



Agenda Submittal

Agenda #: 21 **Status:** Regular Calendar
Type: Report **Department:** County Administrator
File #: 19-386 **Contact:** James Bezek, 784-6112
Agenda date: 5/14/2019 **Final action:** 5/14/2019
Title: Receive a report on the Solano County 2018 Index of Economic and Community Progress

Governing body: Board of Supervisors

District: All

Attachments: 1. A - 2018 Solano County Index, 2. Presentation, 3. Minute Order

Date	Ver.	Action By	Action	Result
5/14/2019	1	Board of Supervisors	Received	

Published Notice Required? Yes ☐ No ☒

Public Hearing Required? Yes ☐ No ☒

DEPARTMENTAL RECOMMENDATION:

It is recommended the Board of Supervisors receive a report on the *Solano County 2018 Index of Economic and Community Progress*.

SUMMARY:

The *Solano County 2018 Index of Economic and Community Progress* was prepared by Dr. Robert Eyler, a principal at Economic Forensics and Analytics in Petaluma, and working in consultation with the Solano Economic Development Corporation and the County Administrator's office. The Index tracks key economic and community indicators that are shaping the local economy. The eleventh edition of the Index spotlights "Solano County Jobs Growth Surges with Housing Prices and Incomes Rising".

The document is also available online at www.solanocounty.com/economicindex
<<http://www.solanocounty.com/economicindex>>

FINANCIAL IMPACT:

The cost for the consultant Economic Forensics Analysis to prepare the 2018 Index was \$20,000, which was included as part of the FY2018/19 Adopted Budget.

DISCUSSION:

Background: The *Solano County Index of Economic and Community Progress* is a project that was launched in 2007 after a series of economic summits identified a need for more fact-based information to guide efforts by leaders in both the public and private sectors to expand the long-term viability of the Solano County economy. Three comprehensive editions were produced for 2008, 2009 and 2010 by the consultant Collaborative Economics for the County of Solano and the Solano Economic Development Corporation. The Index was compiled by the County Administrator's Office for 2011 and 2012. Dr. Robert Eyler of Economic

Forensics and Analytics reviewed the 2012 report and was retained to prepare the 2013, 2014, 2015, 2016, 2017 and now the 2018 Index report.

The 2018 Index highlights Solano County's continued economic growth since 2011 with continued expansion of jobs, incomes and government revenues. The 2018 Index shows that non-farm employment surged in 2018 by 4,300 jobs (3.1 percent growth), outpacing growth in percentage terms compared to other counties throughout Solano County's region. The jobs growth was incremental and evenly spread through multiple sectors and industries. Measures such as gross domestic product (GDP) per capita, personal income per capita and median household income were all rising in 2017 after inflation adjustments (the latest data). Housing prices also increased after inflation adjustments in Solano County, continuing to recover lost wealth from the Great Recession. Population growth in Solano County continues to grow, providing housing demand and workers. The 2018 Index highlights how Solano County's communities are changing demographically and provides some thoughts on how to move forward into the future. The Index also demonstrates that Solano County is becoming more diversified in its employer base with the private sector continuing to demand workers.

The 2018 Index reflects that as Solano County continues to see jobs and incomes growth, rising costs of living, commute times to work and changing economic incentives for workers and local students may also continue. In short, Solano County was better off after 2018 than after 2017.

Key Highlights from the 2018 Index

Our Changing Economy

- Solano County private-sector employers hired 4,000 more workers in 2018; this is a 3.5 percent increase from 2017. The public sector hired 300 more workers in 2018.
- Farm jobs fell by 300 in 2018, while non-farm jobs increased by 4,300 workers (3.1 percent growth) for Solano County businesses, government, and nonprofit employers to a total employment level of 143,900 as 2018 ended.
- Approximately 205,000 residents of Solano County were employed in 2018 after growth of 5,700 more working residents from 2017.
- Solano County's unemployment rate was 3.8 percent at the start of 2019, the lowest rate on record for the county economy.
- Based on the most recent available data, inflation-adjusted (real) gross product for Solano County grew by 2.4 percent in 2017, slightly slower than California, but faster than the national economy.
- Solano County's real personal income per person increased in 2017, the most recent available data. Median household income also increased in 2017 after inflation, suggesting Solano County's jobs growth and income growth are occurring together.
- Employment in industries focused on sales outside Solano County ("base" or "traded" industries) decreased by an estimated 203 jobs in 2018, led by fewer non-durable manufacturing jobs and fewer farm workers.
- Solano County median wages continue to rise and improve for local workers, lower than the median wages for the Bay Area and California overall.
- The latest data on poverty rates (2017), based on five-year averages for Solano County, California and the nation, showed continued progress; Solano County's poverty rate fell by a full percentage point to 8.6 percent of households in 2017 from 2016.
- The latest data on regional cost of living show rising cost levels in Solano County, with local inflation outpacing state and national averages in 2017. Continued jobs growth, rising rents and rising home prices explain most of the price growth.

Our Changing Community

- Solano County's population added 3,153 residents in calendar year 2017, a 0.7 percent increase.
- Solano County's population is forecasted to grow from 2018 to 2030, with 64,420 more residents over

those 12 years, with percentage growth faster than the state average.

- Solano County's graduation rate fell slightly and is behind the state average for the 2017-18 academic year, but still remains above 81 percent. Methodology changed in 2016-17 to estimate these data and also for graduates that are UC/CSU ready.
- Solano County high-school graduates were UC/CSU ready in the 2017-18 academic year at the same rate as the previous academic year.
- Housing prices increased 8.2 percent in 2018 to \$450,000 for single-family homes (up from \$416,000 in 2017) at the median; housing affordability in Solano County fell. Rental prices continued to rise, to a median price of \$2,160 for all rentals in Solano County as of January 2019.
- 659 building permits were issued for new homes for fiscal year 2017-18, fewer than fiscal year 2016-17. Approximately 695,000 square feet of commercial space was permitted during fiscal year 2017-18, also nearly half the square feet than the previous fiscal year.
- Solano County government revenue from property values and taxable sales continued to rise in 2018. Assessed property values increased to over \$54 billion in 2018.

ALTERNATIVES:

The Board could choose not to receive this report; however, this is not recommended as this is an opportunity for the Board to learn about the economic indicators shaping the local economy.

OTHER AGENCY INVOLVEMENT:

The report was prepared by the County Administrator's Office in partnership with the Solano Economic Development Corporation.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION