

SOLANO COUNTY ECONOMIC FORECAST

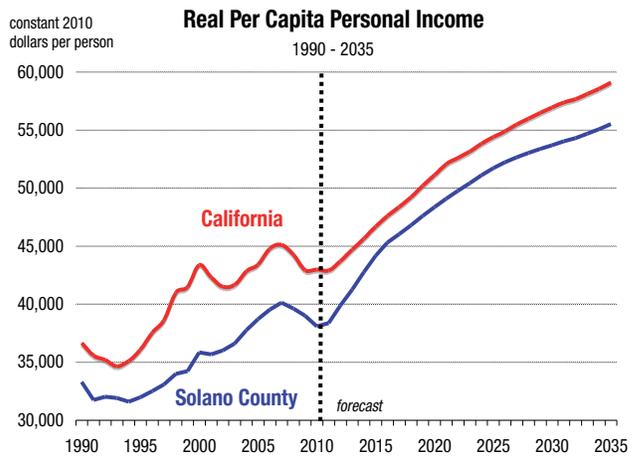
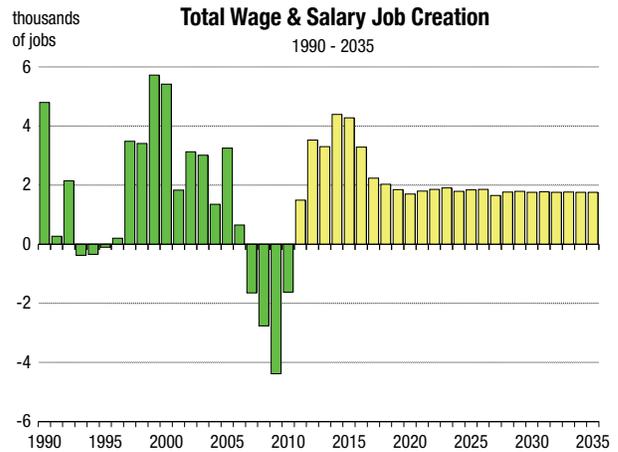
Solano County is located north of the San Francisco Bay, approximately halfway between San Francisco and Sacramento. The per capita income in Solano County is \$38,092, and the average salary per worker is \$58,502. Although the economy of Solano County was one of the brighter spots in the Bay Area after the dotcom bust, it has not been immune to the 2008-09 recession.

Employment growth in Northern California was negative in 2010, and in the greater Bay Area, jobs declined by 1.4 percent. In 2010, 1,600 wage and salary jobs were lost in Solano County, representing a total employment decline of -1.3 percent. Solano County entered the recession earlier than other counties in the Bay Area, with employment contracting 3.4 percent during 2007 and 2008. This resulted in a more moderate job loss during 2009 and 2010. The unemployment rate increased to 12.0 percent in 2010.

During 2010 jobs were created in the wholesale trade, information, education and healthcare, and professional services sectors. Employment losses were greatest in government (-1,700 jobs), transportation and warehousing (-320 jobs), construction (-300 jobs) and leisure (-290 jobs) sectors.

Population growth remains positive but slow in Solano County, growing by 4.8 percent between the 2000 and 2010 census. The three largest cities in the county, Vallejo, Fairfield and Vacaville, account for 76 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. After 3 years of negotiation full resolution has still not been achieved in the case.

Positive employment growth will return in 2011, while annual population growth will remain very slow until 2013.



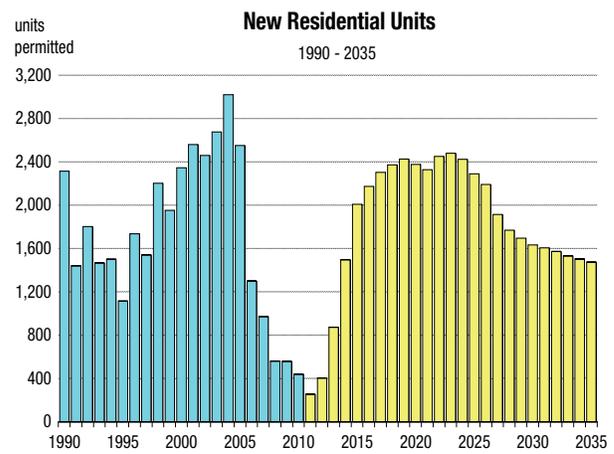
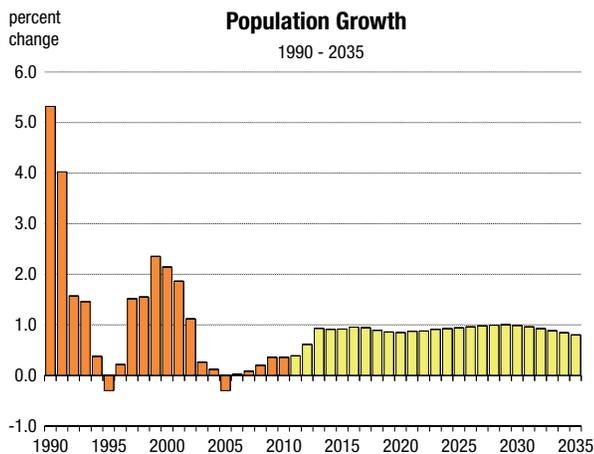
FORECAST HIGHLIGHTS

- Job growth is forecast at 1.2 percent in 2011. Between 2011 and 2016, the annual growth rate is forecast to average 2.9 percent per year.
- Salaries per worker adjusted for inflation were approximately equal to the California average, but fell substantially in 2010. Real salaries are forecast to rise an average of 0.9 percent per year between 2011 and 2016, but remain below the California average throughout the forecast.
- Between 2011 and 2016, all sectors experience some net positive job creation, with the exception of farm employment. The fastest growing sectors are expected to be professional services, retail trade, education and healthcare, government, and construction, each of which creates over 2,000 jobs. Employment in financial activities takes over 20 years to return to the levels of 2005-2006.
- Population is expected to grow 0.4 percent in 2011. Annual growth in the 2011 to 2016 period is forecast to average 0.8 percent per year.
- Net migration will remain negative in 2011, but increase over the long run. From 2011 to 2016, an average of 1,000 net migrants enter the county per year.
- Real per capita income is forecast to rise 0.6 percent in 2011. Between 2011 and 2016 real per capita incomes grow an average of 3.2 percent per year.
- Total taxable sales adjusted for inflation are expected to increase by an average of 4.7 percent per year during the 2011 to 2016 period.
- Industrial production is expected to increase 3.2 percent in 2011. Between 2011 and 2016 the growth rate of industrial production is forecast to average 2.5 percent per year.

Solano County Economic Forecast

2006-2010 History, 2011-2040 Forecast

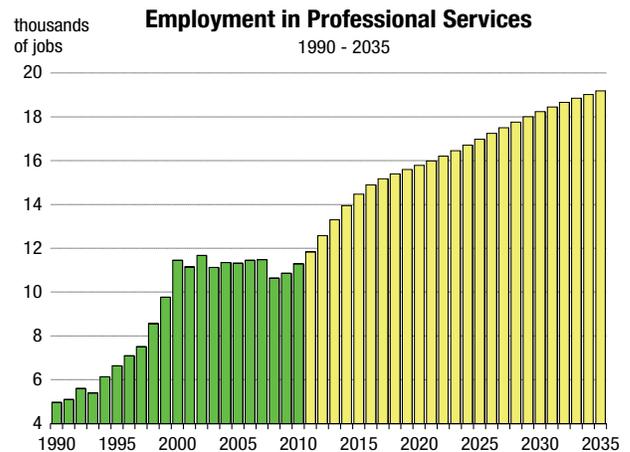
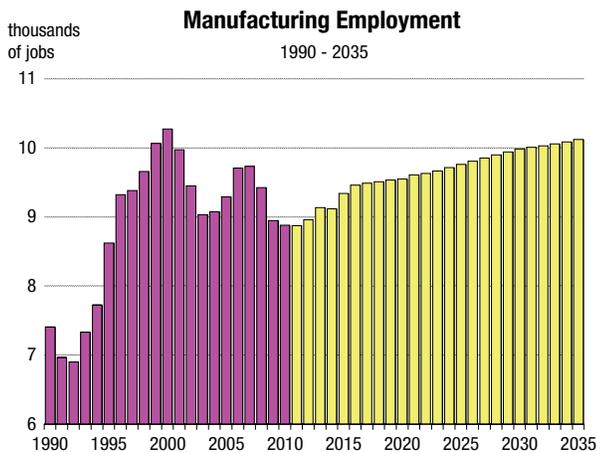
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	409,397	-2,935	379.7	143.8	1,300	\$6.5	\$14.9	\$39,534	3.2	254.1	2.62	4.9
2007	409,749	-2,769	375.2	144.9	973	\$6.3	\$15.6	\$40,129	3.4	282.2	2.63	5.3
2008	410,592	-2,156	371.4	146.2	562	\$6.0	\$15.9	\$39,613	3.0	299.1	2.91	6.8
2009	412,085	-1,286	371.5	146.7	559	\$5.3	\$15.9	\$39,012	0.8	255.3	2.99	10.7
2010	413,583	-1,008	370.6	147.1	440	\$5.3	\$15.8	\$38,092	1.3	259.7	2.96	12.0
2011	415,195	-679	369.7	148.0	254	\$5.5	\$16.4	\$38,339	3.3	274.4	3.06	11.2
2012	417,733	291	374.8	148.2	402	\$5.8	\$17.5	\$39,746	2.3	273.0	3.11	10.2
2013	421,543	1,576	382.7	148.6	871	\$6.2	\$18.7	\$41,013	2.3	272.2	3.21	9.2
2014	425,246	1,476	393.6	149.4	1,494	\$6.7	\$20.0	\$42,410	2.4	269.5	3.25	8.0
2015	428,972	1,509	406.0	150.8	2,004	\$7.2	\$21.2	\$43,763	2.1	261.5	3.35	7.1
2016	432,905	1,726	417.4	152.6	2,169	\$7.7	\$22.4	\$44,832	2.1	262.8	3.46	6.5
2017	436,832	1,720	426.7	154.7	2,299	\$8.2	\$23.4	\$45,570	2.1	262.3	3.56	6.1
2018	440,624	1,583	434.5	156.8	2,368	\$8.7	\$24.5	\$46,355	2.0	261.8	3.65	5.8
2019	444,351	1,524	441.2	159.0	2,424	\$9.1	\$25.7	\$47,196	1.9	263.0	3.74	5.6
2020	448,121	1,573	447.0	161.2	2,376	\$9.6	\$26.7	\$47,951	1.7	254.9	3.84	5.4
2021	452,032	1,715	452.5	163.4	2,328	\$10.1	\$27.8	\$48,668	1.7	246.1	3.96	5.4
2022	455,991	1,768	459.1	165.6	2,451	\$10.7	\$29.1	\$49,340	2.2	249.4	4.07	5.3
2023	460,138	1,966	466.1	167.9	2,479	\$11.2	\$30.4	\$49,997	2.2	249.8	4.19	5.3
2024	464,400	2,087	473.0	170.2	2,424	\$11.8	\$31.8	\$50,680	2.1	251.7	4.31	5.3
2025	468,754	2,192	479.6	172.4	2,290	\$12.4	\$33.1	\$51,284	2.1	252.0	4.44	5.3
2026	473,240	2,328	486.1	174.6	2,191	\$13.0	\$34.5	\$51,780	2.1	249.5	4.58	5.3
2027	477,872	2,482	492.0	176.6	1,915	\$13.6	\$35.8	\$52,218	2.1	245.8	4.73	5.3
2028	482,603	2,601	497.8	178.4	1,769	\$14.3	\$37.2	\$52,594	2.1	244.7	4.89	5.3
2029	487,446	2,731	503.6	180.0	1,696	\$14.9	\$38.6	\$52,939	2.1	242.1	5.05	5.3
2030	492,266	2,731	509.3	181.6	1,633	\$15.6	\$40.1	\$53,258	2.1	233.4	5.21	5.3
2031	496,993	2,646	515.0	183.1	1,605	\$16.3	\$41.6	\$53,582	2.2	224.8	5.37	5.3
2032	501,590	2,522	520.7	184.6	1,573	\$17.0	\$43.1	\$53,876	2.2	228.4	5.54	5.3
2033	506,031	2,371	526.4	186.0	1,533	\$17.8	\$44.8	\$54,247	2.1	230.6	5.71	5.3
2034	510,302	2,209	532.1	187.5	1,505	\$18.6	\$46.5	\$54,640	2.2	231.5	5.89	5.3
2035	514,393	2,038	537.7	188.9	1,476	\$19.4	\$48.2	\$55,082	2.2	227.7	6.08	5.3
2036	518,308	1,867	543.5	190.2	1,453	\$20.3	\$50.1	\$55,553	2.1	231.6	6.27	5.3
2037	522,064	1,705	549.2	191.6	1,423	\$21.2	\$52.0	\$56,056	2.2	231.1	6.47	5.3
2038	525,671	1,549	555.0	192.9	1,383	\$22.1	\$54.0	\$56,608	2.1	219.9	6.67	5.3
2039	529,143	1,401	560.9	194.2	1,346	\$23.1	\$56.1	\$57,202	2.1	220.5	6.88	5.3
2040	532,499	1,267	566.9	195.4	1,312	\$24.1	\$58.2	\$57,824	2.1	220.0	7.11	5.3

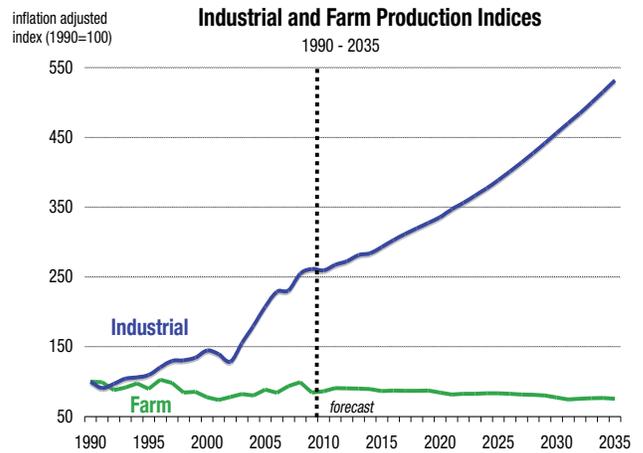
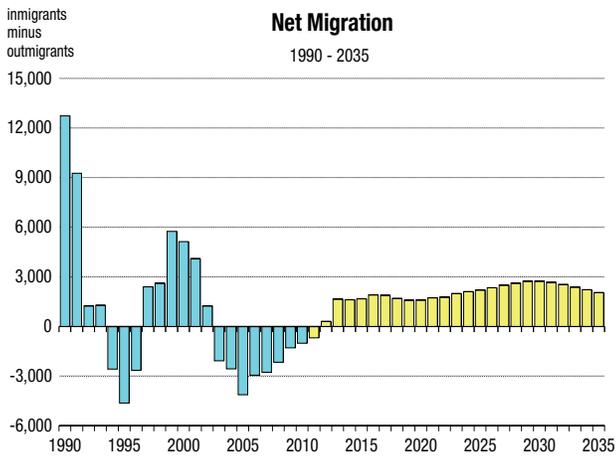
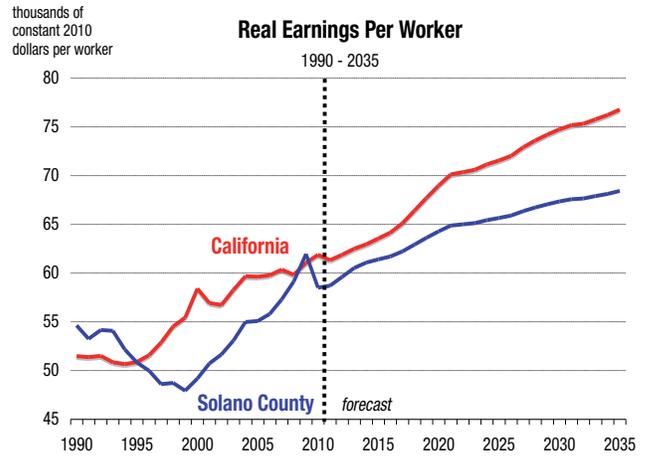
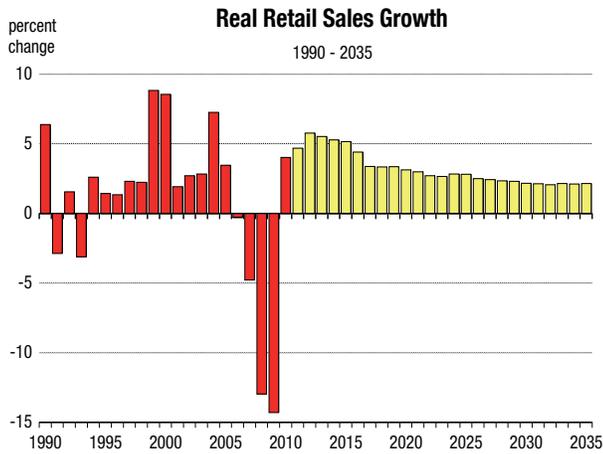


Solano County Employment Forecast

2006-2010 History, 2011-2040 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)-----												
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	126.3	1.60	9.2	9.4	4.8	21.8	5.0	10.6	1.6	17.7	13.4	26.9
2009	121.9	1.56	7.5	9.0	4.9	20.4	4.8	10.9	1.6	18.3	13.2	26.0
2010	120.3	1.28	7.2	8.9	4.5	20.5	4.7	11.3	1.6	18.9	12.9	24.3
2011	121.8	1.29	7.4	8.9	4.8	21.3	4.7	11.8	1.6	19.5	13.2	23.1
2012	125.3	1.30	8.0	9.0	4.9	21.9	4.7	12.6	1.6	20.0	13.5	23.5
2013	128.6	1.29	8.5	9.1	5.0	22.6	4.9	13.3	1.7	20.5	13.8	23.6
2014	133.0	1.29	9.7	9.1	5.1	23.2	5.0	14.0	1.7	21.1	14.2	24.3
2015	137.3	1.28	10.7	9.3	5.2	23.9	5.0	14.5	1.8	21.7	14.6	24.9
2016	140.6	1.28	11.2	9.5	5.3	24.4	5.1	14.9	1.8	22.3	14.9	25.5
2017	142.8	1.28	11.5	9.5	5.3	24.9	5.2	15.2	1.8	22.7	15.2	25.9
2018	144.9	1.28	11.6	9.5	5.3	25.2	5.2	15.4	1.8	23.2	15.5	26.2
2019	146.7	1.28	11.8	9.5	5.3	25.6	5.3	15.6	1.8	23.7	15.7	26.5
2020	148.4	1.27	11.8	9.6	5.4	26.0	5.4	15.8	1.8	24.1	15.9	26.9
2021	150.2	1.25	11.8	9.6	5.4	26.4	5.4	16.0	1.8	24.6	16.1	27.3
2022	152.1	1.26	12.0	9.6	5.4	26.7	5.5	16.2	1.9	25.1	16.3	27.7
2023	154.0	1.26	12.0	9.7	5.4	27.1	5.6	16.5	1.9	25.7	16.4	28.1
2024	155.8	1.26	12.0	9.7	5.5	27.5	5.6	16.7	1.9	26.2	16.6	28.5
2025	157.6	1.26	11.9	9.8	5.5	27.8	5.7	17.0	1.9	26.8	16.7	28.8
2026	159.5	1.26	11.8	9.8	5.6	28.2	5.8	17.2	1.9	27.4	16.9	29.2
2027	161.1	1.25	11.5	9.9	5.6	28.5	5.9	17.5	1.9	28.0	17.0	29.6
2028	162.9	1.25	11.4	9.9	5.7	28.8	6.0	17.8	1.9	28.6	17.2	29.9
2029	164.7	1.25	11.3	9.9	5.7	29.2	6.1	18.0	2.0	29.2	17.4	30.2
2030	166.5	1.23	11.2	10.0	5.8	29.5	6.2	18.2	2.0	29.9	17.5	30.5
2031	168.2	1.22	11.2	10.0	5.8	29.8	6.3	18.5	2.0	30.5	17.7	30.9
2032	170.0	1.22	11.2	10.0	5.8	30.1	6.3	18.7	2.0	31.2	17.8	31.2
2033	171.8	1.23	11.1	10.1	5.8	30.4	6.4	18.8	2.0	31.8	18.0	31.5
2034	173.5	1.23	11.1	10.1	5.9	30.8	6.5	19.0	2.0	32.5	18.2	31.8
2035	175.3	1.22	11.0	10.1	5.9	31.1	6.6	19.2	2.1	33.2	18.3	32.1
2036	177.1	1.23	11.0	10.2	5.9	31.4	6.7	19.3	2.1	33.9	18.5	32.4
2037	178.9	1.23	11.0	10.2	6.0	31.7	6.8	19.5	2.1	34.6	18.7	32.7
2038	180.7	1.21	10.9	10.2	6.0	32.0	6.9	19.7	2.1	35.3	18.8	33.0
2039	182.6	1.21	10.8	10.2	6.1	32.4	7.0	19.8	2.1	36.1	19.0	33.4
2040	184.5	1.21	10.8	10.3	6.1	32.7	7.1	20.0	2.1	36.9	19.2	33.7





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	28.0 %
Expected job growth:	15.4 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	21.9 %

Expected population growth:	4.3 %
Net migration to account for:	37.1 %
Expected growth in number of vehicles:	12.9 %

Demographics (2011)

Unemployment rate (June 2011):	12.0 %
County Rank* in California (58 counties):	22nd
Working age (16-64) population:	65.9 %

Population with B.A. Degree or higher:	24.0 %
Median Home Selling Price:	\$207,000
Median Household Income:	\$66,424

Quality of Life

Violent Crime rate (2009):	484 per 100,000 persons
County Rank* in California (58 counties):	41st
Average Commute Time to work (2011):	31.3 minutes

High School drop out rate (2009):	28.1 %
Households at/below poverty line:	8.1 %

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