

SOLANO COUNTY ECONOMIC FORECAST

Solano County is located north of the San Francisco Bay, approximately halfway between San Francisco and Sacramento. The per capita income in Solano County is \$38,245, and the average salary per worker is \$58,546. Although the economy of Solano County was one of the brighter spots in the Bay Area after the dot-com bust, it has not been immune to the 2008-09 recession.

Employment growth in Northern California was negative in 2009, and in the greater Bay Area, jobs declined by 4.2 percent. In 2009, 4,200 wage and salary jobs were lost in Solano County, representing a total employment decline of 3.3 percent. Solano County entered the recession earlier than other counties in the bay area, with employment contracting 3.6 percent during 2007 and 2008. This resulted in a more moderate job loss during 2009. The unemployment rate increased to 11.4 percent in 2009.

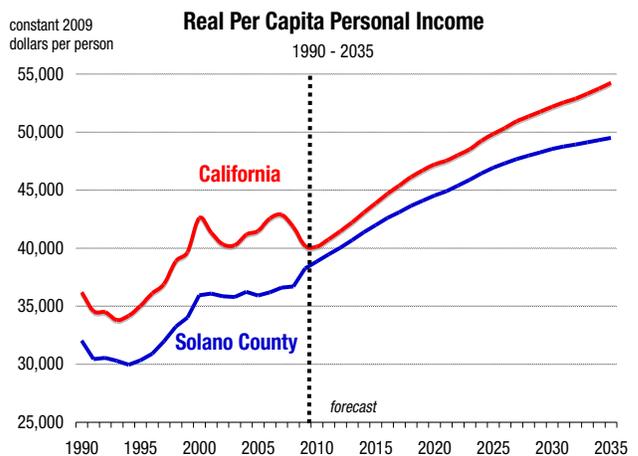
Education and healthcare was the only non-farm sector to create jobs during 2009. Employment in the farm sector increased by nearly 15 percent, adding 240 new jobs. Employment losses were greatest in construction (-1,440 jobs), retail trade (-870 jobs), government (-590 jobs) and manufacturing (-510 jobs). Employment in financial services fell another 8 percent during 2009, bringing the total decline in employment since 2005 to 28 percent.

Population growth remains positive but slow in Solano County, growing by 0.5 percent in 2009. The three largest cities in the county, Vallejo, Fairfield and Vacaville, account for over 75 percent of the total population. Hamstrung by rising salary costs and declining real estate and retail tax revenues, Vallejo filed for bankruptcy in May 2008, becoming the largest California city to do so.

Employment growth will be near zero in 2010 before recovering in 2011, while annual population growth will remain under one percent until 2012.

FORECAST HIGHLIGHTS

- Job growth is forecast to be near zero in 2010. However, between 2010 and 2015, the annual growth rate is forecast to average 2.0 percent per year.
- Salaries per worker adjusted for inflation are about equal to the California average, and will remain near the California average for the duration of the forecast. Real salaries are forecast to rise an average of 0.7 percent per year between 2010 and 2015.
- Between 2010 and 2015, all sectors experience some net positive job creation. Principle job creation is expected to occur in professional services, education and healthcare, trade, and construction, each of which creates over 2,000 jobs. Employment in financial activities never returns to the levels of 2005-2006.

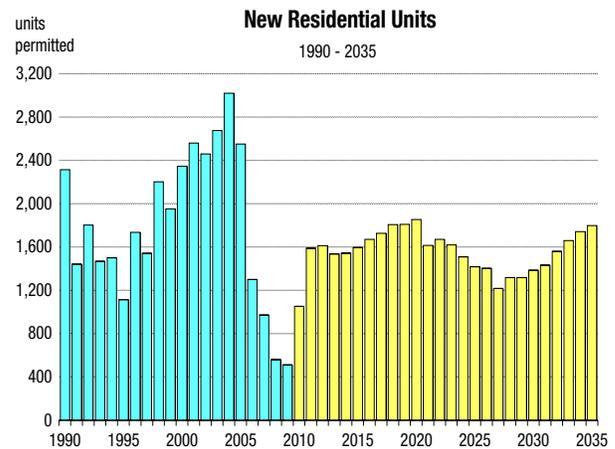
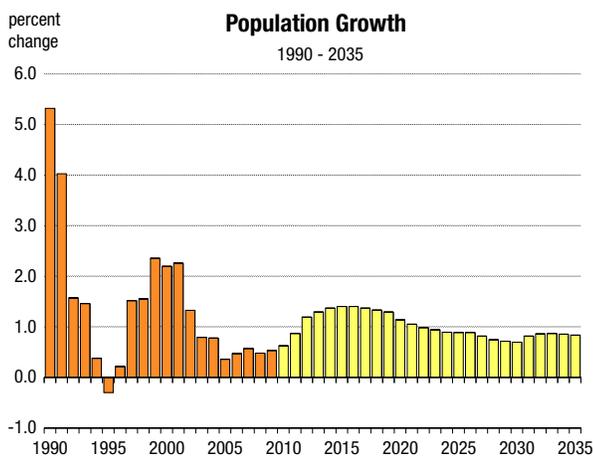


- Population is expected to grow 0.6 percent in 2010. Annual growth in the 2010 to 2015 period is forecast to average 1.2 percent per year.
- Net migration will remain negative in the near term, but increase over the long run. From 2010 to 2015, an average of 2,000 net migrants enter the county per year.
- Real per capita income is forecast to rise 1.6 percent in 2010. Between 2010 and 2015 real per capita incomes grow an average of 1.6 percent per year.
- Total taxable sales adjusted for inflation are expected to increase by an average of 2.7 percent per year during the 2010 to 2015 period.
- Industrial production is expected to increase 1.5 percent in 2010. Between 2010 and 2015 the growth rate of industrial production is forecast to average 2.5 percent per year.

Solano County Economic Forecast

2002-2009 History, 2010-2035 Forecast

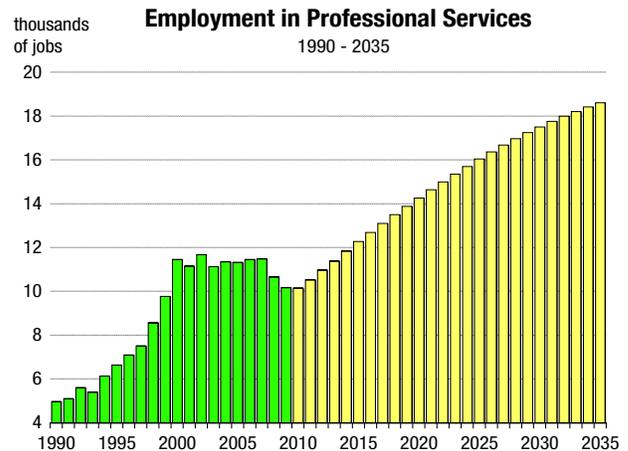
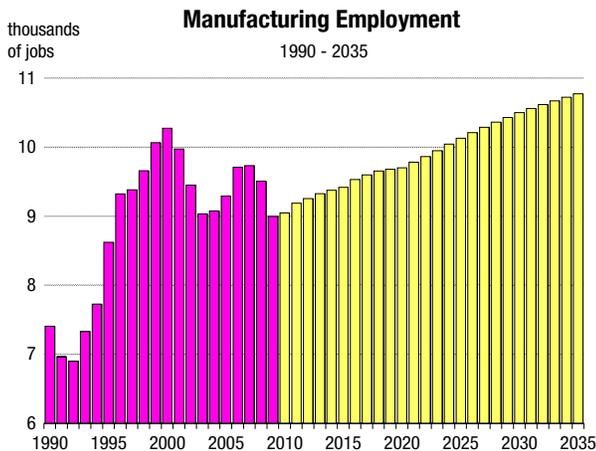
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2002	411,553	2,114	358.8	134.2	2,461	\$5.4	\$12.7	\$35,856	1.6	244.7	1.42	5.8
2003	414,826	123	356.5	136.7	2,678	\$5.6	\$13.0	\$35,777	1.8	256.0	1.66	6.3
2004	418,065	184	377.5	138.7	3,022	\$5.9	\$13.4	\$36,235	1.2	244.4	1.91	5.8
2005	419,577	-1,403	375.1	141.2	2,553	\$6.0	\$13.6	\$35,911	2.0	264.4	2.12	5.4
2006	421,564	-1,062	379.7	143.8	1,300	\$6.4	\$14.2	\$36,181	3.2	248.1	2.31	4.9
2007	423,974	-712	375.2	144.9	973	\$6.2	\$15.0	\$36,594	3.4	275.9	2.32	5.3
2008	426,026	-1,054	371.4	146.2	562	\$6.3	\$15.5	\$36,704	3.0	291.0	2.40	6.9
2009	428,304	-799	368.1	146.7	513	\$6.2	\$16.4	\$38,245	0.8	304.5	2.35	11.4
2010	430,983	-201	366.3	147.6	1,053	\$6.1	\$17.1	\$38,852	2.1	309.4	2.38	12.1
2011	434,737	889	367.6	148.6	1,590	\$6.2	\$17.9	\$39,463	2.4	312.8	2.44	11.4
2012	439,921	2,317	372.0	150.1	1,613	\$6.5	\$18.8	\$40,022	2.1	315.3	2.51	10.0
2013	445,608	2,799	377.8	151.6	1,538	\$6.9	\$19.8	\$40,694	2.2	317.3	2.57	9.0
2014	451,711	3,195	384.4	153.0	1,543	\$7.3	\$20.8	\$41,368	2.2	317.5	2.63	8.0
2015	458,048	3,423	391.0	154.4	1,596	\$7.8	\$21.9	\$41,992	2.2	314.5	2.70	7.4
2016	464,485	3,516	397.7	155.9	1,672	\$8.4	\$23.1	\$42,601	2.2	313.1	2.76	6.9
2017	470,852	3,429	403.7	157.5	1,728	\$9.0	\$24.2	\$43,096	2.2	312.3	2.83	6.7
2018	477,128	3,321	409.8	159.1	1,808	\$9.6	\$25.3	\$43,641	2.2	311.4	2.90	6.6
2019	483,301	3,203	415.8	160.7	1,811	\$10.2	\$26.5	\$44,083	2.2	311.3	2.98	6.4
2020	488,804	2,531	421.7	162.4	1,855	\$10.8	\$27.6	\$44,525	2.1	307.5	3.08	6.3
2021	493,951	2,169	427.6	164.1	1,616	\$11.4	\$28.9	\$44,895	2.5	300.9	3.17	6.2
2022	498,833	1,905	433.9	165.6	1,672	\$12.1	\$30.2	\$45,390	2.6	296.7	3.26	6.0
2023	503,537	1,725	440.0	167.2	1,620	\$12.8	\$31.6	\$45,882	2.5	293.8	3.36	5.9
2024	508,044	1,522	445.9	168.7	1,511	\$13.5	\$33.1	\$46,445	2.4	292.6	3.45	5.8
2025	512,569	1,539	451.4	170.1	1,419	\$14.2	\$34.6	\$46,935	2.5	292.2	3.56	5.7
2026	517,144	1,593	456.7	171.4	1,403	\$15.0	\$36.0	\$47,320	2.5	290.5	3.67	5.7
2027	521,371	1,260	461.6	172.7	1,217	\$15.7	\$37.6	\$47,672	2.6	287.3	3.78	5.7
2028	525,272	957	466.7	173.9	1,318	\$16.5	\$39.1	\$47,982	2.8	284.4	3.90	5.6
2029	529,034	838	471.7	175.1	1,318	\$17.4	\$40.7	\$48,256	2.7	280.6	4.02	5.6
2030	532,722	783	476.8	176.3	1,385	\$18.2	\$42.4	\$48,543	2.7	273.9	4.14	5.5
2031	537,082	1,454	481.8	177.6	1,432	\$19.1	\$44.0	\$48,764	2.7	265.6	4.27	5.4
2032	541,708	1,712	487.1	178.9	1,559	\$20.0	\$45.8	\$48,936	2.7	261.6	4.41	5.3
2033	546,420	1,788	492.3	180.4	1,660	\$20.9	\$47.6	\$49,117	2.7	259.7	4.54	5.4
2034	551,113	1,760	497.5	181.9	1,743	\$21.9	\$49.5	\$49,301	2.7	258.5	4.68	5.4
2035	555,733	1,681	502.6	183.5	1,798	\$22.9	\$51.4	\$49,495	2.7	255.8	4.82	5.5

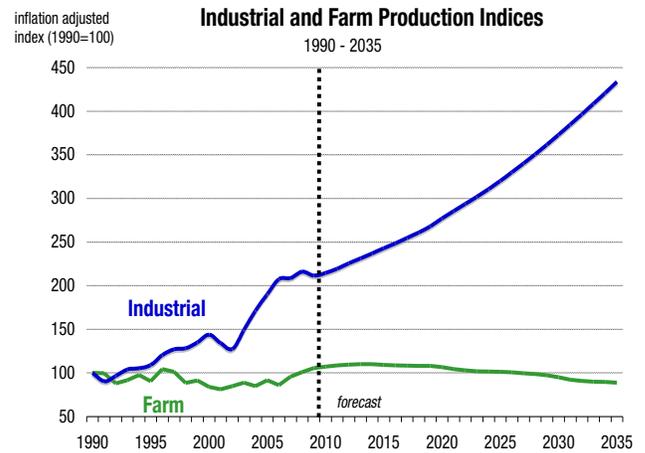
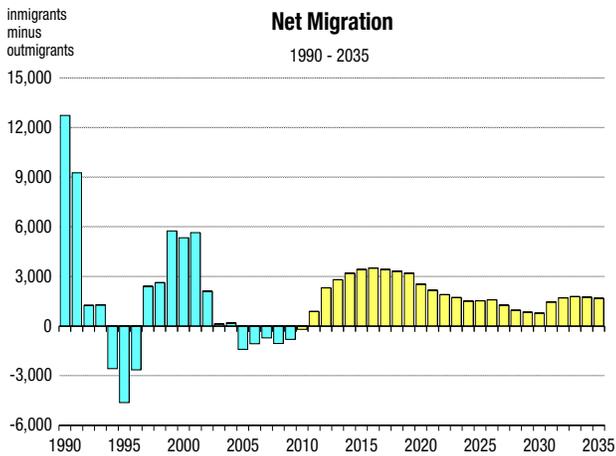
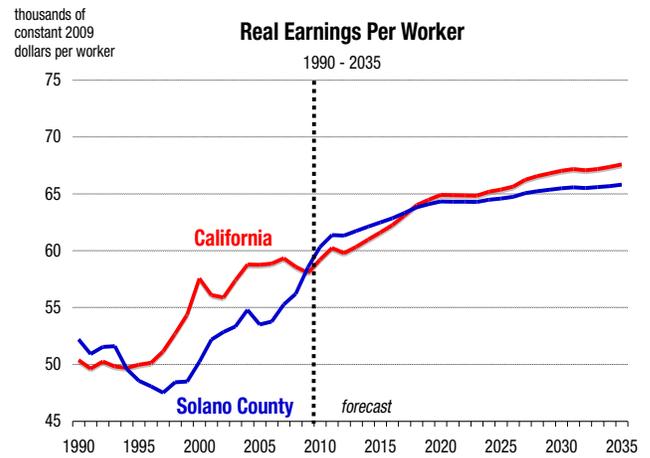
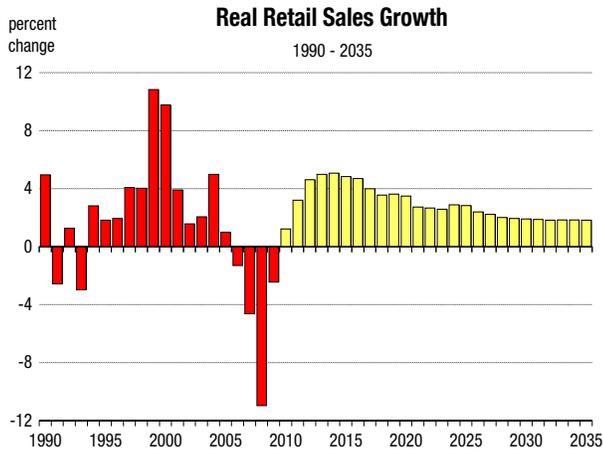


Solano County Employment Forecast

2002-2009 History, 2010-2035 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
2002	122.4	1.95	10.9	9.5	3.0	21.8	4.7	11.7	1.8	14.5	12.3	26.4
2003	125.4	1.92	11.3	9.0	3.8	22.3	5.8	11.1	1.9	15.6	12.6	25.7
2004	126.8	1.98	12.1	9.1	4.4	22.4	6.0	11.4	1.7	15.4	12.8	25.0
2005	130.0	1.98	13.4	9.3	4.7	22.9	6.3	11.3	1.7	15.8	12.6	25.5
2006	130.7	1.73	12.6	9.7	4.7	23.0	6.2	11.5	1.6	16.2	13.0	26.0
2007	129.0	1.55	10.7	9.7	4.7	22.4	5.6	11.5	1.6	17.1	13.3	26.6
2008	126.0	1.62	9.1	9.5	4.9	21.8	4.9	10.7	1.6	17.8	13.3	26.7
2009	121.9	1.85	7.7	9.0	4.9	20.8	4.5	10.2	1.6	17.9	13.2	26.1
2010	121.9	1.86	8.2	9.0	4.9	20.5	4.5	10.2	1.6	18.1	13.1	25.5
2011	123.4	1.87	8.9	9.2	5.0	20.5	4.5	10.5	1.6	18.6	13.3	25.1
2012	126.2	1.88	9.4	9.3	5.0	20.9	4.6	11.0	1.6	19.1	13.5	25.7
2013	129.0	1.88	9.9	9.3	5.1	21.4	4.6	11.4	1.7	19.6	13.7	26.2
2014	131.7	1.88	10.3	9.4	5.1	22.0	4.6	11.8	1.7	20.1	13.9	26.7
2015	134.2	1.88	10.5	9.4	5.1	22.6	4.7	12.3	1.7	20.6	14.1	27.1
2016	136.7	1.87	10.8	9.5	5.1	23.2	4.7	12.7	1.7	21.1	14.3	27.4
2017	138.7	1.87	10.9	9.6	5.1	23.8	4.7	13.1	1.7	21.5	14.5	27.6
2018	141.1	1.87	11.2	9.7	5.1	24.3	4.7	13.5	1.7	22.1	14.7	28.1
2019	143.4	1.87	11.2	9.7	5.1	24.9	4.7	13.9	1.7	22.7	14.8	28.6
2020	145.7	1.86	11.3	9.7	5.1	25.4	4.7	14.3	1.7	23.3	15.0	29.1
2021	148.1	1.84	11.1	9.8	5.1	26.0	4.7	14.6	1.7	24.1	15.1	29.6
2022	150.8	1.83	11.2	9.9	5.1	26.5	4.7	15.0	1.7	25.1	15.3	30.1
2023	153.3	1.83	11.2	10.0	5.1	27.0	4.8	15.4	1.8	26.0	15.5	30.6
2024	155.6	1.83	11.1	10.0	5.1	27.6	4.9	15.7	1.8	26.8	15.6	31.0
2025	157.8	1.82	11.0	10.1	5.1	28.1	4.9	16.0	1.8	27.6	15.8	31.4
2026	160.0	1.82	10.9	10.2	5.1	28.6	5.0	16.4	1.8	28.3	15.9	31.8
2027	161.9	1.81	10.7	10.3	5.1	29.1	5.0	16.7	1.8	28.9	16.1	32.2
2028	164.0	1.81	10.8	10.4	5.1	29.6	5.1	17.0	1.8	29.6	16.2	32.5
2029	166.1	1.80	10.8	10.4	5.1	30.0	5.1	17.2	1.8	30.2	16.4	32.9
2030	168.2	1.78	10.9	10.5	5.1	30.5	5.2	17.5	1.9	30.9	16.5	33.3
2031	170.3	1.76	11.0	10.6	5.1	30.9	5.2	17.8	1.9	31.6	16.7	33.7
2032	172.5	1.75	11.1	10.6	5.1	31.4	5.2	18.0	1.9	32.3	16.8	34.0
2033	174.6	1.75	11.3	10.7	5.1	31.8	5.3	18.2	1.9	32.9	17.0	34.4
2034	176.7	1.75	11.4	10.7	5.1	32.2	5.3	18.4	1.9	33.7	17.1	34.8
2035	178.7	1.74	11.4	10.8	5.1	32.7	5.4	18.6	1.9	34.4	17.3	35.2





County Economic and Demographic Indicators

Projected Economic Growth (2010-2015)

Expected retail sales growth:	24.9 %
Expected job growth:	10.1 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	14.9 %

Expected population growth:	6.3 %
Net migration to account for:	46.6 %
Expected growth in number of vehicles:	6.8 %

Demographics (2009)

Unemployment rate (December):	11.9 %
County Rank* in California (58 counties):	20th
Working age (16-64) population:	67.5 %

Population with B.A. Degree or higher:	21.8 %
Median Home Selling Price:	\$201,899
Median Household Income:	\$68,577

Quality of Life

Violent Crime rate (2008):	555 per 100,000 persons
County Rank* in California (58 counties):	44th
Average Commute Time to work (2009):	34.0 minutes

High School drop out rate (2008):	22.4 %
Households at/below poverty line:	6.3 %

* The county ranked 1st corresponds to the lowest rate in California