



Solano County 2010 Index of Economic and Community Progress

Solano Economic Development Corporation

Prepared by Collaborative Economics • January 2011

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

www.solanocounty.com



It is my pleasure to present to you the third annual Solano County *Index of Economic and Community Progress*. This insightful document provides an objective analysis of key indicators shaping our local economy. Some indicators reflect the realities of the recession; others give us an update on issues we've been tracking. Happily, we have also found reasons for optimism.

The diversified Solano economy that evolved in the wake of the Mare Island shipyard closure has helped us weather this recession. The economic hit of base closure awakened this community to the fact that over dependence on our two most important economic engines – military bases and agriculture – meant we were not resilient enough to control our own economic destiny. By the time we conducted the first Economic Index in 2008, we had grown seven more key industry clusters: advanced food and beverage manufacturing, construction, health and social science, life science, professional and environmental services, specialized manufacturing, and trade and logistics.

The current high unemployment locally – fueled mostly by the collapse of the housing market – is another wakeup call. The resulting recession changed our business models – both public and private sector – as we evolve away from our over dependence on the construction industry sector. It now appears we have arrested the economic decline, but it is going to take private sector entrepreneurial efforts to repair and re-grow our economy. The data in this Index affirms that the same solution we found in 1995 applies today: we need to expand today's successful clusters and work to diversify our economy even more.

When the community started this research project, we said the Index and the associated industry cluster analyses would serve as conversation starters to respond to challenges and opportunities. We have been putting our words into action. We are making headway on getting practical Science, Technology, Engineering and Mathematics (STEM) programs in our schools. We've expanded joint marketing efforts in business attraction and tourism. We are growing our energy cluster. We are working to expand the linkages between our productive agricultural lands and value-added processing facilities. More on this topic will be discussed in February with the completion of an analysis of our local Food Chain cluster. I am also pleased to announce that Yolo County has committed to participate in a joint economic summit later this year to exploit the Food Chain cluster opportunities.

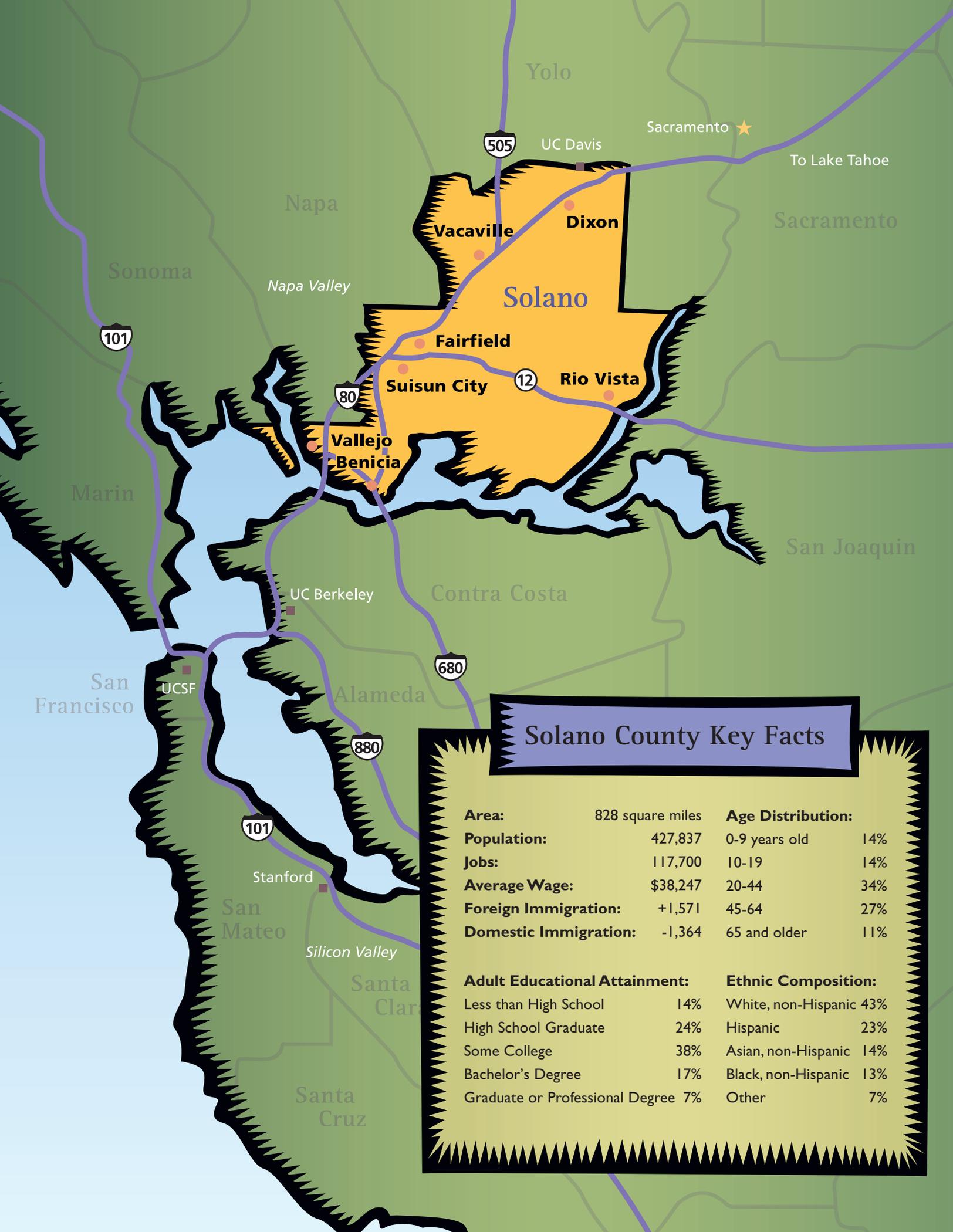
Looking forward, I challenge you, our partners, to convert the bits of optimism found in this report into nuggets of opportunities. Our collective entrepreneurial spirit should be able to capitalize on an adult workforce that continues to become more educated, a growing micro-enterprise employment sector, and a business churn with more businesses growing in Solano County than leaving. I look forward to reading in future Indexes how your actions today and tomorrow built a thriving, resilient and diversified economy – one that ensures our shared economic prosperity.

Sincerely,

Michael J. Reagan

Chair

Solano County Board of Supervisors



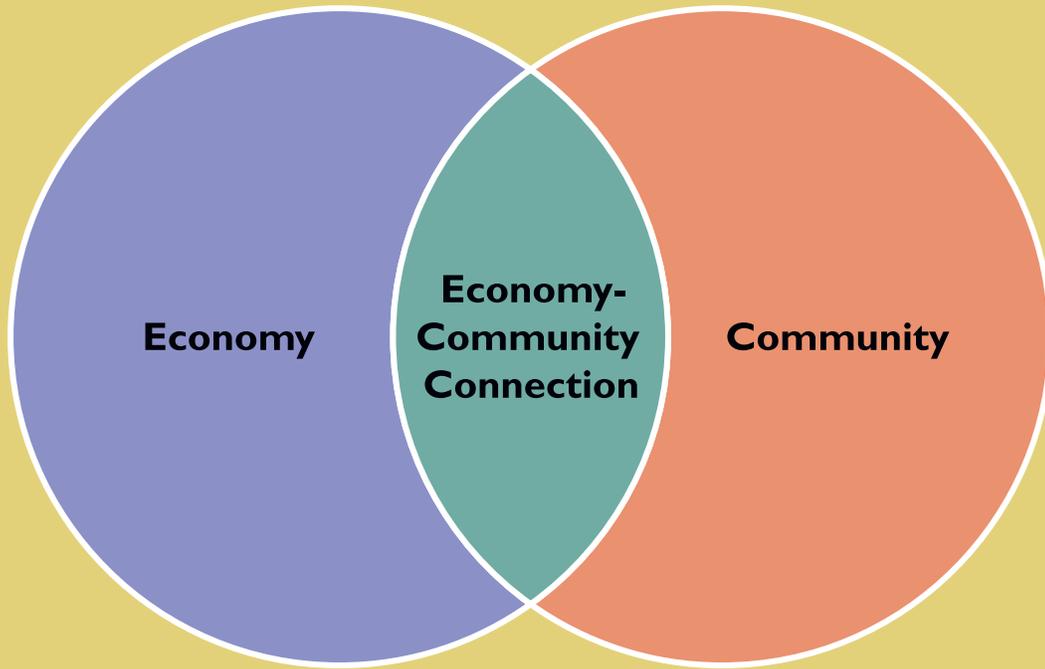
Solano County Key Facts

| | | | |
|------------------------------|------------------|--------------------------|-----|
| Area: | 828 square miles | Age Distribution: | |
| Population: | 427,837 | 0-9 years old | 14% |
| Jobs: | 117,700 | 10-19 | 14% |
| Average Wage: | \$38,247 | 20-44 | 34% |
| Foreign Immigration: | +1,571 | 45-64 | 27% |
| Domestic Immigration: | -1,364 | 65 and older | 11% |

| | | | |
|--------------------------------------|-----|----------------------------|-----|
| Adult Educational Attainment: | | Ethnic Composition: | |
| Less than High School | 14% | White, non-Hispanic | 43% |
| High School Graduate | 24% | Hispanic | 23% |
| Some College | 38% | Asian, non-Hispanic | 14% |
| Bachelor's Degree | 17% | Black, non-Hispanic | 13% |
| Graduate or Professional Degree | 7% | Other | 7% |

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Index Overview

Measuring Our Progress Connecting Our Economy and Community

As Solano County, along with California and the Nation, responded to challenges of the Great Recession, overall employment declined and communities and families have suffered.

However, during this turbulent period, there have been important signs of resiliency. Some Solano industries have continued to grow. As an economy dominated by small business, local employment in micro-enterprises continues to outpace total employment gains. Even during the recession, the number of establishments opening has exceeded the number closing.

Trends

Economy: While monthly job losses in Solano County fared better than California during the recession, real per capita income has declined more than the state as earnings declined. One important source of income stability in Solano County has been the presence of Travis Air Force Base, which has resulted in personal income gains during the recession that have offset some earning declines.

Demographics: Solano County's population continues to grow, driven primarily by foreign immigration. However, population growth today is slower than in the rest of the Bay Area and California. This changes the underlying drivers of the economy from the last decade, which resulted in a housing and construction boom.

Housing: After the mortgage crisis, Solano County like much of California, has been adjusting to the burdens of housing foreclosure. Marking the first year since the exponential growth of residential foreclosures in 2006, foreclosures in Solano County declined in 2009 and fell again in 2010. Housing sales fell in 2010 and prices are stabilizing – making housing more affordable in the county again.

Education: Education remains a major community concern in Solano County as the high school dropout rate continued to increase across almost all ethnicities and races. While today's workforce is relatively highly educated, the county faces a challenge in preparing the future workforce.

Public Finance: Local finance to support community services are increasingly constrained as revenue has declined due to the recession and falling revenue from sales taxes and fees. While property taxes had been on the rise until 2008, they will now likely continue to fall as a result of declining housing assessments.

The economy and community are connected through a vital cycle. A strong economy needs a strong community, and a strong community needs a strong economy. In 2010, while both the economy and community have been hit by outside forces, Solano County has shown resiliency and has demonstrated that it can build a strong economic community through partnerships.

Retrospect

Statements made in the inaugural 2008 Index before the impacts of the recession were being seen in the data are worth repeating today. The statements about this emerging economy at the heart of the Northern California mega region are just as valid now, if not more so, as they were three years ago.

“None of these trends is inevitable or irreversible. They are signs that the connection between the economy and community could be stronger. This is a challenge for every region, county, and city—and one that never ends. Places that succeed create opportunity that is widely shared among their residents—and keep adjusting as realities change... Because of its diverse and resilient economy and residents, Solano County is not bound by the past to a predetermined future. It has proven that it can prosper in good times and bounce back from difficult times.”

“Solano County is a place that provides opportunity for local children to grow up, become educated, find a job, establish a career, raise a family, and build a life—if they are adequately prepared. This is not the case in every community across America. The Index provides a shared base of information that can help all the communities of Solano County work together to strengthen this connection between their residents and opportunities provided by the local economy.”

Index at a Glance

Our Changing Economy

Our Economy Remains under Stress from the Economic Downturn, but some Pressures are Lifting

- **Despite overall job losses, some industries are still growing.** From 2008 to 2009, employment declined by 4 percent resulting in a loss of 5,500 jobs. From January 2008 to 2009, employment increased 12 percent in Professional & Environmental Services and 19 percent in Life Sciences. Although unemployment continued to grow, the rate of growth slowed significantly in November 2010 from the year before.
- **Solano's business climate is vital.** Despite the recent economic downturn, roughly 3,400 businesses either opened or moved into Solano County between January 2008 and 2009. Over the same period, 1,000 establishments either closed or moved out of the county. In 2008 (the most recent observable year), the number of nonemployer firms jumped 5 percent in Manufacturing and 2 percent in Health Care & Social Assistance. Employment in micro-enterprises, which constitutes 36 percent of total county employment, grew by 8 percent from 2008 to 2009. This growth far outpaced growth in total employment in the county, which grew by 2 percent.
- **Across the nation, incomes stagnated in recent years.** With less than 1 percent change in either direction, real per capita income stagnated in 2010 across Solano County (-0.5%), California (-0.1%) and the United States (+0.2%). However, during the past two years, the income gap between Solano County and the nation was at its lowest since 1990. In 2009, median household incomes fell by 7 percent to \$66,700 – resetting incomes to 2006 levels.



Our Changing Community

Our Population Continues to Grow Slowly

- While total population growth remained under 1 percent, for the first time since 2004, foreign in-migration outpaced domestic out-migration resulting in a positive net migration.



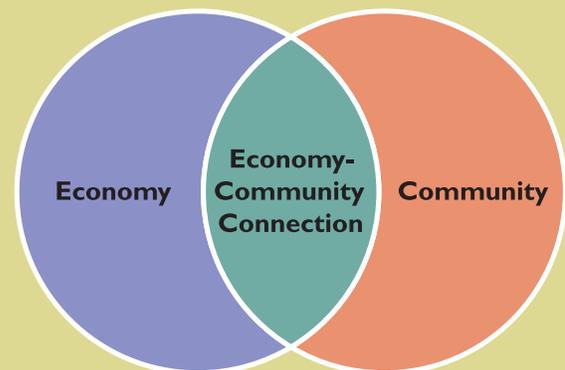
How Are We Doing

- **Educational outcomes are under growing threat.** Solano County's high school dropout rate jumped 6 percent, rising to 28 percent in 2009. Dropout rates increased across nearly all ethnicities and races. Mirroring statewide trends, graduation rates dropped 1 percent from the previous year, but Solano rates remain 5 percent below the state average. Despite these negative trends, the percentage of high school graduates meeting UC/CSU requirements increased 1 percent.
- **Access to healthcare is becoming more limited.** Solano County residents are more likely than residents in the rest of the state to have health insurance, due to rising unemployment, the percentage of residents covered through their employers dropped from 60 to 54 percent in 2009.
- **The housing market is stressed.** Tracking statewide trends over the years, from 2008 to 2009, foreclosures fell in Solano County by 22 percent and by 20 percent in California. After declining since 2006, the average sale price of Solano homes stabilized in 2010.

The Connection between Our Economy and Community

Our Community is Adding Value in Our Economy

- **Our workforce is becoming more qualified.** Solano County's educational levels are rising. Between 2005 and 2009, the percentage of working residents with a Bachelor's Degree or higher increased by 26 percent.
- **After improvement in the prior year, residents are driving more again.** From 2008 to 2009, VMT in Solano County increased 5 percent while California gas prices declined 23 percent.
- **Solano is deeply integrated in the broader region and well positioned to benefit from location.** For residents commuting to work outside Solano County, Contra Costa County was the work destination for almost 19,700 residents in 2009. The number of non-residents commuting from Napa and Sacramento to work in Solano County increased in 2009.
- **As with the rest of the state, local revenues are strained.** Solano County's aggregated city revenue dropped 12 percent from fiscal year 2007-08 to 2008-09, with all categories of revenue (Property Tax, Sales Tax, Other Tax, and Other Revenue) declining.



2010 Index at a Glance

What is the Index?

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

What is an Indicator?

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

Good indicators do the following:

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

Appendix A provides detail on data sources for each indicator.

What is an Industry Cluster?

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

Appendix B identifies the specific subsectors included in each cluster.



Our Changing Economy

Despite Overall Job Losses, New Businesses Opened



Why Is This Important?

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



How Are We Doing?

In 2009, total employment (based on jobs at employers located in the county) in Solano County continued to decline due to the economic downturn. Between 2006 and 2009, employment fell by 8 percent with losses of 9,900 jobs. Most recently, Solano County lost an estimated 5,500 jobs, a 4 percent decline from 2008 to 2009. This loss reset county employment to 2001 levels. In November 2010, Solano County's monthly employment (based on jobs in the county) fell below levels in November 2000 for the first time. Statewide, employment dropped below 2000 values already in 2008 and remained there. Following November 2007, total employed residents fell to 187,100, roughly the same employment levels seen in 2000 and 2001. Reflecting statewide and regional trends, the unemployment rate slowed significantly between November 2009 and 2010. Nonetheless, 1,000 residents were added to the unemployment rolls over the last year.

Between January 2008 and 2009, 3,400 new establishments were created, and 1,000 business locations closed. On average, between 1995 and 2009, the annual number of establishment openings in Solano County is nearly double the number of closings. Over this period, Solano County gained approximately 2,200 establishments due to businesses opening or moving in, while losing an average of approximately 1,200 establishments due to businesses closing or moving out. The average net change in Solano County establishments - an addition of 990 establishments - is the equivalent to almost 4 percent of total Solano County's establishments in 2009.

Similar to statewide patterns, business migration into Solano County has exceeded migration out of the county in more years from 1995 to 2009. The majority of establishment movements remain within the state of California. Additionally, 18 percent of establishments moving into the county came from outside of California in 2008 to 2009. This represents an increase from 13 percent between 2007 and 2008.

The number of nonemployers (individuals or partnerships with no employees) has grown 14 percent since 2002, but dropped 5 percent from 2007 to 2008. In the most recent observable year, Manufacturing jumped 5 percent and Health Care & Social Assistance increased 2 percent from 2007 to 2008. From 2002 to 2008 the strongest area of growth was in Administrative, Support, Waste Management & Remediation Services, with a gain of 22 percent. Representing 15 percent each, the largest percentages of nonemployers are in Other Services and Professional, Scientific, & Technical Services.

Annual Employment Solano County • 1990-2009



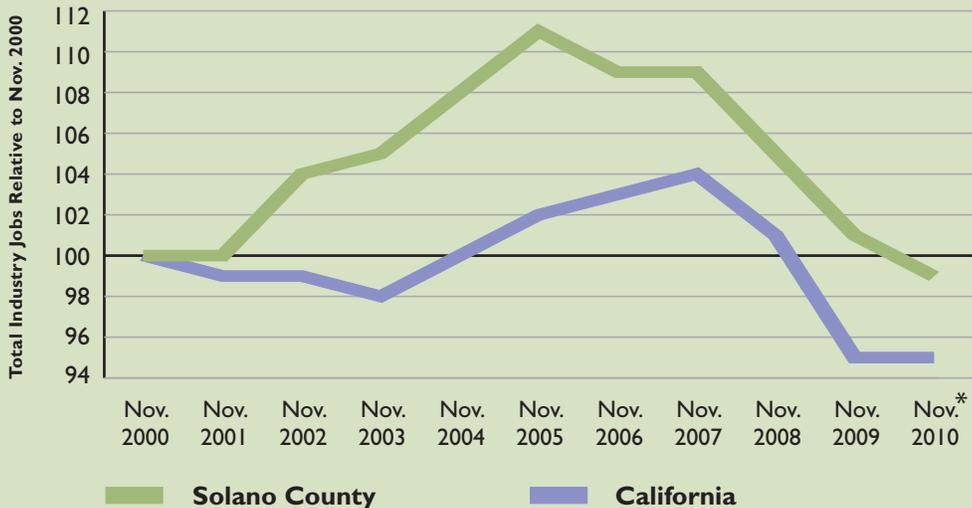
Data Source: California Employment Development Department, Labor Market Information Division, Current Employment Statistics
Analysis: Collaborative Economics



More Diversification Needed

Solano County is currently faced with steep job losses resetting employment levels to those seen in 2001. Solano's diversified economy has helped to weather the storm of the recent downturn.

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



Data Source: California Employment Development Department, Labor Market Information Division, Current Employment Statistics
Analysis: Collaborative Economics
* November 2010 is preliminary.



What Does this Mean?

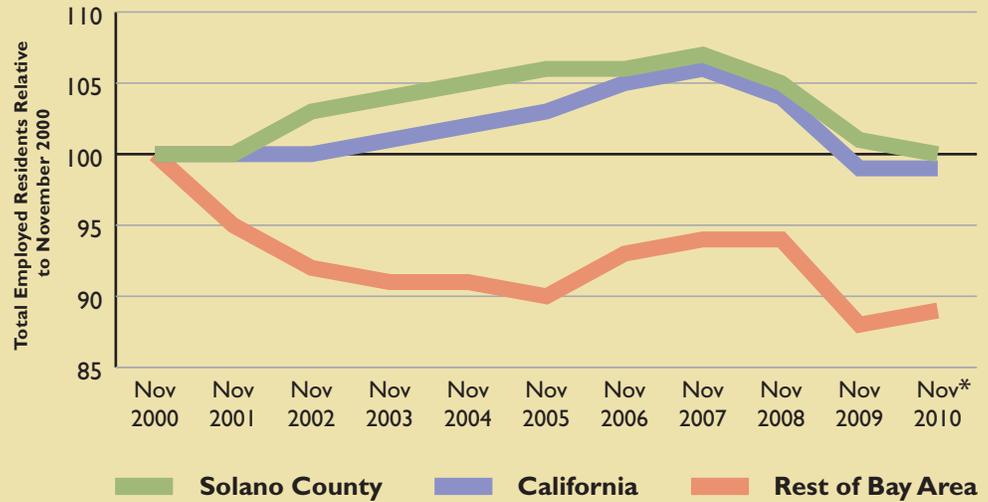
Solano County has benefited from positive change in monthly jobs until the most recent reported year, but has fared better than the state as a whole.



What Does this Mean?

Employment of Solano County residents follows state trends and fares better than the rest of the San Francisco Bay Area.

Total Employed Residents Trends Relative to 2000
Solano County, Rest of Bay Area, and California



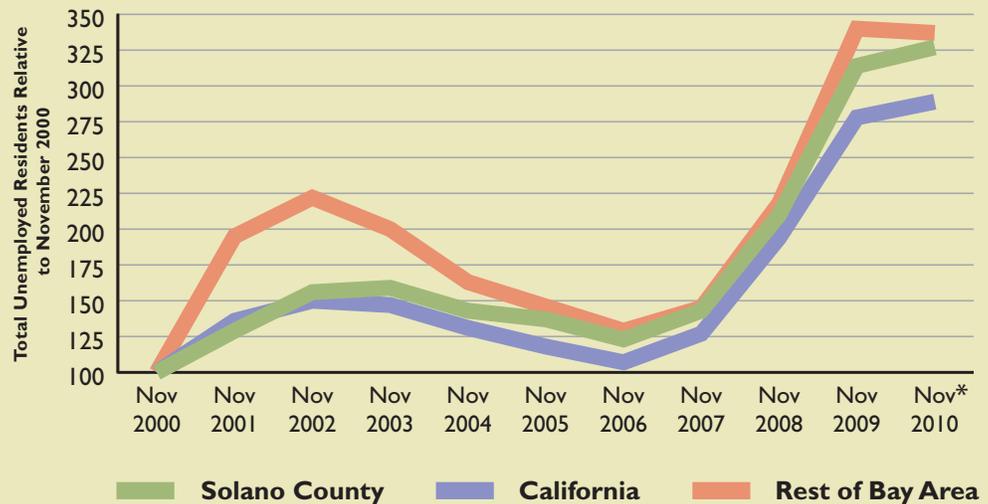
Data Source: California Employment Development Department, Labor Market Information Division, Local Area Unemployment Statistics
Analysis: Collaborative Economics
* November 2010 is preliminary.



Unemployment slowed

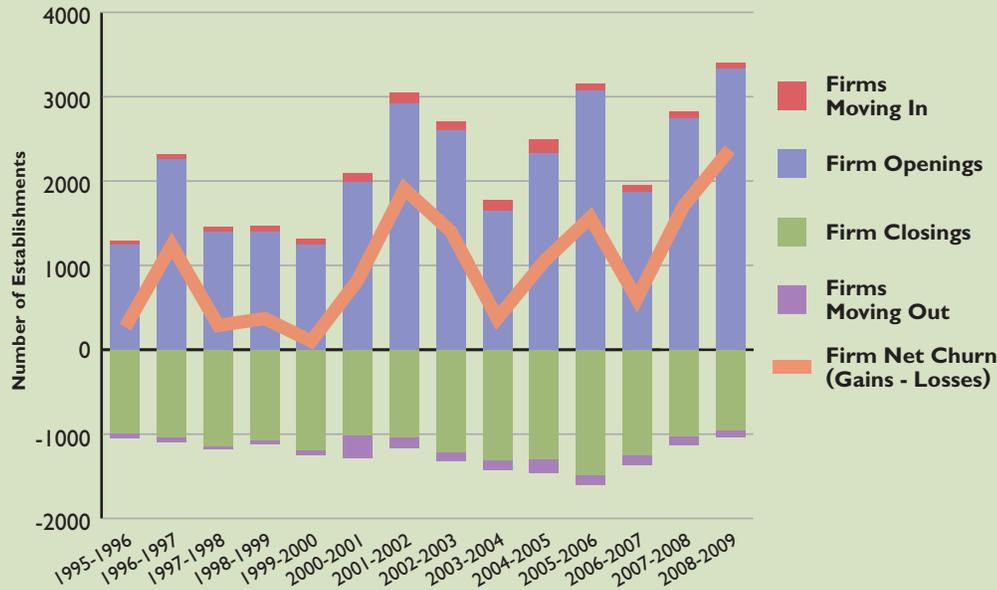
Reflecting statewide and regional trends, unemployment slowed from November 2009 to 2010. However, 1,000 residents were added to the unemployment rolls.

Total Unemployed Residents Trends Relative to 2000
Solano County, Rest of Bay Area, and California

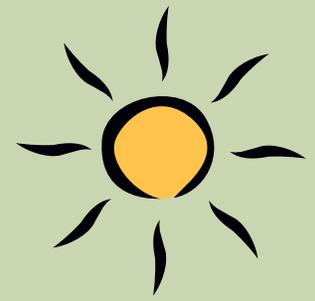


Data Source: California Employment Development Department, Labor Market Information Division, Local Area Unemployment Statistics
Analysis: Collaborative Economics
* November 2010 is preliminary.

Establishment Churn Solano County



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



+3,400

Despite the recent economic downturn, roughly 3,400 businesses either opened or moved into Solano County, while 1,000 establishments either closed or moved out of the county between January 2008 and 2009.

Percent of Total Establishments and Jobs Moving In and Out of Solano County

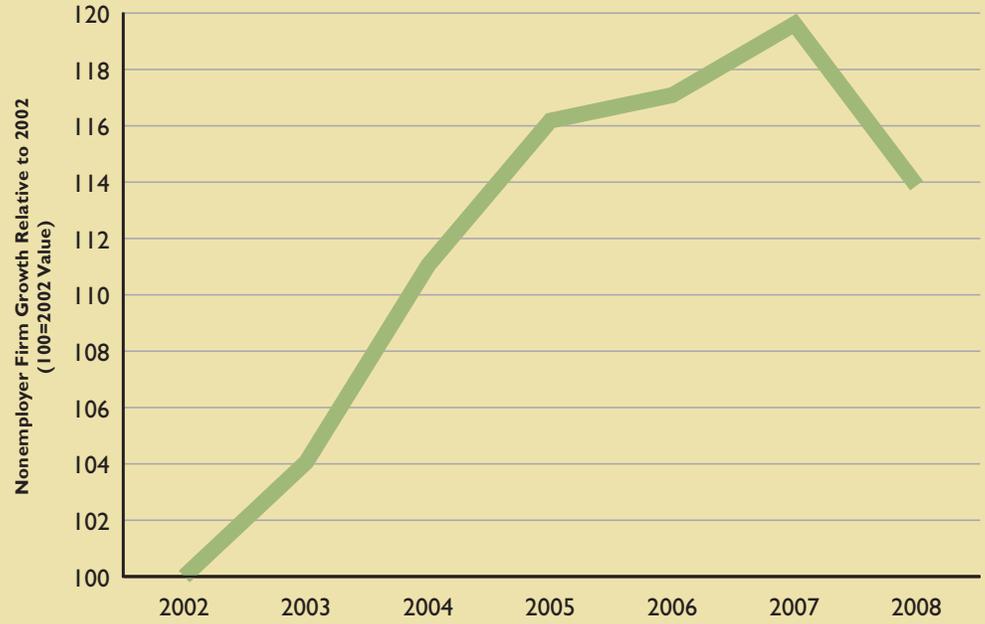
| | | | 1995-1996 | 2008-2009 |
|----------------|---------|---------------------------|-----------|-----------|
| Establishments | In From | Other California Counties | 100% | 82% |
| | | Rest of United States | 0% | 18% |
| | Out To | Other California Counties | 90% | 62% |
| | | Rest of United States | 10% | 38% |
| Jobs | In From | Other California Counties | 100% | 89% |
| | | Rest of United States | 0% | 11% |
| | Out To | Other California Counties | 87% | 65% |
| | | Rest of United States | 13% | 35% |



-5%

The first decline since 2002, the number of non-employer firms in Solano County dropped 5 percent from 2007 to 2008.

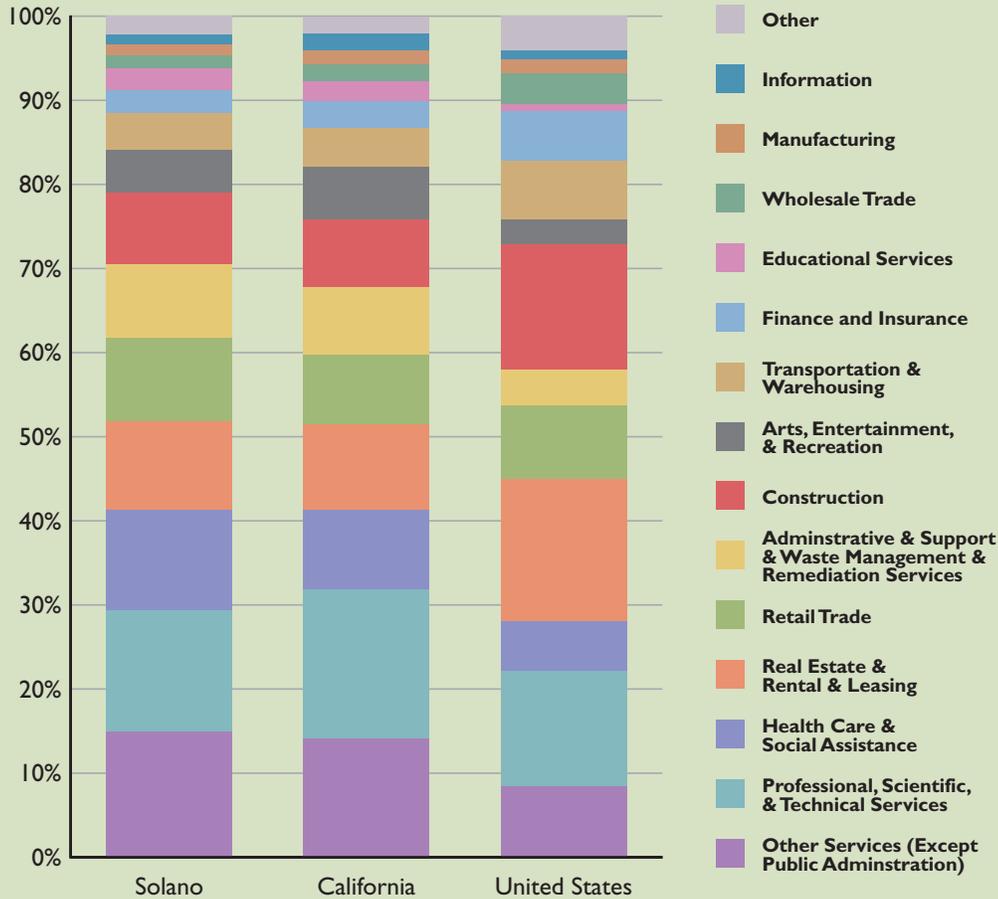
Nonemployer Firm Growth Relative to 2002 Solano County



Data Source: U.S. Census Bureau
Analysis: Collaborative Economics

Percentage of Nonemployers by Industry in 2008

Solano County, California, and the United States



Data Source: U.S. Census Bureau
 Analysis: Collaborative Economics

Note: Other includes Accommodation & food services, Agriculture, forestry, fishing & hunting, Mining, quarrying, & oil gas extraction, and Utilities



What Does this Mean?

The industries of Manufacturing and Health Care & Social Assistance reported the strongest growth in nonemployer firms in the most recent reported year.

Solano's Cluster Portfolio Remains Relatively Strong



Why Is This Important?

A region's ability to generate wealth is often determined by the growth in activity of similar industry sectors, or "clusters." Employment and income growth in a region are dictated by a cluster's strength and competitive advantage - a calculation that measures the percentage of regional employment against the percentage of the state's employment in that cluster.¹



How Are We Doing?

This year's index utilizes the National Establishment Time Series Database to try to capture the economic changes in the region – a change from previous cluster analysis, which was based on public labor market data. Over the past 15 years, Solano County has developed a diverse and growing industry cluster portfolio of growing and specialized industries. The most highly concentrated clusters in the county are Construction, Specialized Manufacturing, and Health & Social Services. Construction is also one of the largest clusters in terms of employment, alongside Professional & Environmental Services. The fastest growing cluster in the region is Life Sciences, which includes Pharmaceuticals, Medical Devices, and Biotechnology.

Employment continues to grow in some of the county's industry clusters. From January 2008 to 2009, employment increased 12 percent in Professional & Environmental Services and 19 percent in Life Sciences. Since reported data is current as of January 2009, the increase in Life Sciences employment does not reflect the workforce reductions imposed by two Solano County companies, Genentech and Alza. Genentech announced in November 2010 that it planned to lay off 100 workers from its Solano County facilities over the next two years.² Alza Corporation, a pharmaceutical and medical delivery company, announced its third round of layoffs in a little more than a year in November 2009.³ Two clusters contracted with employment losses of 5 percent in Trade & Logistics and 3 percent in Construction from 2008 to 2009.

The Construction cluster is the most highly concentrated in the county, with employment shares 30 percent higher than the statewide average in 2009. This cluster employed 16,300 people in Solano County, the second largest of any industry cluster. Professional & Environmental Services was the largest employment cluster in the county with 22,200 employees in 2009. Employment in this cluster expanded on average 6 percent annually from 1995 to 2009. The fastest growing cluster in the 15-year period is Life Sciences. During this period, employment in Life Sciences grew, on average, 7 percent a year and boasted 2,100 employees in 2009. Also highly concentrated, Specialized Manufacturing maintained average

¹ The year 2009 is the last year available for the most comprehensive public industry employment data; however, due to the changes in the North American Industry Classification System, a comparison to 2006 and years prior is not possible. Although public employment data from the Quarterly Census of Employment and Wages (QCEW) was used in earlier analyses, the cluster analysis reported in this document is based on the National Establishment Time Series database.

² Loceff, Jenna. "Genentech to eliminate 100 jobs in Solano County." Business Journal, Sonoma, Marin and Napa Counties 18 Nov 2010: 1. Web. 6 Jan 2011.

³ McClatchy, . "Alza Corp. faces layoffs in Vacaville." Trading Markets 4 Nov 2009: 1. Web. 6 Jan 2011. <<http://www.tradingmarkets.com/site/news/Stock%20News/2626816/>>.

employment growth of 0.8 percent every year since 1995, while employment in this industry statewide contracted an average of 0.6 percent annually. Not included in the recent cluster analysis are the individual reports on the energy cluster and the food chain (scheduled for release in February 2011). The County and Solano Economic Development Corporation continue to move forward in supporting growth in those clusters.

Micro-enterprise businesses are small businesses, often unregistered, that require low sums of seed capital. As a way to connect the micro-enterprise businesses (establishments with 10 or fewer employees as well as nonemployers) to Solano's cluster portfolio, this year's analysis is based on the National Establishment Time Series database instead of the public labor market data. As a result of rapid employment growth since 1995, micro-enterprises in Solano County now account for 36 percent of total employment in 2009 up from 24 percent in 1995. Employment in micro-enterprises grew by 68 percent during the same time frame, far outpacing growth in total employment in the county, which grew by only 14 percent. Accounting for 27 percent of micro-enterprise employment, Professional & Environmental Services represents the largest percentage with a total of 14,800 employees in 2009. The second largest category is Services, with 11,900 employees in 2009.

Clusters of Opportunity Solano County



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

What Does this Mean?

Solano County's major industry clusters are diverse and creating employment opportunities.

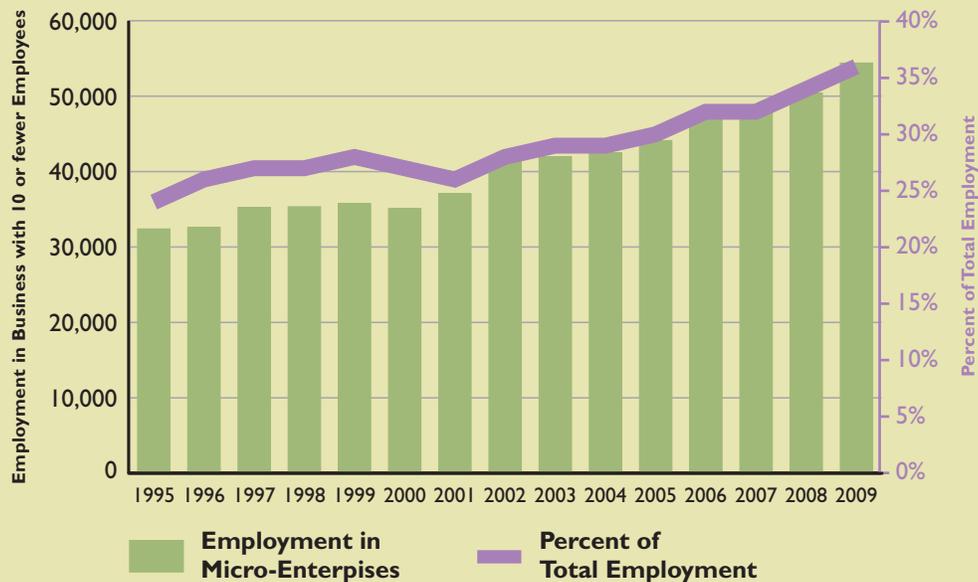
How to Read a Bubble Chart

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

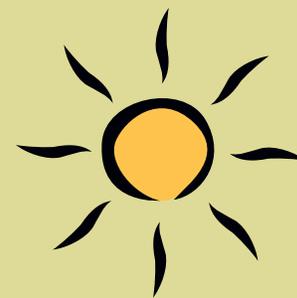
The size of the bubble shows the employment size for the industry cluster. The x-axis displays the annual average growth rate each industry cluster grew or declined between 1995 and 2009. The y-axis displays the employment concentration of each industry cluster and its ratio to California's employment in a cluster. A concentration greater than one indicates Solano County has relatively more employment in that cluster as compared to the State's economy as a whole.



Micro-Enterprise Employment Solano County



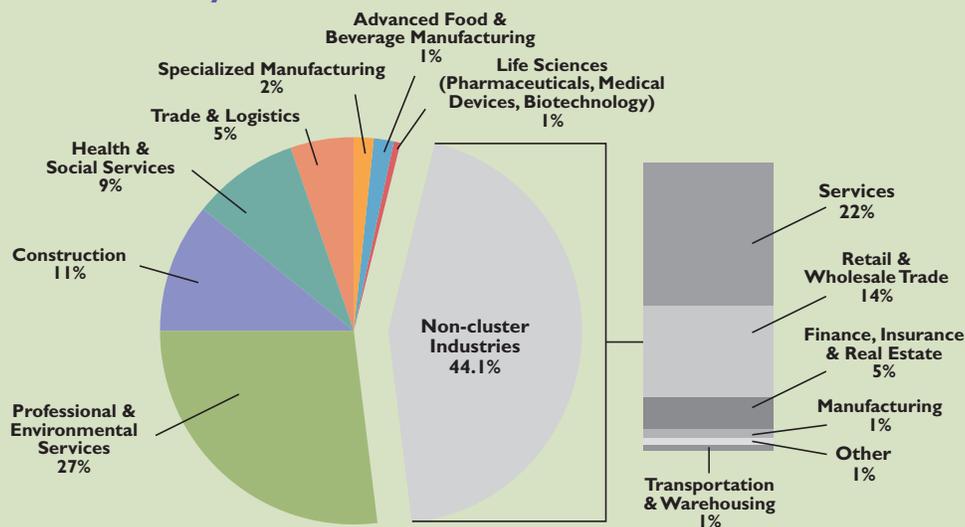
Data Source: National Establishment Time-Series Database (NETS)
Analysis: Collaborative Economics



+55%

Micro-enterprise employment has grown consistently since 2000 and outpaced growth in total employment in the county.

Micro-Enterprise Employment by Industry in 2009 Solano County



Data Source: National Establishment Time-Series Database (NETS)
Analysis: Collaborative Economics
Note: Other includes Public Administration, Construction, Agriculture, Forestry, Fishing and Hunting, Utilities, Mining, Quarrying, and Oil and Gas Extraction



67%

Professional and Environmental Services made up the largest portion of micro-enterprise employment and 67% of the overall industry cluster.

Similar to the Nation, Incomes Stagnated in Recent Years



Why Is This Important?

A community's standard of living can be estimated by the value of the region's median household and per capita income. Per capita income rises when a region generates wealth at a faster rate than its population growth. We can learn more about the concentrations of income by examining household income distribution and trends over time. Looking at the sources of personal income reveals more detail about the community and its income streams. Bankruptcy filings provide an indicator for economic stress.



How Are We Doing?

Real per capita income rose across the board from 2003 to 2010, jumping 6 percent in Solano County. Over this period, the county's income growth outpaced United States growth of 5 percent and California's growth of 4 percent. With less than 1 percent change in either direction, real per capita income stagnated in 2010 across Solano County (-0.5%), California (-0.1%) and the United States (+0.2%). However, during the past two years, the income gap between Solano County and the nation was at its lowest since 1990. The region's real per capita income was 1 percent lower than the United States in 2009 and 1.6 lower in 2010.

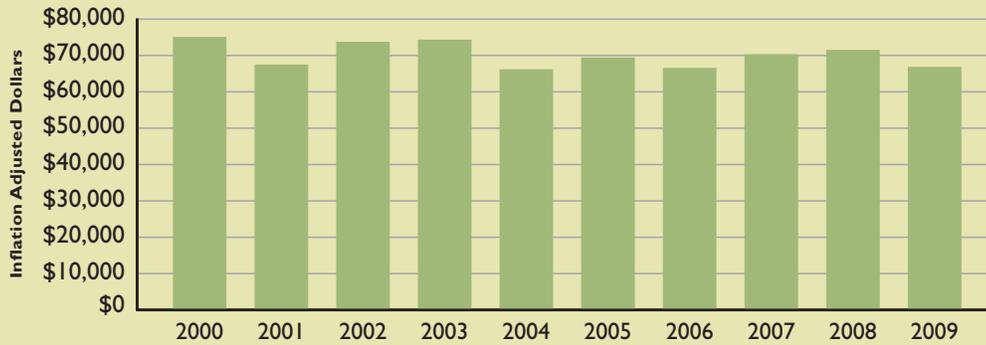
Median household income has fluctuated over the past ten years, reaching a high of \$75,000 in 2000 and a low of \$66,000 in 2004. The long-term trend in median household income in Solano County has been a decline of 11 percent. In 2009 (the most recent reported year), median household income fell by 7 percent to \$66,700 – resetting median household income close to 2006 levels.

Between 1990 and 2008, total personal income increased by 47 percent within Solano County and increased by 52 percent statewide. However, in the most recent reported year, the total personal income decreased in both Solano County (-1%) and California (-2%). Social Transfer Payments (federal, state, and local) increased fastest in Solano from \$1.1 million in 1990 to \$2.2 million in 2008. Related to the presence of Travis Air Force Base, the county has a larger percentage than the state of personal income derived from military-related Social Transfer Payments. In 2008, veterans' benefits and military medical insurance benefits represented 7 percent of Social Transfer Payments, while in California the portion was only 2 percent. Military-related Social Transfer Payments have played an important role in maintaining income gains during a time when the recession has negatively affected other sources of income. Between 1990 and 2008, the percentage of total personal income represented by earnings dropped 3 percent in Solano County and 5 percent statewide.

When comparing bankruptcy data (for the second quarter of each year) over time, the rate of total bankruptcy filings per 1,000 people is higher in Solano County than in California. The most dramatic increases took place between 2007 and 2010 when filings per 1,000 people rose from 1.9 filings to 8.9 filings per 1,000 people. The same general trend is observed for California.

Median Household Income

Solano County



Data Source: US Census Bureau
Analysis: Collaborative Economics

Median Household Income

| | % Change |
|-----------|----------|
| 2000-2009 | -11% |
| 2008-2009 | -7% |

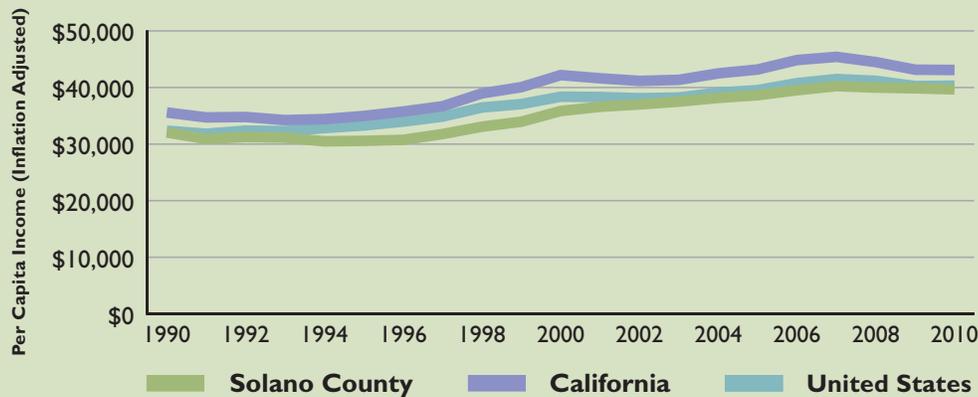


-7%

Median household income fell 7 percent in 2009 to 2006 income levels.

Real per Capita Income

Solano County, California, and the United States



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

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

Percent Change in Real per Capita Income

| | 2003-2010 | 2009-2010 |
|---------------|-----------|-----------|
| Solano County | +6% | -0.5% |
| California | +4% | -0.1% |
| United States | +5% | +0.2% |



What Does this Mean?

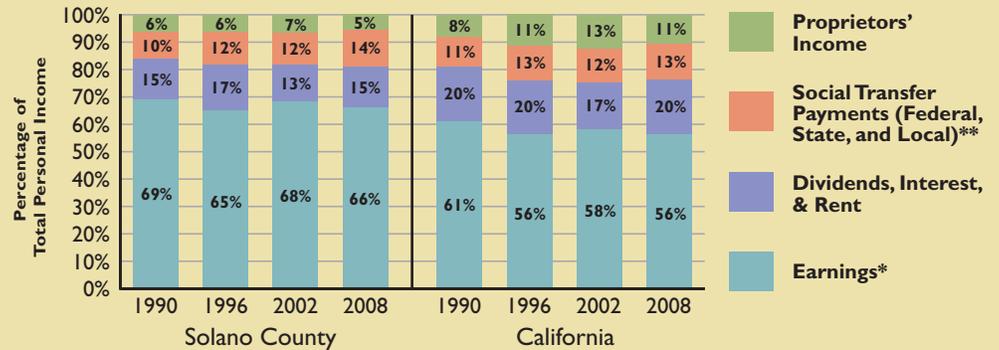
With less than 1 percent change in either direction, real per capita income in 2010 stagnated in Solano County, California and the United States.



What Does this Mean?

In the most recent year, total personal income declined in both the county and state but at a slower rate in the county.

Sources of Personal Income 1990, 1996, 2002 and 2008



Data Source: U.S. Bureau of Economic Analysis
 Analysis: Collaborative Economics
 * Earnings includes Wage & Salary Disbursements, Supplements to Wages and Salaries, and Adjustments for Residence; less Contributions for government social insurance.
 ** Social Transfer Payments (Federal, State, and Local) is Personal Current Transfer Receipts.

Percent Change in Personal Income

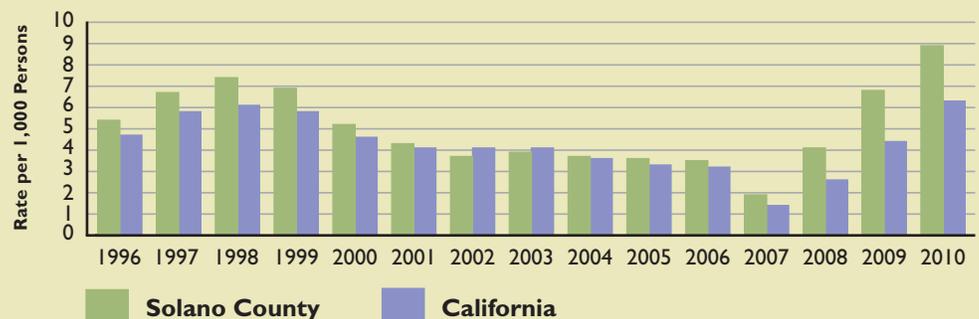
| Source of Income | Solano | | California | |
|--|-------------|------------|-------------|------------|
| | 90-08 | 07-08 | 90-08 | 07-08 |
| Earnings* | +41% | -2% | +41% | -3% |
| Dividends, Interest, & Rent | +48% | +1% | +48% | -1% |
| Social Transfer Payments (Federal, State, and Local) | +102% | +6% | +85% | +5% |
| Proprietors' Income | +27% | -7% | +100% | -6% |
| Total Personal Income | +47% | -1% | +52% | -2% |



What Does this Mean?

Bankruptcy filings have increased dramatically in the county and state since 2007 as a result of the housing crisis and economic downturn.

Rate of Total Non-Business Bankruptcy Filings per 1,000 Persons Solano County and California • Quarter 2: 1996 to 2010



Data Source: Administrative Office of the U.S. Bankruptcy Courts; RAND Corporation
 Analysis: Collaborative Economics
 Note: All data based on Quarter 2 figures.



Our Changing Community

Our Population Continues to Grow Slowly



Why Is This Important?

A region's people are the key to its prosperity. The population generates ideas, fuels the economy, and shapes the quality of life in the region. Migration from around the country and around the world joined with natural population increases to drive continued growth of Solano County's population. With this growing population comes new resources and ingenuity, which foster economic growth and regional prosperity.



How Are We Doing?

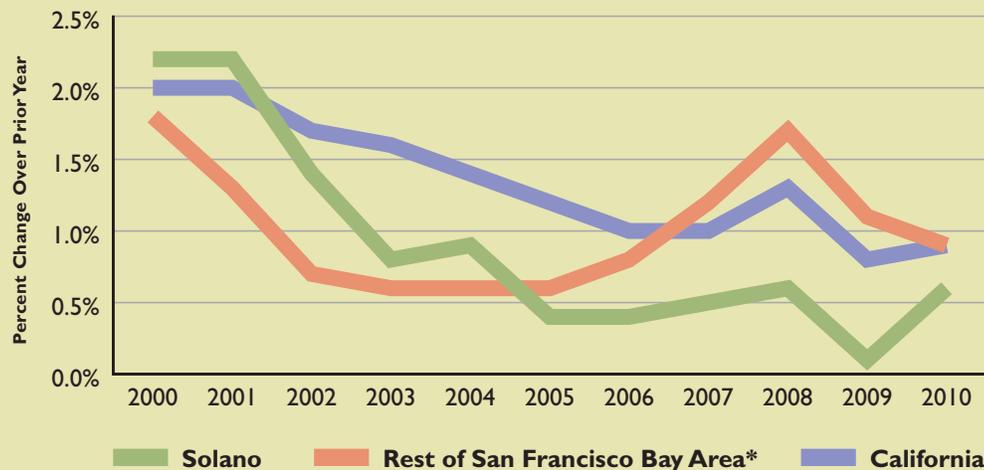
Solano County's population continues its slow growth. From 2009 to 2010, Solano County's population increased 0.6 percent (2,710 people), up from the 0.1 percent from 2008 to 2009. Population growth in the rest of the San Francisco Bay Area and the state each plodded forward at 0.9 percent growth in 2010. Since 2000, Solano County's population has grown by 8 percent, adding 32,350 residents, while the rest of the Bay Area and the state have grown by 10 percent and 14 percent, respectively. After occupying the top spot in 2000 and 2001, Solano County's population growth has lagged that of the rest of the Bay Area and the state since 2005.

More people are moving to Solano County than are leaving. For the first time since 2004, foreign in-migration outpaced domestic out-migration resulting in a positive net migration. Net migration includes all legal foreign immigrants, residents who left California to live abroad, and domestic migration, the balance of people moving to and from the region from within the United States.

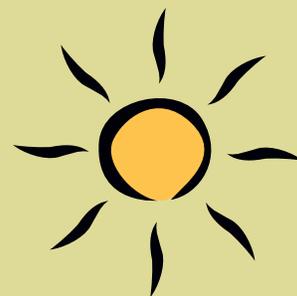
In-migration in addition to natural change in population (births and deaths), explains the recent population growth. While in-migration ticked up slightly, domestic out-migration decreased by 65 percent from 2009 to 2010. Domestic out-migration consisted of 1,364 people leaving the county between 2009 and 2010, roughly 2,400 fewer than between 2008 and 2009. To put these figures in perspective, foreign in-migration accounted for 0.4 percent and domestic out-migration accounted for 0.3 percent of the county's total population in 2010.

Population Growth Percent Change Over Prior Year

Solano County, Rest of San Francisco Bay Area, and California



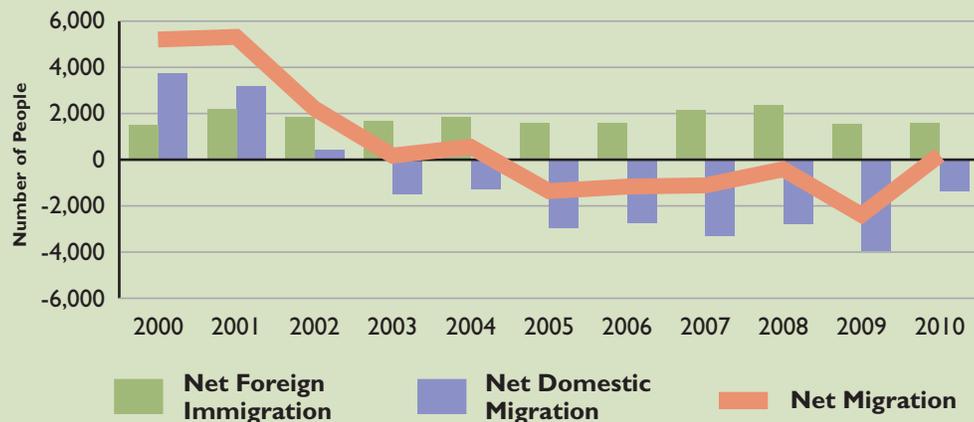
Data Source: California Department of Finance
 Analysis: Collaborative Economics
 Note: 2010 population estimates are provisional.
 * Rest of San Francisco Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, and Sonoma Counties.



Population growth

For the first time since 2004, net migration is positive in Solano. Although people left the county, more people moved into the county.

Domestic and Foreign Migration Solano County



Data Source: California Department of Finance
 Analysis: Collaborative Economics
 Note: 2010 population estimates are provisional.

Net Migration Solano County 2009-2010

| | |
|----------|--------|
| Foreign | +1,571 |
| Domestic | -1,364 |



What Does this Mean?

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

Educational Outcomes are Under Growing Threat



Why Is This Important?

Early education can put a child on a good footing for life, better prepared to face the rigors of K-12 education. Similarly, high school graduation rates indicate how well a region is preparing its students for post-secondary education. High school dropouts are more likely to be unemployed than high school graduates and earn less when they are employed. Variations in dropout rates by race and ethnicity reveal further disparities in opportunity. Also of particular interest are the percentage of graduating students that meet University of California (UC) and California State University (CSU) entrance requirements. Meeting these requirements is the first step toward attaining higher education and professional training.



How Are We Doing?

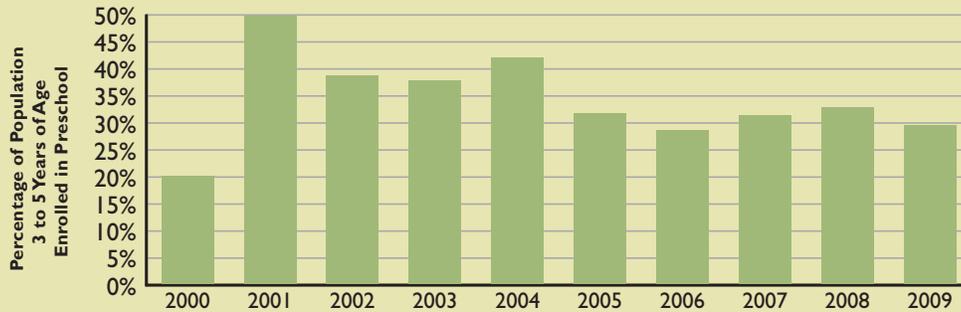
Solano County preschool enrollment remains behind the rest of the Bay Area, Sacramento & Yolo Counties and the state. In 2009, 29 percent of 3- to 5-year-olds in Solano County were enrolled in preschool, a 4 percent drop over the previous year. Solano County lags behind the rest of the Bay Area by 17 percent, which reported a rate of 46 percent preschool enrollment in 2009. After increasing steadily over the previous two years, Solano County preschool enrollment levels dropped nearly to 2006 levels. California and Sacramento and Yolo Counties have maintained steady preschool enrollment rates of 38 percent since 2006.

Solano County's youth continue to be at risk of falling behind in the job market compared to students in the rest of the state despite efforts by the county. Solano County has witnessed increasing high school dropout rates across almost all ethnicities and races. Overall, the dropout rate rose to 28 percent, a 6 percent increase over the previous year. Statewide dropout rates also increased (3%), reaching 22 percent in 2008-09. African Americans reported the highest dropout rates for the second consecutive year reaching 40 percent in 2009, an 8 percent increase over the previous year. Pacific Islanders posted the largest increase, jumping from 24 percent in 2007-08 to 35 percent in 2008-09. The high school dropout rate fell for American Indians who dropped 5 percent to 27 percent and the "other" category which fell to 13 percent, less than half of its 2007-08 level of 27 percent.

In conjunction with increasing high school dropout rates, high school graduation rates in Solano County as well as California have declined. High school graduation rates in both Solano County and the state fell 1 percent from the previous year, but Solano rates remain 5 percent below the state average. Solano County's graduation rate fell to 74 percent and the state's declined to 79 percent during the 2008-09 school years. Despite decreasing graduation rates, the share of Solano graduates who met UC/CSU requirement increased by 1 percent in both Solano County as well as the state. In 2008-09, the percentage of graduates who met UC/CSU requirements for Solano County was 28 percent compared to 35 percent statewide. Although Solano County graduates as a whole lagged behind the state in UC/CSU requirements, Solano County Asian (43%) and Filipino (40%) graduates beat the state average. In contrast, only 14 percent of African American graduates and 17 percent of American Indian graduates met the UC/CSU requirements.

Preschool Enrollment

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



Data Source: U.S. Census Bureau, 2002-2009 American Community Survey and 2000-2001 Supplementary Survey
Analysis: Collaborative Economics



-4%

Solano County's preschool enrollment fell from 33 to 29 percent over the most recent year, falling further behind the rest of the Bay Area, Sacramento and Yolo Counties and California.

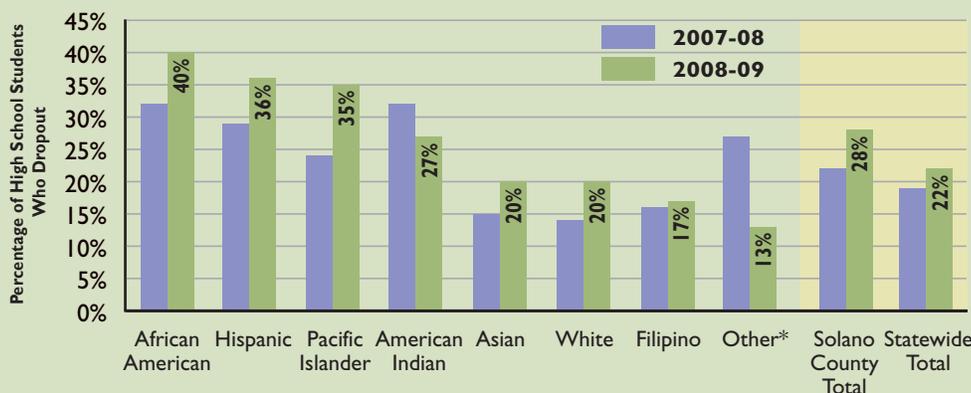
2009 Preschool Enrollment

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

| | 2009 |
|--------------------------------|------|
| Rest of San Francisco Bay Area | 46% |
| Sacramento & Yolo | 38% |
| California | 38% |
| Solano County | 29% |

High School Dropout Rate

Solano County High Schools • 2007-2008 and 2008-2009



Data Source: California Department of Education
Analysis: Collaborative Economics

* Other includes students with multiple responses or no response.



+6%

Solano County's high school dropout rate increased from 22 to 28 percent in 2009. Rising dropout rates are visible across nearly all ethnicities and races.

Solano County High School Dropout Rate

| 2007-2008 | 2008-2009 | % Change |
|-----------|-----------|----------|
| 22% | 28% | 6% |

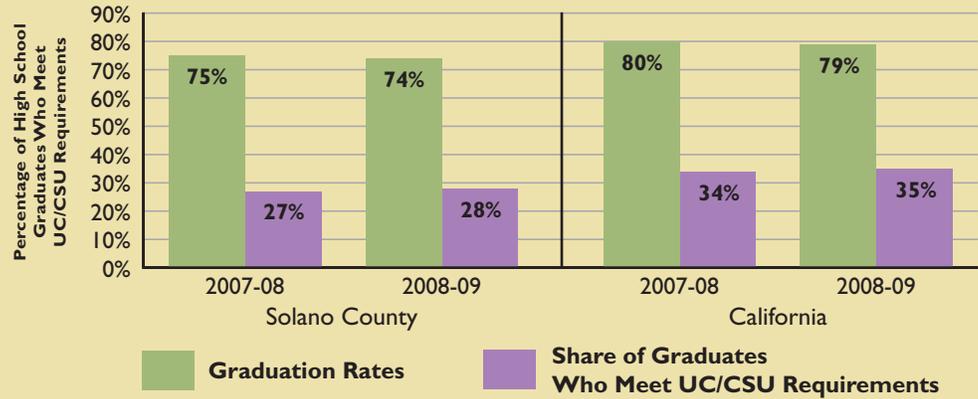


-1%

Solano County's high school graduation rates fell 1 percent and remain below the state average.

High School Graduation

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



Data Source: California Department of Education
Analysis: Collaborative Economics
Note: 2007-08 marks the second year in which the CDE derived graduate and dropout counts based upon student level data.

Solano County High School Graduation Rate

| | 2007-2008 | 2008-2009 | % Change |
|------------|-----------|-----------|----------|
| Solano | 75% | 74% | -1% |
| California | 80% | 79% | -1% |

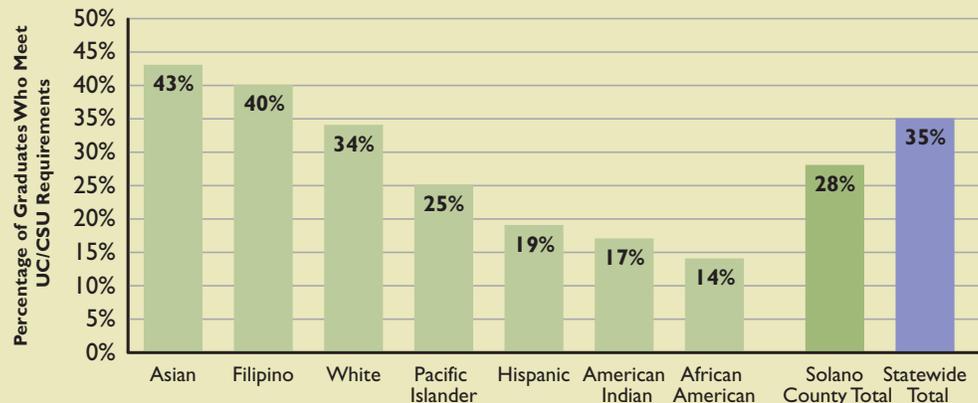


28%

Despite increasing 1 percent, Solano County continues to trail behind the state in the percentage of graduates who meet UC/CSU requirements.

Graduates with UC/CSU Required Courses

Percentage of Graduates Who Meet UC/CSU Requirements by Ethnicity
2008-2009 • Solano County High Schools and California



Data Source: California Department of Education
Analysis: Collaborative Economics

Access to Healthcare is More Limited



Why Is This Important?

Poor health outcomes are strongly correlated to poverty, poor access to preventative health care, lifestyle choices, and education. Although the availability of health services has improved in the community, not everyone has access to these services because of affordability or a lack of insurance coverage. Early and continued access to quality, affordable health care is crucial in guaranteeing the health and prosperity of Solano County’s residents. Preventative care such as timely childhood immunizations encourage long-term health, prolong and save lives, prevent significant disability, and lessen medical costs. Because of the costly nature of health care, people with health insurance are more inclined to seek routine medical care and to take advantage of preventative health-screening services.

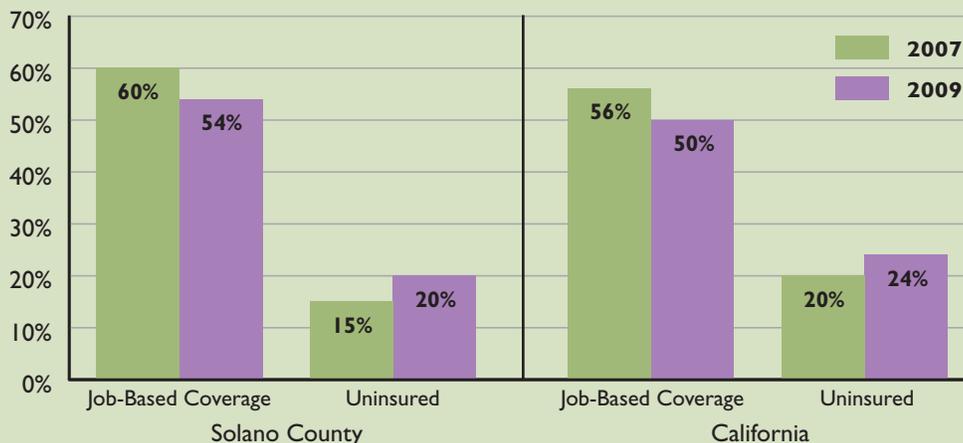


How Are We Doing?

Compared to the state, a higher percentage of Solano County residents have health insurance coverage. In 2009, nearly 54 percent of Solano County residents had employment-based health insurance – this is roughly 4 percent greater than the percentage of California residents. This higher percentage is largely responsible for Solano’s lower percentage of uninsured residents than California. The uninsured made up 20 percent of Solano County residents and 24 percent of California residents in 2009. According to the State of California, “The lack of health insurance among so many was due to sharp increases in local unemployment and the corresponding drops in both household income and job-based coverage.”⁴

⁴ Lavarreda, S.A., Chia, Y. J., Cabezas, L. and Roby, D. (2010, August). “California’s Uninsured by County.” UCLA Center For Health Policy Research. Retrieved from <http://www.healthpolicy.ucla.edu/NewsReleaseDetails.aspx?id=61>

Percent of Uninsured Population Solano County and California



Data Source: UCLA Center For Health Policy Research, California Health Insurance Survey
 Analysis: Collaborative Economics
 Note: Uninsured includes the population that was uninsured all or part of the year.



-6%

Solano County residents are more likely to have health insurance, but the percentage covered through their employers dropped from 60 to 54 percent.

The Housing Market Appears to be Adjusting



Why Is This Important?

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

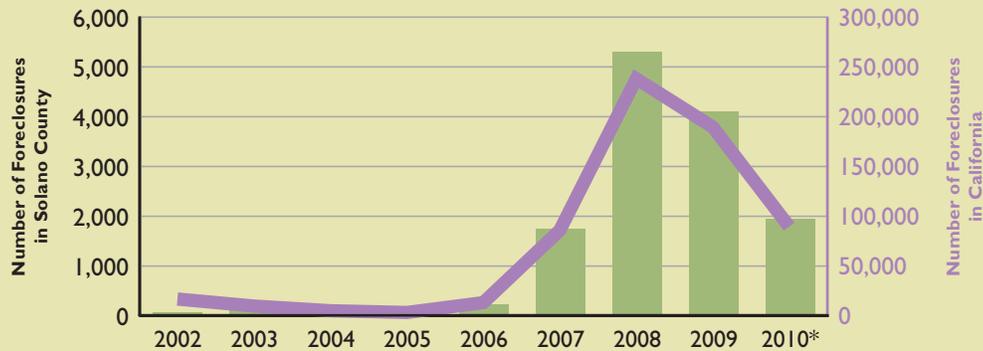


How Are We Doing?

California and Solano County foreclosures have followed a nearly identical pattern of rises and falls. The year 2009 marked the first year since the exponential growth of residential foreclosures in 2006 that Solano County and California foreclosures dropped. Foreclosures fell in Solano County by 22 percent to 4,100 foreclosures and in California by 20 percent to 189,800 foreclosures from 2008 to 2009. Solano County foreclosures in the first half of 2010 are slightly lower than the first half figures of 2009 (1,950 vs. 2,000) possibly predicting an overall drop from 2009 levels at the end of the year. While Solano County home sales fell drastically in 2006 and 2007, 2009 represented the second consecutive year that home sales improved reaching 8,100 sales, a 67 percent increase from 2007 levels. After declining since 2006, the average sale price of Solano homes stabilized in 2010 but given the backlog of foreclosures, the future trends are uncertain.

Residential Foreclosure Activity

Number of Foreclosures • Solano County and California



Data Source: RAND California Statistics
 Analysis: Collaborative Economics
 Note: Foreclosure data includes single family homes, condominiums, and townhouses.
 *The year 2010 includes data through June 2010.



-2%

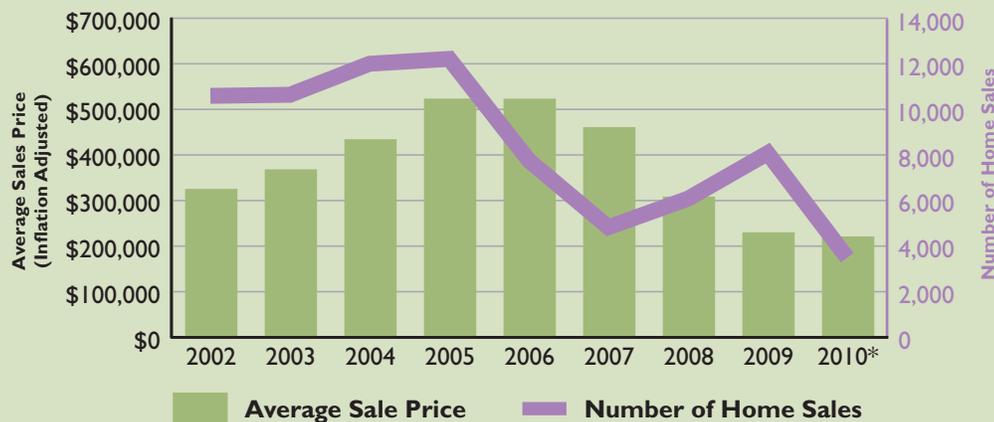
While foreclosure rates remain high, the number of foreclosures in the county dropped 2 percent in the first half of 2010 from 2009.

Number of Foreclosures in Solano County

| | |
|---------------------|-------|
| January - June 2009 | 2,000 |
| January - June 2010 | 1,953 |

Trends in Home Sales

Average Sale Price and Number of Home Sales • Solano County



Data Source: RAND California Statistics
 Analysis: Collaborative Economics
 *The year 2010 includes data through June 2010



Prices stabilized?

After declining since 2006, the average sale price of Solano homes appear to have stabilized in 2010.

Average Sale Price

| | 2006 | 2010* | % Change |
|------------|-----------|-----------|----------|
| Solano | \$522,021 | \$219,736 | -58% |
| California | \$583,921 | \$367,215 | -37% |



The Connection between
Our Economy & Community

Residents are Driving More Again



Why Is This Important?

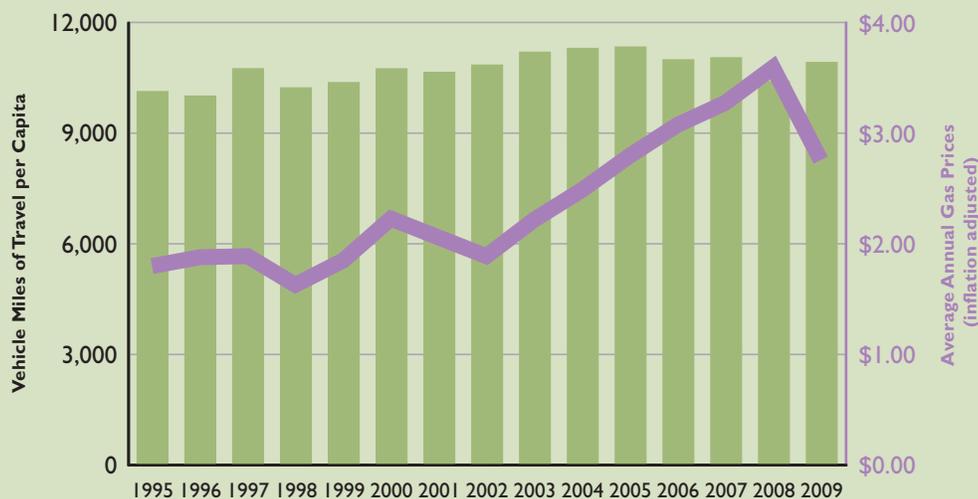
Choices in transportation impact the quality of air and transportation infrastructure. By encouraging alternative modes of transportation, such as public transit, carpooling and walking, as well as promoting vehicles with higher fuel efficiency and the use of alternative fuel sources, communities reduce their ecological footprint and improve the quality of their environment. Beyond government incentives, changes in transportation habits are largely driven by fluctuations in gas prices. As gas prices rise, people reconsider their trips and travel fewer miles. Maintaining transportation infrastructure as the region expands and develops is crucial to ensuring the efficient movement of goods and people. Projects for infrastructure rehabilitation and improvements are taking place in the county with projects such as new HOV lanes and a ramp-metering project. Improving the transportation linkages between the county's assets such as Travis AFB, port of Benicia, Mare Island and Rio Vista in addition to other infrastructure improvements such as water and sewer, will support the county's continued growth.



How Are We Doing?

In the past year, vehicle miles of travel (VMT) per capita increased as gas prices declined – an expected inverse relationship. From 2008 to 2009, VMT in Solano County jumped 5 percent while California gas prices declined 23 percent. This accounts for the region's largest year-to-year jump in VMT per capita since 1997. Over the long term, VMT grew 8 percent, while gas prices increased 54 percent from 1995 to 2009.

Vehicle Miles of Travel per Capita & Gas Prices Solano County



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



What Does this Mean?

Solano County residents increased vehicle travel by 5 percent in 2009 as gas prices fell.

Our Workforce is Becoming More Qualified



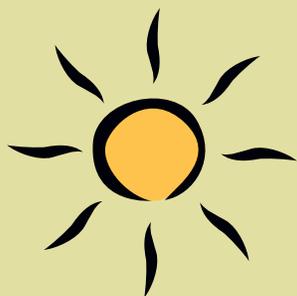
Why Is This Important?

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



How Are We Doing?

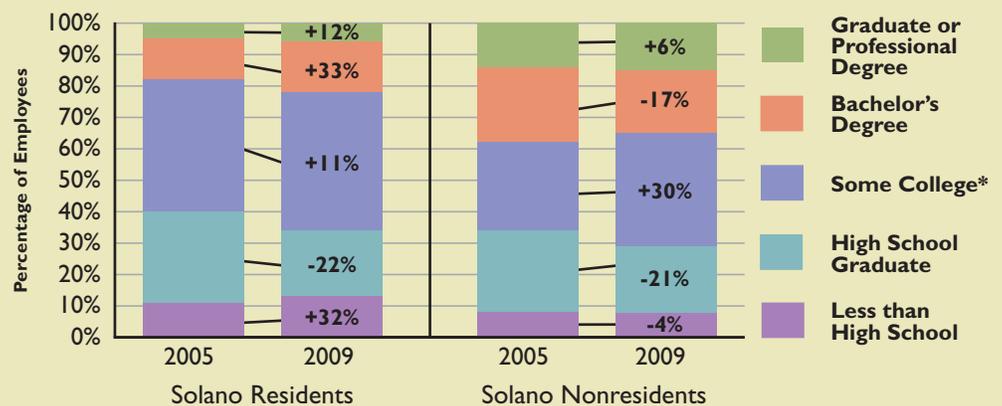
In 2009, 77 percent of employees in Solano County were residents of the county, up from 76 percent in 2005. Between 2005 and 2009, the number of employed residents with a Bachelor's Degree or higher increased by 26 percent, while employed nonresidents with a Bachelor's Degree or higher decreased by 9 percent. Over this period, the county attracted more highly educated people; however, more recent trends since the downturn are more difficult to explain. More recently, residents with a Bachelor's Degree or higher declined by 15 percent from 2008 to 2009 (a decline of 3,800 employed residents). In 2009, Contra Costa attracted the largest commute flows from Solano County (19,700 people). In addition, the number of residents commuting to Sacramento increased by 27 percent and by 52 percent to San Mateo. The number of people commuting to Solano County increased from Sacramento (17 percent) and Napa County (31 percent), in 2009.



+26%

Solano County's educational levels are rising. Between 2005 and 2009, the percentage of working residents with a four-year degree or higher increased by 26 percent.

Change in Educational Attainment of Employees Solano County Residents and Nonresidents • 2005 and 2009



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

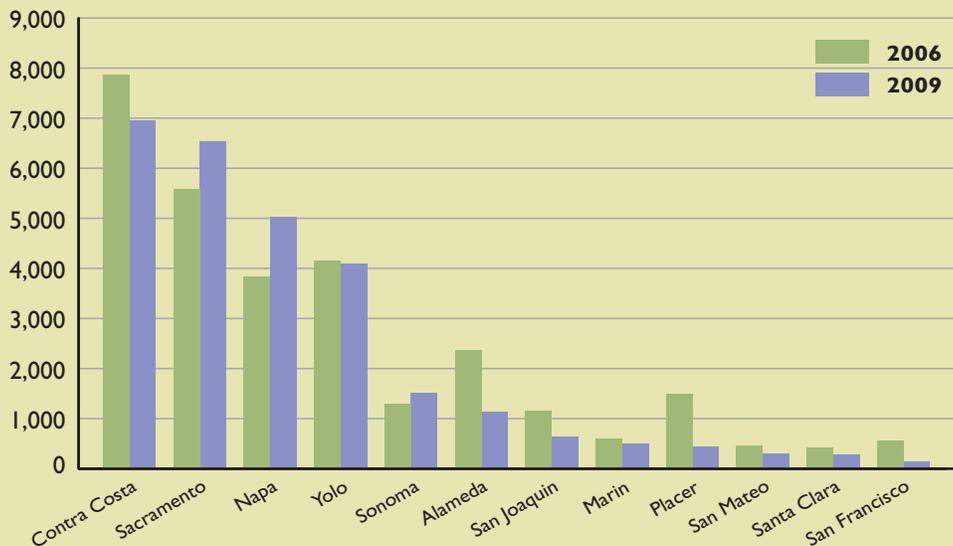
Analysis: Collaborative Economics

Note: High School Graduate includes equivalency.

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

Solano County Employees' Commute Flows

Number of Workers who Live Outside of the County • 2006 & 2009



Data Source: U.S. Census Bureau, American Community Survey 2006 and 2009
 Analysis: Collaborative Economics
 Note: 29,908 Solano County Employees commute into the county for work.

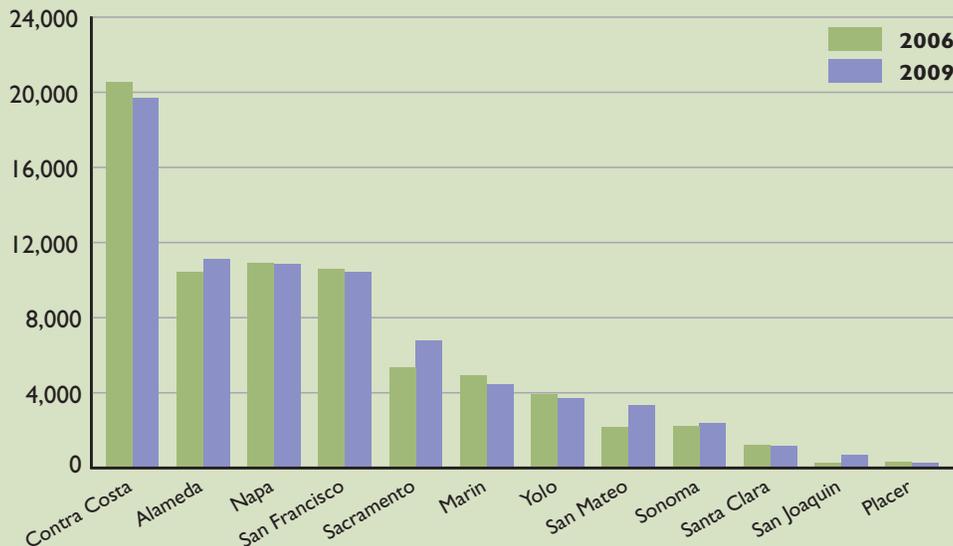


What Does this Mean?

The number of non-residents commuting from Napa and Sacramento into the county for work increased in 2009.

Solano County Residents' Commute Flows

Number of Employed Residents who Work Outside of the County 2006 & 2009



Data Source: U.S. Census Bureau, 2006 and 2009 American Community Survey
 Analysis: Collaborative Economic
 Note: 76,164 Solano County Residents commute outside of the county for work.



What Does this Mean?

More of the 76,164 residents who commute out of Solano County for work choose employers in Contra Costa County than any other county.

As with the Rest of the State, City Revenues are Strained



Why Is This Important?

Local governments rely on local revenue generation to maintain service levels and respond to a changing environment. Many factors, including availability of financial resources, influence the ability of local government to govern effectively. Property tax represents the most stable source of city government revenue, fluctuating much less over the business cycle than other revenue sources. Since property tax revenue represents less than a quarter of all local revenue, other revenue streams are critical in containing volatility of local government funding.



How Are We Doing?

The aggregated revenue from the seven cities in Solano County dropped 12 percent in the most recent reported year. Over the long term, revenues increased 19 percent from 1995 to 2009. From fiscal year 2007-2008 to 2008-2009, property tax revenues declined by 5 percent, while all other revenue categories declined by a larger percentage. The largest percent decrease (-22 percent) was reported for Other Tax, which includes all tax revenues except property taxes. Other Revenue represents the largest portion (39 percent) of total revenues in the county, providing \$208 million in revenues in fiscal year 2008-2009. Other Revenue sources include inter-governmental transfers, special benefit assessments, fines, as well as permits and investments. Long-term growth is positive for all revenue sources except Sales Tax, which declined 15 percent from 1995 to 2009. Revenue from Property Tax more than doubled during the same period; however, it is expected to decline significantly in 2010 due to falling property assessments.



What Does this Mean?

As a result of the falling assessed values of homes following the financial crisis, property tax revenue will require much time to return to pre-recession levels.

City Revenue
Aggregate City Revenue by Source • Solano County



Data Source: California State Controller's Office
Analysis: Collaborative Economics



After four years of economic summits, indexes, and cluster studies that asked and answered the tough questions it's time to go tell Solano's story.

We are not what other people think we are. Many in the Bay Area and Sacramento see Solano as a pass through agricultural open space area devoted to suburban sprawl growth patterns with lower-income job opportunities. They wrongly believe that Solano is either on the Bay Area fringe or the in between rest stop when traveling between San Francisco and Sacramento.

So what is Solano's story?

Solano is the emerging growth center at the heart of the Northern California Mega Region.

The factual indicators presented in this and past years' Indexes and cluster studies tell the true Solano story. The long-term trend numbers reveal that our community and business leaders have made wise choices on how to grow both physically as well as connect economically as the heart of a growing 12 million consumer Northern California Mega Region.

In a short 30 years, Solano's economy changed from a primarily agriculture- and government services-based economy into a diverse economy with five major new clusters in life sciences/ biotechnology, renewable energy production, professional services/higher education, state-of-the-art health care centers, and logistics.

For example, add up the numbers for the adjacent communities of Vacaville, Fairfield, Suisun City, Benicia, Vallejo, American Canyon and Napa. Those numbers add up to 350,000 population-sized city that is the fourth largest in the Bay area, with more than 40,000 university and college students, and home to the last major Department of Defense facility employing over 15,000.

Solano's center to the Northern California Mega Region is also the logistical equivocate to the gateway to the world. Solanoans have access to three major passenger and freight international airports as well as the fourth largest port in the nation. Solanoans are less than an hour to most of the major urban Northern California business and tourism attractions and the political capitol of California. Frankly, Solano has the best weather since "it's always sunny in Solano."

So let's take the next step and go tell the new Solano story using the real facts in the index and cluster studies to change the minds of business and community leaders that *Solano is the true heart of the Northern California Mega Region.*

Sincerely,

Mike Ammann

President

Solano Economic Development Corp.

Data Sources and Methodology

Solano County Key Facts

Area

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

Population

Data are from the E-I: City/County Population Estimates with Annual Percent Change report by the California Department of Finance and for Solano County. Estimates are for January 1, 2010.

Jobs

Solano County employment data are provided by the California Employment Development Department, Current Employment Statistics (CES). The industry data may include employees who live outside the county. September 2010 data is preliminary.

Average Wage

Data provided by U.S. Bureau of Labor Statistics, Occupational Employment Statistics, May 2009. All income values are inflation-adjusted and reported in first half 2010 dollars, using CPI for the U.S. City Average from the Bureau of Labor Statistics. The median average wage is for All Occupations in Solano County.

Foreign Immigration and Domestic Immigration

Data are from the E-6: Population Estimates and Components of Change by County - July 1, 2000-2010 report by the California Department of Finance and are for Solano County, the Rest of San Francisco Bay Area (including Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara and Sonoma Counties) and California. Estimates for 2010 are provisional. Net migration includes all legal and unauthorized foreign immigrants, residents who left the state to live abroad, and the balance of hundreds of thousands of people moving to and from California from within the United States.

Adult Educational Attainment, Age Distribution, and Ethnic Composition

Data provided by the U.S. Census Bureau, American Community Survey 2009 for Solano County.

Economy: Our Changing Economy

Annual Employment

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

Change in Monthly Jobs

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

Total Employed Residents & Total Unemployed Residents

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

Establishment Churn

The National Establishment Time-Series Database (NETS), prepared by Walls & Associates using Dun & Bradstreet establishment data, was sourced for jobs data and establishment counts. Data is for Solano County and the movement of establishments in and out of the County between 1995 and 2009.

Nonemployer Firm Growth Relative to 2002 & Percentage of Nonemployers by Industry in 2008

Data for Nonemployers is from the U.S. Census Bureau. Nonemployer statistics originate from tax return information of the Internal Revenue Service. The data are subject to non-

sampling error such as errors of self-classification by industry on tax forms, as well as errors of response, nonreporting and coverage. Values provided by each firm are slightly modified to protect the respondent's confidentiality.

Clusters of Opportunity, 1995-2009 (NETS based)

Clusters derived using data from the National Establishment Time-Series Database (NETS), prepared by Walls & Associates using Dun & Bradstreet establishment data.

Clusters are based on the North American Industry Classification System (NAICS) 2007 classifications. Data is for Solano County and the changes in employment of the County between 1995 and 2009.

Micro-Enterprise Employment & Micro-Enterprise Employment by Industry in 2009

Micro-Enterprise is defined as establishments with 10 or less employees. Industries are derived using data from the National Establishment Time-Series Database (NETS), prepared by Walls & Associates using Dun & Bradstreet establishment data. Industries are based on the North American Industry Classification System (NAICS) 2007 classifications, using the Economic Sector identification. Data is for Solano County and the changes in employment of the County between 1995 and 2009. See *table on right*.

Median Household Income

Data for Median Household Income are from the 2000-2009 American Community Survey from the U.S. Census Bureau. All income values are inflation-adjusted and reported in first half 2010 dollars, using CPI for the U.S. City Average from the Bureau of Labor Statistics.

Real per Capita Income

Total personal income and population data are from Economy.com. Income values are inflation-adjusted and reported in first half 2010 dollars, using the CPI for the U.S. City Average from the Bureau of Labor Statistics.

| Grouping | NAICS Industries |
|---|--|
| Services | <ul style="list-style-type: none"> • Other Services (except Public Administration) • Accommodation and Food Services • Information • Professional, Scientific, and Technical Services • Arts, Entertainment, and Recreation • Administration and Support and Waste Management and Remediation Services • Education Services |
| Retail & Wholesale Trade | <ul style="list-style-type: none"> • Retail Trade • Real Estate and Rental and Leasing |
| Finance, Insurance & Real Estate | <ul style="list-style-type: none"> • Finance and Insurance • Real Estate and Rental and Leasing |
| Other | <ul style="list-style-type: none"> • Public Administration • Construction • Agriculture, Forestry, Fishing and Hunting • Utilities • Mining, Quarrying, and Oil and Gas Extraction |

Sources of Personal Income

Data provided by the Bureau of Economic Analysis. Data are from Personal Income by Major Source and Earnings by NAICS Industry (CA05N). Earnings are the summation of Wage and Salary disbursements, Supplements to Wages and Salaries, and Adjustments for Residence, less Contributions for Government Social Insurance. Social Transfer Payments (Federal, State, and Local) is Personal Current Transfer Receipts. Personal income has been adjusted into 2010 dollars using the U.S. city average Consumer Price Index (CPI) of all urban consumers, published by the Bureau of Labor Statistics.

Rate of Total Non-Business Bankruptcy Filings per 1,000 Persons

The bankruptcy data reported by RAND is for California, regions, and counties, and U.S. states, and is based upon data from the Administrative Office of the U.S. Bankruptcy Courts. The source for population data used to calculate per capita rates is RAND California for years 1996 through 2010. Chart only displays second quarter non-business bankruptcy filings between 1996 and 2010.

Community: Our Changing Community

Population Growth & Domestic and Foreign Migration

Data are from the E-6: Population Estimates and Components of Change by County - July 1, 2000-2010 report by the California Department of Finance and are for Solano County, the Rest of San Francisco Bay Area (including Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara and Sonoma Counties) and California. Estimates for 2010 are provisional. Net migration includes all legal and unauthorized foreign immigrants, residents who left the state to live abroad, and the balance of hundreds of thousands of people moving to and from California from within the United States.

Preschool Enrollment

Data is derived from the United States Census Bureau, 2002-2009 American Community Surveys and the 2000-2001 Supplementary Surveys. The population of children is for people age three to five years old. The age of the population in preschools and nursery schools are three years old and older.

High School Dropout Rates

Data for the 2008/2009 academic year are provided by the California Department of Education Educational Demographics Office. This is the third year that statistics have been derived from student level records. California Legislature enacted SB 1453, which establishes two key components necessary for a long-term assessment and

accountability system: (1) Assignment of a unique, student identifier to each K-12 pupil enrolled in a public school program or in a charter school that will remain with the student throughout his or her academic 'career' in the California public school system; and (2) Establishment of a longitudinal database of disaggregated student information that will enable state policy-makers to determine the success of its program of educational reform. The 4-year derived dropout rate is an estimate of the percent of students who would drop out in a four year period based on data collected for a single year.

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

Data for the 2008/2009 academic year are provided by the California Department of Education. This is the third year statistics have been derived from student level records. California Legislature enacted SBI453, which establishes two key components: (1) Assignment of a unique, student identifier to each K-12 pupil enrolled in a public school program or in a charter school that will remain with the student throughout his or her academic 'career' in the California public school system; and (2) Establishment of a longitudinal database of disaggregated student information that will enable state policy-makers to determine the success of its program of educational reform. Historical data are final and are from the California Department of Education. The methodology used calculates an approximate probability that one will graduate on time by looking at the number of 12th grade graduates and number of 12th, 11th, 10th and 9th grade dropouts over a four year period. The adjusted dropout numbers were used which accounts for students who dropout and re-enroll, and lost transfer students.

Percent of Uninsured Population

Data is provided by the UCLA Center for Health Policy Research through the California Health Interview Survey (CHIS), 2007 and 2009. CHIS provided rates that were predicted estimates from assimilation model based on the 2007 California Health Interview Survey and 2007/2009 California Employment Development Department data. Data was published the August 2010 Health Policy Fact Sheet, titled "California's Uninsured by County".

Residential Foreclosure Activity

Data was compiled by RAND California on behalf of DataQuick News. Data reflects total foreclosures for townhomes, condominiums and single family homes. The foreclosure numbers are strictly recorded Trustee's Deeds, or when the property is actually taken back by the bank. 2010 data includes foreclosures through June.

Trends in Home Sales

Data provided by RAND California Statistics and sourced by DataQuick News. For average sale price and number of transactions, all homes (including condos/townhomes) were included in calculations. Sales price are inflation-adjusted and reported in half-year 2010 dollars, using the U.S. City Average Consumer Price Index (CPI) of all urban consumers, published by the U.S. Bureau of Labor Statistics.

Economy/Community: The Connection between Our Economy and Community

Vehicle Miles of Travel per Capita & Gas Prices

Vehicle Miles Traveled (VMT) is defined as total distance traveled by all vehicles during selected time period in geographic segment. VMT estimates for 1995 – 2007 are from the California Department of Transportation's "2009 California Motor Vehicle Stock, Travel, and Fuel Forecast." VMT data for 2008 and 2009 is from the California Department of Transportation's, Highway Performance Monitoring System's "California Public Road Data." Data includes annual statewide total VMT on State highways and non-state highways. In order to calculate VMT, Caltrans multiplies the road section length (length in miles along the centerline of the roadway) by Average Annual Daily Traffic (AADT). AADT are actual traffic counts that the city, county, or state have taken and reported to the California Department of Transportation. To compute per-capita values, Revised County Population Estimates, 1970-2009, December 2009 from the California Department of Finance were used. Gas prices are average annual retail gas prices for California, and come from the Weekly Retail Gasoline and Diesel Prices

(Cents per Gallon, Including Taxes) dataserie reported by the U.S. Department of Energy, Energy Information Administration. Gas prices are All Grades All Formulations Retail Gasoline Prices (including taxes) and have been adjusted into first half of 2010 dollars using the U.S. city average Consumer Price Index (CPI) of all urban consumers, published by the Bureau of Labor Statistics.

Change in Educational Attainment of Employees

Data provided by the United States Census Bureau, 2005 and 2009 American Community Survey Public Use Microdata Samples (PUMS). For educational attainment, Some College includes Less than 1 year of college; Some College, 1 or more years, no degree; and Associates Degree.

Solano County Employee's Commute Flows & Solano County Residents' Commute Flows

Data provided by the United States Census Bureau, 2005 and 2009 American Community Survey Public Use Microdata Samples (PUMS). Total number of employed population only includes people who are employed who are and are not at work. Location is defined by the Public Use Microdata Area provided by U.S. Census in the American Community Survey.

City Revenue

Data for city revenue are from the State of California Cities Annual Report provided by the California State Controller's Office. Data include all cities and towns and dependent special district and do not include redevelopment agencies and independent special districts. Data include all revenue sources to cities except for utility-based services (which are self-supporting from fees and the sales of bonds and notes. The "other taxes" and "other revenue" include sources such as transportation taxes, transient lodging taxes, business license fees, other non-property taxes and intergovernmental transfers. Data are for Solano County cities.

2007 NAICS Industry Cluster Definitions

Advanced Food and Beverage Manufacturing

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

Construction

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

Health and Social Services

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

Life Sciences (Pharmaceuticals, Medical Devices, Biotechnology)

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

Professional and Environmental Services

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

| | |
|--------|---|
| 54172 | Research and Development in the Social Sciences and Humanities |
| 5418 | Advertising and Related Services |
| 5511 | Management of Companies and Enterprises |
| 5611 | Office Administrative Services |
| 5613 | Employment Services |
| 5616 | Investigation and Security Services |
| 5617 | Services to Buildings and Dwellings |
| 5619 | Other Support Services |
| 6115 | Technical and Trade Schools |
| 541620 | Environmental Consulting Services |
| 813312 | Environment, Conservation, and Wildlife Organizations |
| 9241 | Administration of Environmental Quality Programs (Federal Government) |
| 9241 | Administration of Environmental Quality Programs (State Government) |
| 9241 | Administration of Environmental Quality Programs (Local Government) |

Specialized Manufacturing

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

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

Trade and Logistics

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

Technical Advisory Committee to the 2010 Solano County

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Special thanks to the following organizations that contributed data and expertise:

Administrative Office of the U.S. Bankruptcy Courts

Moody's Economy.com

California Department of Education

National Establishment Time-Series Database (NETS)

California Department of Finance

RAND Corporation

California Department of Transportation

UCLA Center for Health Policy Research

California Employment Development Department, Labor Market Information Division

U.S. Bureau of Economic Analysis

California State Controller's Office

U.S. Census Bureau

U.S. Department of Energy, Energy Information Administration

Solano EDC

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

Collaborative Economics

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

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The entire Solano County Index of Economic and
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