



## Agenda Submittal

**Agenda #:** 15 **Status:** Regular Calendar  
**Type:** Report **Department:** County Administrator  
**File #:** 20-335 **Contact:** Nancy Huston, 784-6107  
**Agenda date:** 5/5/2020 **Final action:** 5/5/2020  
**Title:** Receive a report on the Solano County 2019 Index of Economic and Community Progress

**Governing body:** Board of Supervisors

**District:** All

**Attachments:** 1. A - 2019 Index of Economic and Community Progress, 2. Minute Order, 3. Presentation

Date	Ver.	Action By	Action	Result
5/5/2020	1	Board of Supervisors		

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 2019 Index of Economic and Community Progress*.

### **SUMMARY:**

The *Solano County 2019 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. This 12<sup>th</sup> edition of the Index includes a housing "Deep Dive" as well depicts labor market, business and income, population, education, and workforce readiness indicators for Solano County for 2019. The report also provides some insight from Dr. Eyler on the potential negative economic impacts from COVID-19 in early 2020 to Solano County, the State and Nation. These futuristic predictions may help the county (and public and private sector partners) to strategize and to develop economic recovery programs to bring back the jobs and personal incomes that were lost in 2020 due to COVID-19.

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

### **FINANCIAL IMPACT:**

The cost for the consultant firm Economic Forensics Analysis, led by Robert Eyler, Ph.D., to prepare the 2019 Index was \$20,000, which was included as part of the County's FY2019/20 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, 2018, and now the 2019 Index report.

The 2019 Index highlights Solano County's economic growth since 2011 with continued expansion of jobs, incomes and government revenues. The 2019 Index shows that non-farm employment (business, government, nonprofit employers) increased in 2019 by 1,700 jobs (1.1 percent growth). Solano County employers hired/employed over 145,100 workers in 2019. The jobs growth in Solano in construction and healthcare sectors, was offset by losses of jobs in manufacturing and retail sectors. Measures such as gross domestic product (GDP) per capita, personal income per capita and median household income were all rising in 2019 after inflation adjustments (the latest data). Housing prices increased only by 0.3 percent in 2019 to \$448,200 at the median and housing affordability increased for Solano residents. Population growth in Solano County continues to grow modestly, providing housing demand and workers. The 2019 Index highlights how Solano County's communities are changing demographically and provides some thoughts on how to move forward into the future, post COVID-19.

The 2019 Index also discusses the COVID-19 crisis impacts in early 2020 that is impacting local cities, the county, the State and federal government. Solano County has gone from an unemployment rate of 3.7% in late 2019 to 5.5% in March 2020 (and we expect higher rates in April) due to the significant number of employers shutting down business activity due to the federal, state and local health orders to prevent the disease transmission of COVID-19. As a county with affordable housing when compared to the greater bay area and a with a large outbound commuter labor force, it is understandable that there are for more residents seeking unemployment benefits in our county due to the COVID-19 crisis. This significant economic slowdown may cast a shadow for years. Dr. Eyler references that the depth and duration of social policies to address COVID-19 will shape the economic recovery. He notes that all government revenues are going to be lower on multiple fronts and will lead to budget challenges in the next two fiscal years and potentially beyond. The data in this 2019 edition provides a benchmark and reference of a peak economic period, knowing that 2020 may be a very challenging year for Solano County, the State of California and the United States.

### **Key Highlights from the 2019 Index**

#### *Our Changing Economy*

- Solano County employers hired 1,400 more workers in 2019; this is a 1.0 percent increase from 2018.
- Farm jobs fell by 300 in 2019, while non-farm jobs increased by 1,700 workers (1.1 percent growth) for Solano County businesses, government, and nonprofit employers to a total employment level of 145,100 as 2019 ended.
- Approximately 201,700 residents of Solano County were employed in 2019.
- Solano County's unemployment rate was 3.7 percent at the start of 2020, the lowest rate on record for the county.
- Based on the most recent available data, inflation-adjusted (real) gross product for Solano County grew by 2 percent in 2018, slightly slower than California and the national economy.
- Solano County's real personal income per person increased in 2018, the most recent available data. Median household income also increased 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) increased by an estimated 267 jobs in 2019, led by government, wholesale and finance sectors.
- Solano County median wages in 2019 continue to rise and improve for local workers, though lower than the median wages for the Bay Area and California overall.

- The latest data on poverty rates (2018), based on five-year averages for Solano County, California and the nation, showed continued progress; Solano County's poverty rate fell by more than 1 percentage point to 10.4 percent of all residents in 2018 from 2017.
- 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.
- Solano Farmers gained in 2018 (latest data) from 2017 to the highest level of reported agriculture crop value since 2010. Nursery products, processed tomatoes, alfalfa, beef cattle, and wine grapes were the top five agriculture products of value harvested.

#### *Our Changing Community*

- Solano County's population increased by 0.5 percent in 2019 and 6.8 percent since 2010; 740 new residents moved to Solano County from other places.
- Solano County's population is forecasted to grow 6.5% from 2020 to 2030, slightly faster than the state average rate.
- Solano County's graduation rate increased to 84.9% of those eligible, slightly above and the state average for the 2018-19 academic year.
- Housing prices increased 0.3 percent in 2019 to \$448,200 at the median; housing affordability in Solano County increased. Rental prices continued to rise, to a median price of \$2,109 for all rentals.
- 1,066 building permits were issued for new homes for fiscal year 2018-19, the most since 2006-07. Approximately 2.1 million square feet of commercial space was permitted during fiscal year 2018-19, over three times the square feet than the previous fiscal year.
- Commute times to work increased in 2018 by 2 minutes on average from 2017

#### Considerations for the Future

- Covid-19 crisis will dominate the Economic Index data for the next two years at a minimum.
- National, state and local recession likely forecasted for the remainder of 2020.
- Governmental tax related revenues will decline due to COVID-19 crisis.
- Poverty rates will likely increase in 2020 and the number of people requiring social assistance from county services/programs will rise.
- As the result of COVID-19 crisis, all standard of living indicators such as medium income is likely to fall in 2020 and 2021. Housing and rental prices may be negatively impacted.
- Economic Development for Solano County may include expanding essential production to provide import substitution for pharmaceuticals, chemicals, medical devices and other advanced materials.
- Agriculture-related industries may fare better in 2020 than other industries.
- Bay Area commercial real estate high prices may drive some employers to consider Solano County if there is a longer-term switch to teleworking programs for their employees and a need to switch to smaller offices for these businesses closer to where workers live.
- Air quality, commute time and graduation rates may be positively influenced.
- Broadband internet may become one of the most critical infrastructures needs for all households if the COVID-19 crisis lingers in 2020 and into 2021

#### **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