Public sector employment could be further pushed down.

CHANGE IN LOCAL INDUSTRY EMPLOYMENT IN SOLANO COUNTY	LONG VIEW		RECESSION VIEW		RECOVERY VIEW	
	2000 to 2012	% Change 2000 to 2012	2006 to 2010	% Change 2006 to 2010	2010 to 2012	% Change 2010 to 2012
Private Sector Employment	5,200	5.6%	(10,600)	-10.1%	4,200	4.5%
Health Care	4,983	46.1%	1,900	14.7%	983	6.6%
Leisure & Hospitality	2,517	21.0%	100	0.8%	1,417	10.8%
Transportation, Warehousing & Utilities	1,925	58.3%	400	8.5%	125	2.5%
Financial Activities	1,608	42.3%	(1,000)	-16.1%	208	4.0%
Retail Trade	742	4.5%	(2,200)	-11.8%	742	4.5%
Wholesale Trade	675	18.8%	(100)	-2.4%	175	4.3%
Educational & Social Services	550	19.0%	200	6.1%	(50)	-1.4%
Mining & Logging	0	0.0%	(100)	-33.3%	100	50.0%
Manufacturing - Non-durable Goods	(208)	-3.7%	(100)	-1.8%	(108)	-2.0%
Other Services	(417)	-10.4%	(500)	-12.2%	(17)	-0.5%
Information	(492)	-28.9%	(300)	-18.8%	(92)	-7.1%
Agriculture	(1,050)	-45.7%	(300)	-17.6%	(150)	-10.7%
Manufacturing - Durable Goods	(1,425)	-30.3%	(700)	-17.1%	(125)	-3.7%
Construction	(1,642)	-16.6%	(5,200)	-41.3%	858	11.6%
Professional & Business Services	(2,567)	-22.3%	(2,700)	-23.5%	133	1.5%
Government Employment	(833)	-3.4%	(1,200)	-4.6%	(1,133)	-4.6%
Federal & State Government	892	10.7%	1,300	15.7%	(408)	-4.3%
Local Government	(1,725)	-10.6%	(2,500)	-14.1%	(725)	-4.8%
Total Local Industry Employment	4,367	3.7%	(12,000)	-9.2%	3,067	2.6%

Source: California Employment Development Department (EDD), Labor Market Information Division, Industry Employment and Labor Force— Annual, www.calmis.ca.gov, June 15, 2012.

*2012 data is an average of monthly EDD data from January 2012 to December 2012, Jan. 18, 2013. Totals may not add up due to rounding by EDD.

Index of Economic and Community Progress

Information posted on March 21, 2013

The dominate force behind private sector growth was the Health Care industry sector. With exception of small dip in 2004, Health Care had sustained continuous year-over-year growth in employment, despite the recession and collapse of the local housing markets. Health Care employment grew by 46.1 percent or 4,983 local jobs between 2000 and 2012 to represent 13 percent of all local industry employment in Solano County, up from 9.2 percent in 2000. Net gains were also experienced in the Leisure & Hospitality, Transportation, Warehousing & Utilities, Financial Activities, Retail Trade, Wholesale Trade and Educational & Social Services sectors; collectively, these accounted for a net gain of 8,017 local jobs. The remaining sectors accounted for a net loss in local private sector employment of 7,801 jobs, a third of which from the Professional & Business Services sector.

Between 2006 and 2010, the four sectors with gains in local industry employment could not compensate for the job losses created by the collapse of the housing market. Leading the decline was Construction, declining 41.3 percent or 5,200 jobs. The ripple effect impacted all sectors, but most noticeably the Financial Activities, Retail Trade and Professional and Business Services.

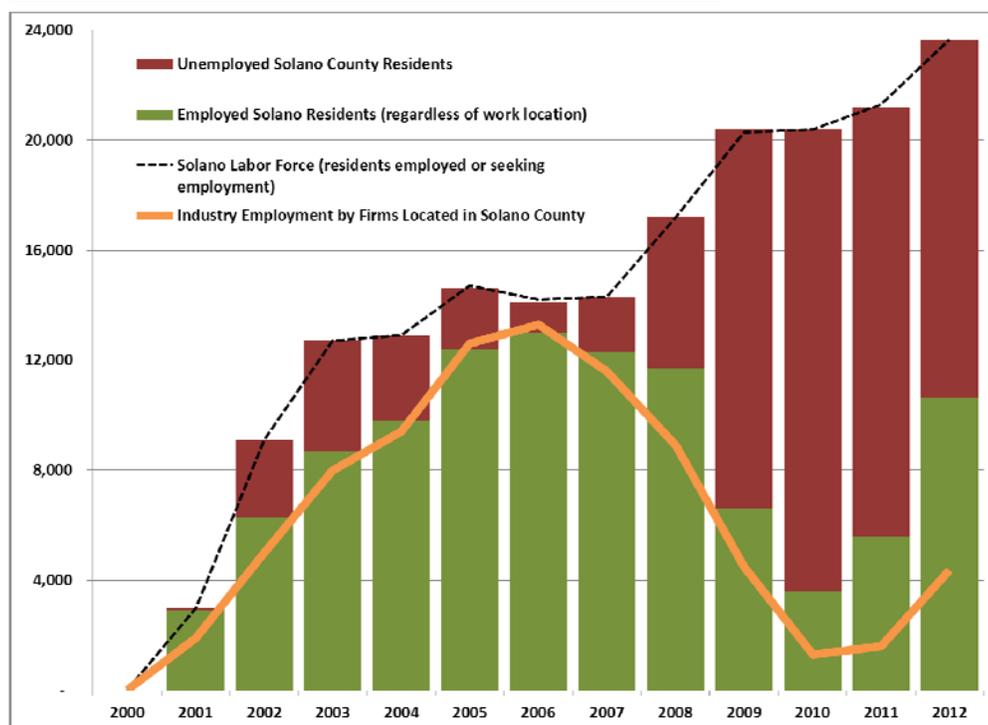
The economic recovery, going since 2010, has benefited nine of the 17 local industry sectors examined, including the hardest hit sector of Construction — adding back 16.7 percent of the 5,142 jobs loss since the sector peaked with 13,400 jobs in 2005. Leading the recovery in Solano County are jobs in the Leisure & Hospitality sector, which typically represents lower wage positions with limited employee benefits. Health Care had its third strongest annual growth in 2012 with 783 new local jobs.

Relative to the rest of the Bay Area, the Sacramento area and California, Solano County retained more of its total industry jobs between 2000 and 2011 (comparable data for 2012 was not yet available). Solano County experienced a net gain of 1.4 percent in local industry employment; Sacramento, 0.3 percent gain; rest of the Bay Area, 12.3 percent loss; and California, 3 percent loss.

Overall employment is not keeping pace with growth in the local labor force

Despite the recession, the number of Solano County residents employed in industry jobs has remained above the 2000 employment levels, for a net increase of 10,650 or 5.8 percent in employed residents between 2000 and 2012. During the same period, however, the number of people in the county's labor force increased by 23,650 residents, or 12.2 percent. This gap between local job creation and labor force growth contributed to increasing the size of the unemployed labor force from 9,000 to 21,983. Regional impacts had a greater impact. Between 2000 and 2012, employment by industries located in Solano County grew by a net 4,367 jobs. During the same time, local industry employment in the Bay Area and Sacramento area declined — the primary destinations for Solano

CHANGES IN SOLANO COUNTY LABOR MARKET SINCE 2000



Source: California Employment Development Department (EDD), Labor Market Information Division, Industry Employment and Labor Force— Annual, www.calmis.ca.gov, June 15, 2012. *2012 data is an average of monthly EDD data from January 2012 to December 2012, Jan. 18, 2013

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	2000	2006	2010	2012	LONG VIEW		RECESSION VIEW		RECOVERY VIEW	
					Change 00 to 12	% Change 00 to 12	Change 06 to 10	% Change 06 to 10	Change 10 to 12	% Change 10 to 12
Total, Civilian Labor Force	194,200	208,400	214,600	217,850	23,650	12.2%	6,200	3.0%	3,250	1.5%
Employment	185,200	198,200	188,800	195,850	10,650	5.8%	-9,400	-4.7%	7,050	3.7%
Unemployment	9,000	10,100	25,800	21,983	12,983	144.3%	15,700	155.4%	-3,817	-14.8%
Unemployment Rate	4.6%	4.8%	12.0%	10.1%						
Total, All Industries	117,400	130,700	118,700	121,767	4,367	3.7%	-12,000	-9.2%	3,067	2.6%
Ratio of All Industries to Civilian Labor Force	60.5%	62.7%	55.3%	55.9%						

Civilian labor force: employment by place of residence; include self-employed individuals, unpaid family workers, household domestic workers and workers on strike. **Industry employment:** employment at businesses located in Solano County; excludes self-employed individuals, unpaid family workers, household domestic workers and workers on strike.

County commuters — resulting in Solano County unemployment increasing 144.3 percent. Solano County has long recognized its high commuter population made it susceptible to economic conditions in the region. The 2011 American Community Survey estimates 71,517 Solano residents work outside of Solano County.

Solano County Gross Domestic Product on overall upward trend

Gross domestic product (GDP) is the sum of consumer, government and business spending in a region. In 2010 constant dollars, the Solano County gross domestic product increased by \$3.1 billion or 28.3 percent between 2001 and 2010. Between 2006 and 2010, the county's gross domestic product declined by 2.6 percent.

The private sector represented 85.7 percent of the GDP increase between 2001 and 2010. Gains in government spending between 2006 and 2010, led by various construction projects, federal stimulus dollars and social transfer payments, offset declines in the private sector spending. It is important to note that growth in GDP may not coincide with job growth due to gains in operational efficiencies within a sector and changes in the market values of their goods and services.

Between 2001 and 2010, the private, goods-producing sectors grew by 34.8 percent; however, these sectors experienced a decline of 7.5 percent decline between 2006 and 2010. The overall gains in this sector from 2001 to 2010 were led by Manufacturing – Nondurable Goods, up \$909 million or 70 percent. Agriculture, Forestry, Fishing and Hunting was up \$79 million or 60.1 percent, of which \$53 million was between 2006 and 2010. The \$30 million or 3.7 percent decline in Construction between 2001 and 2010 masks the significant contraction in the industry sector between 2006 and 2010, plunging \$271 million or 26.3 percent.

Between 2001 and 2010, the private service-producing sectors (all others except Government) increased \$1.7 billion or 29.1 percent. These sectors collectively declined \$171 million or 2.2 percent between 2006 and 2010. Leading the growth in these

CHANGE IN GROSS DOMESTIC PRODUCT FOR SOLANO COUNTY	2001	2006	2010	LONG VIEW		RECESSION VIEW	
				Change 2001 to 2010	% Change 2001 to 2010	Change 2006 to 2010	% Change 2006 to 2010
Total, Private Industries	8,525	11,627	11,159	2,634	30.9%	(468)	-4.0%
Private Goods-producing Industries	2,693	3,926	3,631	938	34.8%	(295)	-7.5%
Private Services-providing Industries	5,832	7,700	7,529	1,697	29.1%	(171)	-2.2%
Total, Government	2,327	2,669	2,766	439	18.8%	97	3.6%
Total, All Industry	10,854	14,296	13,925	3,071	28.3%	(371)	-2.6%

Numbers listed in millions and adjusted for inflation to 2010 dollars. Comparable GDP figures not available for 2000. Bureau of Economic Analysis, www.bea.gov.

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sectors between 2001 and 2010 was Health Care and Social Assistance at \$655 million or 72.3 percent, of which more than half was between 2006 and 2010. Other key GDP gains between 2001 and 2010 were in Finance and Insurance at \$166 million or 52 percent, Wholesale Trade at \$158 million or 34.8 percent, and Professional, Scientific and Technical Services at \$126 million or 42.9 percent.

SHARE OF SOLANO COUNTY GROSS DOMESTIC PRODUCT			
	2001	2006	2010
Government	21.4%	18.7%	19.9%
Manufacturing - Nondurable Goods	12.0%	15.8%	15.9%
Health Care & Social Assistance	8.4%	8.5%	11.2%
Real Estate and Rental & Leasing ¹	9.0%	9.7%	8.9%
Retail Trade	10.3%	9.4%	7.6%

¹Data estimated for 2001

Mixed messages on standard of living measures

A community's standard of living can be measured by the value of the region's median household and per capita income. Per capita income rises when a region generates wealth at a faster rate than its population growth. Overall, the indicators measuring the community's standard of living are mixed and reflect an economy in flux from the recession and housing market downturn.

In inflation-adjusted dollars, the per capita income increased 3.6 percent, total personal income climbed 7.2 percent and population grew by 5.2 percent between 2000 and 2011 in Solano County. During the same time, the median household income declined 9.7 percent. The sources of personnel earnings shifted too. The ratio of Social Transfer Payments, which include military and public sector retirement incomes, to Salaries & Wages increased from 17.1 percent in 2001 to 31 percent in 2011.

Reflecting their growth in the gross domestic product and gains in local industry employment, personal income sources from Health Care & Social Assistance increased 63.7 percent between 2001 and 2011. Personal income gains will follow GDP gains in most communities, as personal income is part of the GDP calculation. Where the two measures diverge is in communities that rely on other communities for goods and services, or experience large amounts of retail leakage.

<u>SOLANO COUNTY</u>	LONG VIEW		RECESSION VIEW		RECOVERY VIEW	
	Change 00 to 11	% Change 00 to 11	Change 06 to 10	% Change 06 to 10	Change 10 to 11	% Change 10 to 11
Per Capita Income	\$1,330	3.6%	(\$2,745)	-6.8%	\$188	0.5%
Median Household Income	(\$6,790)	-9.7%	(\$4,057)	-5.9%	(\$1,497)	-2.3%

Dollars are adjusted for inflation to 2011 dollars.

<u>CHANGES IN SOURCES OF PERSONAL INCOME IN SOLANO COUNTY</u>	LONG VIEW		RECESSION VIEW		RECOVERY VIEW	
	Change 01 to 11	% Change 01 to 11	Change 06 to 10	% Change 06 to 10	Change 10 to 11	% Change 10 to 11
Wage and salary disbursements	(535,184)	-5.6%	(1,345,224)	-12.9%	(22,643)	-0.2%
Proprietors' Income	(167,012)	-19.5%	(376,016)	-36.0%	18,344	2.7%
Dividends, interest, and rent	106,973	4.9%	(95,329)	-4.3%	131,530	6.1%
Personal current transfer receipts	1,157,470	70.1%	778,278	37.6%	(42,568)	-1.5%
Other sources of income	507,945	98.2%	133,785	16.5%	82,553	8.8%
Personal Income	1,070,192	7.2%	(904,505)	-5.5%	167,217	1.1%

Data presented in thousands of dollars, adjusted for inflation to 2011 dollars. Comparable data for 2000 is not available.

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Community indicators point to areas of concern

An unstable economy has a negative ripple effect on the community; a stable community contributes to the overall success of the economy. The indicators tracked demonstrate the reciprocal nature of the community-economy relationship.

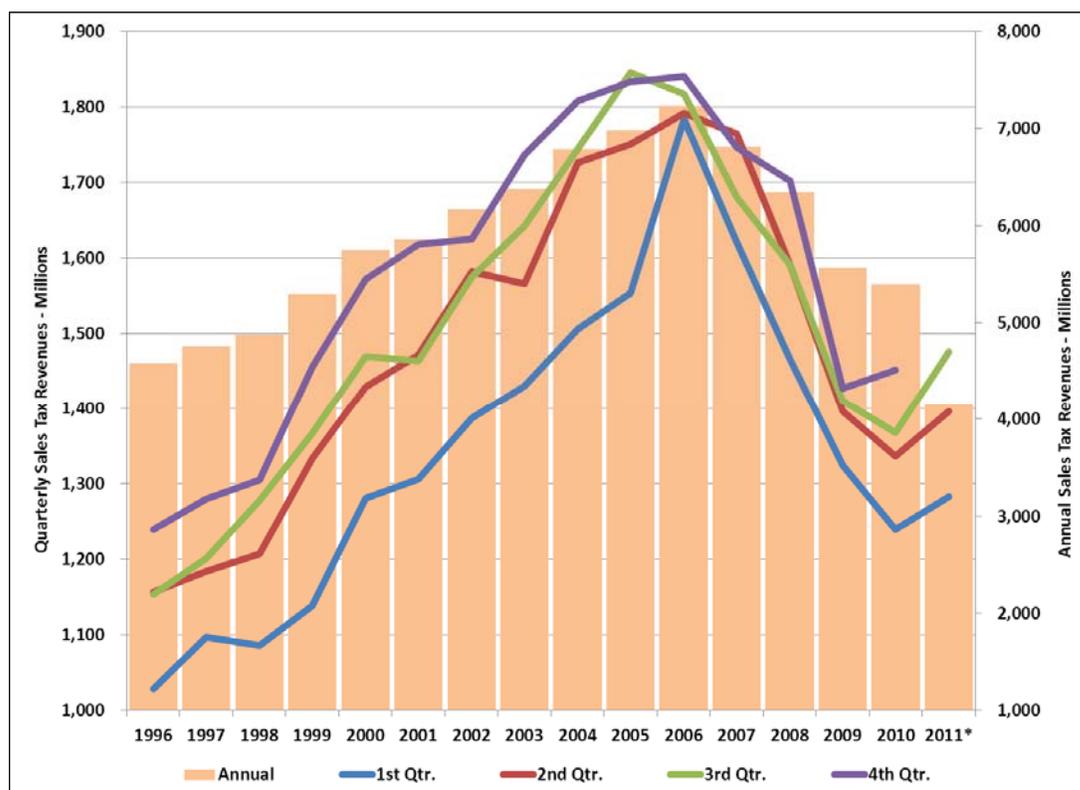
Population: The total population in Solano County has been relatively unchanged since 2005, increasing only 2,359 residents or 0.3 percent between 2005 and 2012. Projections from the Department of Finance anticipate more significant growth going forward, with the county's population reaching 634,852 by 2060. While the population growth over the last decade has been modest, the shift in the composition of the population has been more significant. Residents age 65 and older grew by 29.2 percent and age 45 to 64 increased 35.1 percent, followed by the age 30 to 44 shrinking by 17.4 percent. Such growth in aging residents could have significant impacts on the workforce. On the other end of the spectrum, the 19 and under population decreased 9.7 percent. The natural change in the population (births and deaths) remains the leading source of population change; however, it is a decreasing source of growth. Net foreign immigration is exceeding net domestic migration. The ethnic composition is also shifting. Hispanic is fast becoming the dominant ethnic group and is anticipated to surpass the White ethnic group by 2051. Conversely, Blacks are expected to continue a decline in real numbers and share of the population. Collectively, these population shifts are changing the demands for services in both the public and private sectors, and also changing the community response to these demands.

Education: Solano County has made strides toward lowering the high school dropout rate, both countywide and by the respective ethnicities. The one-year high school dropout rate declined from 7.4 percent in 2006/2007 school year to 4.8 percent in the 2010/2011 school year. Other indicators were not as positive. For the same period, the high school graduation rate declined from 79.2 percent to 74.5 percent. The percentage of students who met entrance requirements for the University of California or California State University system declined from 30.3 percent to 28.6 percent.

Healthcare: The number of insured residents under age 65 in Solano County was 85.7 percent in 2010. For those aged 18 and under, the number of residents with health insurance increased to 93.9 percent. Federal healthcare reforms are slated to take effect in 2014, which will have an impact on the number of insured and the means by which they access healthcare.

Housing: The median home price in Solano County is up. In October 2012, the median home price edged up over \$200,000 and ended 21

TAXABLE SALES, 1996 TO 2011 THIRD QUARTER (2011 DOLLARS)



Source: Board of Equalization, <http://www.boe.ca.gov/news/tsalescont.htm>. 2011 data is only through the 3rd quarter. Adjusted for inflation to 2011 dollars

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months of home prices bouncing below that threshold. Overall, the housing market is showing signs of improvement; however, the pace of that recovery trails what is being experienced in the rest of the Bay Area. Lower home prices has enabled Solano County to retain its ranking as having the most affordable housing prices in the Bay Area — 77 percent of home buyers being able to afford a median-priced home compared to only 35 percent for the Bay Area and 49 percent statewide. Another positive sign is the continued reduction in foreclosure activity. Foreclosures in the fourth quarter of 2012 reached their lowest levels since 2006; however, the number of foreclosures remains nearly 200 percent of the norm before the housing market collapse.

Government Revenues:

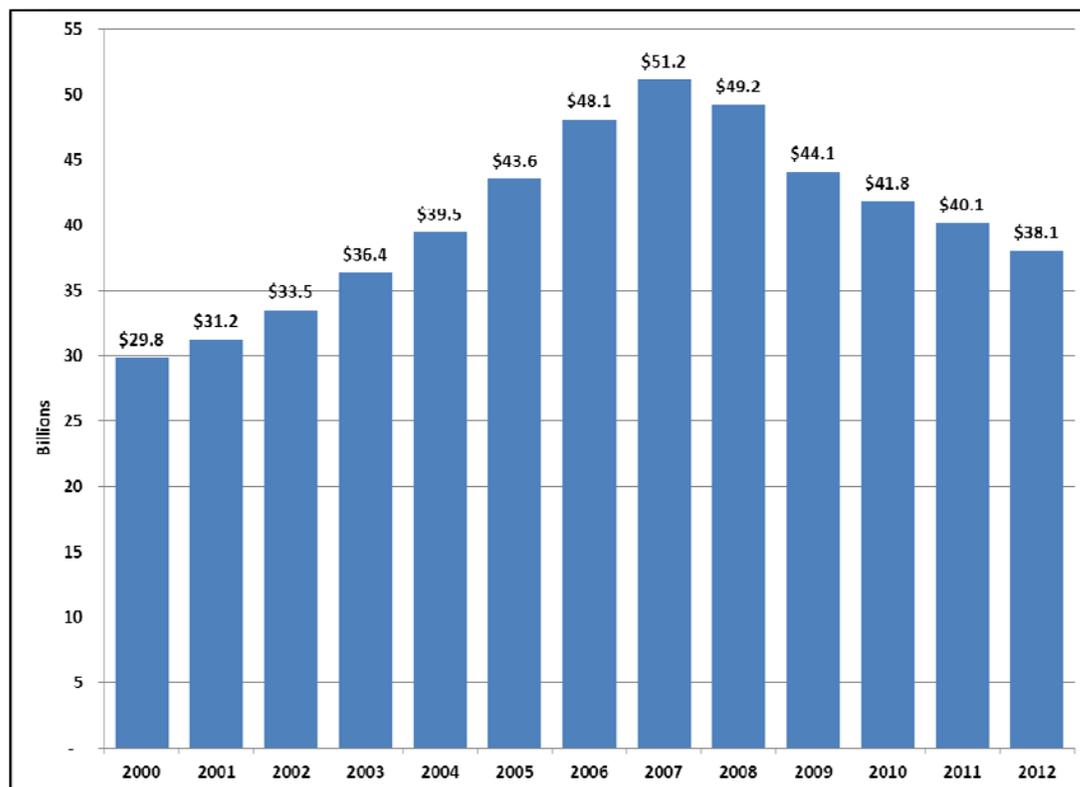
The housing market collapse and Great Recession shrank two critical sources of local government revenues to 75 percent of their peak revenues. With the demise of redevelopment agencies, many of Solano County cities were forced to make tough choices on what community services could be sustained.

In inflation adjusted dollars, taxable sales peaked in Solano County in 2006 at \$7.2 billion and declined in 2010 to levels not seen since 1999. During the recession years of 2006 to 2010, taxable sales in Solano

County declined \$1.8 billion or 25.4 percent. The first three quarters of 2011 are up \$211 million or 5.4 percent.

Assessed property values in Solano County did not peak until 2007, reaching \$51.2 billion in inflation adjusted dollars. By the close of assessment rolls in early 2012, property values had declined \$13.2 billion or 25.6 percent.

ASSESSED PROPERTY VALUES FROM 2000 TO 2012, (2012 DOLLARS)



Source: Solano County Assessor's Office. Adjusted for inflation to 2012 dollars.



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Annual Local Industry Employment

Employment by private industries and government in Solano County

Percentage of labor force employed by private industries in Solano County

1990 to 2012

Local industry employment in Solano County grew by 2,767 jobs or 2.3 percent in 2012, based on preliminary estimates for the year.

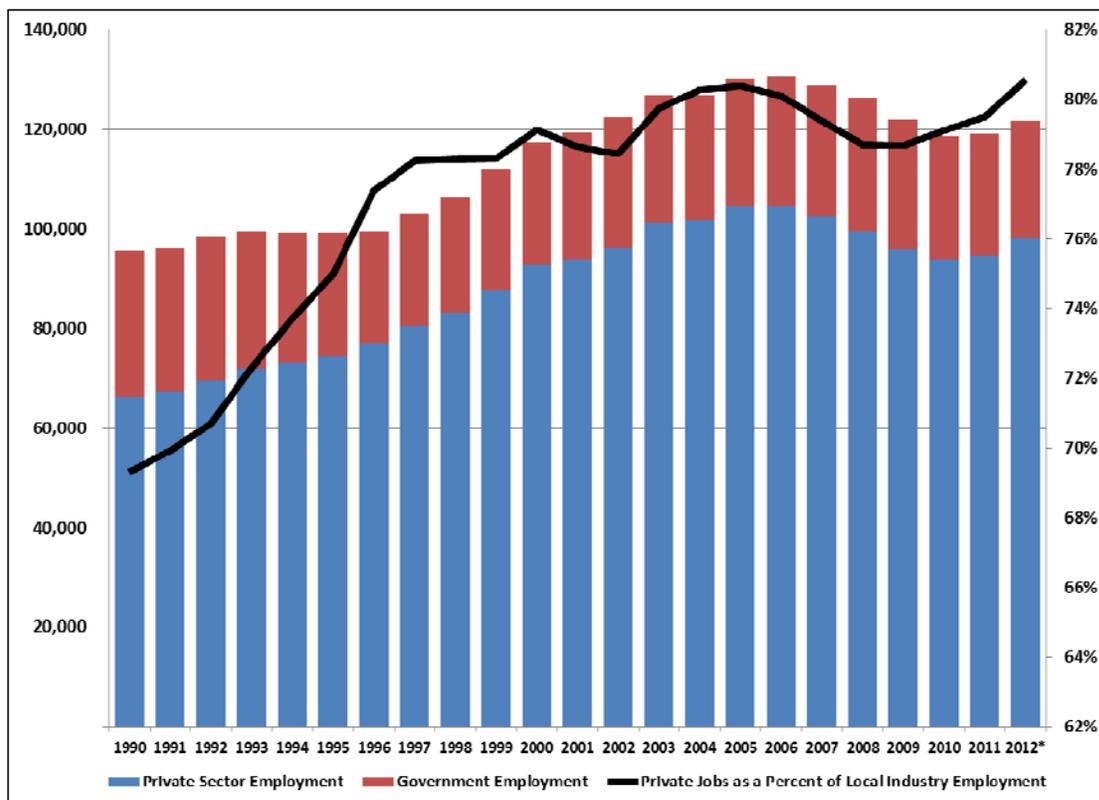
Private sector employment gains of 3,500 jobs or 3.7 percent, were offset by government sector declines of 733 jobs or 3 percent.

Revised labor statistics indicate that Solano County is recovering since 2010 when local industry employment hit bottom during the recession at 118,700 local jobs. Solano County has not seen such a low level since 2000. Since 2010, Solano County added 3,067 local industry jobs, an

increase of 2.6 percent. The private sector accounted for a 4,200 job increase, while the government sector declined 1,133 jobs.

Since 2006, the peak year of total local employment, the county experienced a loss of 8,933 jobs — a 6.8 percent decline. Private sector accounted for 6,600 of those job losses between 2006 and 2012. That is in contrast to the gains achieved between 2000 and 2006, where the county added 13,300 local industry jobs, an 11.3 percent increase led by 11,800 private sector and 1,500 government jobs.

Over the last two decades, the private sector has represented a growing share of local jobs.



Source: California Employment Development Department (EDD), Labor Market Information Division, Industry Employment and Labor Force—Annual, www.calmis.ca.gov, June 15, 2012. *2012 data is an average of monthly EDD data from January 2012 to December 2012, Jan. 18, 2013

In 1990, the private sector accounted for 69.3 percent of local jobs. The closure of Mare Island Naval Shipyard in 1995 had a dramatic effect on government employment. By 2000, the private sector gained 26,500 jobs to represent 79.1 percent of the labor force. The public sector shrank by 4,900 jobs between 1990 and 2000.

Between 2000 and 2012, private sector jobs maintained a net increase of 5,200 jobs and represented 80.6 percent of local industry employment in 2012 — the highest ratio over the analyzed time frame. Government sector employment experienced a net decrease of 833 jobs over the period.



What does this mean?

Since the bottom of the Great Recession in 2010, Solano County has had two consecutive years of overall job growth, even with public sector job cuts.

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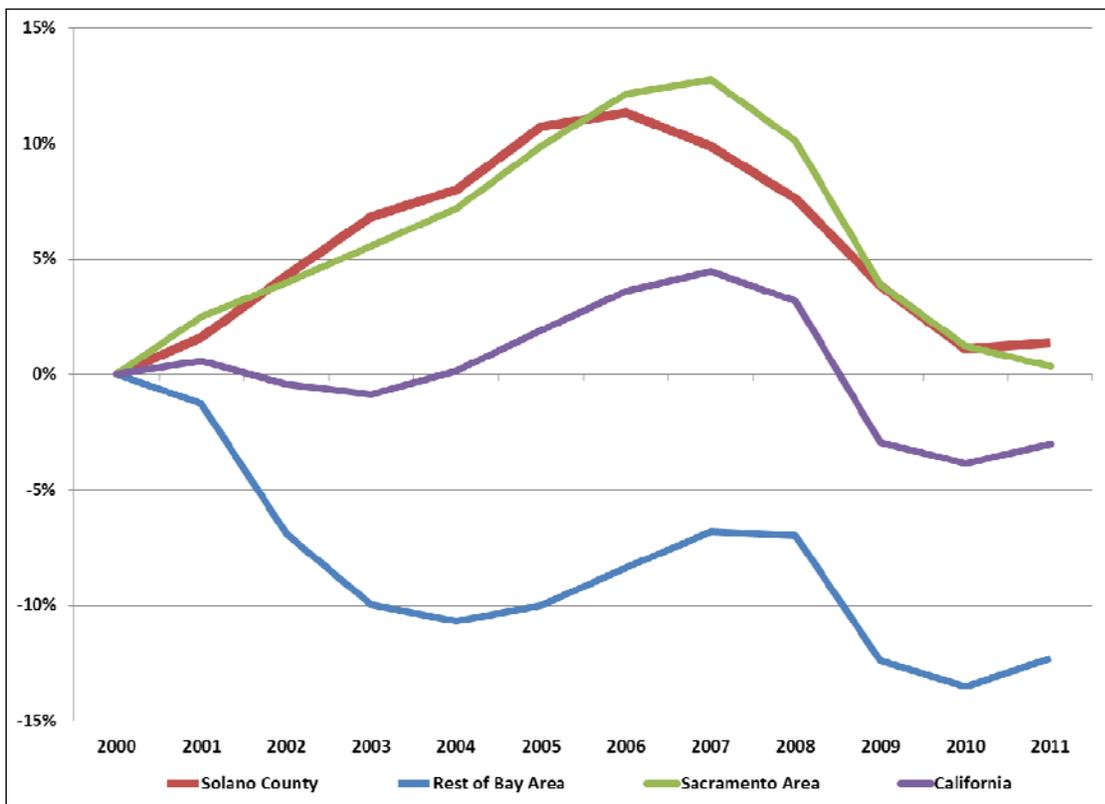
Change in Total Industry Jobs

For Solano County, Rest of Bay Area, Sacramento Area and California

Trends relative to 2000, 2006 and 2010

Relative to 2000, Solano County has been better in retaining local industry jobs than the rest of the Bay Area, the Sacramento area and the state. Solano County has 1,600 more total industry jobs in 2011 than it did in 2000, which represents a 1.4 percent growth after two recessions between 2001 and 2010.

Between 2000 and 2011 the Bay Area declined 397,600 jobs or 12.3 percent, the Sacramento area added 2,900 jobs or 0.3 percent, and the state declined 451,000 jobs or 3.0 percent.



Source: California Employment Development Department, Labor Market Information Division, Industry Employment and Labor Force— Annual, www.calmis.ca.gov, June 15, 2012. Comparable 2012 data is not available.

The recession in the second half of the 2000-2010

period eroded much of the job gains of the previous six years. Solano County peaked at 130,700 total local industry jobs in 2006, which declined 11,700 jobs or 9 percent to 119,000 in 2011.

Between 2006 and 2011, local industry employment declined in the comparable regions: 127,200 jobs or 4.3 percent in the rest of the Bay Area, 100,300 jobs or 10.5 percent in the Sacramento area and 989,800 or 6.4 percent for the state.

The net gain in local industry jobs between 2010 and 2011 was 300 jobs or 0.3 percent in Solano County, 39,400 jobs or 1.4 percent

CHANGE IN TOTAL INDUSTRY JOBS				
	2000 to 2006	2006 to 2011	2000 to 2011	2010 to 2011
Solano County	+11.3%	-9.0%	+1.4%	+0.3%
California	+3.6%	-6.4%	-3.0%	+0.9%
Rest of Bay Area	-8.4%	-4.3%	-12.3%	+1.4%
Sacramento Area	+12.2%	-10.5%	+0.3%	-0.8%

for the rest of the Bay Area and 126,200 or 0.9 percent for the state. The Sacramento area continued to experience job losses between 2010 and 2011, declining 7,300 jobs or 0.8 percent.



What does this mean?

While Solano County continues its recovery better than the region and the state, the recession job losses have not been fully replaced.

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Change in Industry Employment in Solano County

Gains and losses in the labor force by industry located in Solano County
2000 to 2012



Source: California Employment Development Department (EDD), Labor Market Information Division, Industry Employment and Labor Force— Annual, www.calmis.ca.gov, June 15, 2012. *2012 data is an average of monthly EDD data from January 2012 to December 2012, Jan. 18, 2013

Between 2000 and 2012, industries located in Solano County added a total of 4,367 local jobs for a 3.7 percent net increase in local jobs. Local industry employment peaked in 2006 with 130,700 jobs.

The first half of that time span — from 2000 to 2006 — Solano County experienced a gain of 13,300 local jobs, for an 11.3 percent growth in local industry employment. These gains were offset by a decline of 12,000 jobs or 9.2 percent from 2006 to 2010.

Net gains in local industry employment have returned. Between 2010 and 2012, Solano

TOTAL, ALL INDUSTRIES				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
13,300	-12,000	3,067	-8,933	4,367
11.3%	-9.2%	2.6%	-6.8%	3.7%

County experienced an increase of 3,067 local jobs for a 2.6 percent gain in local industry employment.

The charts on the following pages explore the changes in payroll employment by industry sector between 2000 and 2012.

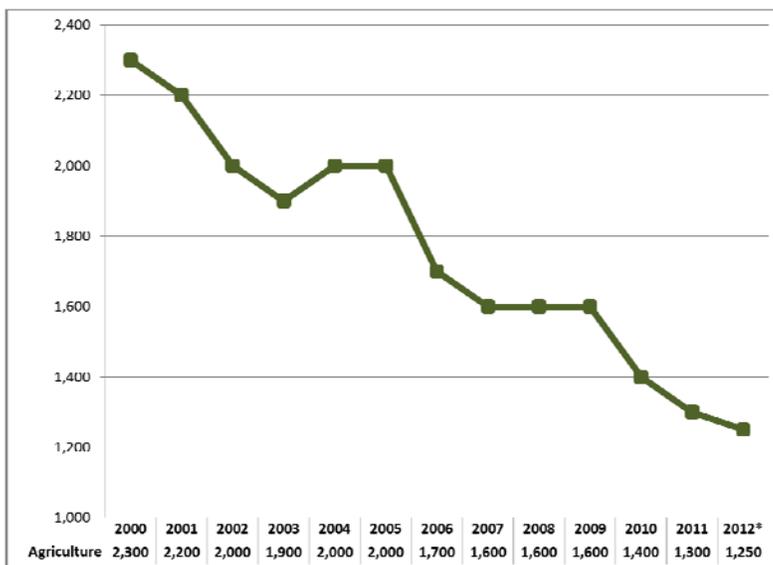


What does this mean?

Solano County has recovered about a fourth of local industry jobs lost in the Great Recession.

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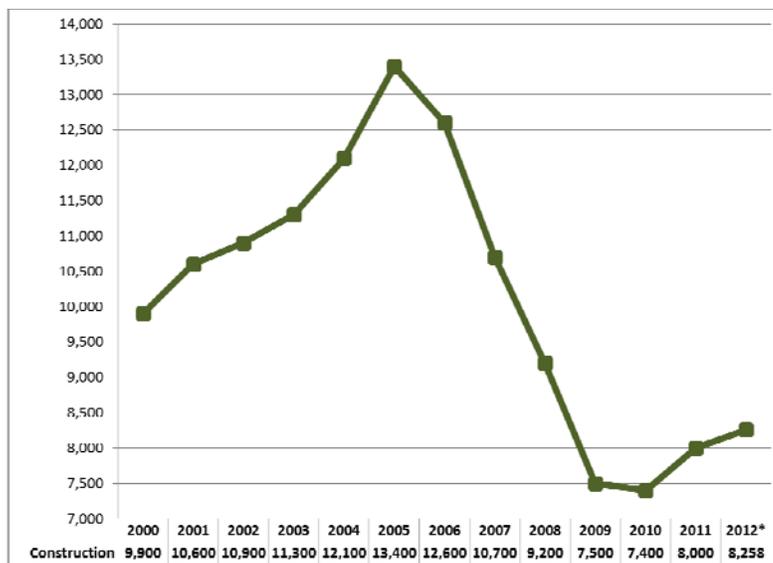
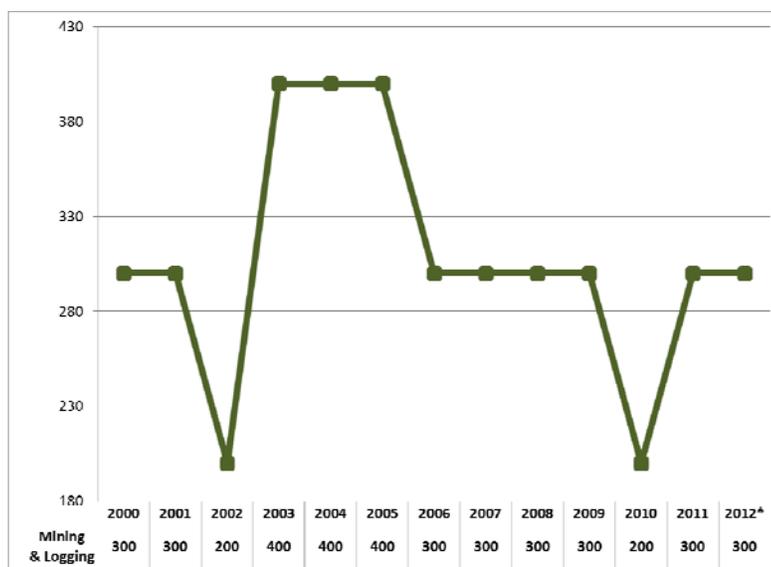
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AGRICULTURE*				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
-600	-300	-150	-450	-1,050
-26.1%	-17.6%	-10.7%	-26.5%	-45.7%
Share of Total Industries				
	2000	2006	2010	2012
	2.0%	1.3%	1.2%	1.0%

*Includes agricultural production and agricultural support activities.

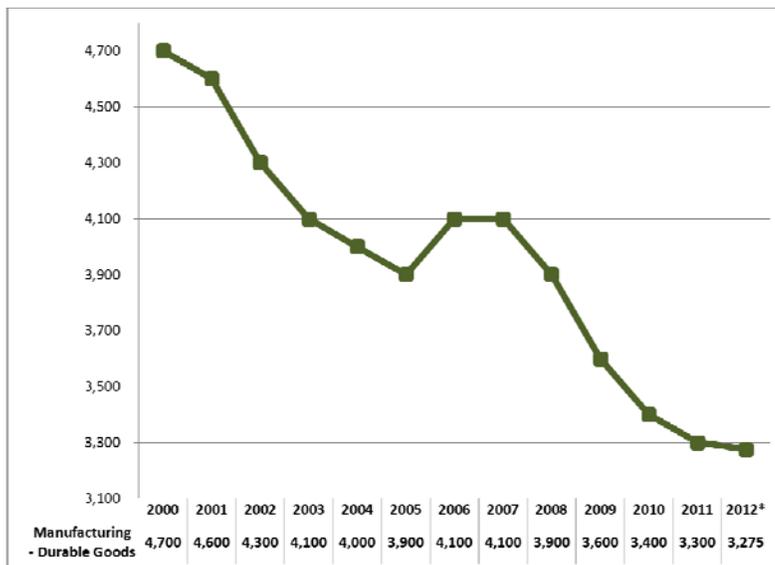
MINING & LOGGING				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
0	-100	100	0	0
0.0%	-33.3%	50.0%	0.0%	0.0%
Share of Total Industries				
	2000	2006	2010	2012
	0.3%	0.2%	0.2%	0.2%



CONSTRUCTION				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
2,700	-5,200	858	-4,342	-1,642
27.3%	-41.3%	11.6%	-34.5%	-16.6%
Share of Total Industries				
	2000	2006	2010	2012
	8.4%	9.6%	6.2%	6.8%

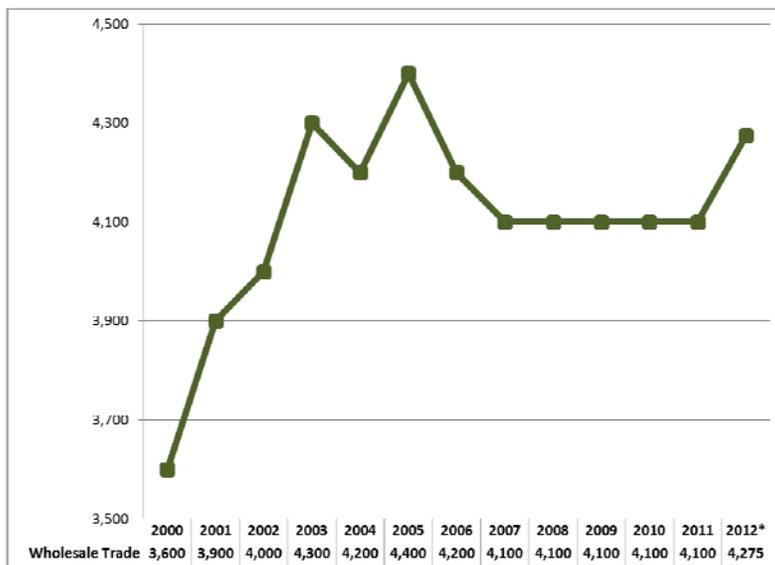
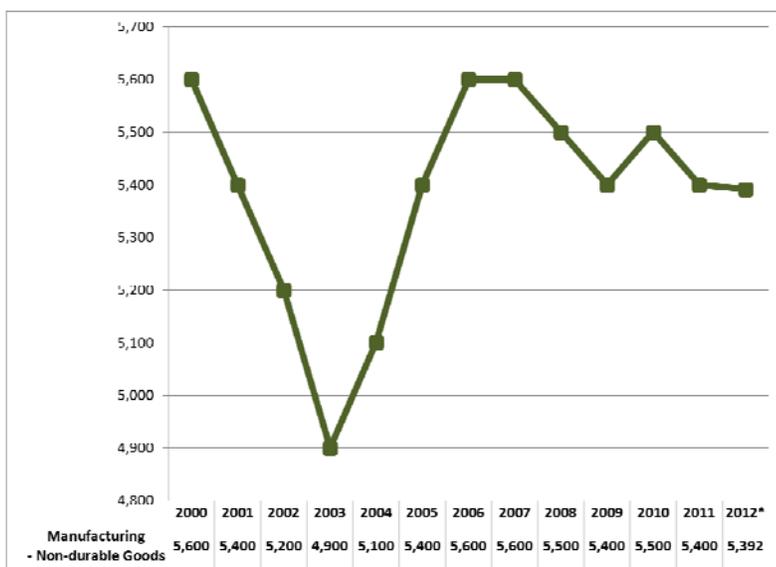
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MANUFACTURING - DURABLE GOODS				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
-600	-700	-125	-825	-1,425
-12.8%	-17.1%	-3.7%	-20.1%	-30.3%
Share of Total Industries				
	2000	2006	2010	2012
	4.0%	3.1%	2.9%	2.7%

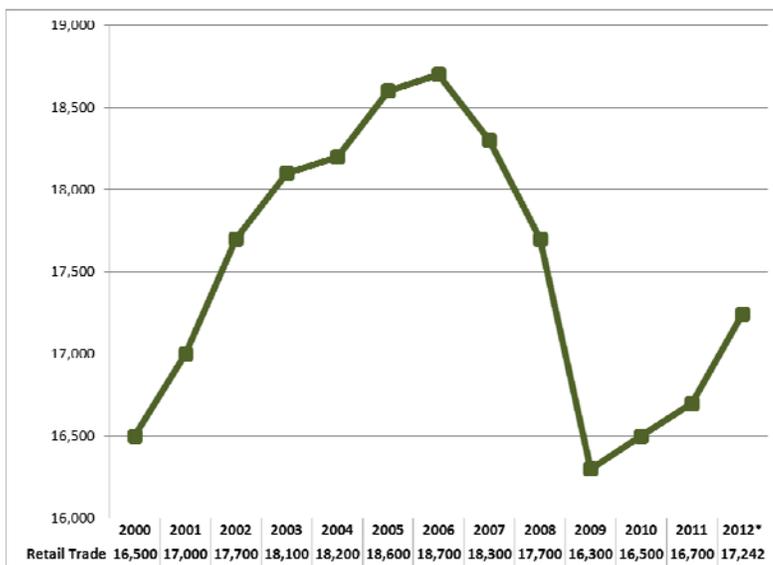
MANUFACTURING - NON-DURABLE GOODS				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
0	-100	-108	-208	-208
0.0%	-1.8%	-2.0%	-3.7%	-3.7%
Share of Total Industries				
	2000	2006	2010	2012
	4.8%	4.3%	4.6%	4.4%



WHOLESALE TRADE				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
600	-100	175	75	675
16.7%	-2.4%	4.3%	1.8%	18.8%
Share of Total Industries				
	2000	2006	2010	2012
	3.1%	3.2%	3.5%	3.5%

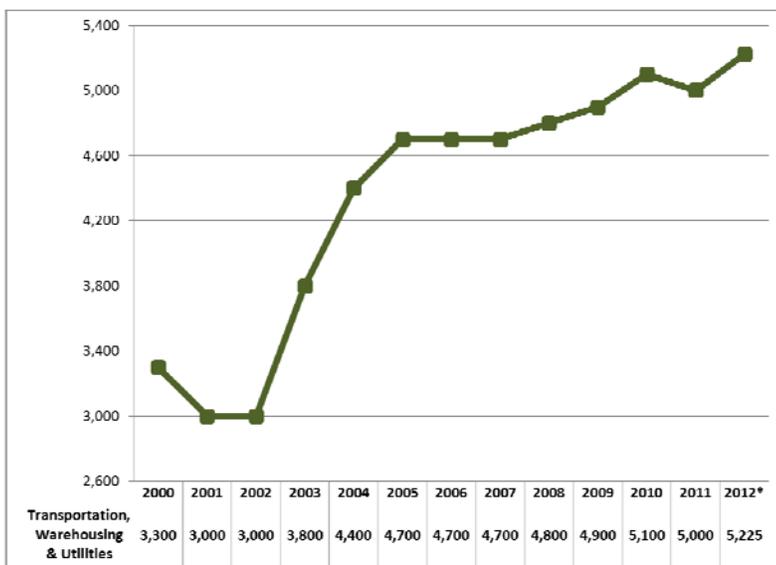
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RETAIL TRADE				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
2,200	-2,200	742	-1,458	742
13.3%	-11.8%	4.5%	-7.8%	4.5%
Share of Total Industries				
	2000	2006	2010	2012
	14.1%	14.3%	13.9%	14.2%

TRANSPORTATION, WAREHOUSING & UTILITIES				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
1,400	400	125	525	1,925
42.4%	8.5%	2.5%	11.2%	58.3%
Share of Total Industries				
	2000	2006	2010	2012
	2.8%	3.6%	4.3%	4.3%

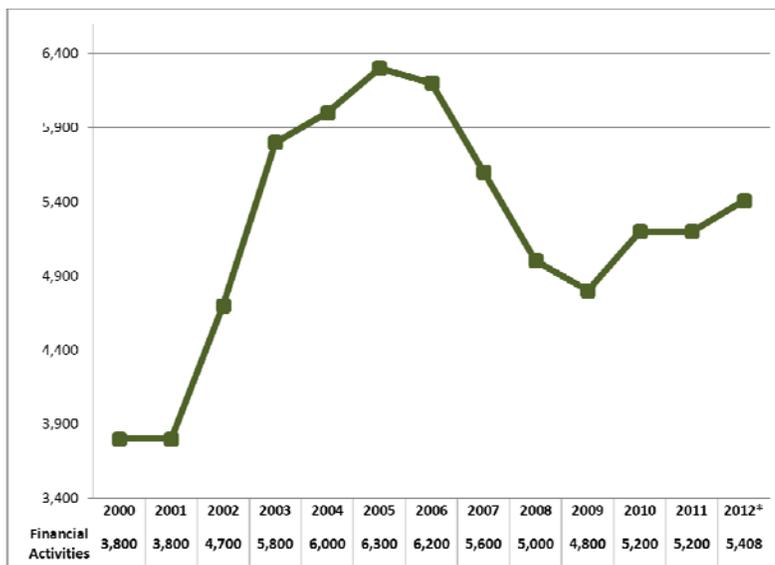


INFORMATION*				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
-100	-300	-92	-392	-492
-5.9%	-18.8%	-7.1%	-24.5%	-28.9%
Share of Total Industries				
	2000	2006	2010	2012
	1.4%	1.2%	1.1%	1.0%

*Includes such occupations as newspapers, software publishers, radio and television broadcasting, wireless telecommunications providers, and data processing, hosting and related services.

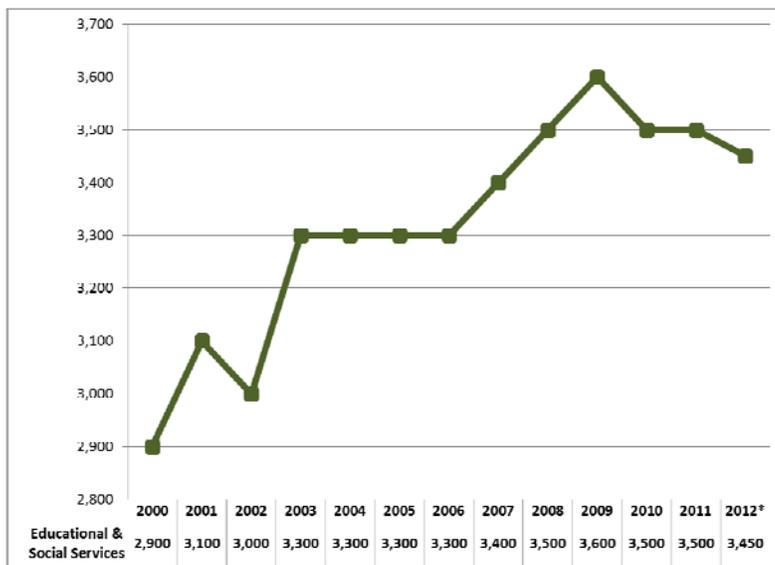
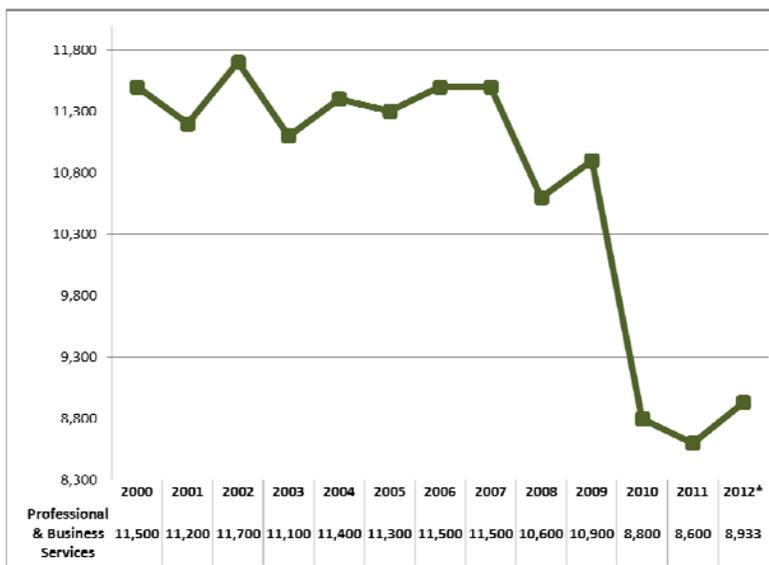
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FINANCIAL ACTIVITIES				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
2,400	-1,000	208	-792	1,608
63.2%	-16.1%	4.0%	-12.8%	42.3%
Share of Total Industries				
	2000	2006	2010	2012
	3.2%	4.7%	4.4%	4.4%

PROFESSIONAL & BUSINESS SERVICES				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
0	-2,700	133	-2,567	-2,567
0.0%	-23.5%	1.5%	-22.3%	-22.3%
Share of Total Industries				
	2000	2006	2010	2012
	9.8%	8.8%	7.4%	7.3%

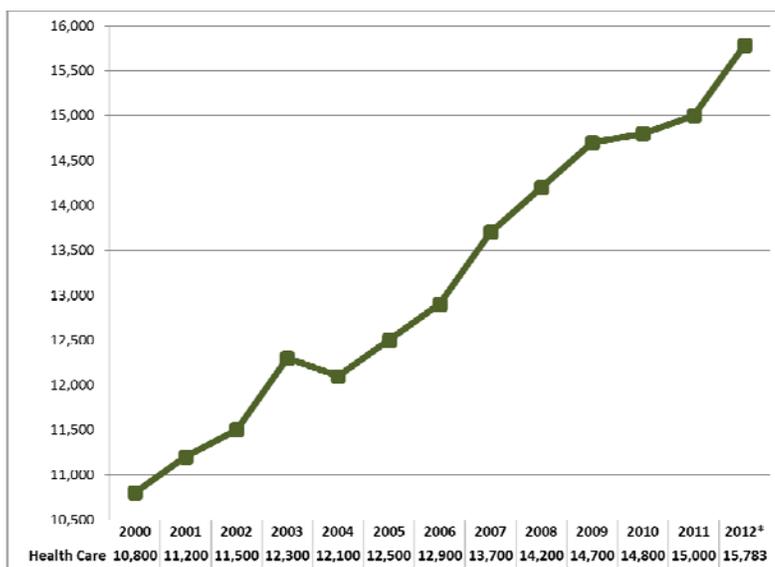


EDUCATION & SOCIAL SERVICES*				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
400	200	-50	150	550
13.8%	6.1%	-1.4%	4.5%	19.0%
Share of Total Industries				
	2000	2006	2010	2012
	2.5%	2.5%	2.9%	2.8%

*Education includes all variety of schools that provide training and instruction, except public elementary and high schools and nursery and preschool programs.

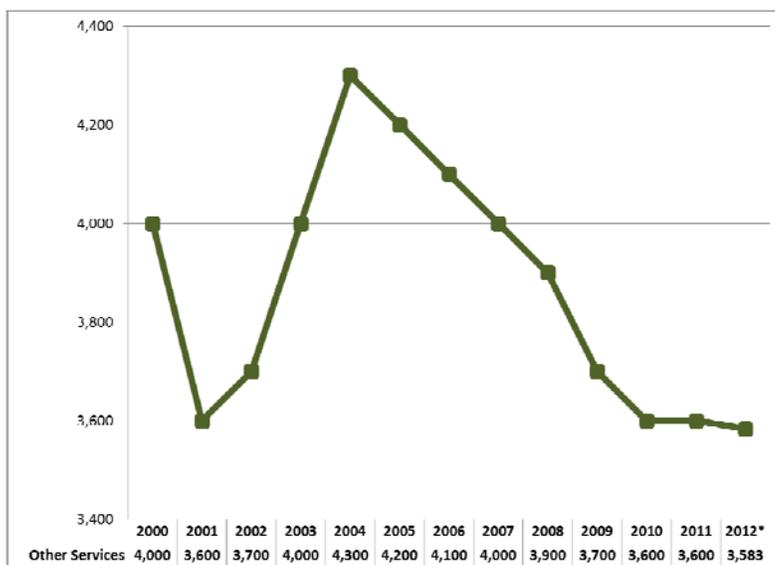
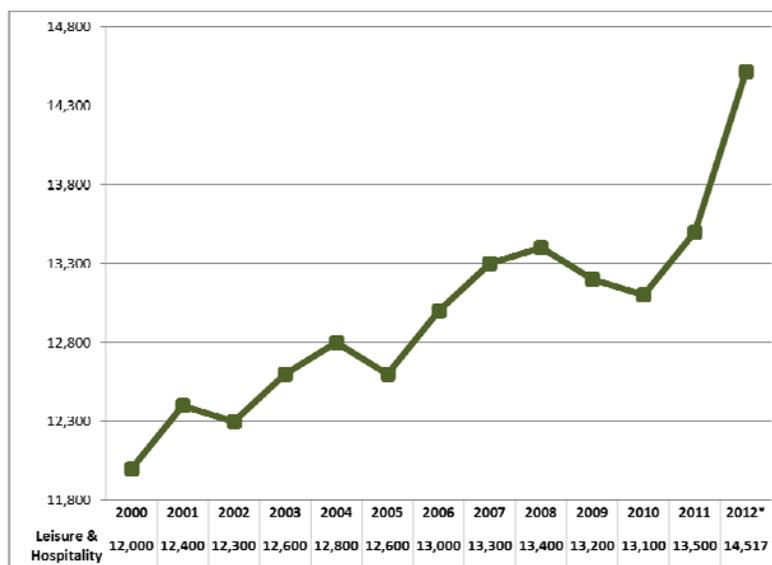
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HEALTH CARE				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
2,100	1,900	983	2,883	4,983
19.4%	14.7%	6.6%	22.4%	46.1%
Share of Total Industries				
	2000	2006	2010	2012
	9.2%	9.9%	12.5%	13.0%

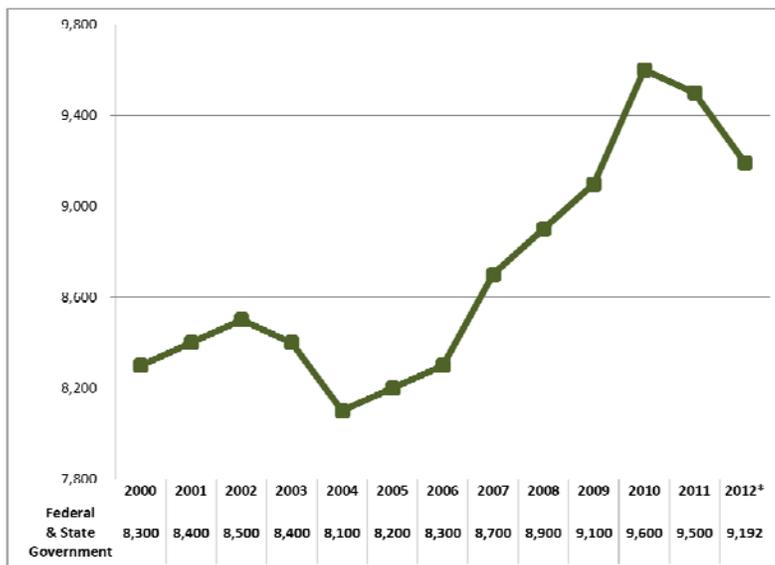
LEISURE & HOSPITALITY				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
1,000	100	1,417	1,517	2,517
8.3%	0.8%	10.8%	11.7%	21.0%
Share of Total Industries				
	2000	2006	2010	2012
	10.2%	9.9%	11.0%	11.9%



OTHER SERVICES				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
100	-500	-17	-517	-417
2.5%	-12.2%	-0.5%	-12.6%	-10.4%
Share of Total Industries				
	2000	2006	2010	2012
	3.4%	3.1%	3.0%	2.9%

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FEDERAL & STATE GOVERNMENT				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
0	1,300	-408	892	892
0.0%	15.7%	-4.3%	10.7%	10.7%
Share of Total Industries				
	2000	2006	2010	2012
	7.1%	6.4%	8.1%	7.5%

LOCAL GOVERNMENT*				
Change in Payroll Employment				
2000 to 2006	2006 to 2010	2010 to 2012	2006 to 2012	2000 to 2012
1,500	-2,500	-725	-3,225	-1,725
9.3%	-14.1%	-4.8%	-18.2%	-10.6%
Share of Total Industries				
	2000	2006	2010	2012
	13.8%	13.5%	12.8%	11.9%

*Includes school district employees.



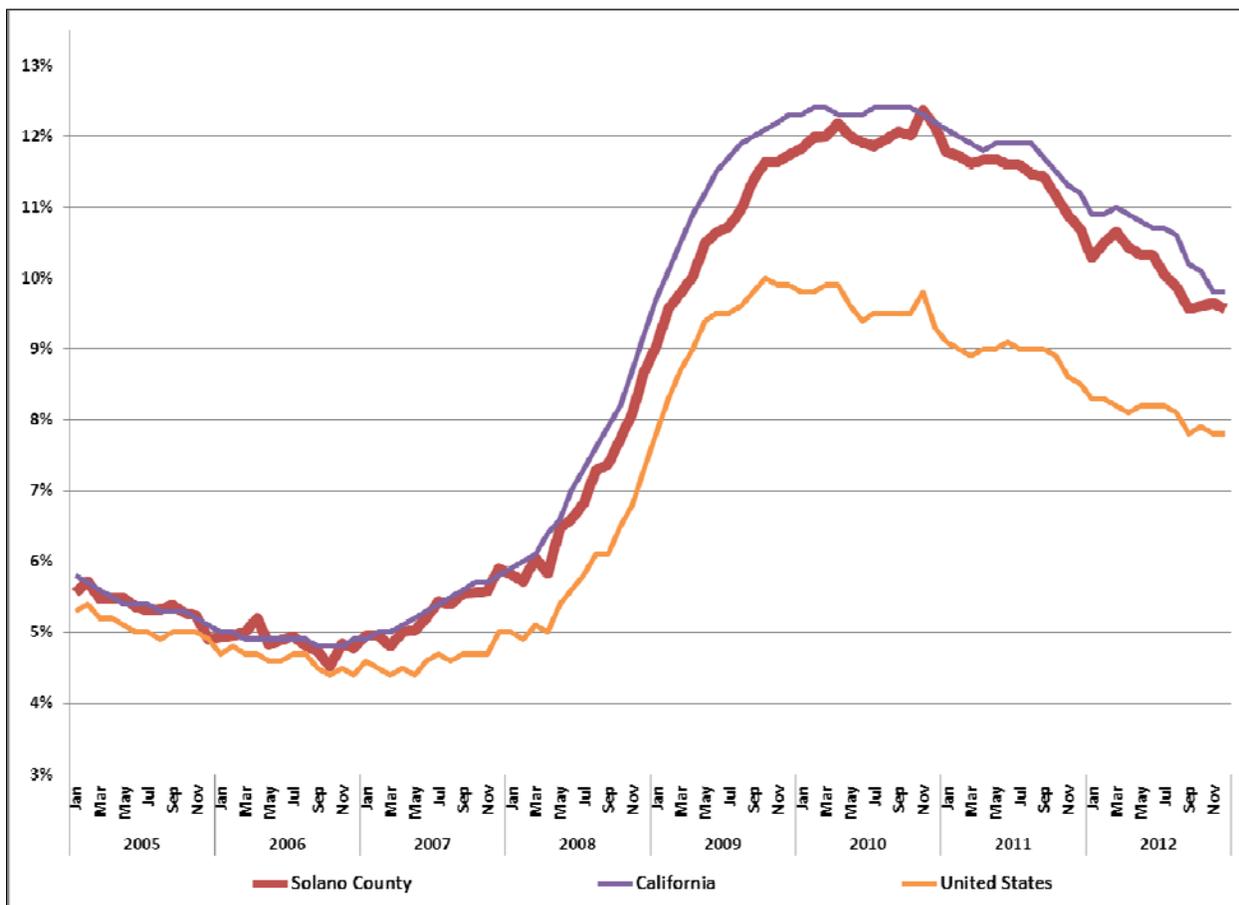
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Unemployment Rate

For Solano County, California and United States

Seasonally Adjusted Monthly from January 2005 to December 2012



Source: California Employment Development Department, Labor Market Information Division, Vallejo-Fairfield MSA (Solano County) Unemployment Rates and Labor Force, www.calmis.ca.gov, Jan. 18, 2013; Bureau of Labor Statistics, www.bls.gov, Jan. 30, 2013.

The seasonally adjusted, preliminary unemployment rate in Solano County for December 2012 was 9.6 percent, unchanged since the September 2012 figures. The unemployment rate is down from the 10.7 percent in December 2011 and 12.1 percent in December 2010. California’s seasonally adjusted unemployment rate for December 2012 was 9.8 percent, down from 11.2 percent in December 2011 and 12.2 percent in December 2010. Nationally, the seasonally adjusted unemployment rate stood at 7.8 percent in December 2012, down from 8.5 percent in December 2011 and 9.3 percent in December 2010.

	DEC. 2011	NOV. 2012	DEC. 2012
Benicia	6.5%	5.8%	5.8%
Dixon	8.4%	7.5%	7.5%
Fairfield	11.4%	10.2%	10.2%
Rio Vista	7.8%	7.0%	7.0%
Suisun City	10.7%	9.6%	9.6%
Vacaville	7.8%	6.9%	6.9%
Vallejo	12.8%	11.5%	11.5%
Solano County	10.7%	9.6%	9.6%

Data for city unemployment rates is not seasonally adjusted and is based on 2000 Census.



What does this mean?

Reflecting statewide and national unemployment trends in Solano County is slowly moving in the direction that signals economic recovery.

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Change in Total Employed Residents

For Solano County, Rest of Bay Area, Sacramento Area and California

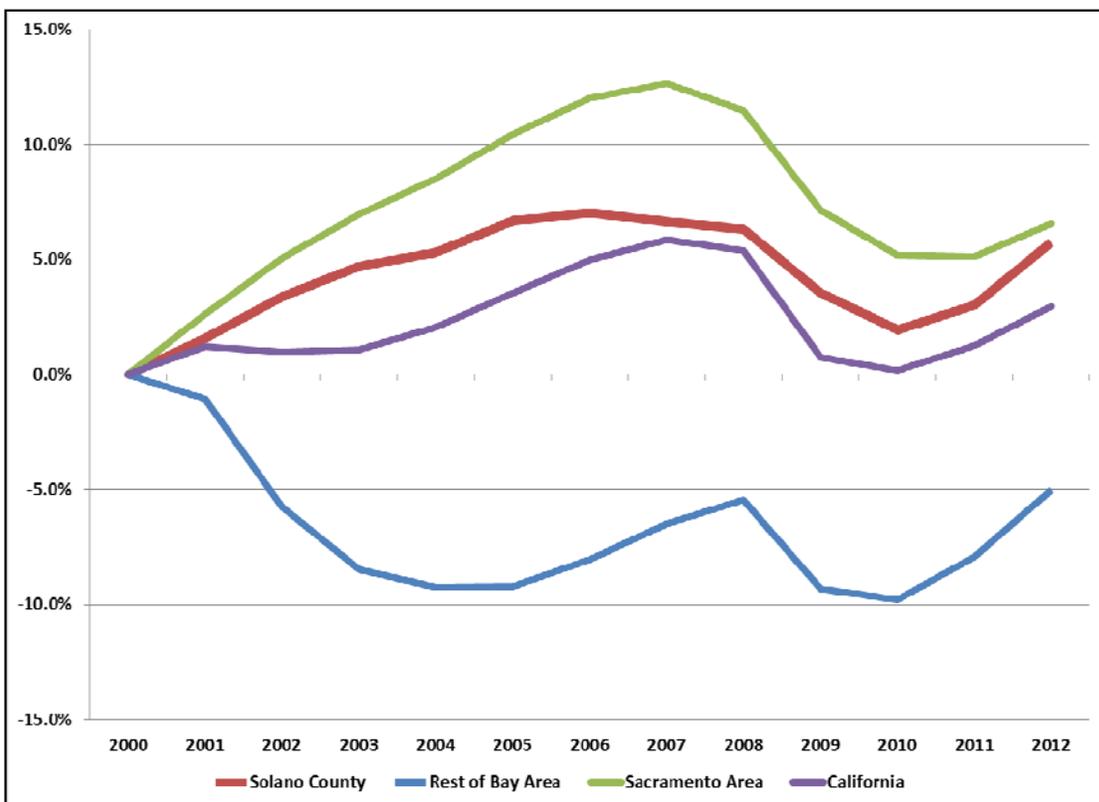
Trends relative to 2000, 2006 and 2010

The number of employed Solano County residents increased by 2.6 percent between 2011 and 2012, for a gain of 5,050 employed residents. This continues a trend in employment growth since the job market hit bottom in 2010. Between 2010 and 2011, the number of employed Solano residents increased by 2,000 for a post-recession gain of 7,050 or 3.7 percent.

These gains have not yet overcome the loss of 9,400 jobs between 2006 and 2010, which erased a good portion of the employment gains earlier in the decade.

Between 2000 and 2006, the number of employed residents increased 13,000. Between 2000 and 2012, Solano experienced a net increase of 10,650 employed residents.

In terms of post-recession gains, Solano fared better than the state and Sacramento area, but trails gains in the rest of the Bay Area. Santa Clara County led the gains in the Bay Area with a 7.2 percent gain in employed residents, recovery about half of the employment losses experienced between 2000 and 2006. Despite the gains in employed residents, it is important to point out that the size of the workforce has also expanded, adding 3,533



Source: California Employment Development Department (EDD), Labor Market Information Division, Industry Employment and Labor Force—Annual, www.calmis.ca.gov, June 15, 2012. *2012 data is an average of monthly EDD data from January 2012 to December 2012, Jan. 18, 2013

CHANGE IN TOTAL EMPLOYED RESIDENTS				
	2000	2006	2010	2000
Solano County	+7.0%	-4.7%	+3.7%	+5.8%
California	+5.0%	-4.6%	+2.8%	+3.0%
Rest of Bay Area	-8.0%	-1.9%	+5.3%	-5.0%
Sacramento Area	+12.0%	-6.1%	+1.3%	+6.6%

Solano County residents actively looking for employment between 2010 and 2012. Over these two years, gains in employed residents outpaced the growth in the size of the workforce. However, between 2000 and 2012 growth in the size of the workforce outpaced gains in employed residents and contributed to increased unemployment.



What does this mean?

Gains in employed residents for the last two years are starting to outpace the growth in the size of the workforce, resulting in a decline in unemployed residents.

Change in Total Unemployed Residents

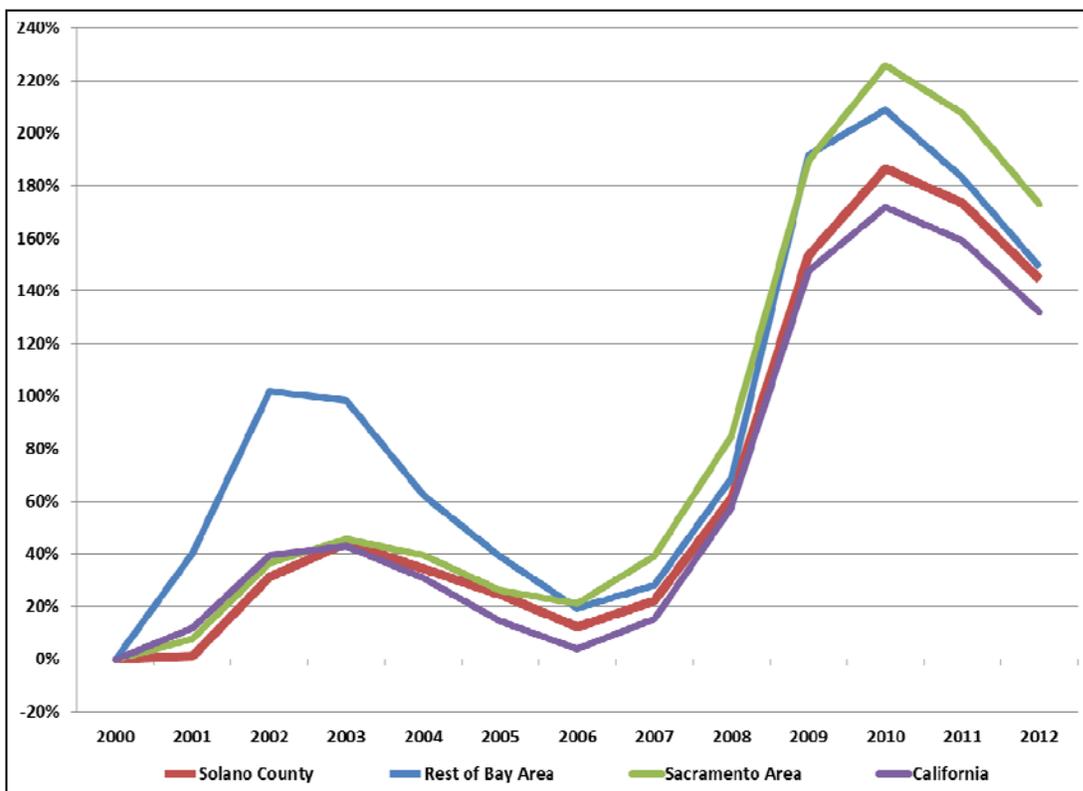
For Solano County, Rest of Bay Area, Sacramento Area and California

Trends relative to 2000, 2006 and 2010

The number of unemployed Solano County residents declined by 2,617 or 10.6 percent between 2011 and 2012, further expanding a decline in post-recession unemployment. Between 2010 and 2012, the number of unemployed residents declined 3,817 or 14.8 percent.

Between 2000 and 2012, the net increase in the number of unemployed residents in Solano County was 12,983 or 144.3 percent, with the most significant annual increase occurring between 2008 and 2009 when 8,300 more residents became unemployed. The vast majority of the growth in unemployed residents occurred between 2006 and 2010 — an increase of 15,700 unemployed residents.

The increase in the number of unemployed residents in Solano County reflects the overall regional economic condition, which was unable to absorb the 12.2 percent growth in the county’s workforce between 2000 and 2012. In 2000, the ratio of local industry employment available in Solano County to the number of Solano residents seeking employment was 60.4 percent. By



Source: California Employment Development Department (EDD), Labor Market Information Division, Industry Employment and Labor Force—Annual, www.calmis.ca.gov, June 15, 2012. *2012 data is an average of monthly EDD data from January 2012 to December 2012, Jan. 18, 2013

CHANGE IN TOTAL UNEMPLOYED RESIDENTS				
	2000 to 2006	2006 to 2010	2010 to 2012	2000 to 2012
Solano County	+12.2%	+155.4%	-14.8%	+144.3%
California	+3.9%	+161.7%	-14.6%	+132.0%
Rest of Bay Area	+19.5%	+158.3%	-19.3%	+149.1%
Sacramento Area	+21.2%	+168.8%	-16.2%	173.0%

2012 that ratio had declined to 55.9 percent, reflecting an increased dependence on employers outside of the county to meet the employment needs of Solano County residents.



What does this mean?

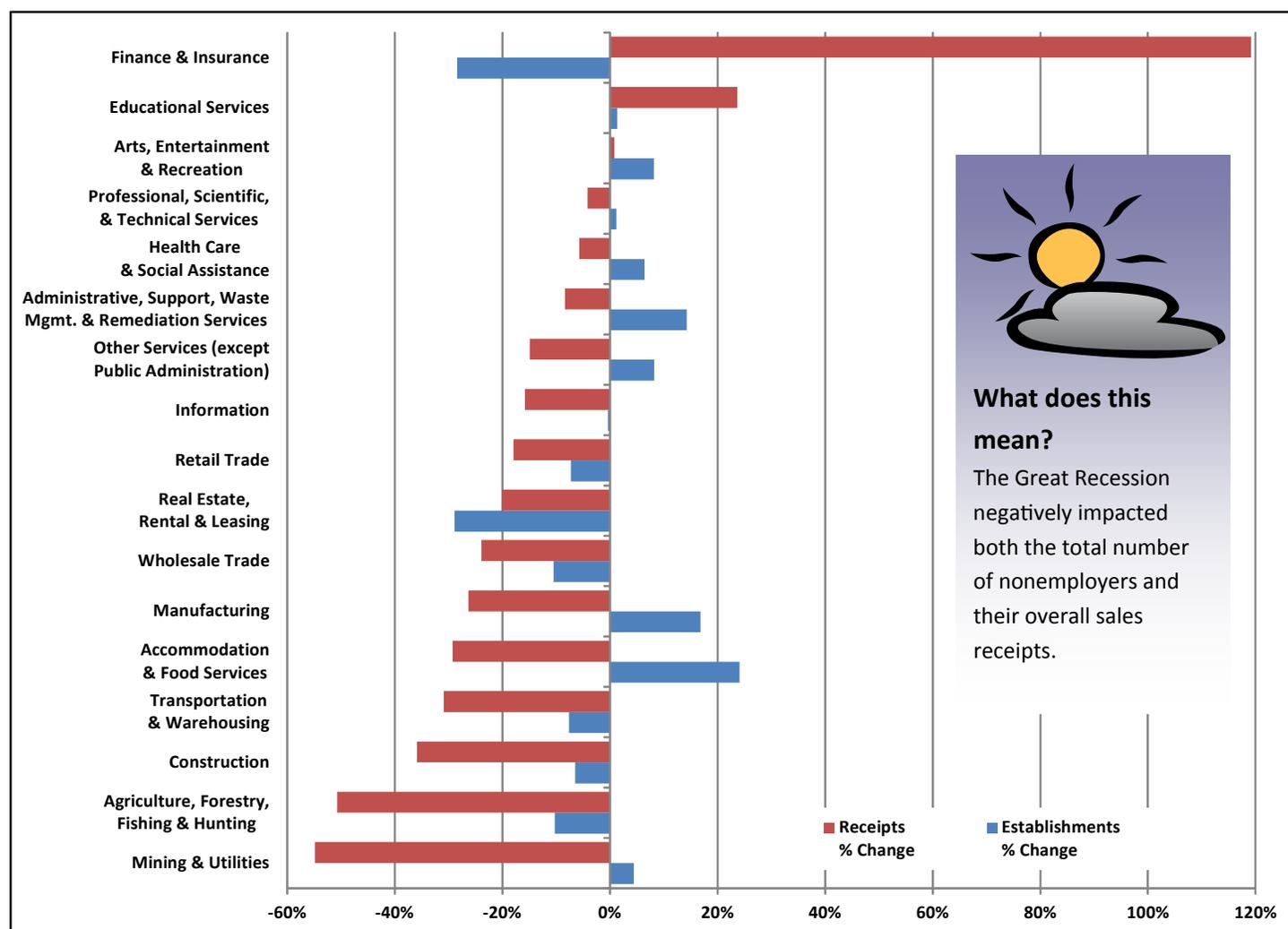
The number of unemployed residents is declining; however, Solano County is greatly affected by regional employment conditions.

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Solano County Nonemployers

Change in Number of Establishments and Sales Receipts by Industry Sector
From 2006 to 2010



Source: U.S. Census Bureau, Nonemployer Statistics, www.census.gov, Aug. 9, 2012.

The Great Recession thwarted an overall trend of an increasing number of nonemployer establishments — essentially self-employed individuals — and associated sales receipts. Between 2006 and 2010, the total number of nonemployers in Solano County decreased 2 percent from 21,272 establishments to 20,689. During that period, total sales receipts in 2010 inflation-adjusted dollars decreased from \$961.7 million to \$826.4 million, or 14.1 percent.

Finance and Insurance had the most significant gains in total receipts between 2006 and 2010, increasing \$4.06 billion or 119.2 percent; however, the number of establishments declined 198 or 28.4 percent. Educational Services increased

its receipts 23.7 percent and the number of establishments increased by 1.4 percent. The Arts, Entertainment & Recreation sector experienced a modest 0.8 percent increase in receipts while adding 8.2 percent more establishments.

The remaining 14 sectors experienced declines in total receipts; however, the tally was evenly split between sectors gaining in numbers in establishments and those declining. The three sectors leading the gain in establishments were Accommodations & Food Service at 24.1 percent, Manufacturing at 16.8 percent, and Administrative, Support, Waste Management and Remediation Services at 14.3 percent.

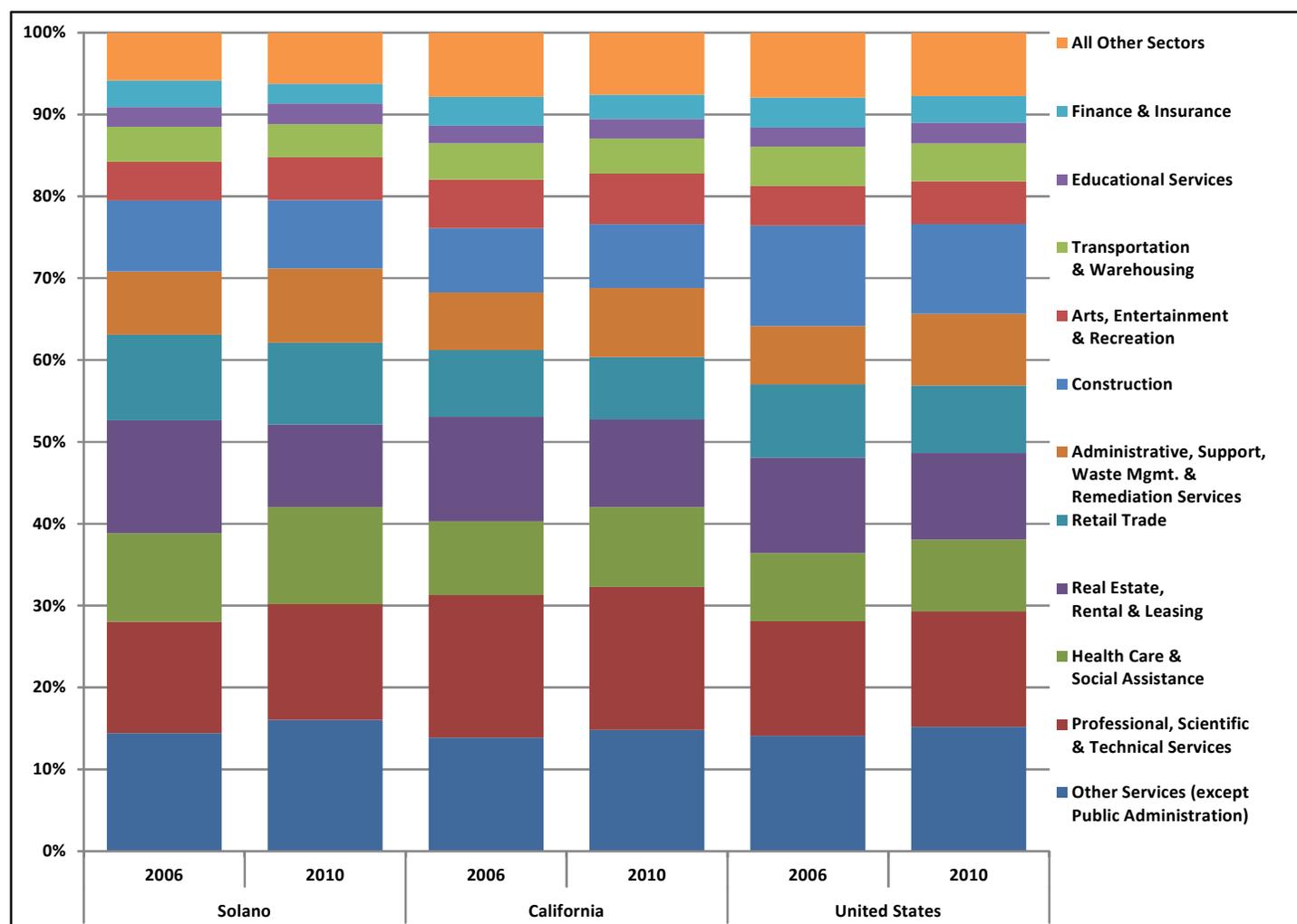
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Percentage of Nonemployers by Industry

Solano County, California, and United States

2006 and 2010



Source: U.S. Census Bureau, Nonemployer Statistics, www.census.gov, Aug. 9, 2012. Note: All Other Sectors includes Accommodation & Food Services; Wholesale Trade; Information; Manufacturing; Agriculture, Forestry, Fishing, & Hunting; Mining, Quarrying and Oil & Gas Extraction; and Utilities.

Compared to 2006, the concentration of nonemployers in Other Services (except Public Administration) in Solano County increased 1.6 percent, Administrative & Support & Waste Management & Remediation Services increased 1.4 percent, and Health Care and Social Services increased 1 percent. Real Estate, Rental and Leasing declined by 3.7 percent. All other changes in concentration by industry sector in Solano County was less than 1 percent.

The sectors of nonemployer concentration in

Solano County in 2006 with 10 percent or more remained the top five in 2010, although Real Estate, Rental and Leasing moved to from second to fourth and Professional, Scientific & Technical Services and Health Care & Social Services each moved up one to second and third, respectively.

Solano County has a higher concentration than the state and nation in Other Services, Health Care & Social Assistance, Retail Trade and Administrative & Support & Waste Management.



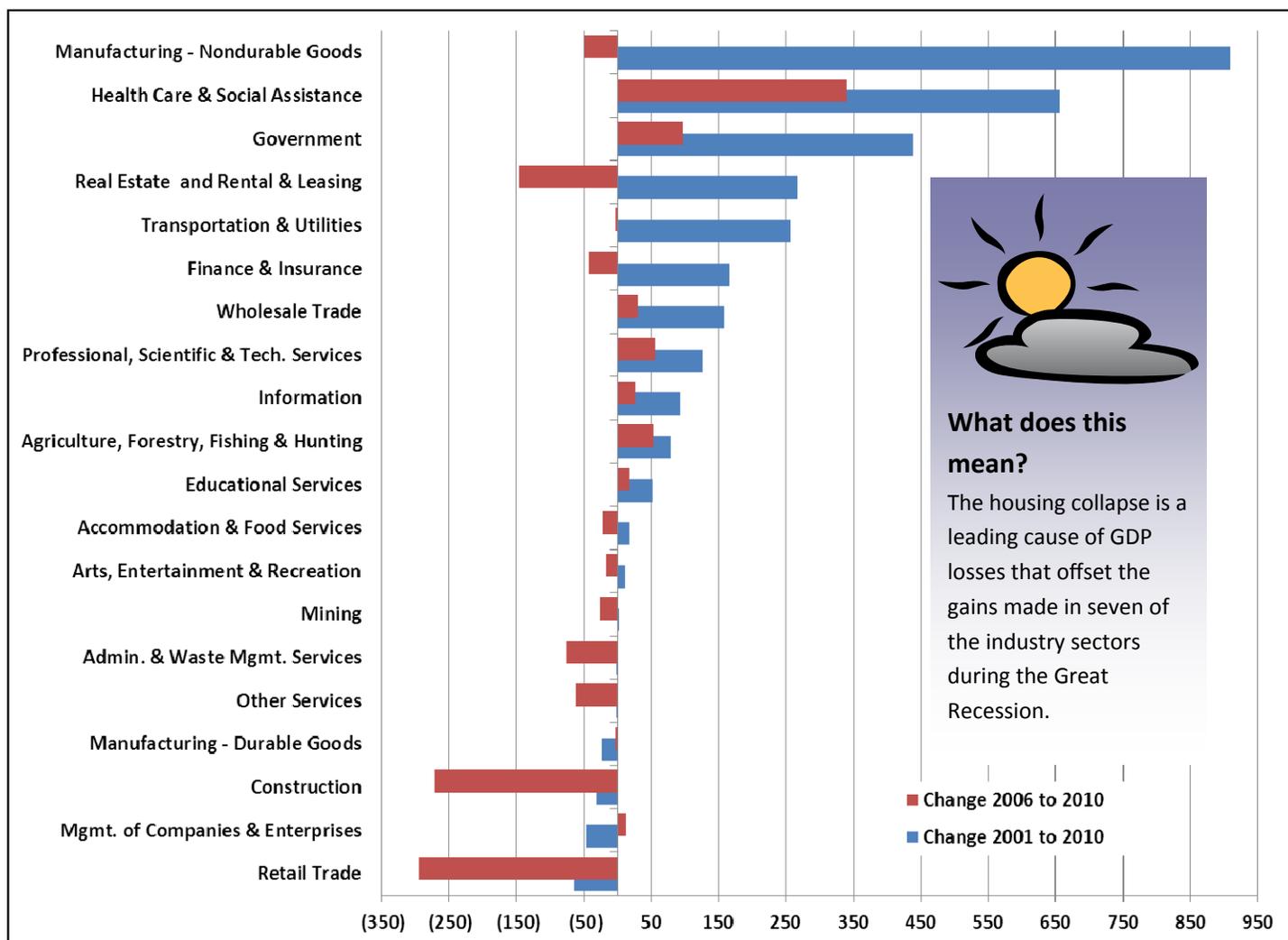
Nonemployer growth sectors in Solano County tend to mirror growth sectors statewide and across the nation.

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Solano County Gross Domestic Product

Change in the GDP by Industry Sector (millions of 2010 dollars)
From 2001 to 2010



Source: U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product by Metropolitan Statistical Area, www.bea.gov, Sept. 29, 2011

After adjusting for inflation, the overall gross domestic product (GDP) for Solano County — the sum of consumer, government and business spending — increased by 28.3 percent from \$10.6 billion in 2001 to \$13.9 billion in 2010. Between 2006 and 2010 the overall GDP shrank by 2.6 percent from \$14.3 billion in 2006.

Of the 20 industry sectors above, 14 showed positive GDP growth from 2001 to 2010 and seven showed positive GDP growth from 2006 to 2010. Seven sectors showed positive GDP growth across the long view and during the recession: Health Care & Social Assistance; Government; Wholesale

Trade; Professional, Scientific & Technical Services; Information; Agriculture, Forestry, Fishing & Hunting; and Educational Services. One sector — Management of Companies & Enterprises — experienced gains between 2006 and 2010, but overall decrease in its GDP output between 2001 and 2010.

The private sector made gains in its share of the local GDP, gaining \$2.6 billion between 2001 and 2010, which includes the contraction of \$470 million during the recession years of 2006 to 2010. Between 2001 and 2010, the private sector accounted for 85.7 percent of the gains in the local GDP.

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	Change 01 to 10	% Change 01 to 10	Change 06 to 10	% Change 06 to 10	2001 Share	2006 Share	2010 Share
Manufacturing - Nondurable Goods	909	70.0%	(48)	-2.1%	12.0%	15.8%	15.9%
Health Care & Social Assistance	655	72.3%	340	27.8%	8.4%	8.5%	11.2%
Government	439	18.8%	97	3.6%	21.4%	18.7%	19.9%
Real Estate and Rental & Leasing	268	27.5%	(146)	-10.5%	9.0%	9.7%	8.9%
Transportation & Utilities	257	83.9%	(4)	-0.6%	2.8%	4.0%	4.1%
Finance & Insurance	166	52.0%	(42)	-8.0%	2.9%	3.7%	3.5%
Wholesale Trade	158	34.8%	30	5.2%	4.2%	4.1%	4.4%
Professional, Scientific & Tech.	126	42.9%	56	15.2%	2.7%	2.6%	3.0%
Information	94	69.9%	27	13.3%	1.2%	1.4%	1.6%
Agriculture, Forestry, Fishing & Hunting	79	60.1%	53	33.8%	1.2%	1.1%	1.5%
Educational Services	52	116.6%	19	24.4%	0.4%	0.5%	0.7%
Accommodation & Food Services	19	5.7%	(21)	-5.8%	3.0%	2.5%	2.5%
Arts, Entertainment & Recreation	12	15.8%	(16)	-15.9%	0.7%	0.7%	0.6%
Mining	3	3.4%	(26)	-25.3%	0.7%	0.7%	0.6%
Admin. & Waste Mgmt. Services	(1)	-0.4%	(75)	-19.3%	2.9%	2.7%	2.3%
Other Services	(1)	-0.4%	(61)	-14.1%	3.4%	3.0%	2.7%
Manufacturing - Durable Goods	(23)	-5.9%	(3)	-0.8%	3.6%	2.6%	2.7%
Construction	(30)	-3.7%	(271)	-26.3%	7.3%	7.2%	5.5%
Mgmt. of Companies & Enterprises	(45)	-23.1%	13	9.3%	1.8%	1.0%	1.1%
Retail Trade	(63)	-5.7%	(294)	-21.8%	10.3%	9.4%	7.6%

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product by Metropolitan Statistical Area, www.bea.gov, Sept. 29, 2011

The private sector was responsible for 78.6 percent of the local GDP in 2001, increasing to 81.3 percent in 2006 and declining to 80.1 percent in 2010. At the same time, Government increased its contribution to the local GDP — gaining \$439 million or 18.5 percent from 2001 to 2010 and \$97 million or 3.6 percent from 2006 to 2010.

Over the long view, Manufacturing—Nondurable Goods led the growth in the Solano County GDP, gaining \$909 million or 70 percent from 2001 to 2010, contracting \$48 million or 2.1 percent from 2006 to 2010. Manufacturing—Nondurable Goods went from 12 percent share of the local GDP in 2001 to 15.9 percent in 2010

During the recession years, it was Health Care & Social Assistance that led growth in the local GDP, gaining \$340 million or 27.8 percent between 2006 and 2010 on top of the \$315 million or 34.8 percent growth from 2001 to 2006. From 2001 to

2010, Health Care & Social Assistance went from a 8.4 percent share of the local GDP in 2001 to 11.2 percent share in 2010.

Retail Trade led the sectors declining in their GDP output, contracting \$294 million or 21.8 percent from 2006 to 2010 after posting gains of \$231 million of 20.7 percent from 2001 to 2006, for a net reduction in its GGDP of \$63 million or 5.7 percent between 2001 and 2010. Construction experienced the same scenario, gaining \$241 million or 30.5 percent between 2001 and 2006, contracting \$271 million or 26.3 percent from 2006 to 2010, for an overall net reduction in GDP of \$30 million or 3.7 percent.

It is important to note that growth in the GDP may not coincide with job growth due to gains in operational efficiencies with a sector and changes in the market values of their goods and services.

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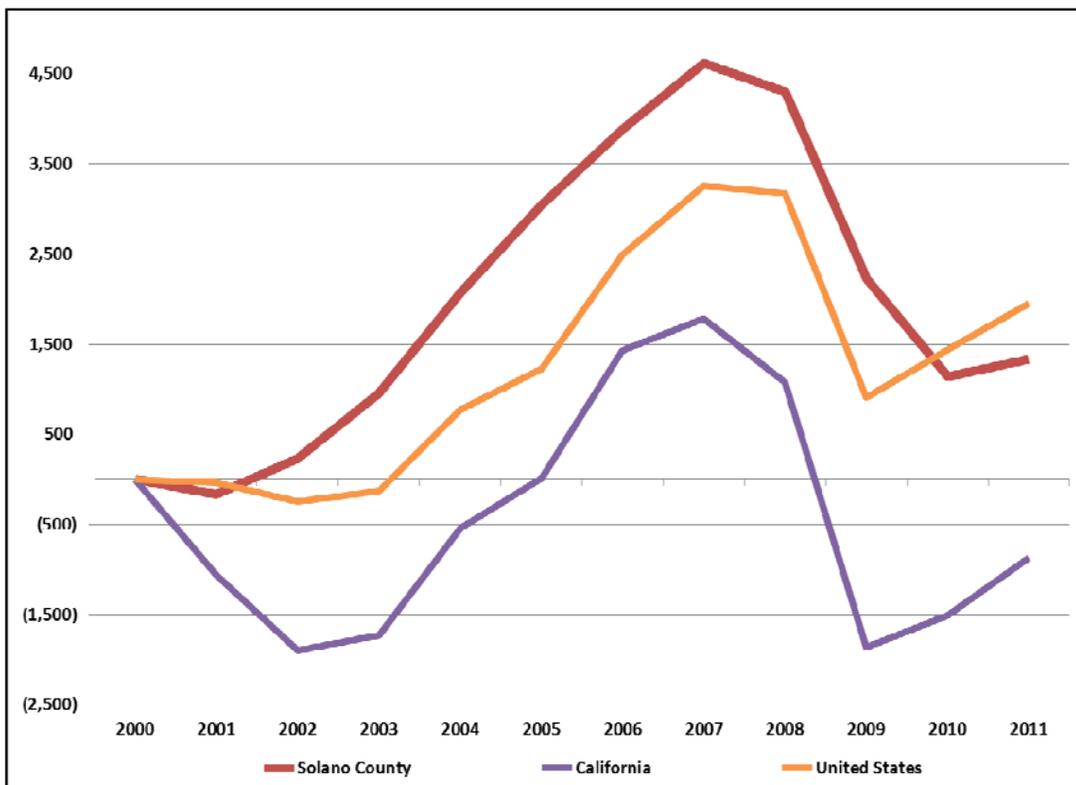
Change in Per Capita Personal Income For Solano County, California and United States Relative to 2000 (in 2011 dollars)

Solano County's growth in per capita personal income outpaced growth in the state and nation from 2002 to 2010, which is when the national recovery from the Great Recession outpaced local and state recovery. Per capita personal income in 2011 was \$38,078 for Solano County, \$43,647 for California, and \$41,560 for the United States.

Between 2000 and 2011 Solano County experienced a \$1,330 or 3.6 percent gain in per capita personal income after adjusting for inflation, compared to the \$866 or 1.9 percent loss statewide and the \$1,955 or 4.9 percent gain nationally.

In inflation adjusted dollars, the 2011 data reflected the first uptick in the per capita personal income since 2007. Solano's gain of \$188 between 2010 and 2011 was about a third of the \$644 gain statewide and \$533 gain nationally.

Solano County continues to trail the state and nation in per capita income; however, this disparity changed due to the recession. Between 2000 and 2006, the per capita income gap narrowed by \$2,458 and \$1,400 with the state and nation, respectively. The recession reversed that trend, increasing the gap by \$263 and \$2,025 with the state and nation. The net result is Solano County reduced the gap by \$2,198 with the state while the national gap increased by \$625.



U.S. Department of Commerce, Bureau of Economic Analysis, CA1-3 Personal Income Summary, April 25, 2012; SA1-3 Personal Income Summary, Sept. 25, 2012; www.bea.gov.

CHANGE IN PER CAPITA PERSONAL INCOME				
	Change 2000 to 2006	% Change 2000 to 2006	Change 2006 to 2010	% Change 2006 to 2010
Solano County	\$3,888	10.6%	(\$2,745)	(6.8%)
California	\$1,429	3.2%	(\$2,939)	(6.4%)
United States	\$2,448	6.3%	(\$1,045)	(2.5%)

Personal income is defined as the sum of wages and salary disbursements (including stock options), supplements to wages and salaries, proprietors' income, dividends, interest, rent and personal current transfer receipts, less contributions for government and social insurance.



What does this mean?

After four years of losses in the per capita income, Solano County experienced a small uptick in per capita income in 2011.

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Median Household Income

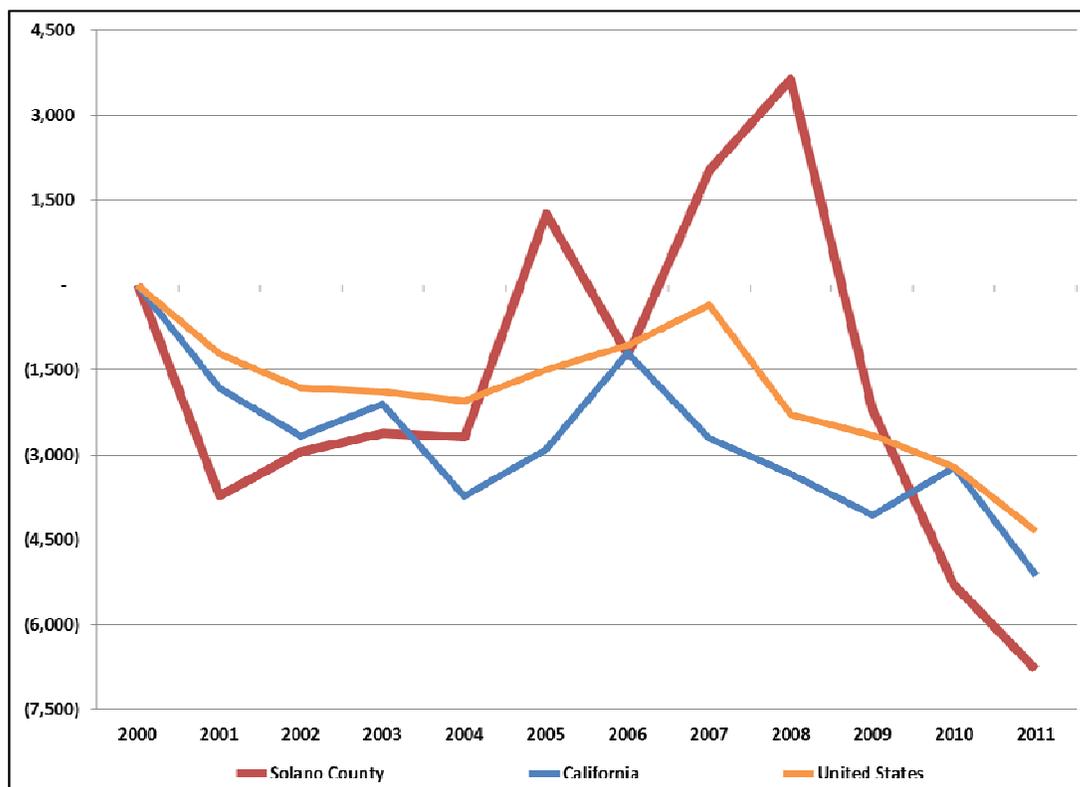
For Solano County, California and United States
Relative to 2000, 2006 and 2010 (in 2011 dollars)

The median household income in 2011 was \$63,090 in Solano County, \$57,275 statewide and \$50,502 nationally. After adjusting for inflation, 2011 was a third consecutive year of reduced median household incomes. The median household income peaked in 2008 at \$73,519 and declined \$5,832 in 2009, \$3,101 in 2010 and \$1,497 in 2011.

Between the recession years of 2006 and 2010, Solano experienced a greater reduction in median household income than California and the nation — both in dollar declines and percentage declines.

However, during the first half the period, Solano County experienced a net gain of \$4,875 in median household income, while the state and nation experienced net declines of \$2,140 and \$1,227 respectively.

Despite the declines over the period, Solano County continued to maintain a higher relative median household income to the state and nation. In 2000, Solano County's median household



	2000 to 2006	Change 00 to 06	2006 to 2010	Change 06 to 10	2010 to 2011	Change 10 to 11	2000 to 2011	Change 00 to 11
Solano	(\$1,236)	(1.8%)	(\$4,057)	(5.9%)	(\$1,497)	(2.3%)	(\$6,790)	(9.7%)
California	(\$1,198)	(1.9%)	(\$2,022)	(3.3%)	(\$1,917)	(3.2%)	(\$5,137)	(8.2%)
United States	(\$1,069)	(1.9%)	(\$2,155)	(4.0%)	(\$2,155)	(2.2%)	(\$4,348)	(7.9%)

Source: U.S. Census Bureau, Small Area Estimates Branch, Poverty and Median Income Estimates, www.census.gov, Nov. 29, 2011

income was 112 percent of the state median household income and 127.4 percent of the nation. By 2010, this ratio shrank to 110.2 percent statewide and 124.9 percent nationally.



What does this mean?

Despite losses since 2008, Solano County continues to have a higher median household income than the state and the nation.

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Sources of Personal Income

For Solano County, California and United States
2001 to 2011 (in 2011 dollars)

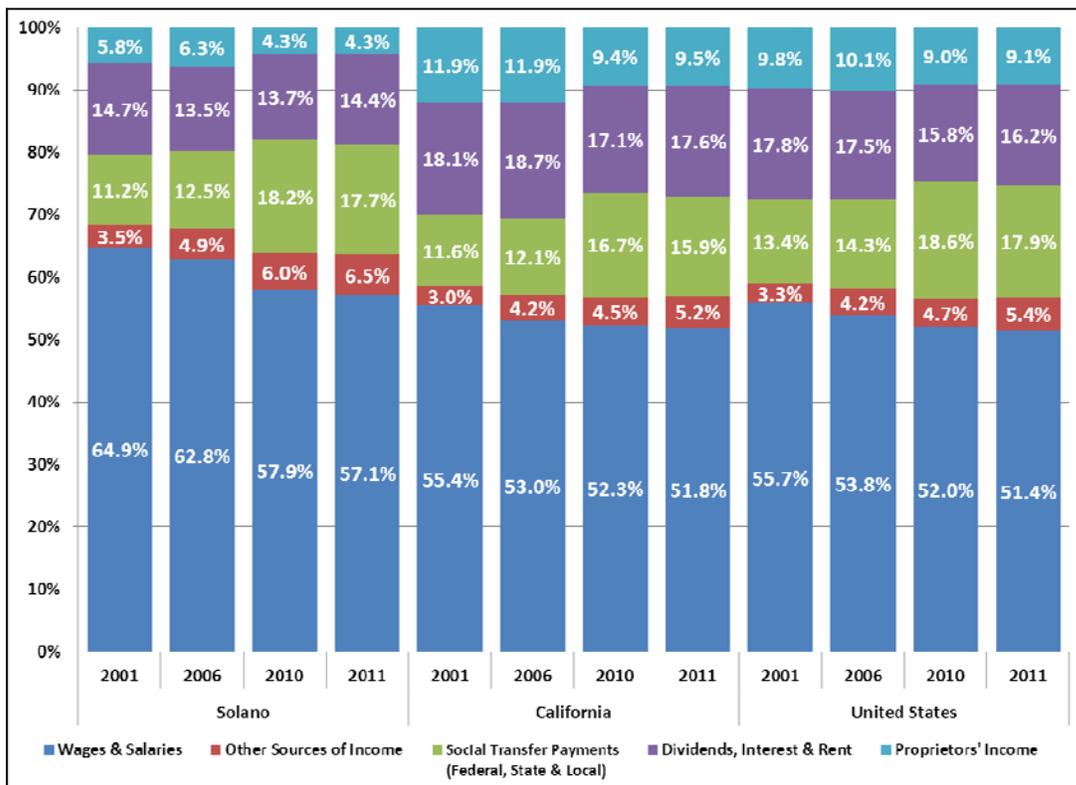
In inflation-adjusted dollars, Wages & Salaries in Solano County decreased by 5.6 percent between 2001 and 2011 and decreased as a share of Total Personal Income from 64.9 percent to 57.1 percent. Statewide and nationally, inflation-adjusted Wages & Salaries grew despite shrinking as a share of Total Personal Income.

The 7.2 percent growth in Total Personal Income in Solano County between 2001 and 2011 was fueled primarily by a 70.1 percent increase in Social Transfer Payments.

Among the various sources of Social Transfer Payments are military retirement incomes, veteran benefits and Social Security.

Between 2006 and 2010, Total Personal Income in Solano County declined by 5.5 percent, a more significant drop than the state or the modest gain nationally.

Between 2010 and 2011, Total Personal Income ticked up 1.1 percent in Solano County, trailing a 2.5 percent increase for California and a 2 percent increase nationally.



Source: U.S. Department of Commerce, Bureau of Economic Analysis, CA05N Personal income by major source and earnings by NAICS industry, www.bea.gov, Nov. 26, 2012

	SOLANO		CALIFORNIA		UNITED STATES	
	01 to 11	06 to 10	01 to 11	06 to 10	01 to 11	06 to 10
Wages & Salaries	-5.6%	-12.9%	+2.7%	-4.3%	+5.8%	-2.4%
Other Sources of Income	+98.2%	16.5%	+89.5%	+4.0%	+91.2%	+10.8%
Social Transfer Payments (Federal, State & Local)	+70.1%	+37.6%	+51.2%	+34.1%	+53.7%	+31.6%
Dividends, Interest & Rents	+4.9%	-4.3%	+6.7%	-11.5%	+4.5%	-8.9%
Proprietors' Income	-19.5%	-36.0%	-13.0%	-23.8%	+6.3%	-9.8%
Total Personal Income	+7.2%	-5.5%	+9.8%	-3.0%	+14.8%	+1.1%

What does this mean?

Solano County is more dependent than the state or the nation on Wages and Salaries as a source for personal incomes and they have declined more for Solano County residents than statewide and nationally.



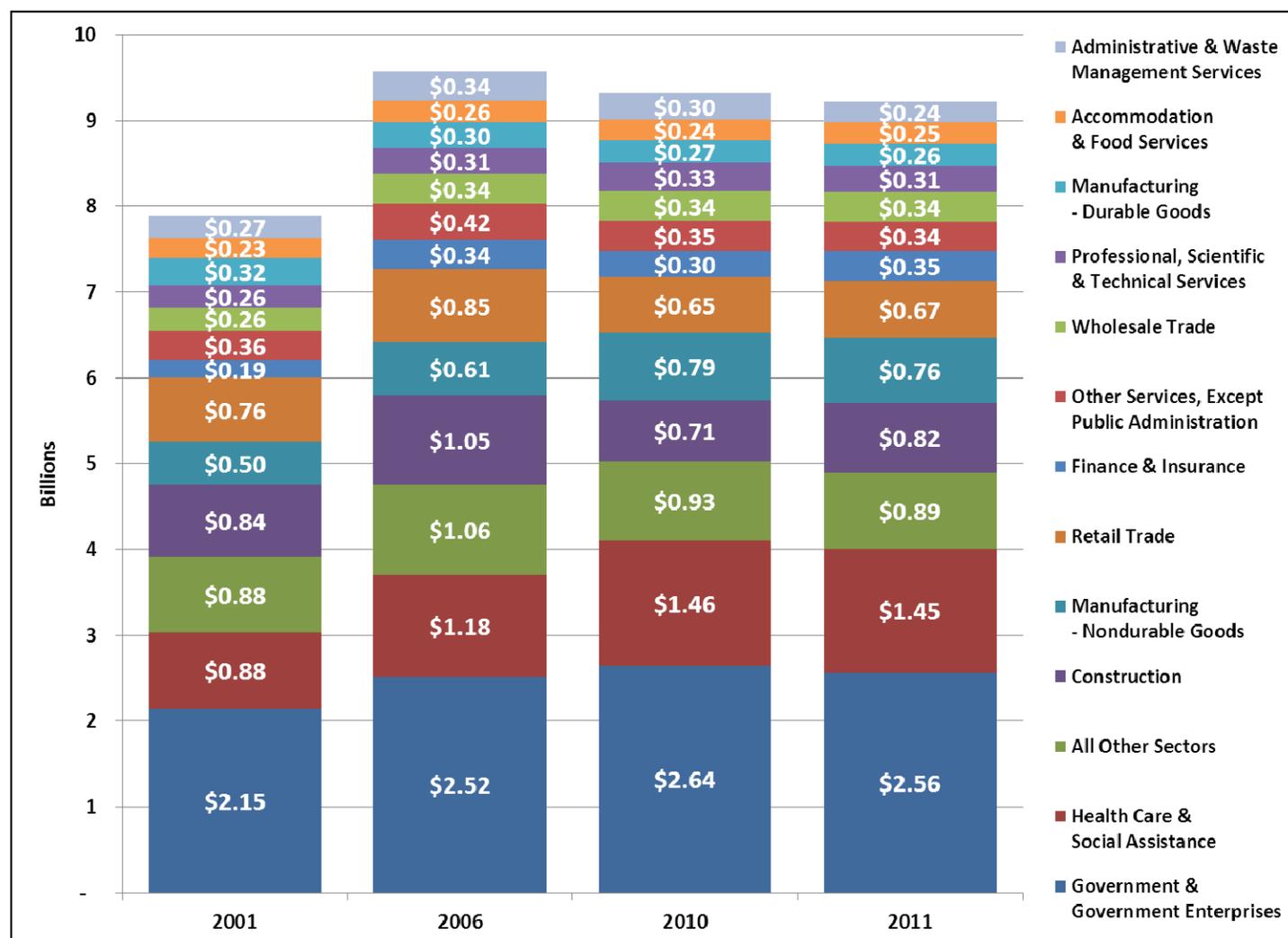
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Sources of Personal Income by Industry

For Solano County

2001 to 2011 (in 2011 dollars)



Source: U.S. Department of Commerce, Bureau of Economic Analysis, CA05N Personal Income by Major Source and Earnings by NAICS Industry, www.bea.gov, April 25, 2012; All Other Sectors includes Transportation & Warehousing; Management of Companies & Enterprises; Information; Real Estate, Rental & Leasing; Educational Services; Utilities; Arts, Entertainment & Recreation; Mining; Forestry, Fishing & Related Activities; Farm.

Between 2001 to 2011, eight industry sectors in Solano County showed net positive personal income growth; however, only four of these industry sectors experienced positive growth between 2006 and 2010 — Government & Government Enterprises, Health Care & Social Assistance, Manufacturing – Non-durable Goods, and Professional, Scientific & Technical Services.

Between 2001 and 2006, only Manufacturing—Durable Goods experienced a decrease, which continued through 2011. Between 2010 and 2011, all sectors experienced declines except for Construction, Finance & Insurance, Retail Trade and Accommodation & Food Services.

INDUSTRY SHARE OF PERSONAL INCOME				
	2001	2006	2010	2011
Government & Gov't Enterprises	27.2%	26.3%	28.4%	27.8%
Health Care & Social Assistance	11.2%	12.3%	15.6%	15.7%
Construction	10.6%	10.9%	7.6%	8.8%
Manufacturing - Nondurable Goods	6.3%	6.4%	8.5%	8.2%
Retail Trade	9.6%	8.9%	7.0%	7.2%



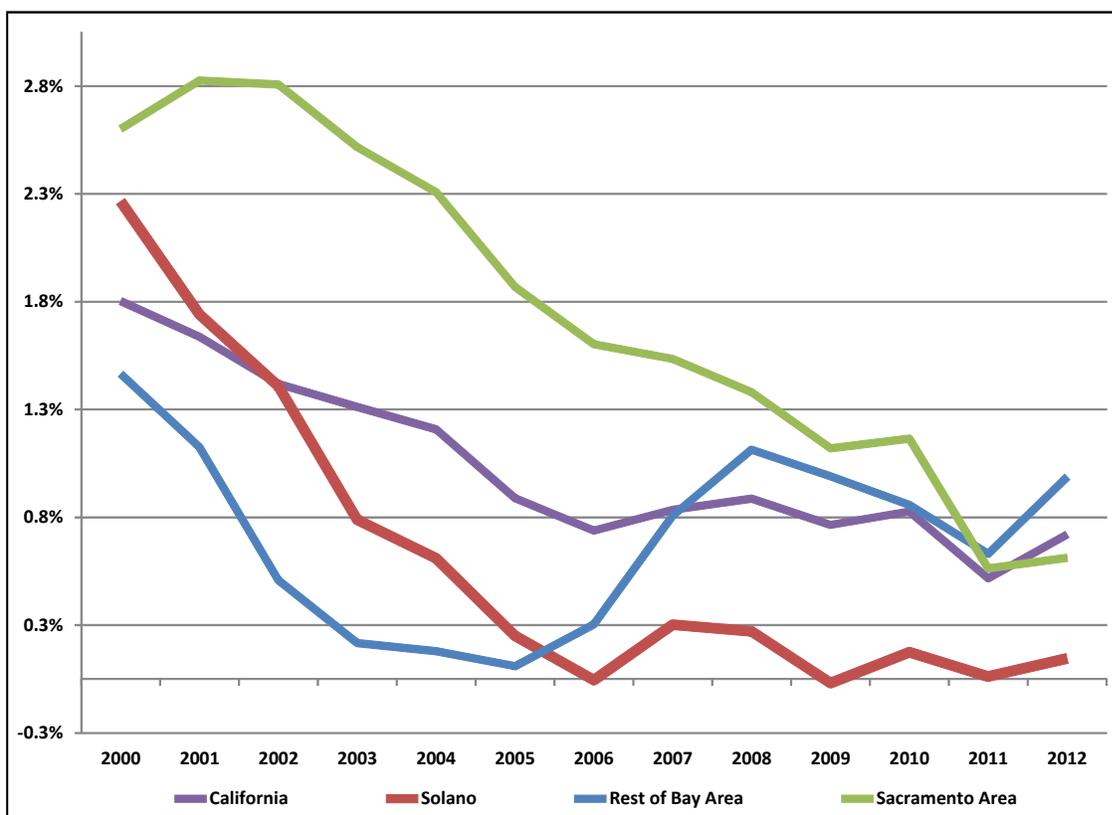
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Population Growth

For California, Solano County, Rest of Bay Area, and Sacramento Area
Percent change over prior year, 2000 to 2012

CALIFORNIA	
2000	33,721,853
2012	37,678,563
Growth	3,956,980
% Growth	11.7%
SOLANO COUNTY	
2000	399,476
2012	413,786
Growth	20,953
% Growth	5.3%
REST OF BAY AREA	
2000	5,907,658
2012	6,348,748
Growth	441,090
% Growth	7.5%
SACRAMENTO AREA	
2000	1,926,035
2012	2,341,006
Growth	414,971
% Growth	21.5%



Source: California Department of Finance, E-1: City/County Population Estimates with Annual Percent Change, www.dof.ca.gov, May 1, 2012

In contrast to the previous decade, Solano County has slowed its rate of population growth significantly. Since 2000, the annual rate of population growth has only exceeded one percent three times. The county experienced negative population growth in 2006 and 2009.

Between 1990 and 1999, Solano County's population of 339,471 residents grew by 44,851 or 13.2 percent. Between 2000 and 2009, the population grew 19,999 or 5.1 percent. Between 2010 and 2012, Solano County grew by 442 or 0.1 percent—a mere fraction of the growth in the comparable areas.

The remainder of the Bay Area's population of 5,292,454 residents grew by 532,770 or

10.1 percent between 1990 and 1999. The population grew 295,777 or 5 percent between 2000 and 2009 and 95,231 or 1.5 percent between 2010 and 2012.

Between 1990 and 1999, the Sacramento area population of 1,603,863 residents grew by 274,254 or 17.1 percent. The population grew 364,447 or 18.9 percent between 2000 and 2009 and 24,987 or 1.1 percent between 2010 and 2012.

Between 1990 and 1999, the population of the state of California increased by 3,382,558 or 11.4 percent. The population grew 3,245,130 or 9.6 percent between 2000 and 2009 and 424,607 or 1.1 percent between 2010 and 2012.



What does this mean?

Solano County's population is growing at a modest pace, but more slowly than the state and regional metropolitan areas.

Source of Population Change in Solano County

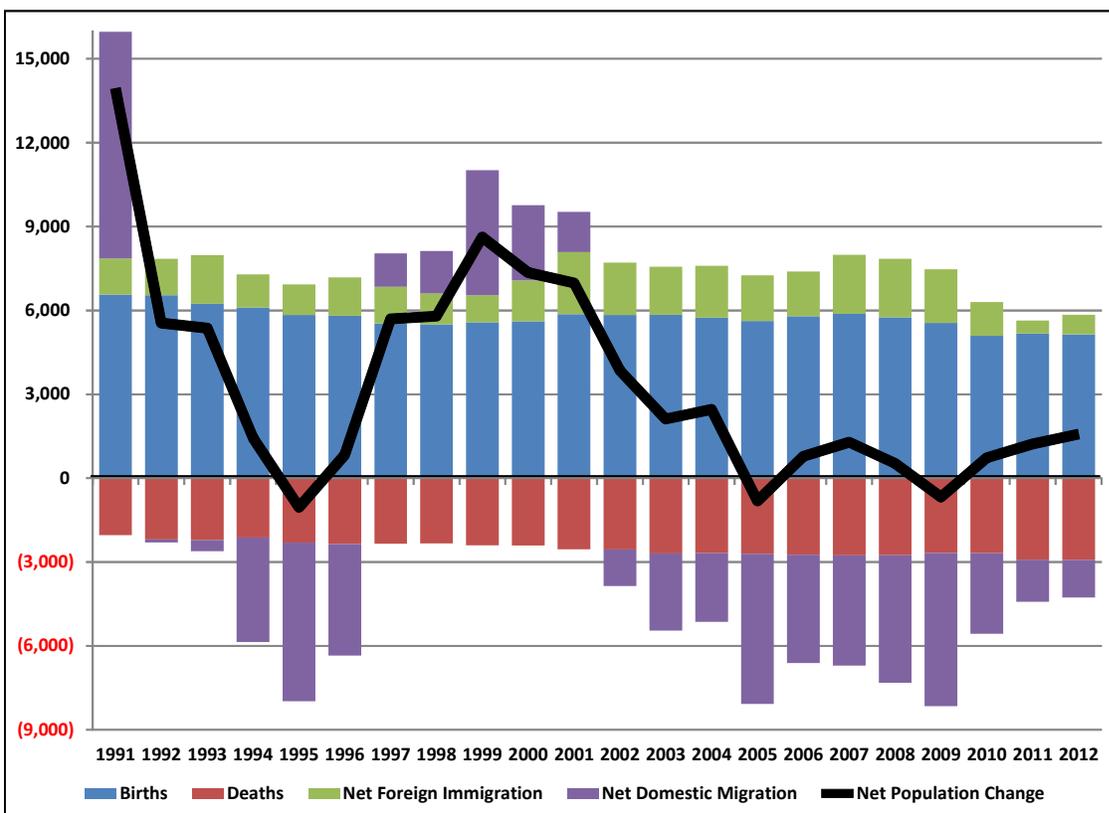
Natural Increase (Birth/Deaths) and Net Migration (Foreign Immigration/Domestic Migration)
July 1991 to July 2012

Births to families already residing in Solano County have been the primary driver of population growth over the last two decades. However, the ratio of births to deaths has declined from 3.2 in 1991 to 1.8 in 2012.

Between July 2011 and July 2012, there were 5,144 births and 2,921 deaths for a natural increase of 2,223 over the year. That represents the lowest natural increase in population since 1976.

Net foreign immigration has been a steady source of new residents, averaging 1,467 new immigrants per year since 1991. By contrast, domestic migration has been a steady source of exiting residents, averaging 1,341 fewer residents each year. Since 1991, there have only been six years in which there was a gain in population as a result of net migration — in 1991 and from 1997 to 2001.

Between July 2011 and July 2012, net foreign immigration added 700 residents and net domestic migration resulted in 1,347 fewer residents.



Source: California Department of Finance, E-6. California County Population Estimates and Components of Change by Year, July 1991 to July 2012, www.dof.ca.gov, December 2012.

SOURCES OF POPULATION CHANGE IN SOLANO COUNTY			
	Change 1991 to 2000	Change 2001 to 2010	Change 2011 to 2012
Birth	59,323	56,971	10,315
Deaths	(22,717)	(26,789)	(5,835)
Net Foreign Immigration	12,836	18,255	1,172
Net Domestic Migration	4,085	(31,208)	(2,856)
Net Population Change	53,527	24,580	73,552

The California Department of Finance defines net migration to include all legal and unauthorized foreign immigrants, residents who left the state to live abroad, and the balance of people moving within the United States both to and from Solano County.



What does this mean?

Solano County's population is due to inflow of new, foreign residents rather than natural increase and outmigration has increased sharply.

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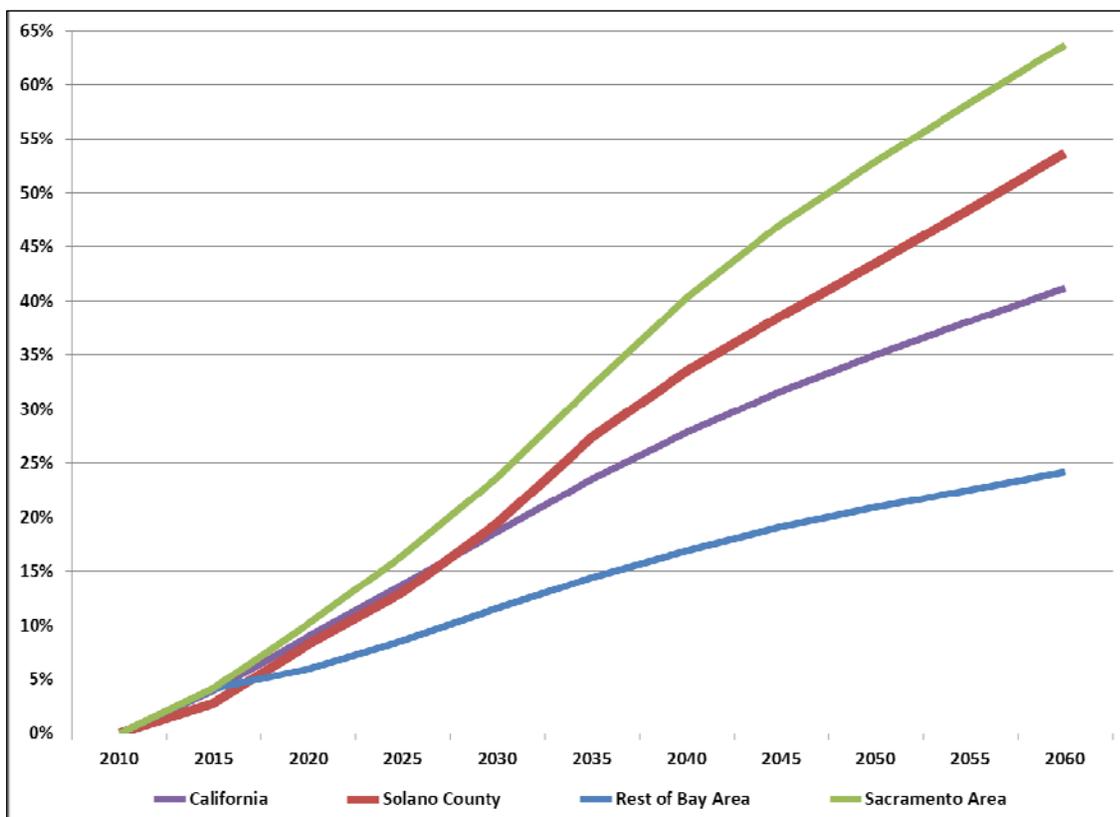
Information posted on March 21, 2013

Population Growth Projections to 2060

California, Solano County, Rest of Bay Area and Sacramento Area
Percent Growth Relative to 2010

Solano County’s growth projections over the next 50 years roughly parallels the California Department of Finance’s projections for the entire state until 2030, at which time Solano County’s projections accelerate. The cumulative rate of growth for the county more closely mirrors the faster growth of the Sacramento area instead of the slower growth in the rest of the Bay Area.

The growth projections for Solano County cast the five-year period between 2005 and 2010 as an anomaly in the county’s growth trends, which only grew 0.53 percent. The state’s projections are more aggressive than the 3.79 percent growth that the county experienced between 2000 and 2005.



Source: California Department of Finance, Interim Projections of Population for California: State and Counties, www.dof.ca.gov, May 7, 2012.

	PROJECTED 5-YEAR GROWTH INCREMENTS										
	2010	2015	2020	2025	2030	2035	2040	2045	2050	2055	2060
California	4.0%	4.0%	4.7%	4.4%	4.3%	4.1%	3.5%	3.0%	2.6%	2.4%	2.2%
Solano County	0.5%	2.8%	5.4%	4.5%	5.6%	6.6%	4.8%	3.8%	3.5%	3.5%	3.4%
Rest of Bay Area	4.1%	4.1%	1.8%	2.5%	2.7%	2.6%	2.2%	1.9%	1.5%	1.3%	1.3%
Sacramento Area	6.9%	4.2%	5.7%	5.7%	6.2%	6.8%	6.2%	4.8%	3.9%	3.6%	3.4%

If these projections hold true, Solano County’s population will be 424,494 by 2015, escalating by about 20,000 residents every five years (spiking higher between 2030 and 2040) to a population of 634,852 in 2060. Relative to 2010, the Department of Finance is projecting a gain of 221,735 residents or a 53.7 percent increase in Solano County’s population by 2060.

In contrast to the previous four decades, this is a more mod-

est rate of growth for Solano County. Between 1970 and 2010, the county’s population went from 172,500 to 413,154 — an increase of 161,551 residents or a 139.5 percent increase in population. That period was punctuated by double-digit growth between 1975 and 1990. The population grew by 26.17 percent, 15.22 percent and 25.32 percent during the five-year periods concluding in 1980, 1985 and 1990, respectively.

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Solano County Population Changes by Age

2000 to 2012

The age of Solano County’s population is shifting. While the population increased 4.8 percent between 2000 and 2012, children age 19 and younger and adults age 30 to 49 experienced a decline in their number, shrinking 12,893 or 10.5 percent and 17,444 or 13.7 percent, respectively. As a share of the population, age 19 and under shrank from 31 percent to 26.5 percent and 30 to 49 shrank from 32.2 percent to 26.5 percent.

At the same time the population of adults age 20 to 29 increased 4,610 or 8.8 percent, age 50 to 64 increased 30,831 or 54.8 percent, and the population 65 and older increased by 13,835 or 36.6 percent. As a share of the population, 20 to 29 increased from 13.1 percent to 13.6 percent, 50 to 64 increased from 14.2 percent to 20.9, and 65 and older increased from 9.5 percent to 12.4 percent.

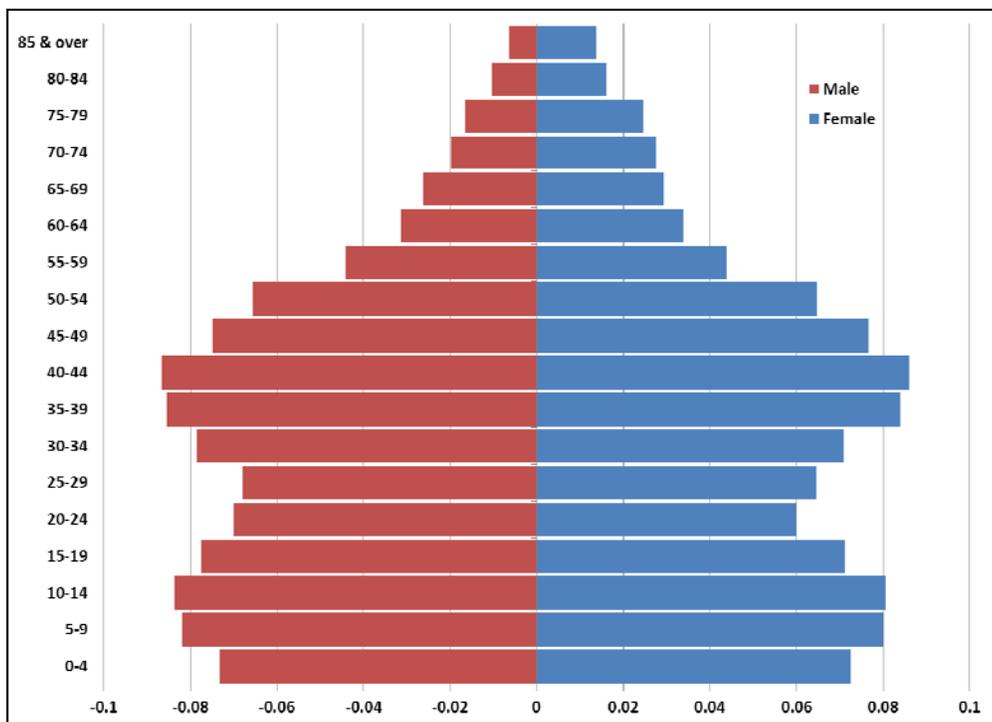
Statewide, overall population increased with gains in all age ranges except the 5 to 14 age category, the 30 to 44 age category and the 75 to 79 age category.



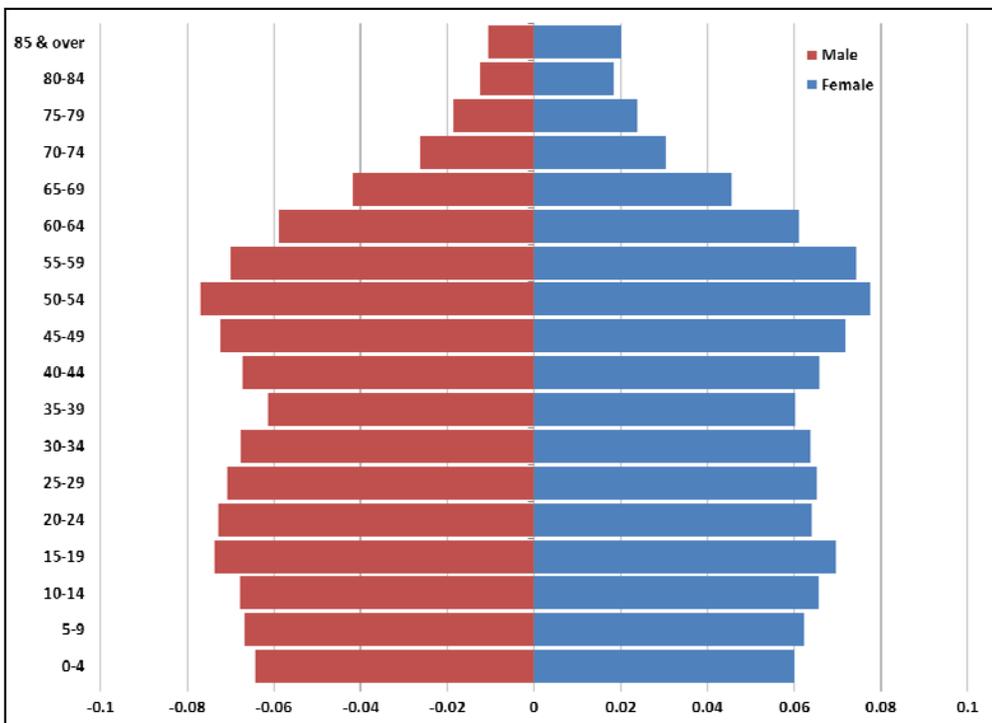
What does this mean?

With more than one fourth of the current population reaching typical retirement age over the next two decades and a shrinking youth population, there are potential impacts to long-term workforce availability.

Solano County Population 2000



Solano County Population 2012



Source: California Department of Finance, www.dof.ca.gov

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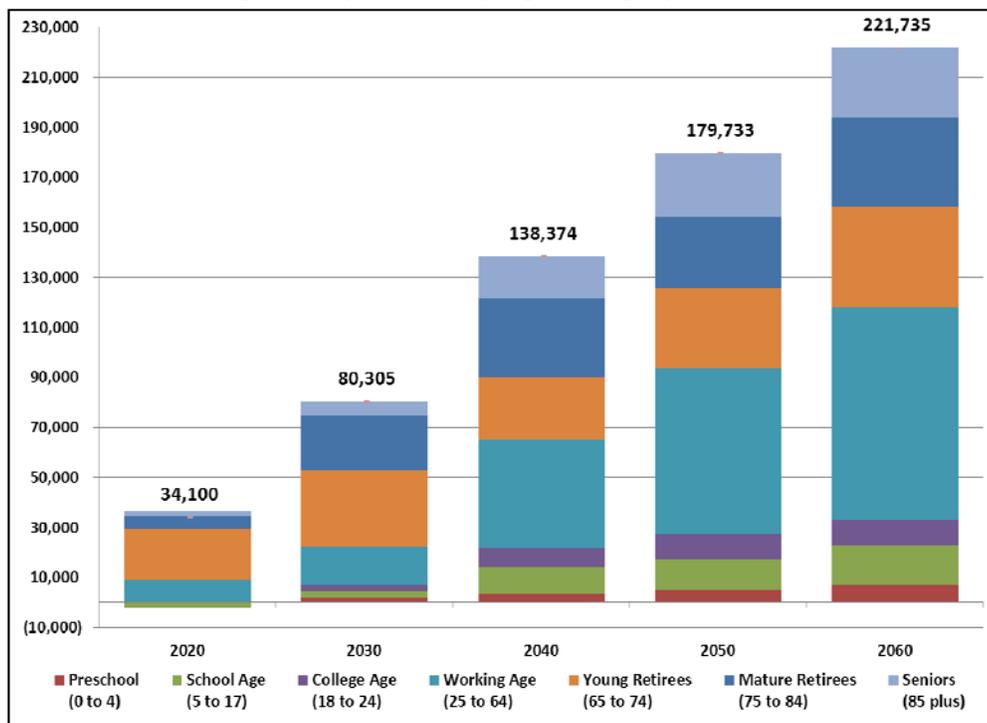
Projected Changes in Solano County's Age and Ethnic Composition

2000 to 2060

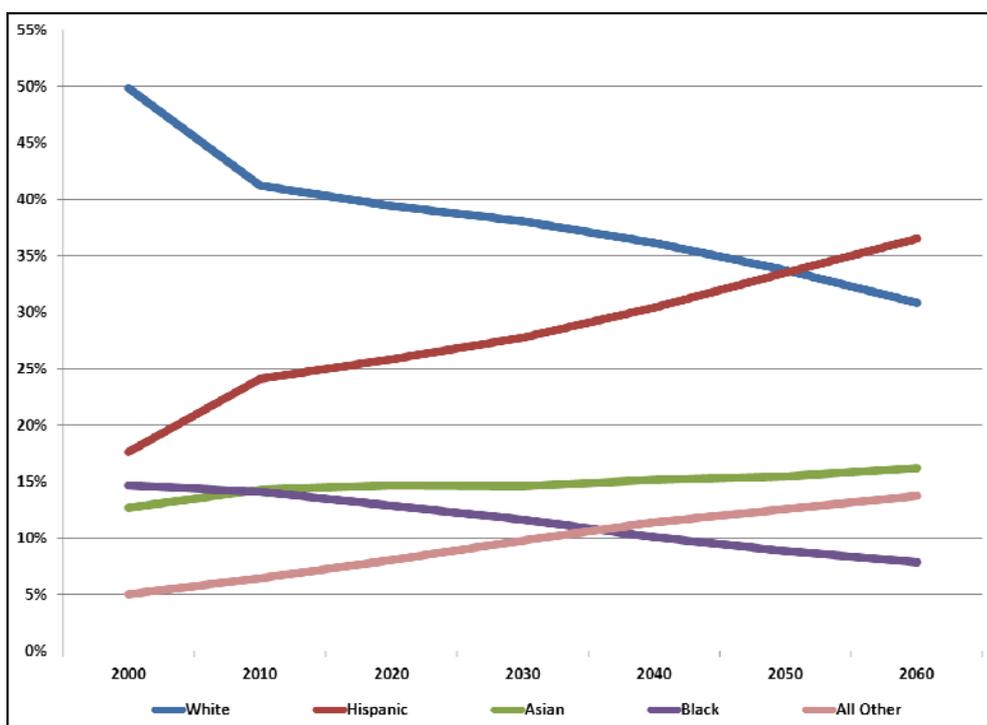
Solano County's demographics are continuing to shift, both in the age of residents and ethnic composition. The School Age sector is anticipated to continue its numerical decline through 2020, before starting to see new gains. As a share of the population, Preschool, School Age and College Age are projected to continue declining, reaching 5.4 percent, 14.1 percent and 8 percent, respectively, by 2060. By 2030, the last of the Baby Boomers will be in the Young Retirees age category and people over age 65 will represent 21.3 percent of the population, up from 11.4 percent in 2010. The Working Age will experience numeric increases but will decline in the share of the population from 53 percent in 2000 to 48.8 percent in 2060.

The Hispanic ethnic group is projected to become the majority of the county's population by 2051 and Blacks will continue to become a smaller segment of the population. Whites are projected to reverse a trend of declining numbers through 2050 before starting to decline again. Asian and All Other (mostly multi-racial) ethnic groups are expected to have continued increases over the next 50 years. As a share of the population in 2060, the projected changes in the ethnic composition are: Hispanic up 132.5 percent, All Others up 112.1 percent, Asian up 73.9 percent, White up 14.9 percent, and Black down 14 percent.

Cumulative Change in Population by Age Category, 2010 to 2060



Change in Share of Population by Ethnicity, 2000 to 2060



Source: California Department of Finance, P-3: State and County Total Population Projections by Race/Ethnicity and Detailed Age, 2010-2060, www.dof.ca.gov, Jan. 31, 2013. All Other includes American Indian, Pacific Islander and Multi-Race.

High School Dropout Rate

Changes in the high school dropout rate by ethnicity
2006-2007 to 2010-2011 school years

Solano County has made strides toward reducing the high school dropout rate, both countywide and by the respective ethnicities. From the 2006-07 to 2010-11 school years, the one-year high school dropout rate declined from 7.4 percent to 4.8 percent. The county went from having a 1.9 percent gap with the state to only a 0.5 percent gap.

All ethnic groups experienced declines in the dropout rate between the 2006-07 to 2010-11 school years; most significantly are the following ethnicities: American Indian down 6.2 percent, African American down 4.6 percent and Hispanic 2.2 percent.

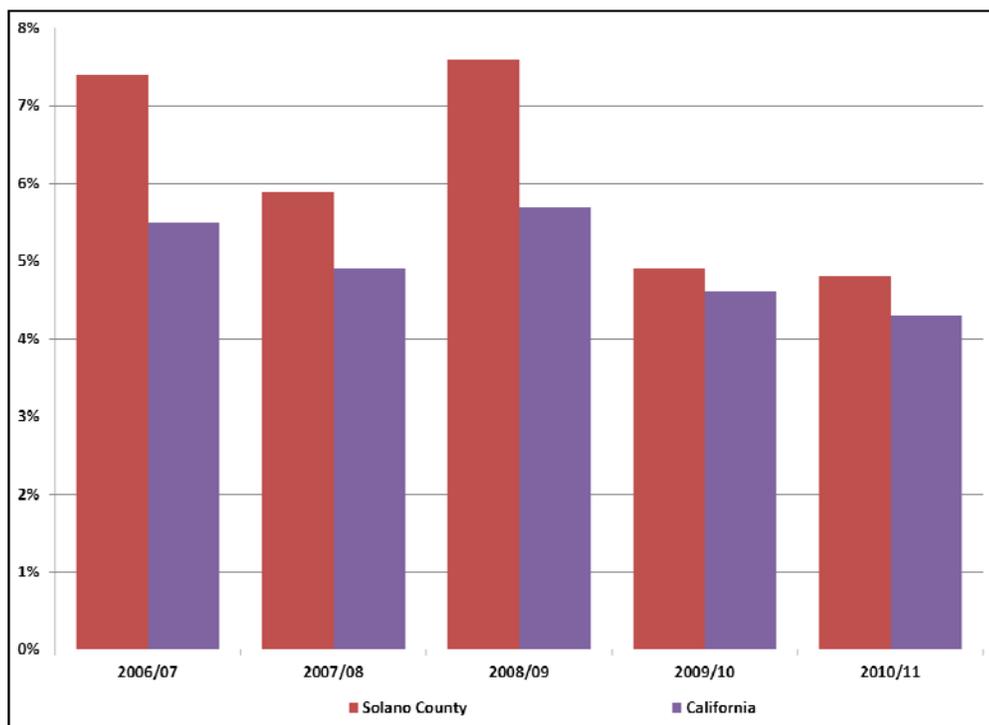
Compared to the 2009-10 school year, all ethnic groups experienced slight decreases in 2010-11 except for African American students (no change) and Asian and Pacific Islander had a slight uptick.



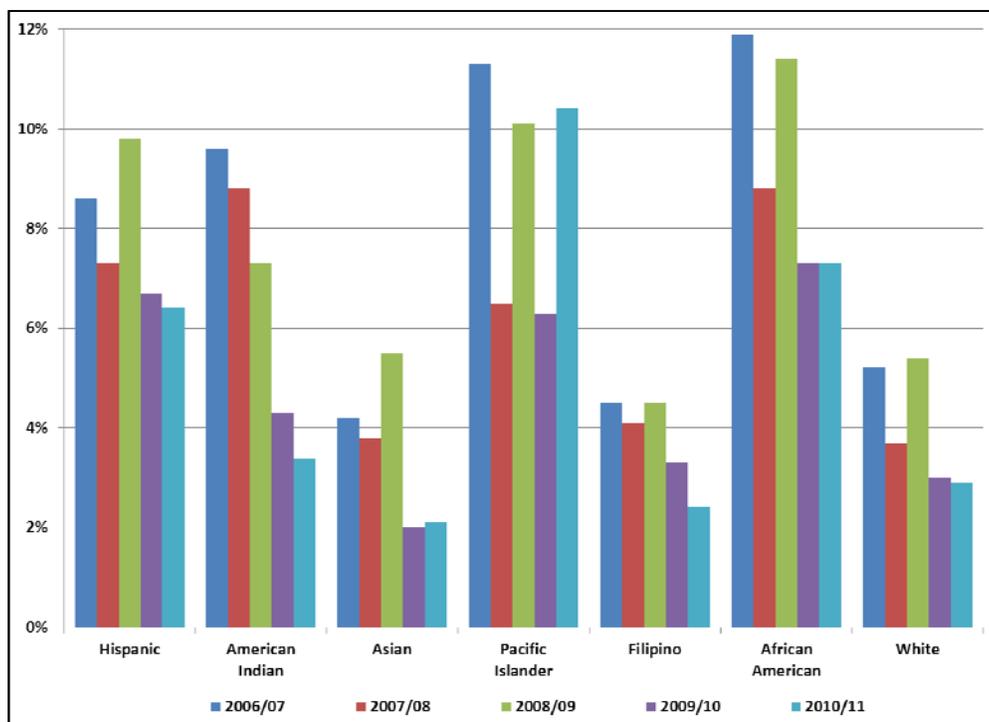
What does this mean?

While the dropout rate and the ethnicity gap is declining, the dropout rate continues to be higher than the state.

Solano Dropout Rate Compared to California



Dropout Rate by Ethnicity



Source: California Department of Education, <http://dq.cde.ca.gov/dataquest/>, Feb. 22, 2012

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High School Graduation

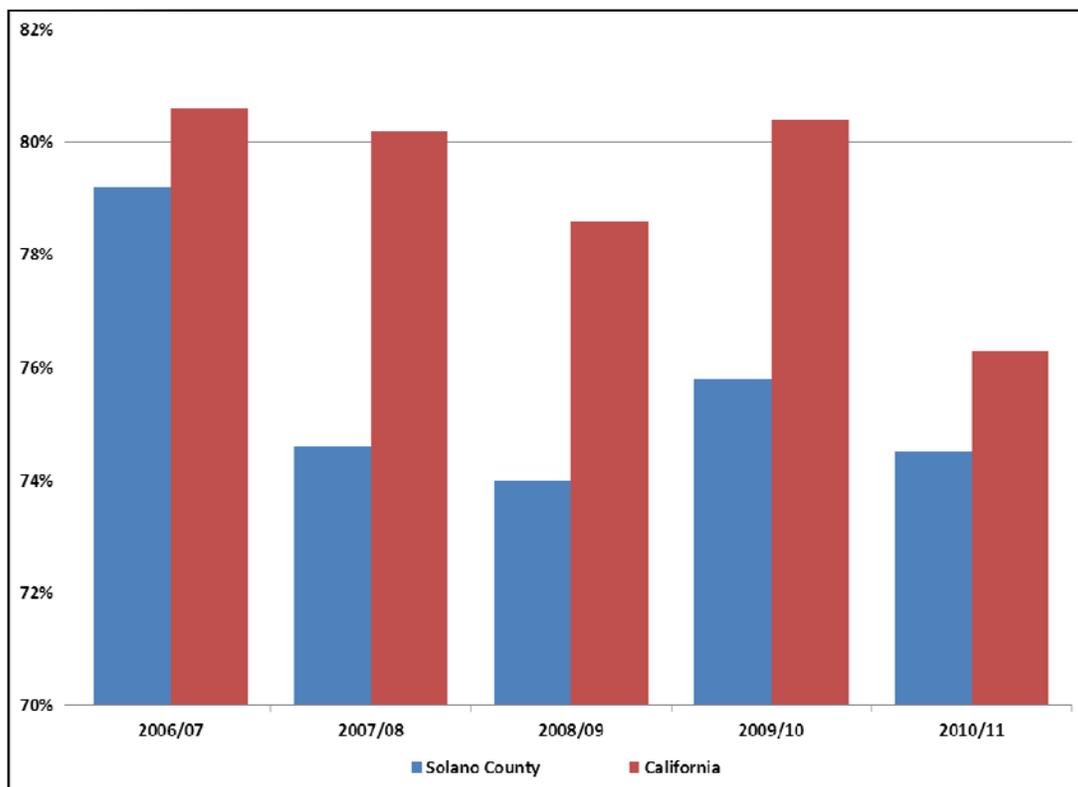
Rate of High School Graduation

2006-2007 to 2010-2011

Over the five-year period, the graduation rate from Solano County public schools declined from 79.2 percent to 74.5 percent. Between the 2009/10 and 2010/11 school years, the Solano County graduation rate declined and virtually erased the gains that occurred the year earlier.

Statewide the graduation rate dropped after four years of relative stability. The graduation rate declined from 80.6 percent in 2006/10 to 76.3 percent in 2010/11.

As a result of the decline in the statewide graduation rate, Solano County narrowed the gap with the state rate. Since 2007/08 the gap with the state hovered around 5 percent, which narrowed to a difference of 1.8 percent in 2010/11. When examined by ethnicity, Solano County graduation



Source: California Department of Education, <http://dq.cde.ca.gov/dataquest>, Feb. 22, 2012

rates trailed the state percentages in all ethnic categories except American Indian/Alaska Native and two or more races, not Hispanic.

2010/11 GRADUATION RATES BY ETHNICITY			
	Solano	State	Difference
American Indian or Alaska Native	87.8%	68.0%	19.8%
Two or More Races	87.4%	81.4%	6.0%
Filipino	85.5%	89.0%	-3.5%
Asian	84.2%	89.7%	-5.5%
White	82.4%	85.4%	-3.0%
Hispanic or Latino of Any Race	68.2%	70.4%	-2.2%
Pacific Islander	66.7%	74.3%	-7.6%
African American	61.1%	62.8%	-1.7%
Not Reported	22.9%	46.3%	-23.4%
All Ethnicities	74.5%	76.3%	-1.8%



What does this mean?

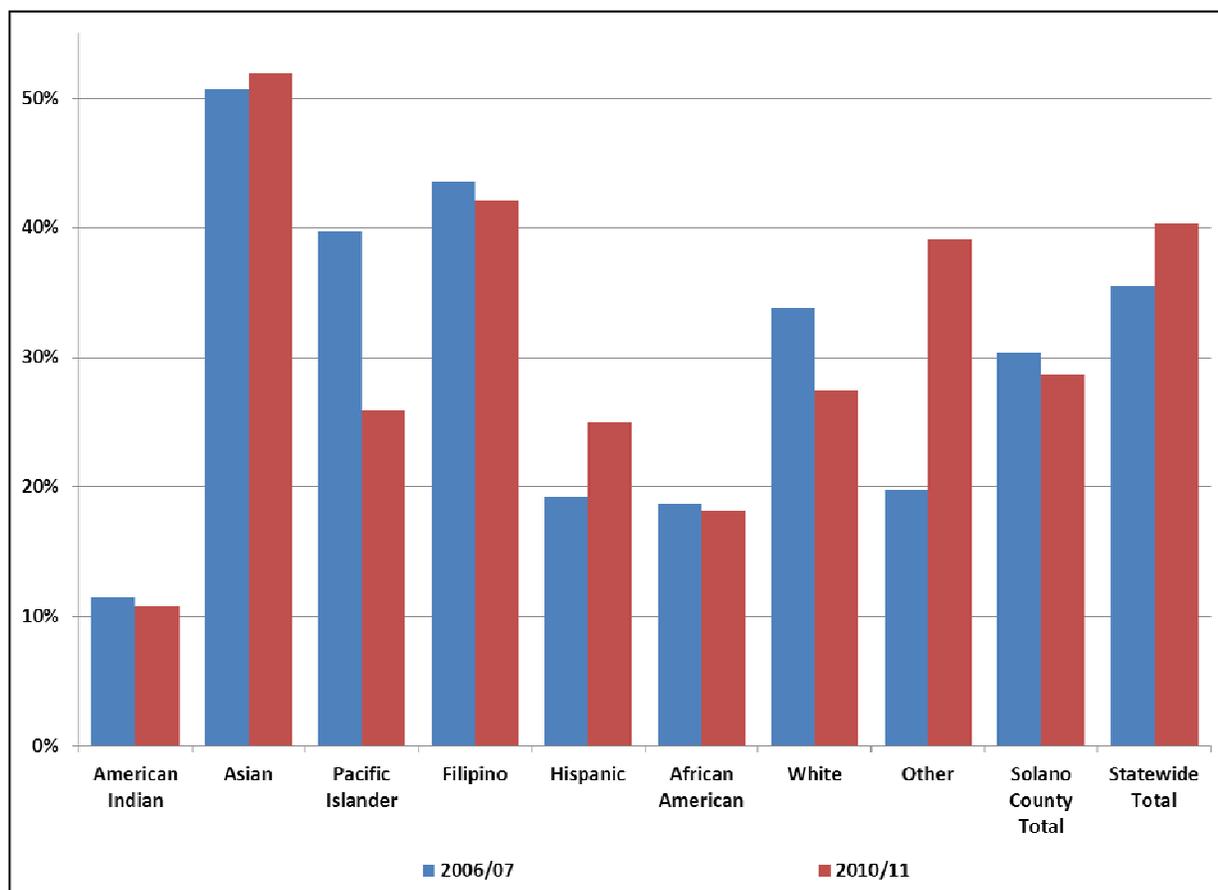
The overall Solano County graduation rate has hovered around the 75 percentile for the last four years.

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Graduates with UC/CSU Required Courses

Percentage of Graduates Who Meet UC/CSU Requirements by Ethnicity
2006-2007 to 2010-2011



Source: California Department of Education, <http://dq.cde.ca.gov/dataquest>, Feb. 22, 2012

The overall number of high school graduates in Solano County who met requirements for the University of California (UC) and California State University (CSU) entrance requirements declined from 30.3 percent to 28.6 percent over the five-year period. At the same time, the statewide statistics improved from 35.5 percent to 40.3 percent.

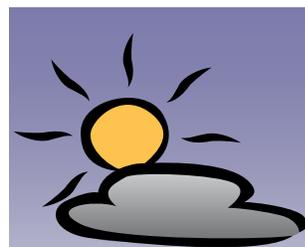
Compared to the 2009/10 academic year, the overall number of high graduates meeting UC-CSU requirements increased one percent in Solano County and 4.7 percent statewide.

Three Solano County ethnic groups showed increases: Hispanic gained 5.7 percent to

25 percent meeting the requirements, Asian gained 1.2 percent to 51.9 percent; and Other gained 19.4 percent to 39.1 percent.

Groups showing declines were: American Indian down 0.7 percent to 10.8 percent meeting the requirements, Pacific Islander down 13.7 percent to 25.9 percent, Filipino down 1.4 percent to 42 percent, African American down 0.6 percent to 18.1 percent and White down 6.3 percent to 27.4 percent.

Statewide, all ethnic groups showed gains of 3.9 percent to 7.7 percent over the five-year period.



What does this mean?

The overall percentage of graduates meeting UC/CSU requirements is increasing, but lags the state and 2006/07 local benchmark.

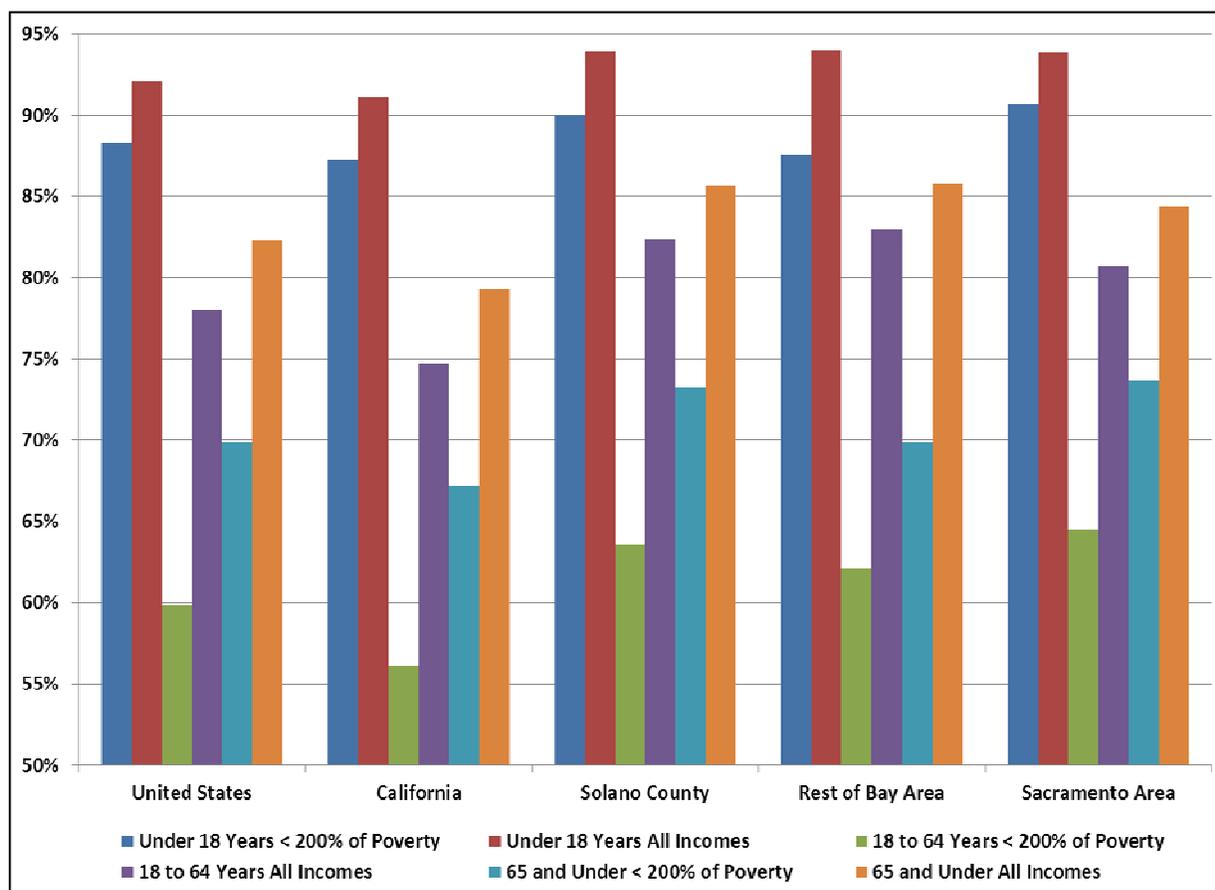
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Health Insurance Coverage

Percent of Population (65 and younger) Insured in 2010

United States, California, Solano County, Rest of Bay Area and Sacramento Area



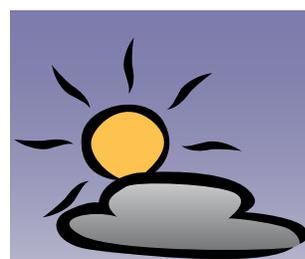
Source: U.S. Census Bureau, Small Area Health Insurance Estimates 2010, www.census.gov, Nov. 1, 2012.

Overall, Solano County health insurance coverage in 2010 was on par with the rest of the Bay Area and slightly better than the Sacramento area, California and the nation. Among those making less than 200 percent of the poverty level, Solano County trailed the Sacramento area and did slightly better than the rest of the Bay Area, California and the nation.

The number of insured residents under age 65 of all incomes in Solano County was 85.7 percent, which declined to 73.2 percent among those earning less than 200 percent of the poverty level. Among individuals 18 to 64 of all incomes 82.4 percent had health insurance, which declined to 63.6 percent

among those earning less than 200 percent of the poverty level. Among individuals under age 18 of all incomes 93.9 percent had health insurance coverage, which declined to 90 percent among those coming from families earning less than 200 percent of the poverty level.

Federal healthcare reforms taking effect in 2014 are anticipated to improve the number of people with health insurance coverage. In addition, Path2Health, a two-year pilot project of the County Medical Services Program was launched in January 2012, expanding the number of low-income individuals in Solano County who are eligible for public-funded health insurance.



What does this mean?

Solano County is holding steady on the number of people who have health insurance coverage.

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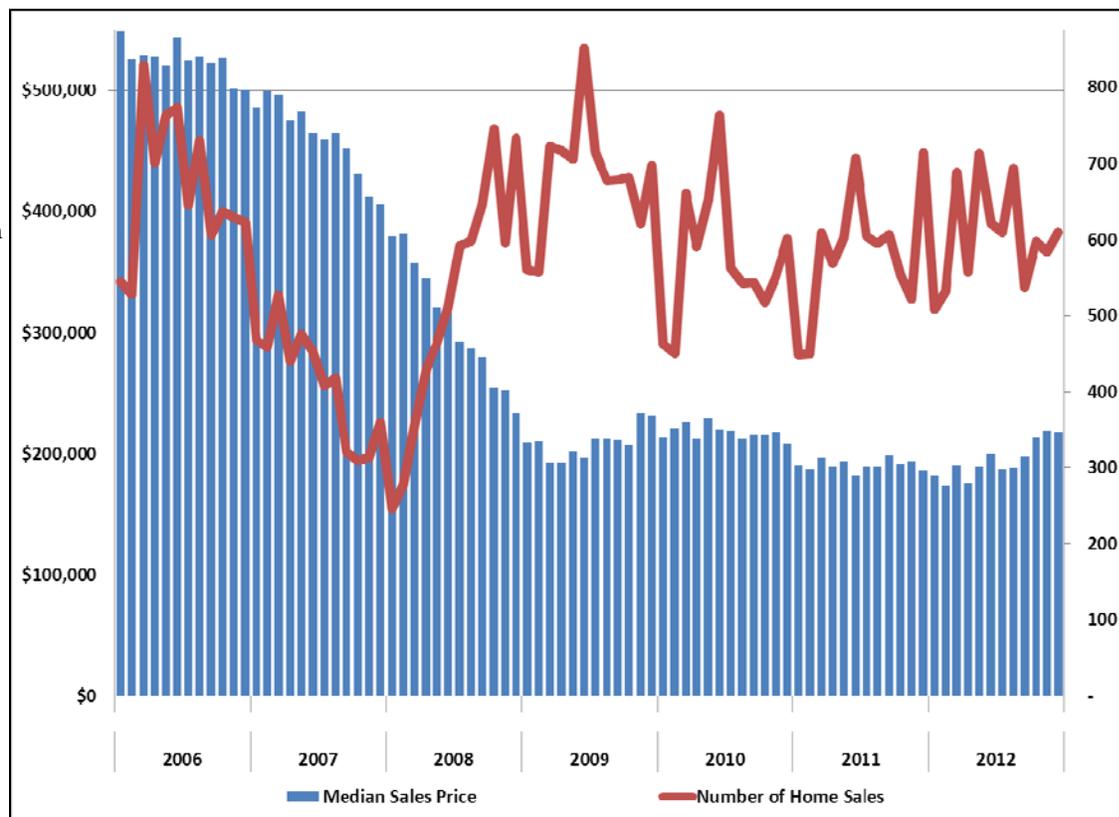
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Trends in Home Sales in Solano County

Median Sale Price and Number of Home Sales 2006 to 2012 (in constant 2012 dollars)

After adjusting for inflation, the median sales price for homes in Solano County was \$218,000 in December 2012, up \$31,701 or 17 percent from December 2011. The month marked the third consecutive month of year-over-year gains in the median home price.

The median home sales price edged back up over the \$200,000 mark in October 2012, ending 21 straight months of home prices bouncing below that threshold, falling to a low of \$174,432 in February 2012.



Source: MDA DataQuick Information Systems, Bay Area Home Sales, www.dqnews.com, Jan. 16, 2013; California Association of Realtors Traditional Housing Affordability Index, www.car.org.

The housing market in Solano County peaked in June 2006 at \$544,133 in today's dollars, a decline of \$326,133 or 59.9 percent from June 2006 to December 2012.

The number of home sales in December 2012 was 610, down 104 or 14.6 percent from December 2011. The number of home sales in 2012 was 7,251, which is up 274 homes or 3.9 percent over 2011. Compared to 2006, the sales volume is down 749 homes or 9.4 percent.

Solano County's housing market is showing positive signs of continued improvement; however, it trails the pace of recovery that the overall Bay Area is experiencing. The Bay Area has had 18 consecutive months of year-over-year gains in the median home price; the Bay Area's

median home price rose at its fastest rate in more than 25 years, according to DataQuick. The median home price in December 2012 for the entire Bay Area was \$442,750, up \$99,796 or 29 percent from December 2011 after adjusting for inflation.

As a result, Solano County is the most affordable county in the Bay Area for home ownership with 77 percent of home buyers able to afford a median-priced, existing single family home, according to the California Association of Realtors Traditional Housing Affordability Index. For the third quarter of 2012, the Bay Area was at 35 percent, statewide at 49 percent and United States at 67 percent.



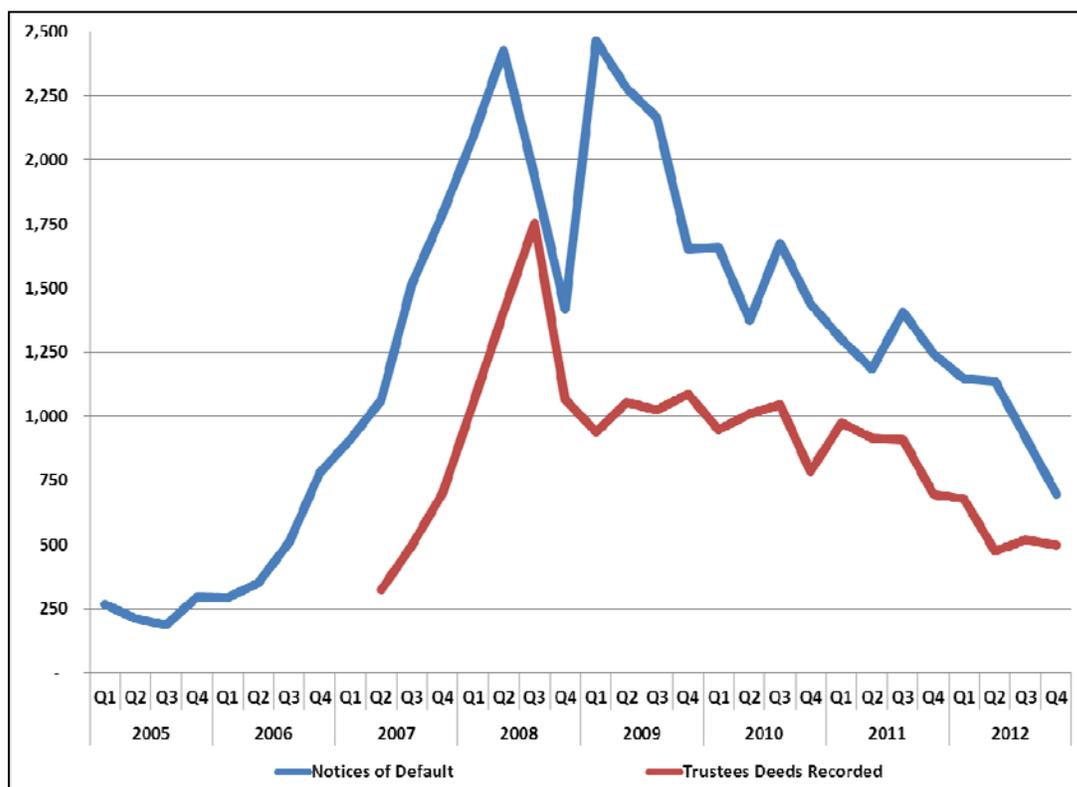
What does this mean?

Affordable housing is attractive to prospective employers, but is offset by reduced community services paid with declining tax revenues.

Foreclosure Activity in Solano County

Notices of Default and Trustee Deeds Recorded 2006 to 2012

Lenders recorded a total of 3,897 notices of defaults in Solano County during 2012, down 1,240 or 24.1 percent from 2011. At 696 for the fourth quarter of 2012, this represents the lowest quarter for notices of default in the county since the fourth quarter of 2006. It also represents the sixth consecutive quarter of quarter-over-quarter declines in notices of default. However, the number of notices of default in Solano still remains significantly higher than the pre-housing collapse numbers in 2005, which had 966 for the entire year.



Source: MDA DataQuick Information Systems, www.dqnews.com, Jan. 23, 2013. DataQuick did not report detailed information on trustee deeds until 2007.

Trustee deeds recorded in Solano County totaled 2,072 for 2012, down 1,327 or 37.9 percent for the year. This represents the fourth consecutive year of year-over-year declines in trustee deeds recorded in the county—falling from a high of 5,281 in 2008.

The rest of the Bay Area experienced 26,149 notices of default in 2012, down 12,099 or 31.6 percent for the year. The rest of the Bay Area experienced 11,735 trustee deeds recorded in 2012, down 2,172 or 10.8 percent for the year. Solano accounted for 14.9 percent of notices of default and 15.6 percent of trustee deeds recorded in the Bay Area.

Across the state, foreclosures were at their lowest levels in six years as a result of rising home values, an improving economy and a shift toward short sales, according to

DataQuick. DataQuick also found that mortgage defaults and foreclosures were more concentrated in the more affordable communities.

The dip in late 2008 reflects the implementation of SB 1137, which modified the procedures for filing notices of defaults that extended the time a mortgage was in default before the bank could file notices. The revised process applies only to owner-occupied mortgages made between 2003 and 2007. The law sunset on January 1, 2013.

The filing of a notice to default is the first step in the foreclosure process. The recording of the trustee deed is a signal the homes were lost to foreclosure.



What does this mean?

While foreclosure activity is improving in Solano County, the volume of foreclosures remains a drag on local housing prices.

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Change in Notices of Default

For Solano County, Rest of Bay Area and California

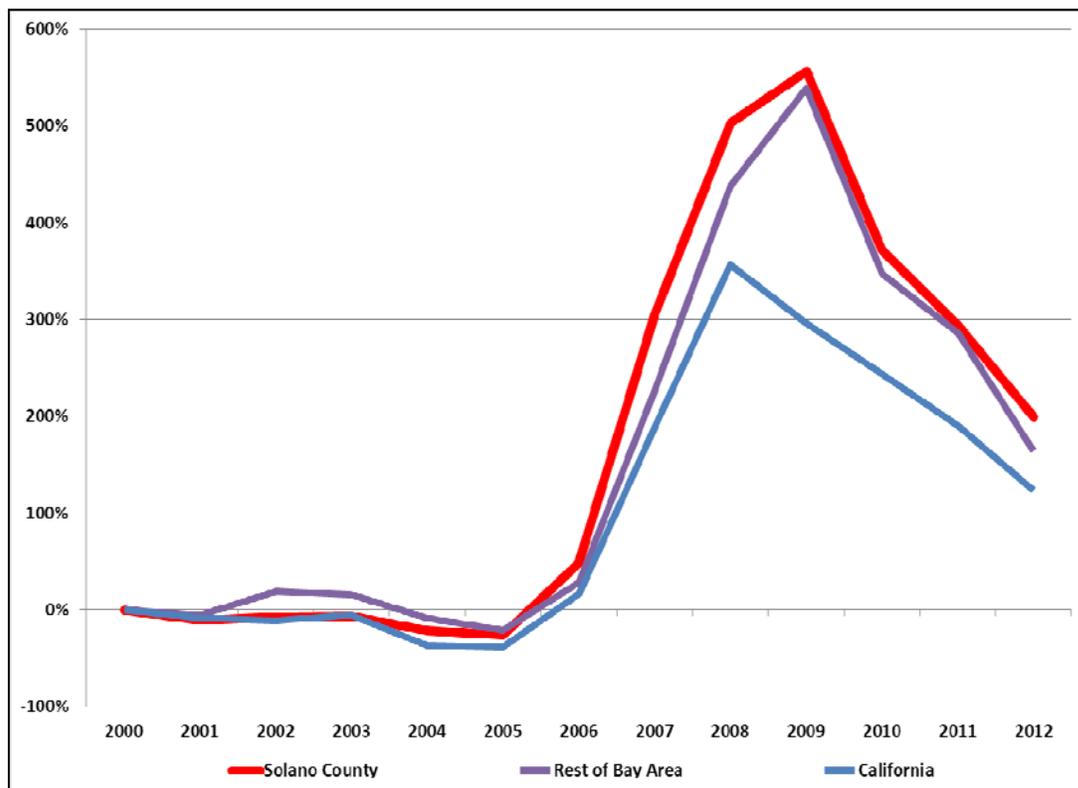
Trends relative to 2000

The rise in notices of default starting in 2006 reflects the collision of weak underwriting standards, the collapse of the housing market and job losses from the Great Recession.

The notices of default have been on decline since peaking in 2009 with 8,561 notices; however, the numbers are still higher than historical averages. Lenders are filing three times as many notices of defaults as they were in 2002 and twice as many as they were in 2006.

In 2000, Solano County accounted for 13.2 percent of the notices of default in the Bay Area and 1.5 percent of the notices in California. By 2009, Solano accounted for 13.5 percent of notices of default in the Bay Area and 2.4 percent of the state. In 2012, Solano notices of default represented 14.9 percent of the Bay Area and 2 percent of the state.

Solano County represents 6.2 percent of the Bay Area population and 1.1 percent of the state population.



Source: MDA DataQuick Information Systems, www.dqnews.com, Jan. 23, 2013. DataQuick did not report detailed information on trustee deeds until 2007.

	2000	2006	2009	2010	2011	2012
NOTICES OF DEFAULT						
Solano County	1,304	1,935	8,561	6,153	5,137	3,897
Rest of Bay Area	9,907	12,715	63,266	44,283	38,248	26,149
<i>Solano % of Bay Area</i>	13.2%	15.2%	13.5%	13.9%	13.4%	14.9%
Statewide	88,611	103,398	350,738	304,165	257,394	198,111
<i>Solano % of California</i>	1.5%	1.9%	2.4%	2.0%	2.0%	2.0%
TRUSTEES DEEDS RECORDED						
Solano County			4,108	3,790	3,499	2,172
Rest of Bay Area			23,797	21,945	20,172	11,735
<i>Solano % of Bay Area</i>			14.7%	14.7%	14.8%	15.6%
Statewide			190,360	171,334	155,672	96,143
<i>Solano % of California</i>			2.2%	2.2%	2.2%	2.3%



What does this mean?

Mortgage defaults and foreclosures are on the decline, but remain three times higher than before the recession and the housing market collapse.

The 2012 Solano County Index of Economic and
Community Progress can be found at:
www.solanocounty.com/economicindex

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**SOLANO
City County Coordinating Council
Staff Report**

Meeting of. March 14, 2013

**Agency/Staff: Michelle Heppner,
Solano County Administrator's
Office, and Paul Yoder, Shaw,
Yoder, Antwih Inc.**

Agenda Item No: V.2

Title /Subject: Legislative Update

Background: CCCC staff will provide an update on legislative issues of concern to the County and the cities.

State Legislative Update

Staff and the County's legislative advocate, Paul Yoder, will provide an oral update on State related legislation.

Federal Legislative Update

On Tuesday, March 12, House Budget Committee Chairman Paul Ryan (R-WI) unveiled a fiscal year 2014 budget plan that aims to erase the nation's deficit in 10 years. The blueprint would bring the budget into balance by cutting projected spending by roughly \$4.6 trillion and by proposing politically contentious changes in federal law, including eliminating the Affordable Care Act and overhauling the tax code. The Budget Committee is expected to consider the budget blueprint on Wednesday, March 13, with House floor action expected shortly thereafter.

Under the House Republican plan, discretionary spending would essentially be kept flat over the budget's 10-year timeframe, with an average annual growth of less than one percent. In fiscal year 2014, the Ryan budget would provide about \$414 billion in domestic discretionary spending, or more than \$50 billion less than it would be under the 2011 Budget Control Act (BCA) and the automatic spending cuts that recently took effect under sequestration.

Department of Defense programs, however, would be allocated \$552 billion beginning next fiscal year, essentially canceling the sequester's effect on the Pentagon and transferring those cuts to domestic programs. The budget proposal would effectively create a new set of domestic spending caps, while Medicare and other non-exempt mandatory spending programs, such as unemployment insurance and farm price supports, would continue to be reduced in an across-the-board manner. The \$966 billion in combined discretionary spending under the GOP budget would be \$92 billion below the \$1.058 trillion fiscal 2014 discretionary cap set by the BCA.

Incidentally, there are relatively few policy changes in the House Republican budget document compared to the GOP's 2013 budget blueprint. Like last year, the budget proposes to replace the current fee-for-service Medicare program with a voucher-like system, beginning in 2024. In addition, the budget recommends transforming the Medicaid and food stamp programs into block grants to States.

Across Capitol Hill, Senate Democrats are expected to unveil their own budget document on Wednesday, March 13. The budget proposal will look very different from the Ryan budget and will likely closely track with an alternative proposal that House Democrats are expected to release in the coming days.

On a related matter, the Obama administration is scheduled to unveil its fiscal year 2014 budget the week of April 8. Although the president, by law, is required to issue his budget on the first Monday in February, the administration has indicated that a number of fiscal uncertainties - including the end of year fiscal cliff deliberations - has forced the White House to delay the release of its budget.

Finally, with the current Continuing Resolution (CR) slated to expire on March 27, lawmakers are currently working on another stopgap spending bill that will run through the end of fiscal year 2013. The House recently approved its CR, which would fund the government through September 30 at levels prescribed under the BCA (which would keep sequestration levels in tact). Senate appropriators unveiled their version of the CR on Monday, March 11; the measure would adhere to the overall spending limits prescribed under the BCA while granting many federal agencies more leeway to manage the spending cuts under sequestration.

Discussion: At each CCCC meeting, staff provides a legislative update to keep members informed of activities at the State and Federal level.

Recommendation: Receive a report on legislative matters of concern.