

SOLANO COUNTY ECONOMIC FORECAST

Solano County is located in the San Francisco Bay Area. The county shares its eastern and northern borders with Yolo and Sacramento Counties. The economy of Solano County has fared far better than other Bay Area counties since the dotcom bust of 2000. Solano County has a population of more than 423,000 people and 132,000 wage and salary jobs. The per capita income in Solano County is \$35,057, and the average salary per worker is \$51,964.

Employment growth in Northern California was strong in 2006, compared to the previous five years. Employment in the greater Bay Area increased by 1.9 percent last year. In 2006, 2,100 wage and salary jobs were created in Solano County, representing a growth rate of 1.6 percent. The unemployment rate declined to 4.9 percent in 2006.

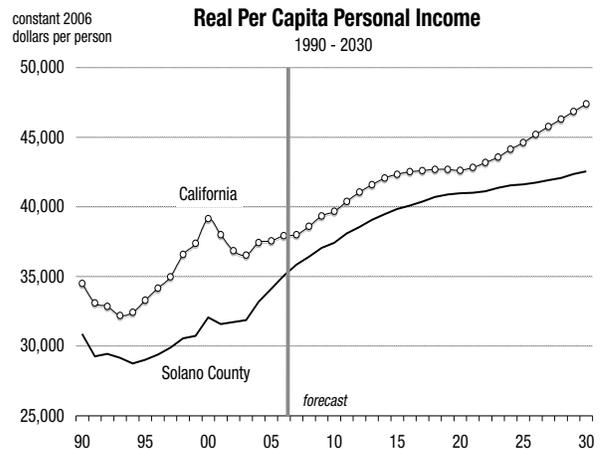
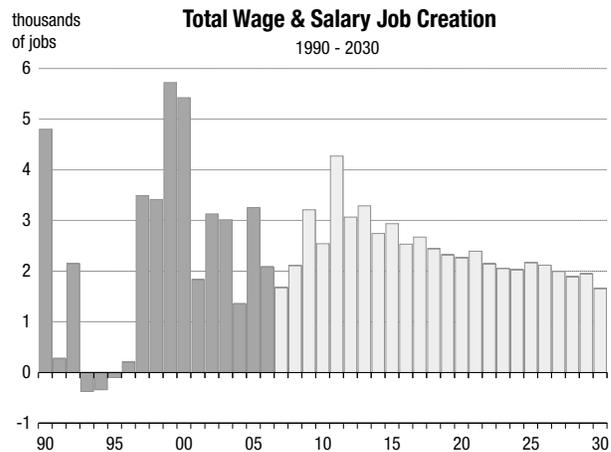
The healthcare and education, leisure services, government and construction sectors all added between 400 and 600 jobs in 2006. Employment in manufacturing grew by 200 jobs, the third straight year of growth in the sector.

Population growth remains positive in Solano County, but the growth rate during calendar 2006 was modest at 0.8 percent. The three largest cities in the county, Vallejo, Fairfield and Vacaville, account for over 75 percent of the total population. They grew by a scant 0.4 percent from January 2006 to January 2007.

The economy of Solano County never experienced the significant downturn that most other Bay Area counties faced at the turn of the century. Employment and population growth are forecast to remain healthy for the remainder of the decade. Over the next five years, the county is expected to be the fastest growing in the Bay Area, in terms of population and employment growth.

FORECAST HIGHLIGHTS

- Job growth will moderate in 2007 to 1.3 percent. Over the next five years, 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, but are increasing at a faster rate than the state average. Real salaries are forecast to rise an average of 1.7 percent per year over the next 5 years, and will surpass the state in 2007.
- Over the next five years, all sectors experience at least some positive job creation. The fastest growing sectors are expected to be professional services, and wholesale and retail trade. Leisure services, government, and healthcare and education will also contribute to job growth. Construction employment falls in the near term forecast, but recovers by



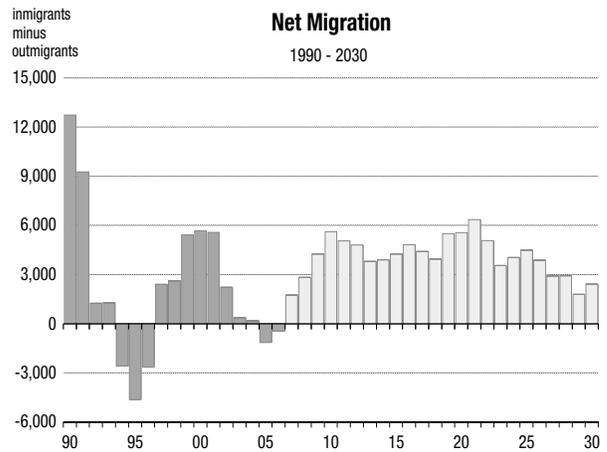
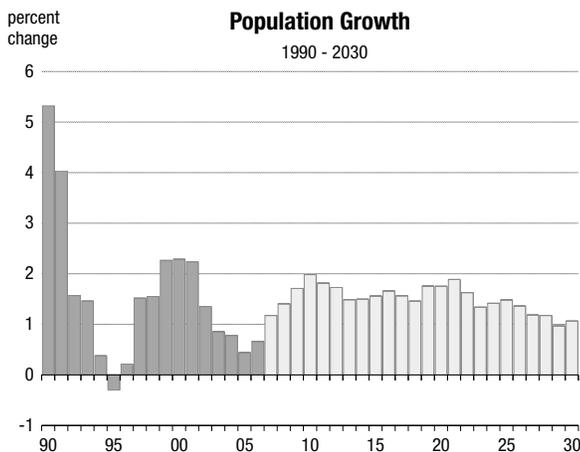
2011.

- Population is expected to grow 1.2 percent in 2007. Annual growth in the 2007 to 2011 period is forecast to average 1.7 percent per year.
- Net migration is expected to increase over the forecast. From 2007 to 2011, an average of 3,900 net migrants enter the county per year.
- Real per capita income is forecast to rise 2.2 percent in 2007. Over the next five years real per capita incomes grow an average of 1.7 percent per year.
- Total taxable sales are expected to increase by an average of 6.0 percent over the next five years.
- Industrial production is expected to increase 6.2 percent in 2007. Over the next five years the growth rate of industrial production is forecast to moderate, rising an average of 5.0

Solano County Economic Forecast

1997-2006 History, 2007-2030 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)
1997	373,900	2,410	280.8	124.1	1,542	\$3.3	\$8.6	\$29,892	3.4	273.2	1.26	6.4
1998	379,700	2,630	299.4	125.8	2,204	\$3.4	\$9.2	\$30,552	3.2	234.4	1.28	5.5
1999	388,300	5,423	312.2	127.1	1,953	\$3.9	\$9.8	\$30,732	4.2	237.4	1.35	4.6
2000	397,187	5,684	329.5	130.4	2,346	\$4.4	\$11.0	\$32,066	4.5	215.8	1.45	4.2
2001	406,088	5,584	345.6	131.7	2,560	\$4.7	\$11.6	\$31,581	5.4	204.9	1.36	4.6
2002	411,601	2,226	358.8	134.1	2,461	\$5.1	\$12.0	\$31,728	1.6	216.6	1.30	5.7
2003	415,134	383	356.5	136.2	2,678	\$5.3	\$12.4	\$31,870	1.8	228.3	1.52	6.4
2004	418,383	194	377.5	138.2	3,022	\$5.8	\$13.2	\$33,171	1.2	222.6	1.66	5.9
2005	420,246	-1,147	375.1	140.9	2,553	\$6.0	\$13.9	\$34,114	2.0	246.5	1.77	5.4
2006	423,033	-451	377.6	143.2	1,300	\$6.3	\$14.8	\$35,057	3.3	245.2	1.80	4.9
2007	428,018	1,755	383.3	145.0	1,105	\$6.7	\$15.8	\$35,837	2.9	243.5	1.91	4.8
2008	434,043	2,828	390.6	146.0	1,438	\$7.1	\$16.6	\$36,419	2.0	235.0	2.01	4.8
2009	441,468	4,263	400.6	147.3	1,744	\$7.5	\$17.5	\$37,047	2.0	239.5	2.10	4.6
2010	450,229	5,627	410.4	148.9	1,804	\$8.0	\$18.5	\$37,415	2.5	239.0	2.19	4.6
2011	458,419	5,065	423.3	150.6	2,354	\$8.5	\$19.6	\$38,084	2.4	231.8	2.29	4.4
2012	466,362	4,815	435.0	152.8	2,344	\$9.0	\$20.7	\$38,544	2.2	230.2	2.38	4.5
2013	473,318	3,807	446.4	155.0	2,428	\$9.5	\$21.7	\$39,058	2.3	230.0	2.49	4.6
2014	480,418	3,914	456.6	157.3	2,357	\$10.1	\$22.8	\$39,471	2.3	226.4	2.58	4.7
2015	487,917	4,266	466.6	159.4	2,380	\$10.7	\$24.0	\$39,851	2.6	224.0	2.69	4.8
2016	496,035	4,829	475.8	161.7	2,345	\$11.4	\$25.2	\$40,095	2.7	221.3	2.78	4.9
2017	503,801	4,414	484.8	163.8	2,387	\$12.1	\$26.5	\$40,375	2.7	212.5	2.88	4.9
2018	511,173	3,950	493.4	166.1	2,384	\$12.8	\$27.8	\$40,719	2.5	210.7	2.98	4.9
2019	520,170	5,500	501.4	168.3	2,383	\$13.5	\$29.1	\$40,880	2.5	207.9	3.10	5.0
2020	529,301	5,556	508.9	170.5	2,515	\$14.3	\$30.4	\$40,977	2.5	204.3	3.20	5.0
2021	539,306	6,354	516.9	172.8	2,491	\$15.1	\$31.8	\$41,005	2.4	196.7	3.32	4.9
2022	548,099	5,072	524.7	175.2	2,510	\$15.9	\$33.2	\$41,112	2.5	195.9	3.35	5.0
2023	555,442	3,561	532.3	177.5	2,385	\$16.8	\$34.7	\$41,365	2.5	188.6	3.42	5.0
2024	563,321	4,041	539.8	179.7	2,260	\$17.6	\$36.1	\$41,536	2.3	189.5	3.51	5.0
2025	571,701	4,497	547.5	181.8	2,265	\$18.5	\$37.6	\$41,613	2.4	186.4	3.59	5.0
2026	579,503	3,879	555.4	183.9	2,274	\$19.5	\$39.1	\$41,743	2.4	183.2	3.65	5.0
2027	586,378	2,924	563.1	186.0	2,262	\$20.4	\$40.7	\$41,912	2.5	180.0	3.70	5.0
2028	593,277	2,930	570.6	188.1	2,250	\$21.5	\$42.5	\$42,071	2.7	173.9	3.78	5.0
2029	599,056	1,802	578.3	190.2	2,290	\$22.6	\$44.3	\$42,348	2.7	173.0	3.86	5.0
2030	605,448	2,415	585.6	192.4	2,195	\$23.7	\$46.2	\$42,558	2.6	169.8	3.95	5.0



Solano County Employment Forecast

1997-2006 History, 2007-2030 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)-----											
1997	102.9	2.11	7.6	9.4	3.8	18.8	3.4	7.5	1.7	11.4	10.6	22.4
1998	106.3	2.17	7.7	9.7	3.8	18.8	3.4	8.6	1.8	11.9	11.2	23.1
1999	112.0	2.25	8.8	10.1	3.6	19.7	3.6	9.8	1.7	12.5	11.7	24.3
2000	117.4	2.28	9.9	10.3	3.3	20.1	3.8	11.5	1.7	13.7	12.0	24.5
2001	119.3	2.19	10.6	10.0	3.0	20.9	3.8	11.2	1.7	14.3	12.4	25.5
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	132.1	1.72	14.0	9.5	4.7	23.0	6.3	11.6	1.6	16.2	13.1	25.9
2007	133.8	1.78	13.2	9.7	4.8	23.7	6.3	12.0	1.7	16.6	13.6	26.0
2008	135.9	1.81	13.1	9.7	4.8	24.4	6.3	12.3	1.7	17.0	13.8	26.4
2009	139.1	1.83	13.7	9.8	4.9	25.2	6.3	12.7	1.7	17.3	14.0	27.1
2010	141.7	1.85	13.7	9.8	4.9	26.0	6.4	13.2	1.7	17.7	14.2	27.6
2011	145.9	1.84	14.7	10.0	4.9	26.8	6.4	13.9	1.8	18.1	14.4	28.6
2012	149.0	1.83	14.7	10.0	4.9	27.6	6.5	14.5	1.8	18.6	14.6	29.4
2013	152.3	1.83	14.8	10.2	4.9	28.4	6.6	15.2	1.8	19.1	14.7	30.3
2014	155.0	1.82	14.7	10.2	4.9	29.1	6.7	15.7	1.9	19.6	14.9	31.1
2015	158.0	1.81	14.7	10.3	4.9	29.8	6.7	16.3	1.9	20.1	15.0	31.9
2016	160.5	1.80	14.6	10.3	4.9	30.5	6.8	16.7	1.9	20.6	15.1	32.7
2017	163.2	1.77	14.7	10.4	4.9	31.2	7.0	17.0	1.9	21.1	15.2	33.5
2018	165.6	1.76	14.6	10.4	4.9	31.8	7.1	17.3	2.0	21.6	15.3	34.4
2019	168.0	1.74	14.6	10.5	4.9	32.4	7.1	17.6	2.0	22.1	15.3	35.1
2020	170.2	1.72	14.7	10.4	4.9	32.9	7.2	17.9	2.0	22.7	15.4	35.9
2021	172.6	1.70	14.7	10.6	4.9	33.5	7.3	18.1	2.0	23.3	15.4	36.7
2022	174.8	1.68	14.7	10.5	4.9	34.0	7.4	18.4	2.0	23.8	15.4	37.5
2023	176.8	1.65	14.5	10.6	4.9	34.4	7.5	18.6	2.0	24.3	15.5	38.3
2024	178.9	1.64	14.3	10.7	4.9	34.9	7.6	18.9	2.1	24.8	15.5	39.1
2025	181.0	1.63	14.3	10.7	4.9	35.4	7.7	19.1	2.1	25.3	15.5	39.8
2026	183.2	1.61	14.4	10.8	4.9	35.9	7.8	19.3	2.1	25.8	15.6	40.5
2027	185.2	1.60	14.4	10.9	4.9	36.3	7.9	19.5	2.1	26.2	15.6	41.2
2028	187.1	1.57	14.3	10.9	4.9	36.8	8.0	19.8	2.1	26.6	15.6	41.9
2029	189.0	1.56	14.3	11.0	4.9	37.3	8.0	20.0	2.2	27.0	15.7	42.6
2030	190.7	1.54	14.1	11.0	4.9	37.8	8.1	20.2	2.2	27.3	15.7	43.3

