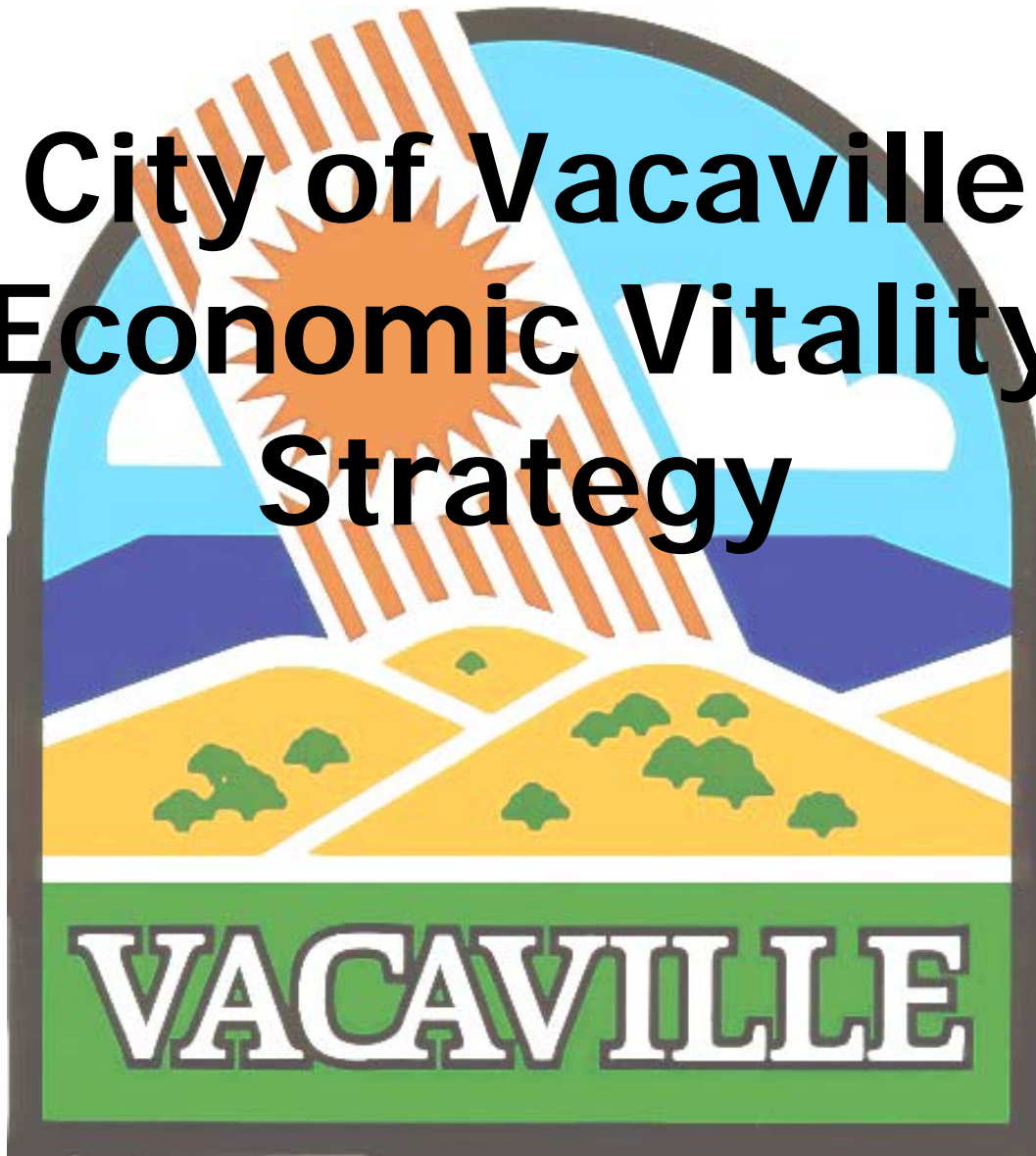


City of Vacaville Economic Vitality Strategy



August 2003

Economic Vitality Strategy

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CITY OF VACAVILLE ECONOMIC VITALITY STRATEGY

INTRODUCTION

Every two years the Vacaville City Council adopts a Strategic Plan. That plan establishes policy direction and priorities for the City as a whole. The Economic Vitality Strategy (EVS) corresponds to and incorporates the Strategic Plan for 2003-2004. The two documents will be evaluated together. The EVS provides the detailed strategies, targets and implementation activities necessary for the City to accomplish its economic goals.

One common thread throughout the Economic Vitality Strategy is the expansion of the employment and revenue base through the attraction of out of town companies, the retention and growth of those businesses that are already located in the community and the creation of locally founded enterprises. These three approaches provide the method for local government to work with the private sector to enhance the economic base of the community.

The phrase “Economic Vitality Strategy” is used in lieu of “Economic Development Strategy” because it points out the City’s desire for a vibrant and vital economy, not just new development. While new development is a critical component of the overall strategy, the City is equally concerned about the economic health of existing businesses and industries. Ultimately the goal is to have the economic sectors support and contribute to the improvement of Vacaville.

GOALS AND TARGETS

Economic vitality is defined in terms of seven long-term goals. These are broad, qualitative goals that would extend well beyond the two-year life of the 2003-2004 Economic Vitality Strategy. For each goal there are several economic vitality targets. These are numeric targets that allow decision-makers and citizens to measure progress during the next two years and subsequent revisions to the Economic Vitality Strategy.

The targets represent incremental improvement above established trends in job growth and City revenue. They are intended to stretch the City organization and go beyond what would occur without its planning and actions. The ease or difficulty in reaching the targets depends not only on the efforts of the City organization, but also on a variety of factors over which we have no control. These factors include State and national economic conditions and political events. Consequently, in the future, when reviewing the outcomes of the various activities, that evaluation should consider not only what has been accomplished, but under what conditions.

The economic vitality goals for the City are:

- Goal 1:** More and better paying jobs within Vacaville.
***Benefits:** Provides more options to residents, allowing them to work locally versus commuting to work, which reduces their travel costs, provides more time for family and community involvement, and diminishes traffic impacts.*
***Target 1.1:** Increase the number of jobs within the City by 1,000 each year.*
***Target 1.2:** Seventy percent (70%) of the new jobs will provide an annual wage that allows the purchase of a median priced home.*
- Goal 2:** City revenue that increases faster than the cost of municipal services.
***Benefits:** Increased revenue is needed to maintain and improve all City services, including police and fire protection and maintenance of roads, parks and other City facilities. If all targets are met, annual City revenues would increase by a total of \$2.3 million within two years.*
***Target 2.1:** Exceed by 5% projected sales tax proceeds (\$600,000).*
***Target 2.2:** Increase assessed valuation by 5% (\$400,000+ annually).*
***Target 2.3:** Increase transient occupancy tax receipts annually by 10% (\$95,000 in 2003).*
***Target 2.4:** Attract an annual average of 100,000 square feet of new commercial development.*
- Goal 3:** A diverse and sustainable economy that anticipates future market conditions and is less susceptible to economic fluctuations.
***Benefits:** A diverse economy not only protects the community from the negative impacts of the roller coaster ride of business cycles, but it also supports a wider range of employment opportunities. Another advantage*

is that by targeting a wide variety of industries, there are many more recruitment opportunities.

Target 3.1. *Increase the percentage of manufacturing jobs from 13% to 25% of the total number of jobs.*

Target 3.2. *Increase the percentage of private sector jobs from 75% to 80% of the total number of jobs.*

Goal 4: A labor force with marketable employment skills

Benefits: *The quality of the labor force is often cited as the most significant factor in site selection, making it easier for the City to recruit new industries. Improved skills will also increase the income that an employee can command and the likelihood of securing employment.*

Target 4.1. *Provide information to one hundred (100) persons annually about employment training opportunities in vocational and trade schools.*

Goal 5: Economic vitality for all commercial and industrial areas of the community

Benefits: *Revitalization of mature commercial, industrial and residential areas of the community helps to eliminate blight and related social and economic problems. The revitalization of an area not only invites investment. it creates hope and provides economic and social opportunities that would not otherwise exist.*

Target 5.1: *Complete pending projects such as downtown Library, Firefalls Restaurant, Shaw and Addiego retail portion of Town Square, and Vasquez mixed-use development.*

Target 5.2: *Assist in the redevelopment of under-performing shopping areas*

Goal 6: Economic environment that supports creation of new businesses and expansion of existing businesses

Benefits: *As the community matures, the principal source of job growth will come from expansion of existing businesses and creation of new businesses. This type of growth will have its roots in the community and will have long-term sustainability.*

Target 6.1: *Assist 10 targeted small businesses with connection and impact fees.*

Target 6.2: *Adjust entitlement process to facilitate business growth by 2004.*

Target 6.3: *Provide assistance and advice to 250 small and new businesses annually.*

Goal 7 Housing that is available and affordable for all segments of the population

Benefits: *Cost and availability of housing is a significant factor considered by businesses when making a decision on where to locate because it directly affects their ability to recruit and retain employees. An effective housing policy that provides for a continual supply of all levels of housing will help Vacaville maintain the competitive advantage it has over inner Bay Area communities.*

Target 7.1: *Aid private sector to construct 750 housing units per year.*

Target 7.2: *Redevelopment Agency shall take actions to construct new affordable housing. Projects shall include Military Housing Project, Lawrence Drive Senior Housing Project, VCH-Bay Development and Habitat for Humanity project.*

Target 7.3: *Facilitate the planning and development of executive housing projects*

COMPETITIVE ANALYSIS

Strengths

- Location between two of California's top performing economies, San Francisco Bay Area and the Sacramento Region. Vacaville is able to draw beyond the local economy by tapping the adjacent regional markets for labor, support industries and consumers.
- Availability of Labor. Approximately one million employed persons live within a one-hour drive of Vacaville. A one-hour reverse commute extends the labor market area to approximately 50 miles. This labor pool is highly educated and trained.
- Affordable/Available Housing. Housing in Vacaville costs one-third to one-half less than that found in Bay Area communities, allowing a higher percentage of employees to purchase a home.
- Access to freeway system. The access and visibility provided by I-80 and I-505 supports the economic vitality of the community and provides an audience for marketing efforts.
- Proximity to UC Davis. Vacaville is located less than 20 miles from the University of California at Davis, a world-class educational institution. The University's emergence as a center for engineering, management, information sciences, and medical and biotech research makes it a magnet for related business facilities.
- Factory Stores. The Factory Stores at Vacaville is among the largest and best-known operation of its type in the nation. It attracts thousands of shoppers from throughout the region each year. Due to its strength, the Factory Stores supports tourism and other retail in Vacaville.
- Excellent Infrastructure. Vacaville's infrastructure is in excellent condition and has excess capacity. The road, wastewater, drainage, and water systems are capable of providing services to a broad range of businesses.
- Water Supply. The City has three completely independent sources of water (Lake Berryessa, State Water Project and ground water) that provide a reliable supply even during drought conditions.
- Pro-business Climate. For the last two decades, City Council has been very supportive of efforts to attract and maintain businesses. Administrative procedures allow expeditious processing of development applications. Vacaville is among the lowest operating cost cities in the State.
- Attractive Quality of Life. The City has several notable qualities that make it attractive, including: moderately priced homes, extraordinarily low crime rate, abundance of parks and open space, outdoor recreation opportunities and low traffic

congestion on City streets. Contributing to the attractiveness of Vacaville are the hillsides that frame the community. The hillsides were purchased and preserved by designating them as permanent open space.

- Available Commercial and Industrial Land. Commercial and industrial land prices are 50% lower than comparable land in the Bay Area. Numerous, vacant properties with full City services are available. Properties range in size up to over 100 acres.
- General Aviation Airport. The Nut Tree Airport is the only general aviation airport along the I-680/I-80 corridor from Concord to Sacramento. Capable of accommodating corporate jet traffic, the under-utilized airport provides convenient service to Bay Area and local businesses. Limited airfreight operations may be available in the future.
- Travis Air Force Base. Travis Air Force Base is the principal economic engine in Solano County. TAFB contributes about \$1 billion per year to the local private economy through salaries, purchases, contracted services, and construction.

Opportunities

- Job Growth. The Bay Area is projected to add 1.2 million jobs by 2025. ABAG projects that Solano County will add more than 23,500 jobs by 2010, one quarter of which will be in Vacaville. By 2025, ABAG estimates that Solano County employment will increase by 64,090 jobs.
- Available Land. Within the Vacaville City limits, there is a total of about 2,100 vacant acres zoned for commercial, industrial and office uses. Much of this land is serviced and ready for development. Because zoning regulations allow some properties to develop in more than one use category, the sum of the acreage designated for commercial, industrial and office is greater than the actual land area. There are available about 1,000 acres of vacant land designated for commercial uses, 1,400 acres of land identified for industrial activities, and 700 acres of land zoned for offices.
- Room for Growth. There are hundreds of acres of developable land outside the City limits, some along I-80, between Leisure Town Road and Midway Road, and some east of Leisure Town Road toward Elmira.
- Airport. The Nut Tree has the potential to expand its facilities and to increase the amount of air traffic. A more robust airport would become a significant business attraction and revenue producer for the City.
- City Property. The City owns over 200 acres of land in Centennial Park that could be developed for an active and revenue producing recreation use such as a golf course.
- Regional Shopping Center Sites. The two best upper end regional shopping center sites in northern Solano County are located in Vacaville. The sites, portions of Lower Lagoon Valley and Midway Road, are located along I-80 and both are well suited and located for a large-scale shopping center.

Challenges

- Lack of Awareness of Vacaville. Surveys of out-of-County site finders, commercial brokers and targeted business executives indicated a lack of awareness about Vacaville and Solano County. In particular, they were not aware of the community's cultural and business opportunities.
- Lack of Building Inventory. The City lacks existing smaller flex type industrial buildings, manufacturing facilities, Class A office, and retail space.
- Lack of I-80 Frontage for Retail Uses. The development of the Nut Tree area and Lower Lagoon Valley will consume the last of the properties that are appropriate for and capable of accommodating the development of large-scale commercial enterprises. The remaining parcels are small and scattered along I-80.
- Global Competition. Industrial businesses, unlike retail operations, can locate almost anywhere. Therefore, it is impossible to compete for industry solely on the basis of the price of land and/or labor.

FUNDAMENTAL STRUCTURAL CHANGES

- Demographics. Population in the City and State are aging. The percentage of senior citizens is projected to double during the next 20 years. This will have a broad effect on the State and local economy, including the type of housing, medical care, and consumer spending habits.
- Government Finance. The State of California is facing a budget deficit of historic proportions. Changes in local government finance are expected. While the results are not known at this time, it is likely that the State will continue to shift responsibility for mandated programs and divert revenue from local governments. It is likely that the City will have less discretionary funds for economic development initiatives.
- Global Economy. Manufacturing continues to migrate to other countries with lower labor costs and fewer environmental regulations. From 1997 to 2001, the number of manufacturing jobs in California decreased in spite of significant growth in population. Prior to 2002, substantial job losses had occurred in key industry sectors, including aerospace products (30,000), transportation equipment manufacturing, (32,000), communications equipment (28,000) and computer peripherals (20,000). The loss of jobs in these sectors has greatly accelerated in the past two years.
- Population Growth. California is projected to add approximately 9.2 million additional persons by 2020. This growth will have a profound impact on every aspect of life in the State, resulting in major changes in the economic system. For example, the distribution of the State's natural resources such as water will be different than it is today. Other infrastructure needs including schools, highways, and wastewater treatment will need to be expanded at an unprecedented rate and cost. There is likely to be ongoing uncertainty at both the State and local level about how, what, and who is responsible for these changes.
- Environmental Regulation. There has been a long-term trend of increased environmental regulation at the State and federal levels. These regulations address such issues as water quality, air quality, and protection of the habitat of threatened plant and animal species. They have had the effect of increasing processing times and the cost of development. A local example is State-mandated requirements that will add \$55 million to \$240 million to the cost of the wastewater treatment plant expansion.

STRATEGIES AND ACTION ITEMS

The purpose of this section is to identify specific actions that will be initiated and establish a schedule for their completion. The individual strategies will be evaluated at the end of the two-year period.

ORGANIZATION

Strategy 1: Use technology to improve communication, efficiency, and effectiveness of the City's economic development activities.

Action 1.1: Monitor use of Economic Development Web Site and modify to improve usability and add frequently requested data.

Ongoing

Action 1.2: Prepare collateral materials containing demographic and economic information for response to inquiries.

Start: Summer 2003

Complete: Summer 2003

Action 1.3: Respond to all inquiries with a phone call and collateral materials within 24 hours.

Start: Summer 2003

Complete: Ongoing

Strategy 2: Develop partnerships with private organizations and public agencies to enhance efforts.

Action 2.1: Establish an Economic Development Roundtable that includes representatives from tourism (hotels and related businesses), retail, real estate interests, construction unions, and the City. Purpose is to develop ideas and strategies to better promote Vacaville.

Start: Fall 2003

Complete: Ongoing

Action 2.2: Participate in Solano EDC marketing, as well as our own direct marketing efforts. Increase annual, financial contribution to Solano EDC from \$15,000 to \$30,000. Source of funds would be Redevelopment.

Start: Summer 2003

Complete: Ongoing

Action 2.3: Contract with Small Business Development Center (SBDC) for specific services.

Ongoing

Action 2.4: Develop relationships with University of California at Davis and explore opportunities for partnerships and spin-off activities in the private sector.

Ongoing

Action 2.5: Participate in various community organizations such as the Chamber of Commerce and Downtown Vacaville Business Improvement District.

Ongoing

ECONOMIC CLIMATE

Strategy 3: Adjust City's development entitlement process to reduce time and cost, especially for small businesses.

Action 3.1: Implement a web-based computerized system that allows on-line issuance of certain types of building permits, project tracking, and on-line inspection requests.

Start: Fall 2003

Complete: Winter/Spring 2004

Action 3.2: Review the City's development regulations and standards.

Start: Fall 2003

Complete: Winter/Spring 2004

Strategy 4: Use Redevelopment funds, to the extent available, as incentives to attract uses with the greatest public benefit. Public benefit is defined as the best combination of the following: (a) high value buildings, (b) high generation of sales or transient occupancy taxes, (c) number of employees, (d) salary of employees, and (e) importance in attracting other desirable uses.

Action 4.1: Pursue opportunities and offer incentives when appropriate.

Ongoing

Action 4.2: Review the Redevelopment Agency's incentive programs in the aftermath of the adoption of the State budget.

Start: Fall 2003

Complete: Spring 2004

Strategy 5: Ensure that City's planning and development regulations are consistent with economic vitality goals.

Action 5.1: Review all policy plans and recommend amendments as appropriate

Start: Summer 2004

Complete: Fall/Winter 2005

Strategy 6: Ensure that an adequate inventory of land exists for economic development.

Action 6.1: Prepare a Master Infrastructure Feasibility Study, in conjunction with landowners, for the I-80 corridor between Leisure Town Road and Midway Road and the area east of Leisure Town Road to the power line. The infrastructure study would be a precursor to subsequent consideration of general plan amendments and annexations.

Start: Spring 2004

Complete: Fall/Winter 2005

Strategy 7: Ensure that adequate sewer, water, and road capacity exists to support continued economic development.

Action 7.1: Monitor capacity as part of the City's annual Infrastructure Capacity Study, mandated by the Planned Growth Ordinance.

Ongoing

Strategy 8: Explore ways to assist and improve the financial feasibility of starting a business in Vacaville.

Action 8.1: Adopt an administrative program that allows small businesses who rehabilitate existing buildings to finance development impact fees up to five years.

Start: Fall 2003

Complete: Winter 2003

Action 8.2: Prepare report regarding the feasibility of establishing an incubator for new businesses.

Start: Summer 2003

Complete: Fall 2003

Action 8.3: Prepare report regarding the feasibility of sponsoring an entrepreneurial training program.

Start: Summer 2003

Complete: Fall 2003

MARKETING

Strategy 9: Use marketing as a tool to improve Vacaville's image and increase the public's awareness of the benefits that the City has to offer.

Action 9.1: Improve the image of Vacaville by upgrading the appearance of the community from I-80 and I-505. Install improved signage to identify activity centers, major attractions, entry and exit points. Repaint, restore or replace signs that announce activities or areas such as "Historic Downtown."

Start: Spring 2004

Complete: Winter 2005

Action 9.2: Create a strong local identity to distinguish Vacaville from other cities through implementation of the Gateway Plan and redevelopment of key properties such as Nut Tree.

Start: Spring 2004

Complete: Ongoing

Action 9.3: Use public announcement time on Auto Center Reader Board sign to convey messages about Vacaville.

Start: Summer 2003

Complete: Winter 2003

Action 9.4: Work in concert with commercial and industrial developers and landowners to identify prospective target businesses, assist in the financing of marketing efforts and participate directly in the recruitment of businesses.

Start: Fall 2003

Complete: Ongoing

Strategy 10: Use commuters as a resource in achieving Vacaville's economic development goals.

Action 10.1: Prepare and distribute information to Vacaville residents regarding the benefits of operating a business here. The campaign to accomplish this could be "bring your job home." They would be encouraged to forward the marketing information to their employer and identify recruiting targets.

Start: Fall 2003

Complete: Ongoing

Strategy 11: Prepare and implement a marketing program, with a cost of \$20,000 to \$80,000. Specific nature of the marketing would depend on future decision regarding SEDCORP marketing.

Action 11.1: Select a general theme that conveys the point that Vacaville wants to make that can be incorporated and repeated in each of the marketing efforts.

Start: Spring 2003

Complete: Summer 2003

Action 11.2: Hire public relations, marketing, and/or advertising professional(s) to develop and implement a coordinated marketing program. The nature of the marketing campaign will depend on the level of funding available:

- *select the types and timing of the various marketing campaigns*
- *determine how to present the message in a way that interests the targets*
- *establish a schedule that identifies when, where, and how to conduct the campaigns*
- *prepare a budget for the marketing effort*
- *set up an evaluation process to measure the effectiveness of the marketing campaign*
- *develop collateral materials such as brochures, postcards, and presentation folders*

Start: Spring 2003

Complete: Summer 2003

TOURISM

Strategy 12: Encourage tourism as a means to assist hotels, restaurants, and retail businesses.

Action 12.1: Facilitate sports tournaments for a broad range of athletic events including adult softball, bowling, and youth sports (soccer, baseball, etc) through the creation of additional facilities and in cooperation with local non-profit sports and tourism organizations.

Start: Summer 2003

Complete: Spring 2004

Action 12.2: Encourage special events that draw people to Vacaville. Examples include CreekWalk Concert series and Doolittle Raiders
Ongoing

Action 12.3: Continue to promote private development of Conference Center and accompanying hotel at the Nut Tree.

Start: Spring 2004

Complete: 2005/2006

Action 12.4: Propose a ballot measure to increase the Transient Occupancy Tax for hotels from 10 to 12%. Use 1% of the increase to promote tourism.

Start: Spring 2004

Complete: Fall 2004

HOUSING

Strategy 13: Use redevelopment and planning approvals to direct the private sector in the construction of a full range of housing types.

Action 13.1: Implement the City of Vacaville Housing Element 2002; City of Vacaville 5-Year Consolidated Housing and Community Development Plan, 2000-2005; Vacaville Redevelopment Agency Implementation Plan, 2002; The City of Vacaville Public Housing Authority Agency Plan, Fiscal Years 2002-2007.

Ongoing

Action 13.2: Use Redevelopment funds to subsidize the creation or rehabilitation of affordable housing.

Ongoing

Action 13.3: Use development agreements, annexation approvals, and planning approvals to encourage the construction of affordable housing in appropriate locations.

Ongoing

Action 13.4: Use development agreements and planning approvals to encourage the construction of executive housing in appropriate locations.

Ongoing

Action 13.5: Assemble land, market to housing developers, and enter into Disposition and Development Agreements to stimulate the construction of housing on "Opportunity Hill."

Start: Fall 2003

Ongoing

LABOR

Strategy 14: Assist in expanding the availability, quantity and quality of the local labor pool.

Action 14.1: Contact private and union-sponsored trade and vocational schools and recruit one training facility or school.

Start: Summer 2003

Complete: Ongoing

Action 14.2: Identify and research trade and vocational training programs. Make available information to prospective participants. Assist with placement.

Start: Summer 2003

Complete: Ongoing

Action 14.3: Contact local businesses to determine their level of interest in pursuing training funds. If there is an interest, evaluate Employment Training Panel and Work Force Investment Board programs and liaison between businesses and providers.

Start: Fall 2003

Complete: Ongoing

Action 14.4: Support efforts to develop additional public school facilities.

Start: Fall 2003

Complete: Ongoing

Action 14.5: Directly assist and recruit private primary, secondary, undergraduate and graduate schools to locate in Vacaville.

Start: Fall 2003

Complete: Ongoing

Action 14.6: Encourage local businesses, at no cost to themselves, to enhance employee benefits in areas such as child care by participating in IRS rule 125 programs. The financial benefits of this type of program derive from diverting income to allowable uses prior to being subject to income taxes.

Start: Fall 2003

Complete: Ongoing

REVITALIZATION AND SUSTAINABILITY

Strategy 15: Use redevelopment and planning approvals to promote revitalization of the mature areas and their long-term sustainability.

Action 15.1: Implement strategies identified in the Downtown Area Economic Development Strategy. Activities include creation of housing; improvements to traffic and pedestrian circulation; downtown promotion;

expansion of parking; recruitment of offices, restaurants, and specialty retail; establishment of gateways, signage; commercial rehabilitation, and projects such as the Vasquez, Town Square, and Davis Street projects.

Start: Spring 2003

Complete: Ongoing

Action 15.2: *Complete update of Downtown Area Economic Development Strategy.*

Start: Spring 2004

Complete: Ongoing

Action 15.3: *Rezone selected mature commercial areas in central Vacaville to allow mixed use housing as a way to promote their revitalization.*

Start: Fall 2003

Complete: Spring 2004

Action 15.4: *Rezone the Downtown Commercial district to allow mixed use housing and to limit non-commercial uses.*

Start: Fall 2003

Complete: Spring 2004

Action 15.5: *Request that Vacaville Redevelopment Agency initiate expansion of project area for selected properties and add properties as directed. Potential expansion areas include: Peabody/Marshall and Aegean/Elmira.*

Start: Spring 2004

Complete: Fall 2004

BUSINESS RETENTION

Strategy 16: Establish and maintain positive relationships with existing industry and commercial businesses.

Action 16.1: *Visit each local business having 30 or more employees two times per year to listen and develop ideas.*

Ongoing

Action 16.2: *Meet with local and corporate officers of existing major industries, such as Genentech, ALZA, Chiron, Large Scale Biologies on a quarterly basis.*

Ongoing

Action 16.3: *Prepare an information packet to be sent out with a "Welcome to the Community" letter for all new businesses.*

Start: Summer 2003

Complete: Fall 2003

Action 16.4: *Hold group meetings for businesses with less than 30 employees twice a year.*

Start: Fall 2003

Complete: Ongoing

Strategy 17: Facilitate the growth of existing industries and the retention of Travis Air Force Base.

Action 17.1: Encourage and assist Genentech, Alza, and Chiron in the expansion of their existing facilities.

Ongoing

Action 17.2: Support the continued operation of Travis Air Force Base by utilizing property near the base to provide below market housing geared toward military personnel. RDA will select a private builder and enter into a Development Agreement which will limit the sales price and also provide for military personnel to have an initial preference to acquire the homes.

Start: Fall 2003

Complete: Winter 2004

INDUSTRIAL RECRUITMENT

Strategy 18: Target the following industry sectors for recruitment efforts:

- Manufacture of biopharmaceuticals, medical devices and instruments
- Research and development (all fields)
- Manufacture of specialized technology products such as digital communication equipment, computer peripherals, and electro-mechanical apparatus
- Commercial amusement
- Manufacture or assembly of electronic equipment, including computer and office equipment
- Preparation of consumer-ready foods
- Health services
- Business services

Action 18.1 Identify specific businesses within the targeted industry sectors for recruitment efforts.

Start: Spring 2003

Complete: Ongoing

Action 18.2: Purchase computer lists of businesses to identify and contact specific companies and individuals for marketing and recruitment purposes.

Start: Spring 2003

Complete: Ongoing

Strategy 19: Develop working relationships with key individuals and organizations in target industries.

Action 19.1: Make 100 business visits per year, each of which has the potential to bring 20 or more jobs to Vacaville.

Ongoing

Action 19.2: Attend at least 5 business and professional conferences or trade shows per year in order to build network of contacts.

Ongoing

Strategy 20: Increase the inventory of speculative industrial “flex” space and office buildings.

Action 20.1: Meet with landowners, developers, contractors, and other interested parties to discuss with them the benefits of building some additional speculative “flex” space. To encourage the marketability of “flex” space, consider modifying restrictions on exterior yards in certain industrial areas.

Start: Spring 2003

Complete: Summer 2003

Action 20.2: Meet with landowners, developers, contractors, and other interested parties to discuss the benefits of building some additional speculative office buildings.

Start: Spring 2003

Complete: Summer 2003

RETAIL RECRUITMENT

Strategy 21: Target new retail development that generates substantial amount of sales tax.

Action 21.1: Attract auto, truck, recreational vehicle and boat dealerships and successful retail chains. Prepare and implement an action plan that includes the following elements: (a) identify specific dealerships or retail chains that may be interested in relocating to Vacaville, (b) contact them with marketing materials, direct calls and personal visits and (c) identify potential locations and assist them through the entitlement process.

Ongoing

Strategy 22: Ensure that the Nut Tree redevelops with an attractive combination of middle and upper level retailers, restaurants, entertainment, administrative office, and housing.

Action 22.1: Process planning applications, development agreement and building permit applications for the Nut Tree in an expeditious manner.

Start: Spring 2003

Complete: 2005

NUT TREE AIRPORT

Strategy 23: Work with Solano County to enhance the Nut Tree Airport as an economic development asset to the community.

Action 23.1: Prepare and implement an action plan to revitalize Nut Tree Airport, in cooperation with Solano County. Elements include: (1) financial cooperation with Solano County to construct water system improvements, which facilitates construction of new airport hangars and buildings (2) work with Solano County in the preparation of a new master

plan for the airport, which emphasizes corporate and business aspects versus purely recreational aviation, (3) meet with industrial landowners adjacent to Nut Tree Airport and encourage them to construct corporate aircraft hangars.

Start: Spring 2003

Complete: Summer 2004

ECONOMIC DEVELOPMENT INDICATORS

This section identifies a series of data measures. These measures will be analyzed to provide an objective view of the local economy and its trends. They will also provide a basis for evaluating the Economic Vitality Strategy.

EMPLOYMENT

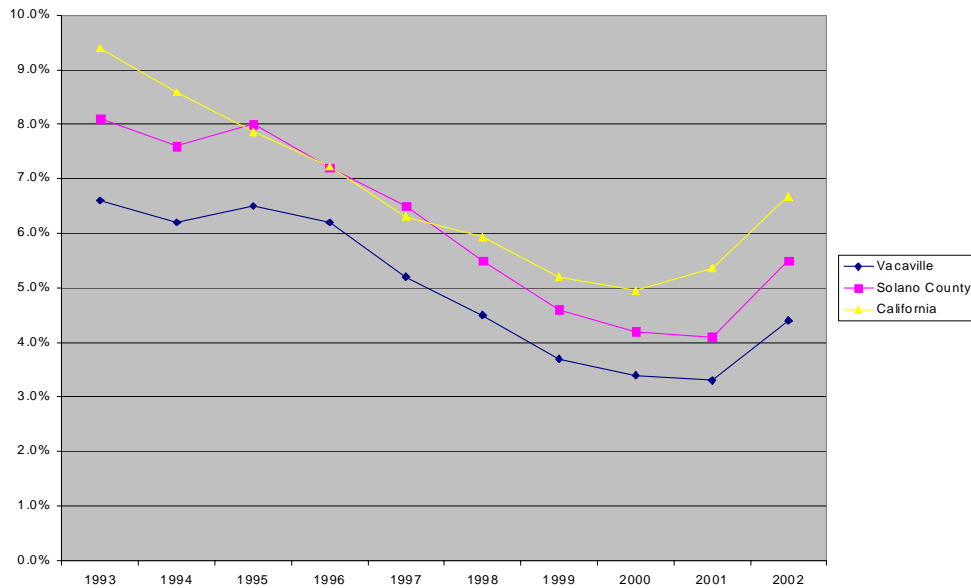
Vacaville is a bedroom community where a majority of those employed commute out of the City each day. It is estimated that there are about 44,125 employed persons who live in the community. Of these, about 30% work in Vacaville. The remaining 70% work either elsewhere in Solano or in nearby counties. It is estimated that over 100,000 people leave Solano County each day to go to work.

There are 23,950 employees currently working in Vacaville. Almost half of the total employees work in commercial jobs and just under 2/3 of persons working in Vacaville work for companies with less than 300 employees. The top 10 employers in Vacaville are shown on the following chart.

Top 10 Employers in Vacaville		
Employer	Type of Business	# of employees
California State Prisons	Prison	2600
Vacaville Unified School District	Education	1450
City of Vacaville	Local Government	850
Alza Corporation	Pharmaceuticals	700
Albertson's Distribution Center	Food Distribution	700
Genentech	Pharmaceuticals	600
Kaiser Permanente	Medical	500
Hines Nurseries	Wholesale Nursery	400
Travis Credit Union	Financial	350
Wal-Mart	Retail	300

Source: City of Vacaville

Unemployment Rates



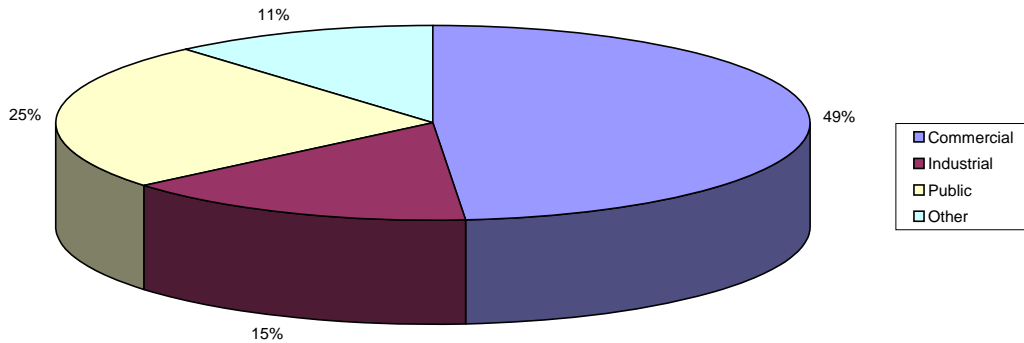
Source: EDD

Over the last twelve years, Vacaville has continually had lower unemployment rates than both the State of California and Solano County. The variance in unemployment rates between Vacaville and the County track fairly closely, from a low of 0.08% to a high of 1.56%. The variance with the State is much greater, ranging from 1% to 2.7%. This indicates that, while the City and the County are subject to the same growth and decline factors as California, the local economy is much less susceptible to boom and bust cycles. This is due to the fact that Solano County and its cities did not participate as deeply in the last round of growth in the late 1990's and 2000 as did other Bay Area communities.

In addition, according to ABAG, most of the employment growth in the late 1990's occurred in Vacaville and Fairfield, while the County as a whole did not see job growth during the decade. This can be traced to the major job losses that south County cities incurred due to the closing of Mare Island Naval Shipyard.

What both of the above suggest is that an economic development strategy is most likely to be successful over the long term when it targets a wide range of sectors and businesses. Over-commitment to one business or to a booming sector may result in failure to sustain the community over time.

Employment Sectors

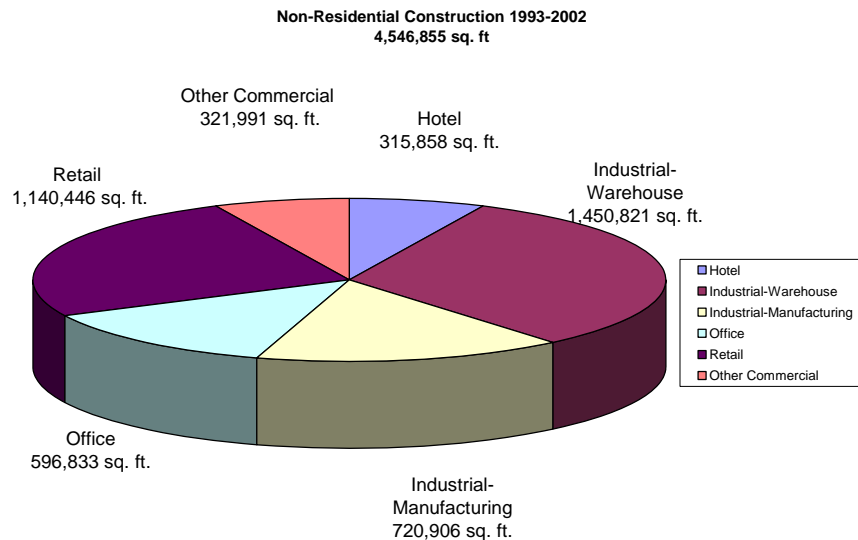


Source: City of Vacaville

The largest percentage (49%) of persons who work in Vacaville are employed by commercial businesses. These jobs often are at the lower end of the payscale. To upgrade income, companies that employ large numbers of mid and high range wage earners should be priority targets.

NON-RESIDENTIAL DEVELOPMENT

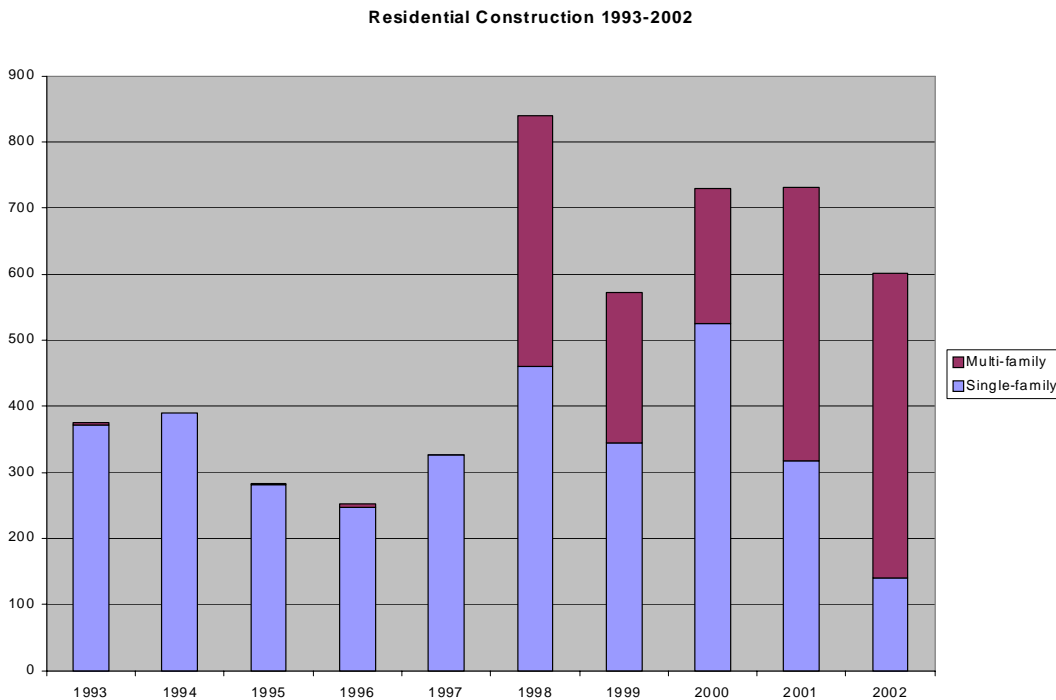
In the decade between 1993 and 2002, Vacaville experienced development of nearly 4,600,000 square feet of office, commercial, and industrial uses. This averages about 460,000 square feet per year. The commercial construction accounted for almost 40% of new development. The industrial segment accounted for approximately half (48%) of all construction. The remaining 13%, office development, was almost entirely constructed in the past 4 years. To increase income and number of jobs in a significant way, both the percentage of manufacturing and office segments and the overall amount of development must occur at a faster pace.



Source: City of Vacaville

RESIDENTIAL DEVELOPMENT

During the 10-year period (1993 – 2002), 5100 residential units were built, for an average of 510 units per year. Of the total, 3406 were single-family homes and 1694 were apartments. These homes have been quickly assimilated by the tremendous demand in the Bay Area for moderately priced housing located in desirable communities such as Vacaville. The combination of several factors such as limited supply, very low mortgage rates, and high equity cash outs have combined to force the market price for homes and apartments to record levels.

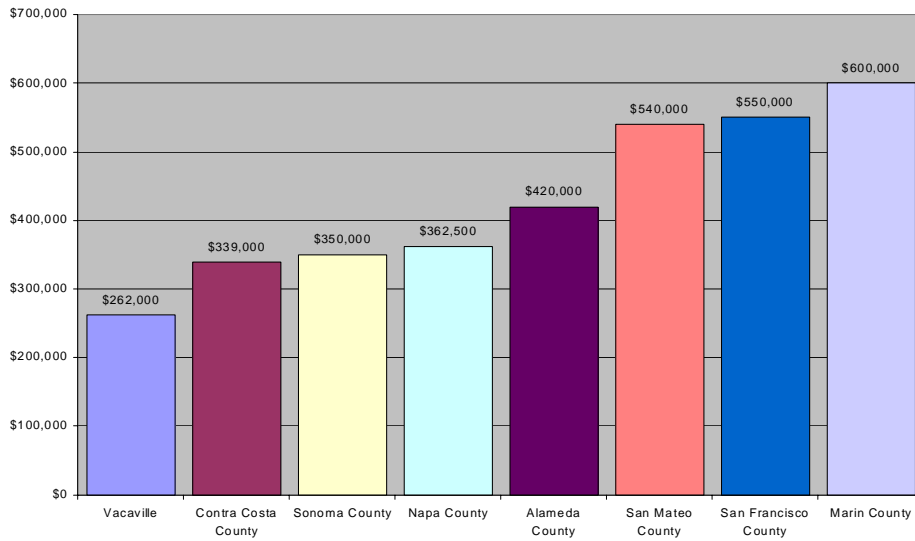


Source: City of Vacaville

MEDIAN HOME PRICES (July 2002)

Median home prices have surged throughout the Bay Area to an all-time high. It was not until 2000 that home prices in Vacaville began to escalate significantly. Even with a rapid increase, median home prices remain significantly below those in the other Bay Area Counties. Contra Costa, the county closest to Vacaville's median home price, is 29% higher, while Marin is 129% more expensive. Compared to the other Bay Area Counties, Vacaville is a bargain. The price differential should make it easier for businesses to recruit labor for operations in Vacaville.

**Bay Area Median Home Prices
July 2002**

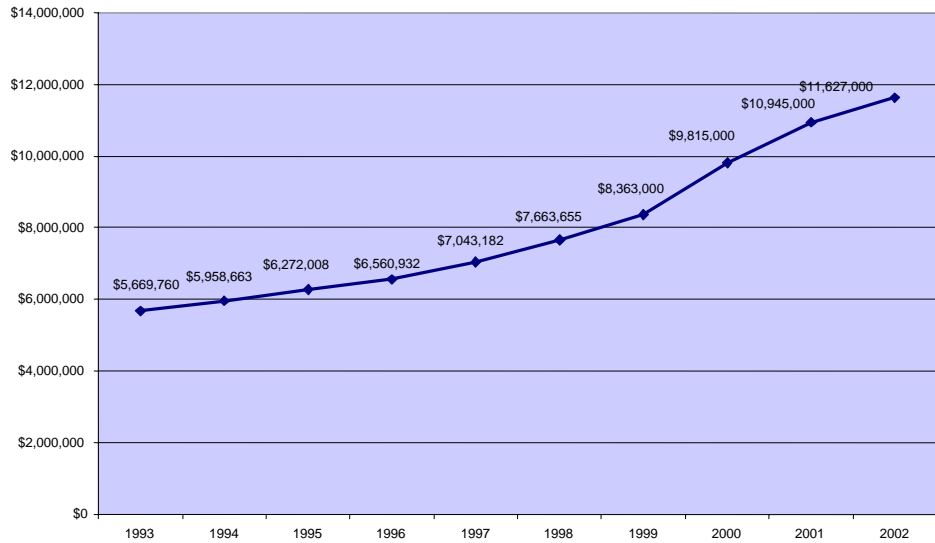


Source: California Association of Realtors

SALES TAX REVENUE

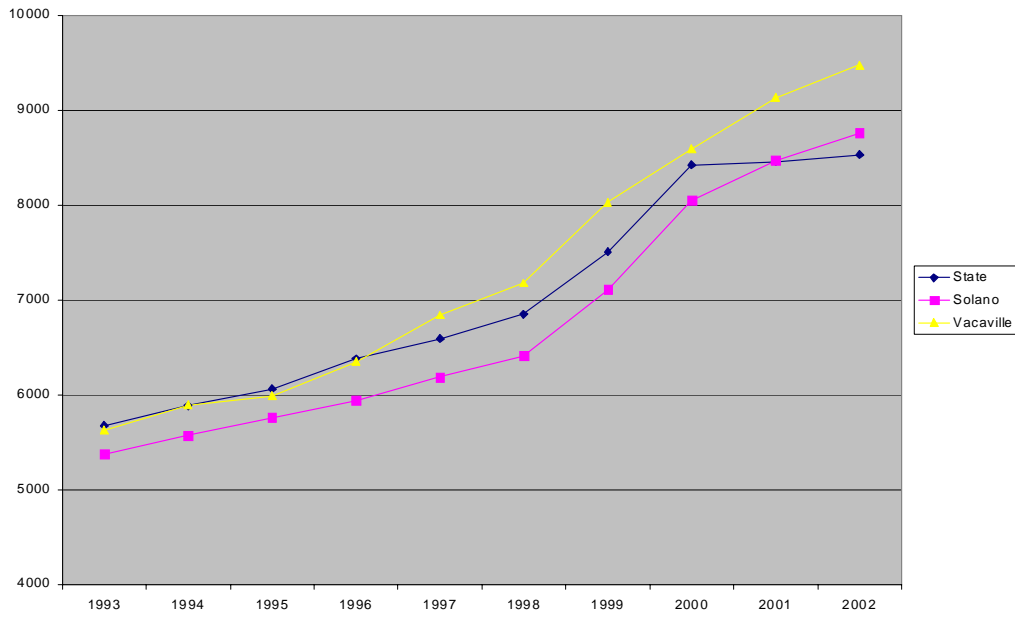
During the 10-year period from 1993 to 2002, sales taxes grew by nearly \$6,000,000 or an average of 9.5% per year. This growth has seen the share of sales tax revenue in the General Fund rise from 21% to 27%. The beneficial impacts of this growth on Vacaville’s financial position have been offset somewhat by the State of California diverting increasing amounts of property tax from local governments. As the sales tax revenues have grown, it has become increasingly difficult to maintain high levels of growth. The most likely areas of new sales tax revenues are from middle and upper level retailers that are not currently represented in the market. Another potential revenue source is business-to-business sales tax.

**Sales Tax Receipts
FY 1993-2002**



Source: The HdL Companies

Taxable Sales Receipts per capita



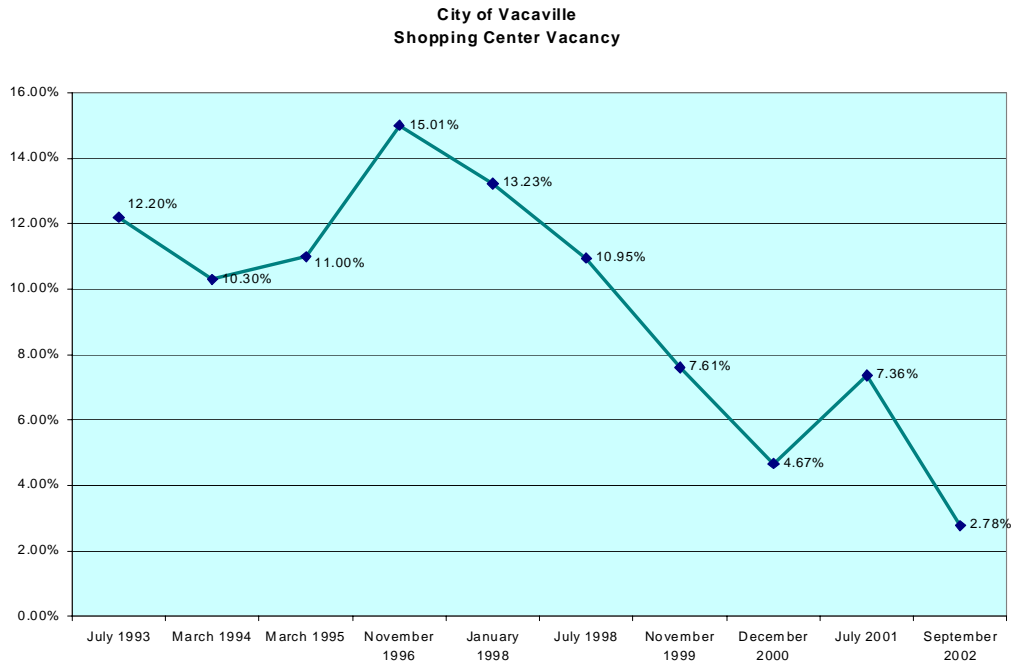
Source: California Retail Survey, 2003 Edition

SHOPPING CENTER VACANCY RATES

Vacancy rates for shopping centers in Vacaville are a good measure of the community's economic condition. In the past 11 years, commercial vacancy rates hit a high point

(15.01%) in November 1996. By September 2002, vacancies had declined to an all-time low of 2.78%.

According to commercial brokers, a 5% vacancy rate is desirable because it allows turnover. Rates lower than 5% should spark construction of additional speculative space.



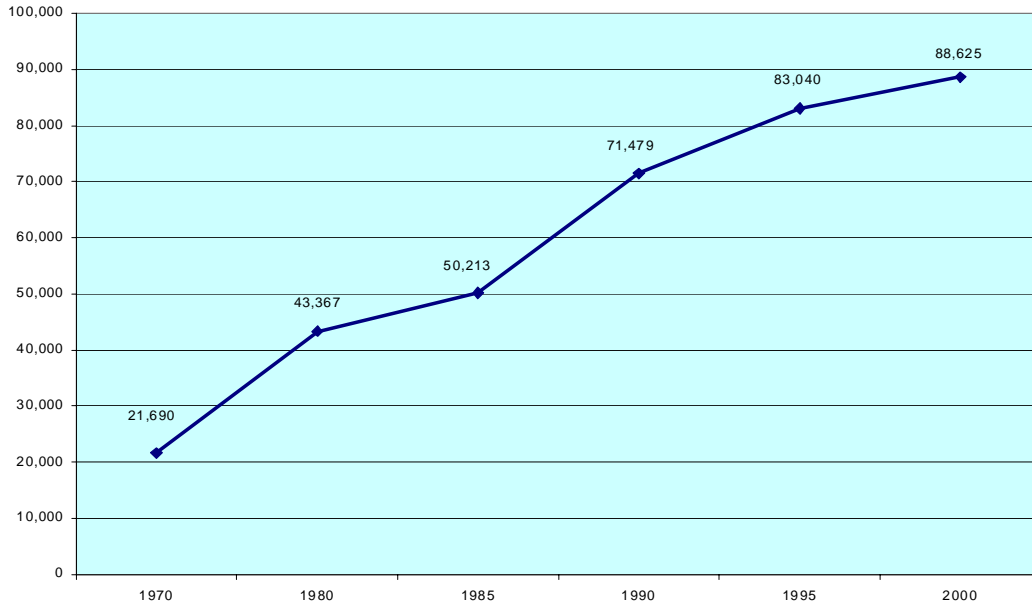
Source: Cordes Commercial

POPULATION GROWTH

In its recent history, Vacaville has had some periods of very rapid growth. In the 1970's and 80's, the community nearly doubled its population. However, in the 1990's, the market cooled and the City grew at a moderate rate of 1.26% from 83,040 to 88,625. This rate allows public services to keep up with growth. Even though the market has come back strong, the pace of residential development has remained in the 1 to 2% range. The rate of commercial growth is directly tied to the pace of residential development. The number of residents often is one of the basic criteria used by retail and service firms to evaluate a community.

Most chain businesses use formulas to determine whether or not they should consider a particular market area. When Vacaville's population exceeds 100,000, it should begin to attract a new set of businesses looking at the community as a place to locate.

**City of Vacaville
Historic Population Growth**

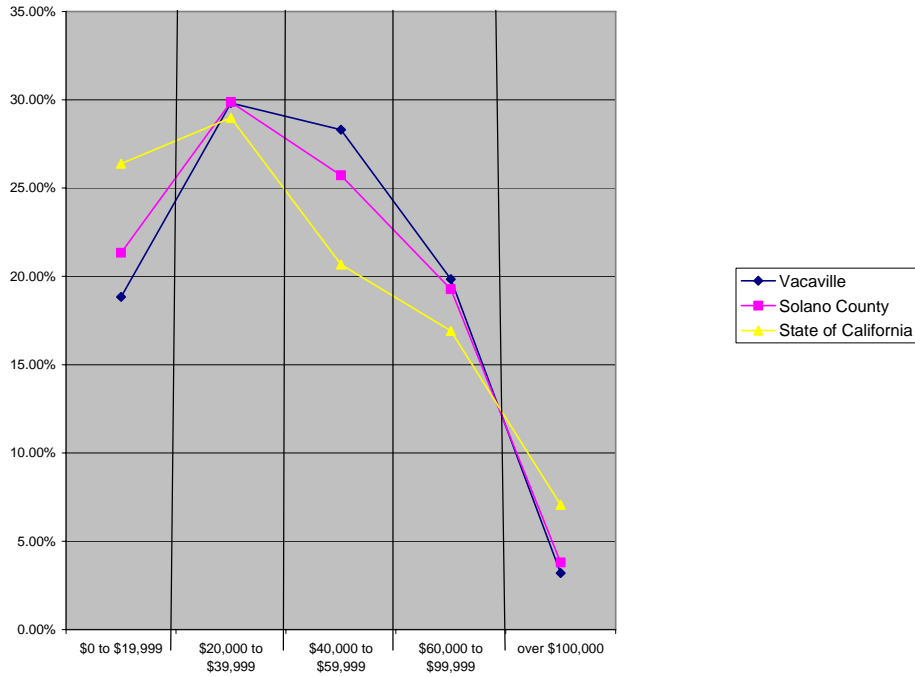


INCOME

Household and per capita incomes are useful determinants of the strength of the local economy. For 2002, Vacaville's median income per household has been estimated at \$64,185. The range of household incomes chart shows that Vacaville is a predominately middle income community. Compared to the State and County, Vacaville has fewer households with low or high incomes. Income figures are typically used by retail business as a guide in making locational decisions.

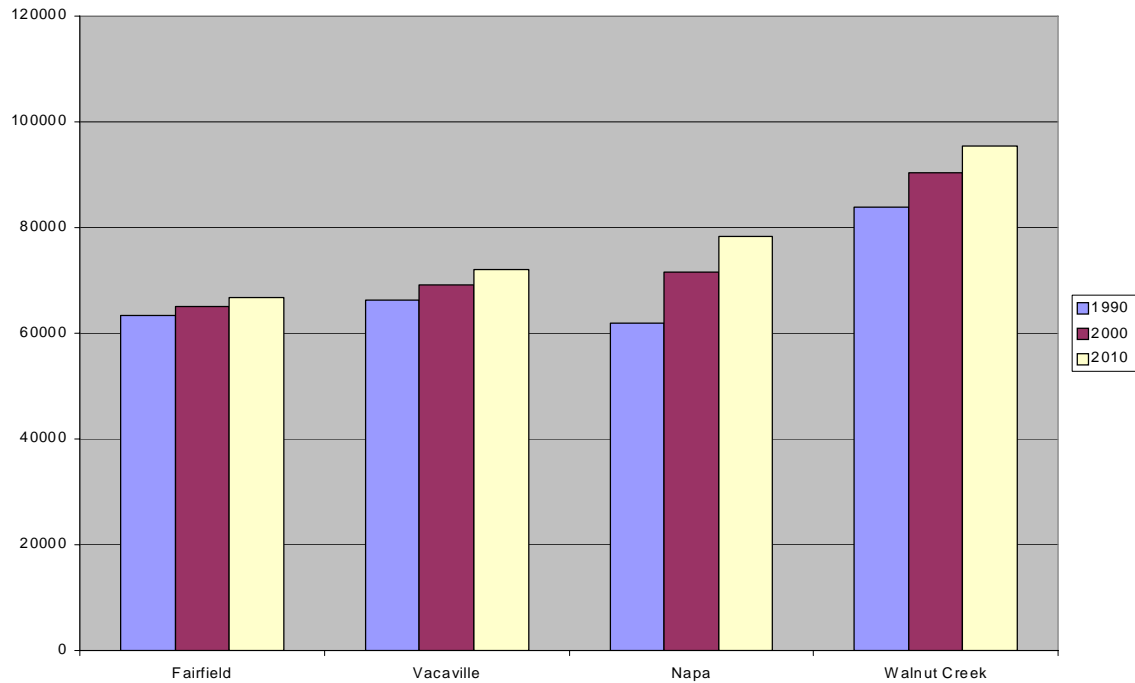
The second chart shows that Vacaville has had a steady increase in mean household incomes during the 1990's. The projection predicts that Vacaville's household incomes will continue at more or less the same rate. The chart also shows that Vacaville's household income growth has outpaced Fairfield's but is well below that of the more affluent Walnut Creek.

Range of Household Incomes



Source: Vision 2025

Mean Household Incomes



Source: ABAG Projections 2002