



Mare Island Conference Center
375 G Street, Vallejo, CA 94592

AGENDA

GENERAL PLAN WORKING GROUP/ ECONOMIC VITALITY COMMISSION JOINT STUDY SESSION: 6:30 P.M

January 26, 2015

General Plan Working Group

Tony Adams
Jonathan Atkinson
Peggy Cohen-Thompson
Patricia Gatz
Jimmy Genn
Candace Holmes
Marv Kinney
Patricia Kutza
Sarah Nichols
Brendan Riley (Proxy)
Cynthia Ripley
Jim Scoggin
Nathan Daniel Stout
Marian Swanson
Pearl Jones Tranter
Johnny Walker

Economic Vitality Commission

Rey Amador
Keith Hanson
S. Bre Jackson
Singh Jagdip
Julianne Lyons
Gregoria Torres, Vice Chair
Johnny Walker, Chair

This AGENDA contains a brief general description of each item to be considered. The posting of the recommended actions does not indicate what action may be taken. If comments come to the General Plan Working Group or Economic Vitality Commission without prior notice and are not listed on the AGENDA, no specific answers or response should be expected at this meeting per State law.

Agenda Items: Those wishing to address the group on a scheduled agenda item should fill out a speaker card and give it to the Secretary. Speaker time limits for scheduled agenda items are five minutes for designated spokespersons for a group and three minutes for individuals.

Notice of Availability of Public Records: All public records relating to an open session item, which are not exempt from disclosure pursuant to the Public Records Act, that are distributed to a majority of the General Plan Working Group will be available for public inspection at City Hall, 555 Santa Clara St., 2nd Floor, or the Vallejo Public Library, 505 Santa Clara St. at the same time that the public records are distributed or made available to the General Plan Working Group. Such documents may also be available on the City of Vallejo website at www.ci.vallejo.ca.us subject to staff's ability to post the documents prior to the meeting.

Disclosure Requirements: Government Code Section 84308 (d) sets forth disclosure requirements which apply to persons who actively support or oppose projects in which they have a "financial interest", as that term is defined by the Political Reform Act of 1974. If you fall within that category, and if you (or your agent) have made a contribution of \$250 or more to any group member within the last twelve months to be used in a federal, state or local election, you must disclose the fact of that contribution in a statement to the group.

Appeal Rights: The applicant or any party adversely affected by the decision of the General Plan Working Group may, within ten days after the rendition of the decision of the General Plan Working Group, appeal in writing to the City Council by filing a written appeal with the City Clerk. Such written appeal shall state the reason or reasons for the appeal and why the applicant believes he or she is adversely affected by the decision of the General Plan Working Group. Such appeal shall not be timely filed unless it is actually received by the City Clerk or designee no later than the close of business on the tenth calendar day after the rendition of the decision of the General Plan Working Group. If such date falls on a weekend or City holiday, then the deadline shall be extended until the next regular business day.

Notice of the appeal, including the date and time of the City Council's consideration of the appeal, shall be sent by the City Clerk to all property owners within two hundred or five hundred feet of the project boundary, whichever was the original notification boundary.

The Council may affirm, reverse or modify any decision of the General Plan Working Group which is appealed. The Council may summarily reject any appeal upon determination that the appellant is not adversely affected by a decision under appeal.

If any party challenges the General Plan Working Group's actions on any of the following items, they may be limited to raising only those issues they or someone else raised at the public hearing described in this agenda or in written correspondence delivered to the Secretary of the General Plan Working Group.



The Mare Island Conference Center is ADA compliant. Devices for the hearing impaired are available from the City Clerk. Requests for disability related modifications or accommodations, aids or services may be made by a person with a disability to the City Clerk's office no less than 72 hours prior to the meeting as required by Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof.

If you have any questions regarding any of the following agenda items, please call the assigned planner or project manager at (707) 648-4326.

1. CALL TO ORDER [6:30 PM]

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. APPROVAL OF THE MINUTES

December 8, 2014 GPWG Meeting

September 10, 2014 EVC Meeting

5. CONSENT CALENDAR AND APPROVAL OF THE AGENDA

Consent Calendar items appear below, with the Secretary's or City Attorney's designation as such. Members of the public wishing to address the group on Consent Calendar items are asked to address the Secretary and submit a completed speaker card prior to the approval of the agenda. Such requests shall be granted, and items will be addressed in the order in which they appear in the agenda. After making any changes to the agenda, the agenda shall be approved.

All matters are approved under one motion unless requested to be removed for discussion by a group member or any member of the public.

6. CITY STAFF/CONSULTANT TEAM PRESENTATION

Introduction and Overview of Existing City Plans – *City Staff*

- 2012 City of Vallejo Economic Development Strategic Plan
- 2003 Vallejo Economic Development Element

Economic & Market Trends – *Bay Area Economics (BAE)*

- Economic Trends
- Real Estate Market Trends
- Moving Forward: Economic Assets, Development Feasibility and Fiscal Impacts
- Conclusions and Policy Considerations

7. ADJOURNMENT

Minutes

**CITY OF VALLEJO
GENERAL PLAN WORKING GROUP (GPWG)
REGULAR MEETING MINUTES
MARE ISLAND CONFERENCE ROOM
December 8th, 2014**

1. CALL TO ORDER

The meeting was called to order by Chair Adams at 6:30 p.m.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

Present: Chair Adams, Vice-Chair Gatz, GPWG Members Atkinson, Kinney, Kutza, Nichols, Scoggin, Stout, Tranter, and Walker

Absent: Cohen-Thompson, Genn, Holmes, Ripley, and Swanson

Staff present: Planning Manager Ouse and Senior Planner Hoffheimer

Consultants present: Hinds, Sonoma State University (SSU)

4. APPROVAL OF THE MINUTES

A. November 10th, 2014

Action: Moved by GPWG Vice-Chair Gatz carried to adopt the minutes of the October 27th, 2014 meeting. (Aye: Adams, Gatz, Atkinson, Kinney, Kutza, Nichols, Scoggin, and Walker; Abstain: Stout and Tranter; Absent: Cohen-Thompson, Genn, Holmes, Ripley, and Swanson).

5. REPORT OF THE SECRETARY

Planning Manager Ouse informed the GPWG that a Scoping Meeting for the Propel Vallejo EIR, to be prepared in late 2015/2016, was held on Wednesday December 3rd and that the Scoping Period officially ends on Monday December 15th.

6. REPORT OF THE PRESIDING OFFICER AND MEMBERS OF THE GENERAL PLAN WORKING GROUP

A. Report of the Presiding Officer and/or Members of the General Plan Working Group

GPWG Chair Adams informed the GPWG that the "Vallejo General Plan Guiding Principles Intentions, Objectives, and Goals" was removed from this month's GPWG Meeting Agenda (discussed later in the meeting).

B. General Plan Working Group Liaison to Planning Commission – None

C. General Plan Working Group Liaison to City Council – None

D. General Plan Working Group Liaison to Economic Vitality Commission – None

7. CONSENT CALENDAR AND APPROVAL OF THE AGENDA

Action: Moved by GPWG Member Atkinson and carried to approve the Consent Calendar and Agenda. (Aye: Adams, Gatz, Atkinson, Kinney, Kutza, Nichols, Scoggin, Stout, Tranter, and Walker; Abstain: Cohen-Thompson, Genn, Holmes, Ripley, and Swanson).

8. PUBLIC HEARING

A. Presentation: General Plan Process and Next Steps

Mark Hoffheimer presented an overview of the General Plan Update, including the update process; goals, policies, and actions; where we are now in the process; next steps; and GPWG engagement. Hoffheimer solicited questions from GPWG members and the general public.

Public comment (speaker card submitted by): Doug Darling

B. Discussion: Guiding Principles Supplement Document – Intentions, Objectives and Goals

Andrea Ouse presented an overview of the reasons why the Guiding Principles Supplement Document was removed for considerations by the GPWG. Ouse facilitated a conversation with GPWG members and the general public.

Public comments for the above two items (speaker cards submitted by): Doug Darling and BJ Conrad.

9. COMMUNITY FORUM

Public comment (speaker card submitted by): BJ Conrad

10. ADJOURNMENT

The meeting adjourned at 8:10 p.m.

TONY ADAMS, CHAIRPERSON

ATTEST:

MARK HOFFHEIMER
SENIOR PLANNER

**MINUTES OF THE REGULAR MEETING OF
THE ECONOMIC VITALITY COMMISSION
City of Vallejo**

Wednesday, September 10, 2014

1. Call to Order

The meeting of the Economic Vitality Commission (EVC) was called to order at the City Council Chambers (555 Santa Clara Street) at 5:30 p.m. on Wednesday, September 10, 2014.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

3. Roll Call

Those Commissioners present and absent were as follows:

Present: Commissioners Amador, Jackson, Singh, Torres, Walker

Absent: Commissioners Hanson, Lyons

Staff and elected officials in attendance were:

Annette Taylor, Senior Community Development Analyst
Mark Sawicki, Community and Economic Development Director
Kathleen Diohep, Economic Development Manager
Mark Hoffheimer, Senior Planner
Councilmember Dew-Costa
Janet Smith-Heimer, BAE Urban Economics
Jacob Bintliff, BAE Urban Economics

Following roll call, the newly appointed commissioners gave a brief introduction and told why they were interested in serving on the Economic Vitality Commission.

4. Approval of Agenda for September 10, 2014

The agenda was unanimously approved.

5. Approval of Minutes

The minutes were unanimously approved.

6. Economic Vitality Commission to General Plan Working Group Liaison Report

Chairperson Walker gave a brief status report from the General Plan Working Group and encouraged commissioners to attend upcoming meetings.

7. Presentations

A. Introduction to Commission role and responsibilities

Annette Taylor, staff to Economic Vitality Commission, summarized the following key charges of the Economic Vitality Commission: advise the General Plan Working Group regarding the General Plan Update; advise the City Council regarding other matters; implement the 2012 Economic Development Strategic Plan.

B. Propel Vallejo: General Plan Update Overview

Mark Hoffheimer, Senior Planner, provided an overview of the Propel Vallejo process and the Economic Vitality Commission's (EVC) role in the General Plan Update component, and the proposed EVC schedule of General Plan related meetings. After the overview, Mr. Hoffheimer responded to Commissioners' questions regarding form-based code; the process in which the EVC will fulfill its role in the General Plan; the opportunity for tech and advanced manufacturing type industry in Vallejo, and whether the City of Vallejo's General Plan Update is drawing from examples of other existing plans.

C. Review of Economic Trends

Janet Smith-Heimer and Jacob Bintliff of BAE Urban Economics presented an Economic Conditions and Trends Report. After the presentation, Ms. Smith-Heimer and Mr. Bintliff responded to Commissioner's questions and comments regarding the areas of focus; examples of communities with similar challenges as the City of Vallejo; additional information on how Vallejo's demographics compare with other cities in Solano County; tracking previous investments; relevance of the 2003 Economic Development Element.

8. Council Liaison's Report

Councilmember Dew-Costa said she was excited about the direction the EVC is taking. She discussed the need for Commissioners to volunteer to participate on the Business Retention and Expansion subcommittee, as well as additional subcommittees, and the need for the Commission to have liaisons to other commissions.

9. Communications

None

10. Community Forum

Anne Carr, Tim Hiestra, Chad Clevenger, James Cisney, and Patricia Gatz addressed the Commission and consultant team. Topics raised included case studies of economic development success stories; Highway 37 corridor; Sonoma Blvd.; fiscal merits of housing versus commercial development.

11. Consent Calendar

There were no items on the Consent Calendar.

12. Administrative Items

A. Update on business impacts of earthquake

Staff reported that the City has extended the hours of the Central Permit Center through the month of September to assist property owners with earthquake-related red or yellow tags.

13. Policy Items

None

14. Project Status Report

Staff reported on the following: Vallejo Marine Terminal; Chick-fil-A Restaurant, CVS and Chipotle; Blu Homes model homes; Bordoni Ranch/Waterstone; Lennar Mare Island renewed and expanded leases, and Participatory Budgeting.

15. Report of the Chairperson and Members of the Commission

Chairman Walker provided the date for the next General Plan Working Group.

Vice Chair Torres invited the Commissioners to attend the Filipino American Chamber of Commerce Expo.

Commissioner Singh reported that he attended the City Council meeting.

14. Adjournment

The meeting was adjourned at 7:56 p.m.

Staff and Consultant Reports



MEMORANDUM
PLANNING DIVISION

DATE: January 26, 2015
TO: Members of the General Plan Working Group and the Economic Vitality Commission
FROM: Mark Hoffheimer, Senior Planner
SUBJECT: Agenda Item 6A – Demographics and Economic Trends PowerPoint Show for the
9/10/14 EVC Meeting – Cover Memo

The following PowerPoint show, prepared by Bay Area Economics (BAE), a member of the City's General Plan Update Consultant Team, was presented by BAE to the Economic Vitality Commission (EVC) on **September 10th, 2014**. The show summarizes features of economic development and presents demographic and economic trends in Vallejo, which were further refined, and reflected in the January 20th, 2015 Economic and Market Trends Report. The presentation provides the EVC and the general public with background information for consideration when developing General Plan land use alternatives and goals, policies and actions.

September 10, 2014 PowerPoint Presentation



EVC Commission Meeting
September 10, 2014

Prepared by:
bae urban economics

OVERVIEW OF MEETING

- What is economic development?
- Summary of prior work
- Vallejo's demographic and economic trends
- What are we missing?
- Discussion of next steps



WHAT IS ECONOMIC DEVELOPMENT?

■ What is Economic Development?

- Stimulate long-term job growth
- Expand workforce development
- Sustain public revenues
- Improve the quality of life in Vallejo

■ Summary of Prior Economic Development Plans for Vallejo

- 2003 Economic Development Element of General Plan
- 2012 Vallejo Economic Development Strategic Plan
- 2014 Moving Solano Forward
- 2014 Vallejo Propel Principles (General Plan Update)

SUMMARY OF KEY THEMES

■ Target industries:

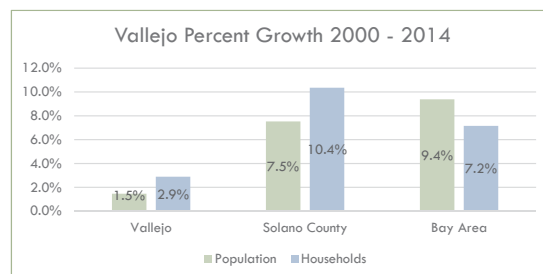
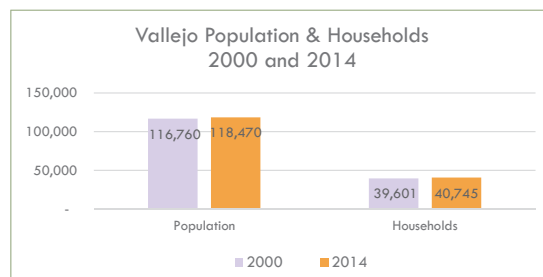
- Health Care
- Education
- Advanced Manufacturing and Life Sciences
- Tourism (Hotel, Restaurant, Arts, Entertainment)

■ Strategies for Vallejo

- Increase education and training opportunities
- Expand local businesses
- Attract more employers
- Market/promote Vallejo
- Re-balance and reconfigure land uses to match long-term demand

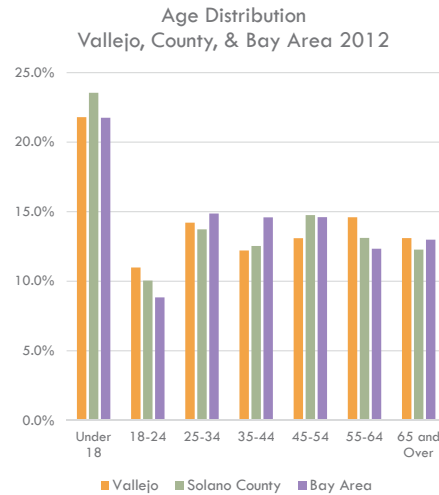
POPULATION AND HOUSEHOLD GROWTH

- Vallejo currently has:
 - 118,470 residents
 - 40,745 households
- Vallejo grew more slowly than Solano County or the Bay Area since 2000
 - Vallejo population grew 1.5%
 - Solano County grew 7.5%
 - Bay Area grew 9.4%
- This matters because:
 - Slow growth means less economic activity
 - Vallejo not sharing in Bay Area vitality



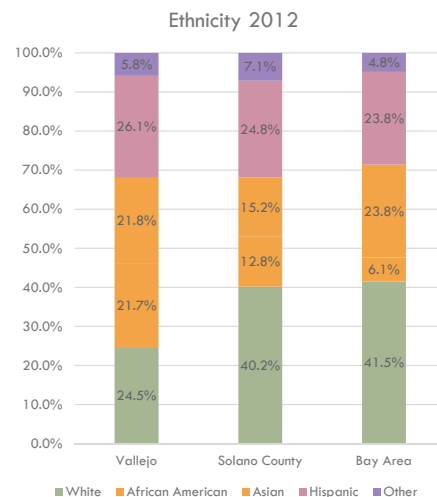
AGE

- Vallejo has a similar age profile to Solano County and Bay Area
 - Vallejo has slightly fewer children, slightly more young adults, and slightly more seniors than County or Bay Area
- This matters because:
 - Retailers serve demographics, meaning stores for young adults and seniors should do well



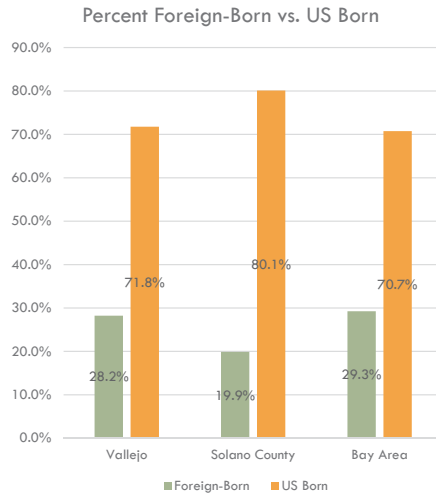
ETHNICITY

- Vallejo is more ethnically diverse than Solano County of the Bay Area
- In 2012, Vallejo's population was:
 - 26 % Hispanic
 - 25 % White
 - 22 % African-American
 - 22 % Asian
- This matters because:
 - A diverse population offers opportunities for ethnic retailing



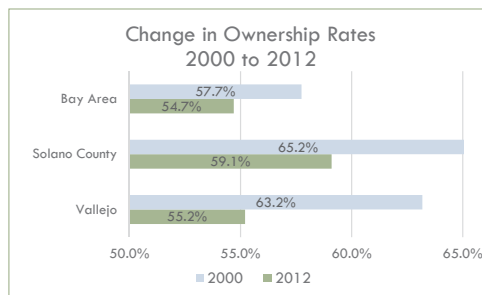
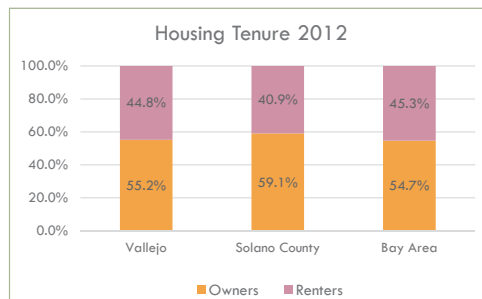
IMMIGRANT POPULATION

- Over 28 % of Vallejo’s residents were foreign-born
- Vallejo has a higher percent of immigrant population than Solano County, but similar to Bay Area
- This matters because:
 - Job training strategies should accommodate immigrants’ needs



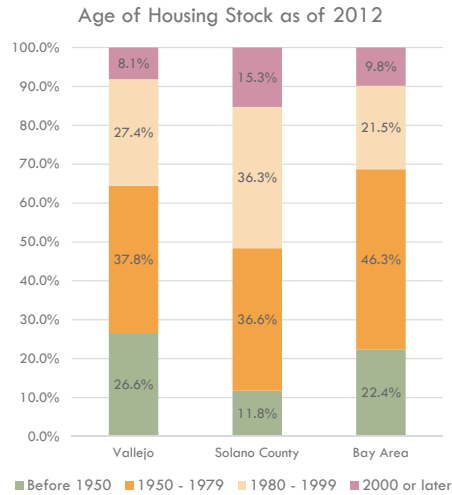
HOUSING TENURE

- Vallejo had a slightly lower rate of home ownership in 2012 than Solano County, but higher than Bay Area overall
- The change in home ownership rates has been fairly significant throughout the Bay Area, but was even more pronounced in Vallejo
 - Vallejo home ownership rate dropped from over 63% in 2000 to 55 % in 2012



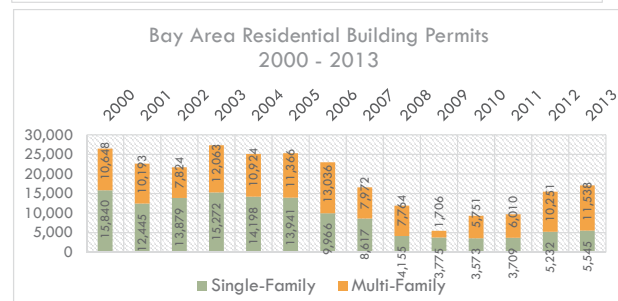
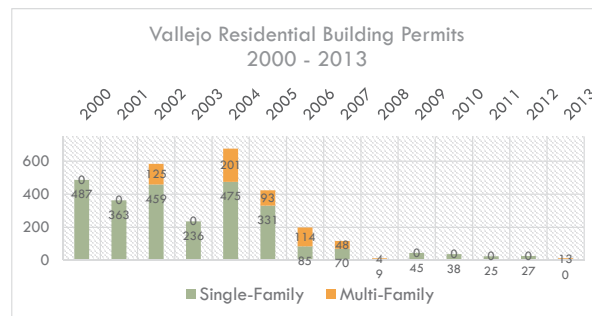
AGE OF HOUSING STOCK

- Vallejo has somewhat older housing stock than either Solano County or the Bay Area
 - Almost 27% of Vallejo's housing units were built before 1950
 - Almost 38% of Vallejo's housing units were built between 1950 and 1979
 - Just 8% of Vallejo's housing units were built in 2000 or later (compared to over 15% in County, and almost 10% for Bay Area)



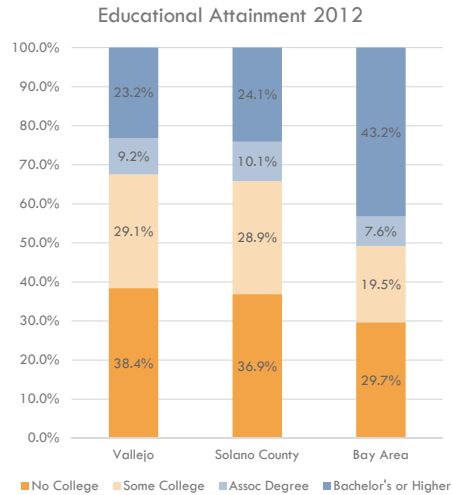
RESIDENTIAL BUILDING PERMITS

- Vallejo's new housing market has not recovered in tandem with Bay Area
 - Vallejo permitted 676 units in 2004 (peak year)
 - Almost no activity since 2007
 - In 2013, Vallejo permitted just 13 units
 - Bay Area peaked in 2003, with over 27,300 units permitted
 - In 2013, Bay Area permitted over 17,000 units
 - Mix of single to multi-family units also different for Vallejo compared to Bay Area



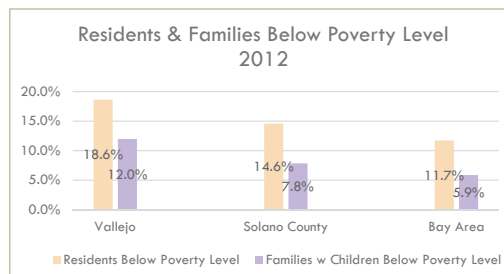
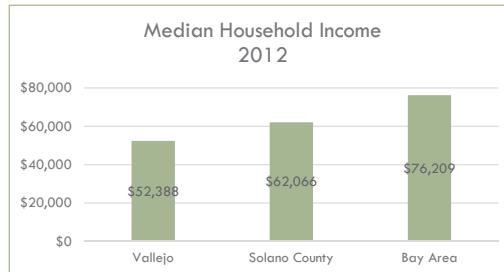
EDUCATIONAL ATTAINMENT

- Vallejo has similar educational attainment to Solano County but less than Bay Area
 - Over 38% of Vallejo adults did not go to college
 - 29% had some college but did not graduate
 - 9% received Associates degree
 - 23% received Bachelor's degree or higher (vs over 43% for region)

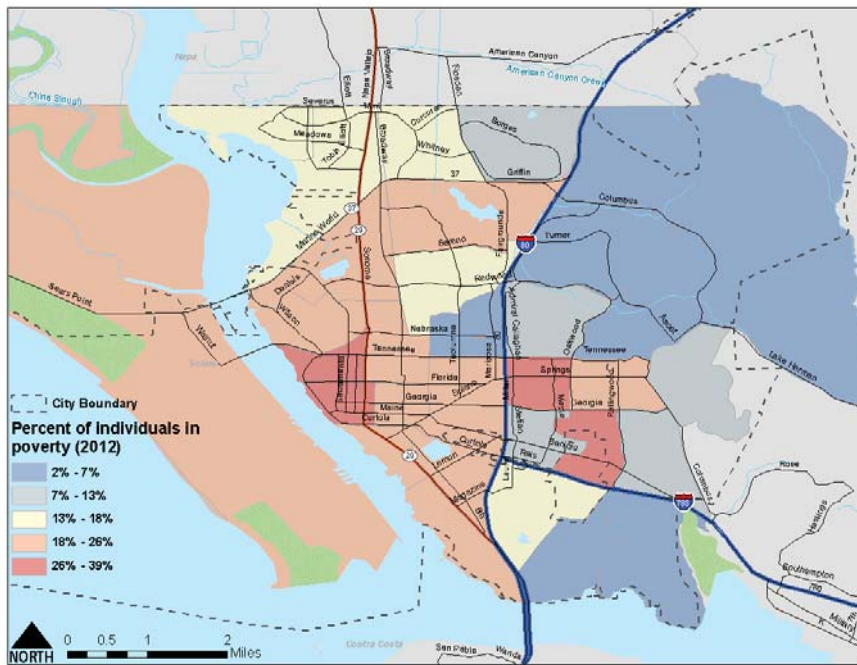


HOUSEHOLD INCOME

- Vallejo has a lower median household income than either Solano County or Bay Area in 2012
 - Vallejo had median household income of \$52,400 compared to over \$76,200 for Bay Area
 - Vallejo had higher percentages of residents living in poverty than Solano County or Bay Area
 - Vallejo also had higher percentages of families with children in poverty than County of Bay Area



LOCATION OF POVERTY



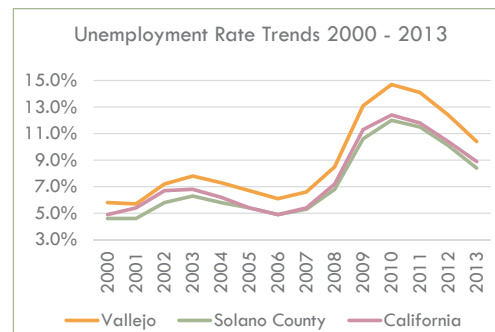
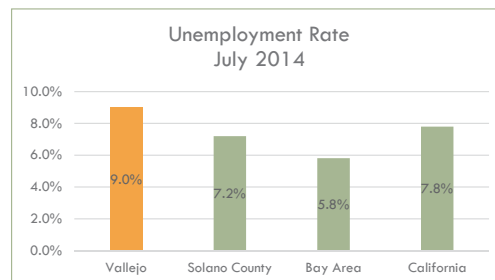
HOUSEHOLD INCOME BY TENURE

- Vallejo's homeowners had a higher median income than Vallejo's renters
 - This is typical for most areas in CA
 - Both Vallejo's owners and renters were below County and region



UNEMPLOYMENT RATE

- Vallejo had a higher unemployment rate than County, Bay Area, or statewide in July 2014
- A look at unemployment rates since 2000 indicate that Vallejo has historically had higher rates than the County or state, peaking in 2010 at almost 15%



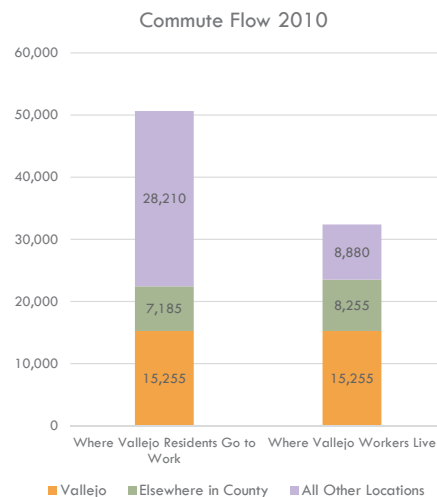
RATIO OF JOBS TO EMPLOYED RESIDENTS

- The ratio of jobs to employed residents measures the relationship between the number of jobs in a community, and the number of people who live in the same community and work somewhere
 - In 2012, Vallejo had 29,169 jobs, and 49,717 working residents, resulting in a jobs/employed residents ratio of 0.62
 - Solano County had a higher number of jobs per employed residents
 - Bay Area has more than one job for every employed resident (meaning that employees from outside the Bay Area commute in to some of the jobs).



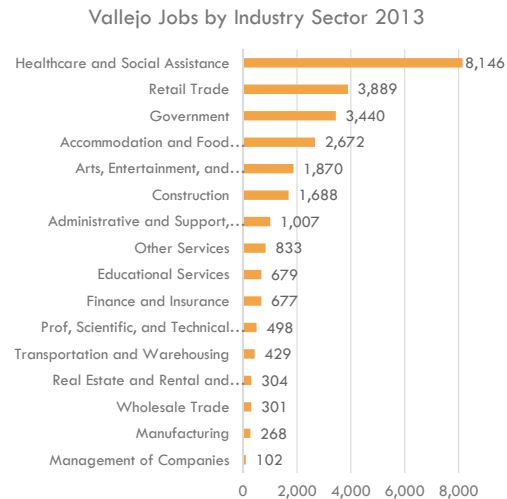
COMMUTE PATTERNS

- 52% of Vallejo residents commute outside of Vallejo to work
 - Includes 10% to San Francisco
- Many Vallejo jobs are held by people who also live in Vallejo
 - Almost half of all jobs in Vallejo are held by Vallejo residents (high compared to other Bay Area cities)
- This data means that while many jobs are held by local residents, overall number of jobs is low (0.62 ratio), and goal should be to increase jobs locally to reduce out-commuting (e.g., to San Francisco and elsewhere)



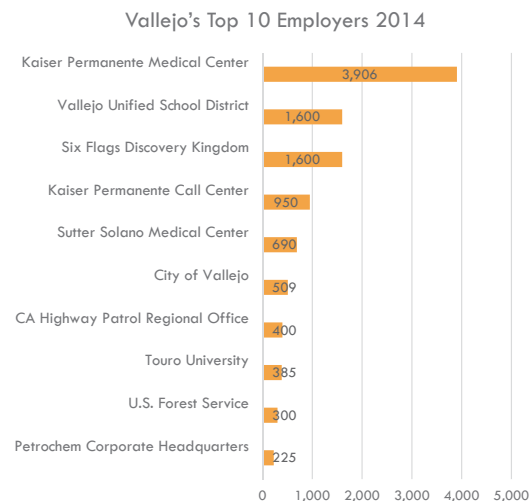
JOBS BY SECTOR

- Vallejo's economy is dominated by health care, retail, government, and tourism-related jobs
 - Except for health care, these jobs tend to be relatively low-wage and contribute less to the local economy
 - Construction is also a relatively large sector in Vallejo – this sector can bring good wages, but tends to cycle up and down with the real estate market
 - Manufacturing, one of the target industries identified in 2012 strategy, is relatively small in Vallejo



VALLEJO'S LARGEST EMPLOYERS

- The top 10 employers include 3 medical-related (Kaiser Medical Center, Kaiser Call Center, and Sutter Medical Center)
- Also includes Tuoro University (and Cal Maritime is #11 with about 200 employees)



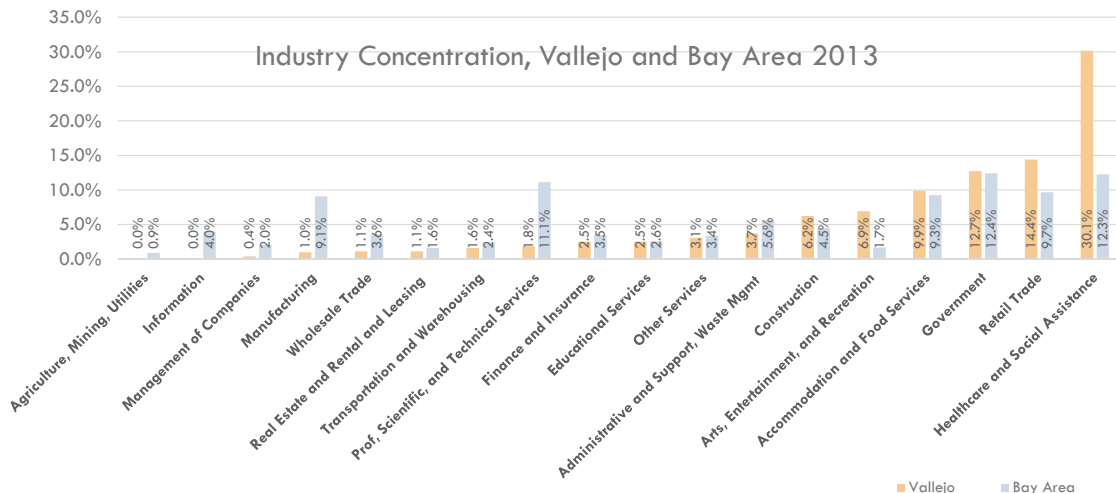
VALLEJO JOB GROWTH

- Vallejo had 27,023 jobs in 2013
 - This was an increase of 3,481 jobs since 2005 (before recession)
- Vallejo and Bay Area both had significant job growth since 2005
 - Vallejo grew faster than Bay Area from 2009-2013



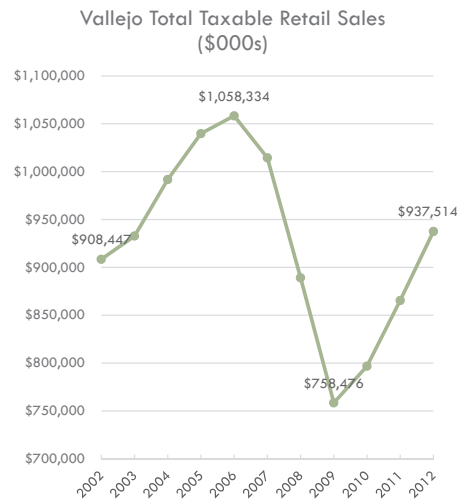
VALLEJO AND BAY AREA BY SECTOR

- Vallejo's economy has a much lower concentration of jobs in Information, Manufacturing, and Prof/Tech Services than Bay Area



TOTAL TAXABLE RETAIL SALES

- Vallejo's total taxable retail sales peaked in 2006, then declined during the recession
- By 2012, recovery was underway



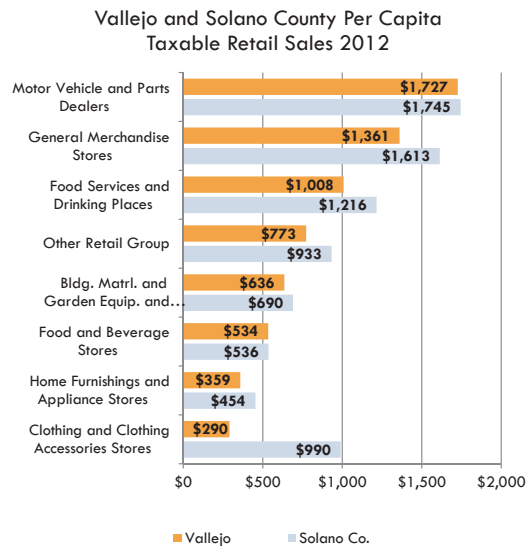
VALLEJO RETAIL SALES

- Vallejo taxable retail sales appear to mostly be recovering from recession in 2009, except for Clothing category



VALLEJO RETAIL SALES

- Based on comparison to Solano County, Vallejo may have opportunities for:
 - General Merchandise
 - Restaurants
 - Home Furnishings/Appliances
 - Clothing & Accessories



DISCUSSION WITH EVC AND PUBLIC

- What did we miss?
- What would you like to know more about?



GENERAL PLAN UPDATE EVC ENGAGEMENT

- September 2014
 - Introduction to General Plan Update
 - Review economic development conditions and trends
- November 2014
 - Review additional economic trends
 - Review preliminary economic development goals
- January 2015
 - Review key findings of Economic Development Trends Report
 - Guide framework for GP Community Workshops in February
- April 2015
 - Review/Develop preliminary policies, programs, and actions
- August 2015
 - Review economic evaluation findings for GP Land Use Alternatives
 - Review/Refine ED policies, programs, and actions
- December 2015
 - Review Preferred Land Use Alternative
 - Review/Finalize ED policies, programs, and actions
- May 2016
 - Review public draft Economy, Education, and Training GP Chapter



MEMORANDUM
PLANNING DIVISION

DATE: January 26, 2015
TO: Members of the General Plan Working Group and the Economic Vitality Commission
FROM: Mark Hoffheimer, Senior Planner
SUBJECT: Agenda Item 6B – Economic & Market Trends Report – Cover Memo

The following report, prepared by Bay Area Economics (BAE), a member of the City's General Plan Update Consultant Team, provides members of the General Plan Working Group (GPWG) and the Economic Vitality Commission (EVC) information on economic and market trends in Vallejo and the region. The report provides the GPWG, EVC, and general public with background information on economic trends, real estate market trends, demand estimates for future uses, development feasibility factors, and fiscal impact factors for consideration prior to the upcoming General Plan workshops (scheduled for 2/21, 2/16, 3/5, and 3/7) on Land Use Alternatives (i.e. Future Growth Scenarios). The information will also inform development of General Plan goals, policies and actions for Economic Development. BAE will present findings, as discussed in the following report, at the 1/26/15 GPWG/EVC joint study meeting.

If a hard copy of the Economic & Market Trends Report is desired, please contact Mark Hoffheimer at mark.hoffheimer@cityofvallejo.net by Monday Noon, January 26th.



Economic & Market Trends

bae urban economics

January 20, 2015

Mark Hoffheimer, AICP
Senior Planner
City of Vallejo
555 Santa Clara Street,
Vallejo, CA

Dear Mark:

We are pleased to submit this Economic and Market Trends Report. Please let me know if you have questions or comments.

Sincerely,



Janet Smith-Heimer, MBA
Managing Principal

San Francisco
1285 66th St.
Emeryville, CA 94608
510.547.9380

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202.588.8945

New York City
49 West 27th St., Suite 10W
New York, NY 10001
212.683.4486

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Introduction

Purpose of Report

This report provides background information to the Propel Vallejo process currently underway. This process, which includes updating the City's General Plan, revising its zoning codes, and completing a Specific Plan for the Sonoma Boulevard corridor, commenced in 2013 and is expected to reach completion in late 2016.

Specifically, this report serves as background for the General Plan Update portion of the Propel Vallejo process. It is structured to provide an overview of demographic, economic, and real estate market trends, leading to identification of citywide economic development opportunities to be incorporated into the General Plan.

Summary of Prior Economic Development Plans

The City of Vallejo has a longstanding dedication to fostering economic development through the creation and implementation of numerous policies and programs. The following profiles the three most relevant of Vallejo's economic development documents. The current Propel Vallejo process seeks to update and expand on these foundational documents, integrating economic development with land use, transportation, public improvements, and other components of the General Plan.

Vallejo Economic Development Element 2003

The Vallejo Economic Development Element was adopted in 2003. This chapter of Vallejo's General Plan lays out citywide goals and strategies, as well as area-specific goals and strategies for neighborhoods throughout Vallejo. While many of the goals and strategies outlined in this document were implemented in the past 12 years, economic conditions have also changed substantially since it was prepared, leading to this current report and the economic development components of Propel Vallejo. The 2003 Element can be viewed at: <http://www.ci.vallejo.ca.us/common/pages/DisplayFile.aspx?itemId=31249>.

City of Vallejo Economic Development Strategic Plan 2012

In 2012, as the City emerged from bankruptcy and the Bay Area economy began recovering from the Great Recession, the City of Vallejo commissioned the *City of Vallejo Economic Development Strategic Plan and Strategic Marketing Plan*. This document provided extensive economic analysis, including identification of four target industry clusters (Health Care, Arts/Tourism, Advanced Manufacturing, and Higher Education). The Strategic Plan also profiled Vallejo's economic assets, including an educated and available workforce, a relatively low cost of doing business, and a strong network of transportation infrastructure further benefiting from Vallejo's strategic location in the North Bay. Economic development

challenges identified in the Strategic Plan included a negative perception of Vallejo’s image (including concerns regarding public safety and government efficiency); a lack of shovel-ready land for industrial development; slow development and lack of plans for North Mare Island; and underdeveloped shopping, lodging, and dining facilities.

The Strategic Plan recommended a series of goals, strategies, and implementation actions including an attraction program for new business, improving retail and dining options, emphasizing improved educational attainment, reducing crime, and potential actions for North Mare Island, as summarized below. The Strategic Plan also included an extensive month-by-month Marketing Plan to enhance Vallejo’s message to regional, national, and global markets.

Figure 1: Economic Development Framework



Source: Vallejo Economic Development Strategic Plan 2012

A complete summary list of the Goals and Implementing Actions from the 2012 City of Vallejo Economic Development Strategic Plan is included in this report as Appendix A. The full report is available at: <http://www.ci.vallejo.ca.us/common/pages/DisplayFile.aspx?itemId=38786>

Moving Solano Forward: Solano County Economic Diversification Study 2014

In 2014, Solano County undertook an economic development strategic planning process focused on economic diversification of the County. Its final report, *Solano County Economic Diversification Study* (September, 2014), highlights three broad goals including enhancing countywide economic development capacity (with an emphasis on marketing shovel-ready industrial sites and preparing non-ready sites for development), strengthening economic and workforce development programs (including a countywide “messaging” strategy), and improving the quality of life for residents and businesses (including improving schools, reducing crime, and further developing arts and cultural amenities and new housing). The

final report also identifies four target industry clusters with potential to increase job growth in the County, including Energy, Food Chain, Life Sciences, and Advanced Materials.

Relationship of Prior Plans to Propel Vallejo

The Propel Vallejo process is an ambitious three-part initiative to update Vallejo's General Plan, modernize its zoning code, and complete a Specific Plan for the Sonoma Boulevard corridor. Much of this work and the resulting plans will focus on preparing Vallejo to capture more investment and new development, as well as encouraging job growth and workforce development. Economic development has been identified as a core principle of the Propel Vallejo initiative, seeking to provide well-defined expectations for desired growth and increase entitlement certainty to attract investment.

For most cities, the process of economic development typically follows a path of analyzing trends and current conditions, identifying strengths and new opportunities, and integrating these into land use regulations, workforce programs, capital improvement plans, transportation projects, and related city investments. Because Vallejo recently completed its 2012 Economic Development Strategic Plan, the focus of economic development in the Propel Vallejo process is to review and revise, as appropriate, the goals and strategies already identified. Thus, this report and subsequent work to integrate economic development into the General Plan Update builds on the 2012 Strategic Plan's analysis, including previously identified target industry clusters and recommendations for focused public investment and attraction efforts. In addition, the goals, policies, and actions of the 2003 Economic Development Element will be considered in the General Plan Update.

Report Organization

The following chapters are organized to first provide a summary of findings, conclusions, and policy considerations as part of Propel Vallejo. Next, Vallejo's key economic development assets are profiled. The report provides a more in-depth analysis of Vallejo's residents and households, as these trends serve as the basis for consumer spending and workforce development opportunities, as well as for residential and commercial development opportunities. Next, Vallejo's job base is summarized, including comparisons to the Bay Area in terms of strengths and weaknesses. Vallejo's recent real estate market trends are also profiled, to gauge current and future potential market demand.

Summary of Findings

Summary of Trends

The report to follow provides an in-depth look at demographic, economic, and real estate market trends in Vallejo, surrounding cities, Solano County, and the region. This section provides a summary of findings.

- Vallejo's population and household growth has lagged Solano County and the Bay Area, likely impacting the service sectors of the local economy that provide jobs related to consumer spending and local construction.
- Vallejo's age distribution indicates a loss of children since 2000, and a gain in young adults, particularly in the 18-24 age cohort, but also a relatively strong gain in the 25-34 cohort. This shift suggests that there may be pent-up demand for more market rate rental housing across price points, including both luxury, mid-market, and less expensive housing serving lower-paid workers. This broader range of rental products can be leveraged to stimulate investment in specific corridors. This also suggests potential opportunities to provide more urban-style multifamily ownership loft-style housing, particularly in the downtown/waterfront area, to help attract employers seeking young creative talent drawn to these housing product types.
- Vallejo's ethnic composition reflects a very diverse community, including a relatively rapid increase in Hispanic residents, despite overall modest population growth. This diversity could be showcased to promote Vallejo as a community with opportunities for all. Nearly 29 percent of Vallejo's residents were born outside of the US, a higher proportion than the County overall, but in keeping with the dynamic immigrant patterns of the region. The energy and commitment of immigrants seeking a strong quality of life and economic opportunity in Vallejo can be leveraged, both in terms of entrepreneurship support, and also in terms of potential additional cultural and retail attractions serving this segment.
- The trends regarding educational attainment and household income may be viewed as related, since most studies show that these factors are highly correlated. The relatively lower educational attainment by Vallejo's adult residents compared to the region overall, may be considered as both a strength and a challenge. Certain kinds of employers seek out workers with high school or two-year associate degrees; however, with the exception of some manufacturing, logistics, and construction jobs, as well as some entrepreneurial options, these jobs tend to generally also pay lower wages.
- Vallejo has a relatively high rate of homeownership, although it has declined over the past 12 years, following regional trends and further impacted by the Great Recession and the associated foreclosure crisis.

- Vallejo's housing stock contains proportionately fewer multifamily units than the region as a whole. While this is consistent with Vallejo's historically more suburban development pattern, it also means that housing choices are more limited for those segments of the market seeking market-rate multifamily units with compact, pedestrian-oriented amenities. This type of housing product has gained in popularity in many market areas throughout the region, and is being developed both as rental and ownership.
- Vallejo has a relatively low ratio of jobs to employed residents, underscoring the need to add to the job base and improve the overall balance. Vallejo does have a relatively high proportion of residents who remain in Vallejo to work at local jobs, and also a relatively strong work-at-home segment. Both of these features of Vallejo's commute patterns should be considered economic development strengths which can be further fostered to create more local employment opportunities among local employers.
- Vallejo's overall job growth during the recent period of economic recovery has kept pace with the Bay Area, both growing 14 percent since 2009. This is a strong and positive indicator of Vallejo's underlying economic foundation.
- Vallejo's mix of employment by industry sector varies substantially from the overall regional economy. Vallejo has proportionately smaller concentrations of jobs in Professional, Management, Manufacturing, and Wholesale Trade sectors. While relatively small, these sectors may offer opportunities to expand to better match the region's economic fabric. At the same time, Vallejo has relatively large employment concentrations in Health Care, Construction, Arts/Entertainment, and Retail. These dominant sectors suggest that Vallejo offers competitive advantages to these types of companies, and may provide a strong foundation for further expansion.
- Key assets with opportunities for further economic development include: the Downtown/Waterfront, Mare Island, and the North Vallejo entertainment area (Discovery Kingdom and Solano 360).
 - The Downtown/Waterfront area offers scenic views, ferry transportation, and valued historic buildings which could provide expanded destination entertainment facilities catering to the growing college student enrollment at both Touro University and the CSU Maritime Academy. Downtown and Waterfront is also attracting creative and artists. All of this activity suggests demand for music and brewery venues and events and could indicate interest in appropriate housing products.
 - Recent achievements at Mare Island underscore opportunities for further industrial development. With the attraction of several new key businesses and the expansion plans of others, coupled with the strong developer response to the recent RFQ for North Mare Island, economic development at Mare Island will take on increasing importance for the City of Vallejo. The 2012 Vallejo

Economic Development Strategic Plan emphasized the Advanced Manufacturing target industry cluster, which fits well with the available land, buildings, and facilities at Mare Island.

- The cluster of existing and planned entertainment uses in north Vallejo could be further leveraged to provide a gateway experience for Napa Valley travelers.

Summary of Conclusions and Policy Considerations

Citywide Conclusions and Considerations

These conclusions and suggestions for further consideration are made based on the analysis in this report, and are intended to be applicable citywide. The next section provides additional conclusions for specific locations in Vallejo.

- **Market Taking vs. Market Making.** One way to think about market demand in communities such as Vallejo is market “taking” vs. market “making.” In the regionally strong market demand setting of the Bay Area, overall regional growth translated to market demand will be met at the local level by in the same manner as historically, so if a community has experienced strong demand in the past, developers will assume that will continue, and build there. This is the market “taking” concept; taking market demand as it comes along based on past experience. However, if a community has experienced more uneven or modest demand in the past, such as Vallejo, developers will not gravitate to that community automatically, as they do not perceive the low-risk “taking” opportunity. These situations call for a bolder, more strategic approach with policy interventions, to establish a market “making” framework; demand must be stimulated and captured instead of going elsewhere.

There are many examples of this around the Bay Area and the US, such as the new downtown in Windsor, CA, which established a thriving urban center where there was virtually none before. Another example is the popular lifestyle retail center such as Santana Row, which boldly innovated away from traditional suburban mall retail to a more mixed-use housing plus retail product within the surrounding suburban context, creating an immediate excitement and draw. Many communities are also using rail transit (e.g. streetcars and light rail) in this way, such as the Third Street transit corridor in San Francisco, to create a new piece of popular infrastructure that both improves mobility and redefines a public place. For Vallejo, which suffers from perceptions of relatively high crime and diminished schools and public services, and has not seen the private development and investment at the same levels as some of the more vital Bay Area communities, this concept of market making will be critically important in the coming decades.

- **Overall Market Positioning.** In order to implement the market making approach, Vallejo will need to start with a comprehensive re-positioning and promotion strategy (as recommended by 2012 Economic Development Strategic Plan). The City has several strong opportunities to brand, promote, and re-position itself. Vallejo is a community with a diverse and dynamic population base representing many cultures. The City has available developable land, engaged higher educational institutions, strong transportation networks (including an expanding ferry service), beautiful downtown historic architecture, scenery, and a prime location between the East Bay and Napa Valley. These strengths mean that the City has opportunities to promote itself as a creative college town, an advanced manufacturing hub, a tourist destination, and an excellent place to do business. However, the City also faces the challenges outlined by the interviews including perceptions of high crime, challenged schools, public financial stresses, and local debates over various development proposals. These strengths and weaknesses mean that to implement the City's 2012 Economic Development Strategic Plan, Vallejo will need to find ways to make targeted public investments and attract more private investment. The General Plan Update and new Zoning Code are both significant initiatives with the potential for impact as targeted public investments, and other City initiatives, such as a thoughtful promotional campaign in all forms of social and traditional media included in the 2012 Economic Development Strategic Plan represent some tools for market repositioning.
- **Housing.** Vallejo will have market demand for roughly 5,000 to 6,000 housing units over the next 25 years, based on growth forecasts. Land use planning discussions for the General Plan should consider the best mix of single family/multifamily, recognizing that Vallejo today does not reflect the increasing demand and development patterns of a wider range of inexpensive to mid-market, to luxury multifamily products. It should be noted that this unmet opportunity for multifamily housing in particular matches the downtown and waterfront locations, where a pedestrian-oriented land use pattern already exists, and urban amenities could be enhanced, to capture rapidly-increasing interest by younger adults in lofts and similar urban housing products not offered yet in Vallejo.
- **Industrial and Warehouse.** Vallejo has a relatively small industrial and warehouse employment base, but offers great potential to leverage its expanding manufacturers, particularly the exciting activities at Mare Island and proposed reuse of the former General Mills site by Vallejo Marine Terminal. It is not likely that Vallejo would benefit from other new industrial or logistics locations in the city, but instead should focus its strategies and investments in industry on Mare Island.
- **Retail and Restaurants.** As outlined in this report, Vallejo has opportunities to develop additional retail and restaurant facilities, although the pending Solano 360 may absorb much of this demand in the near-term. From an economic development

perspective, targeting City economic development activities to attract additional retail and restaurants towards the downtown and in a limited manner (primarily auto dealers) along I-80 in the Northgate area, are recommended.

- **Hotel.** Finally, as outlined above, Vallejo will likely have the opportunity to attract one or more hotels in the mid-scale or higher price ranges over the 25 year period, especially along the waterfront/downtown, at or near Solano 360/Six Flags area, and potentially along Highway 29 at the northern gateway to Vallejo.

Major Catalytic Opportunities

In addition to the above citywide conclusions, the following provides considerations for Downtown/Waterfront, Mare Island, and the Six Flags Discovery Kingdom/Solano 360 areas:

- **Downtown/Waterfront.** Vallejo's Downtown/Waterfront offers numerous opportunities for enhanced economic development. Specifically, as mentioned by the educational institutions interviewed, the Downtown could be more strongly positioned and marketed as a 21st century "college town," including innovative housing products such as lofts and "shop houses" (ground floor small business space with upstairs living spaces). There are numerous similar projects throughout the Bay Area that have led downtown revitalization, including the Uptown area of Oakland, and downtown San Jose. In addition, it is recommended that Vallejo explore increased attraction of entertainment/arts/cultural venues and related retail, serving young adults. With rising graduate-level university enrollment, this age cohort is growing in Vallejo. There are a host of strategies that could be implemented to boost retail and entertainment attraction including food truck events, music festivals, Friday Art Walks, and incentives for "pop up" retail. For detailed information on Vallejo's higher education institutions, see Appendix D.

The downtown and its waterfront could also be positioned and improved as a destination for tourists travelling between San Francisco and Napa Valley, particularly for those using the ferry. An improved public realm on both sides of the Strait, enhanced connections between the two waterfronts, and a theme capitalizing on food and wine (associated with Napa Valley), would create an inviting setting for residents and visitors alike. Attraction of new destination waterfront restaurants and entertainment, could further support the concept of tourism; take the ferry to Napa Valley, and see historic downtown Vallejo and Mare Island along the way.

- **Mare Island.** As described previously in this report, Mare Island has been gaining ground as a unique industrial and manufacturing hub in the Bay Area. Strategies to further enhance this momentum can include public assistance in studying existing building reuse costs, special events to showcase available spaces, and facilitation of existing tenant and new North Mare Island future tenant interactions. The City may

also want to study methods to build an industry cluster that is more refined than general manufacturing, particularly around modular building products.

- **Discovery Kingdom/Solano 360.** This area, already seeking a master developer, may benefit from increased City attention to local-area transportation (e.g., shuttles) between the retail facilities on the east side of I-80 and the new projects at Solano 360 as they are built out. Increased promotion to Napa Valley tourists and coordination with the strong outlet/retail destinations in the Vacaville area would also be beneficial.

Implementation: Strategies to Generate Development Momentum

Development activity tends to build on itself, generating a self-reinforcing momentum in stronger markets. It is a challenge to create development momentum in places that do not have currently favorable real estate market conditions, and have not experienced recent development. Some of the factors that discourage development interest may require time to transcend or present the City with a limited ability to influence in the near term. There are however three broad strategies that cities with similar challenges to those faced by Vallejo have used to attract new development and investment:

- **Focus on “catalytic” development projects.** This involves focusing on projects whose success will demonstrate to developers there is market potential in Vallejo and therefore serve as a “catalyst” to attract interest from other developers wishing to duplicate that success. For residential, catalytic projects can include well located and high-quality workforce housing since it is less dependent on market conditions, by taking advantage of State and Federal incentives. , Private investment in these projects has been proven to attract investment from market-rate residential developers by reducing the risk from being a “pioneering” developer.
- **Targeted financial assistance to selected projects.** Investment tends to go to places where investment is already occurring. Providing targeted financial assistance or incentives to select projects to make them feasible and get them built can help build investment momentum. With the City’s limited funding, a key offering to catalyze growth is the contribution of City-owned land (e.g. at the Waterfront and North Mare Island). Both financial assistance and land dedication or purveyance are strategies that must be used carefully where there is a strong likelihood that a successful project will attract other development that will not require assistance to proceed with their project. The City could consider building a strategic economic development fund to mitigate the loss of Redevelopment Agency funds that were once available for targeted investment.

- **Risk reduction strategies.** This involves the City taking action where appropriate to reduce developer risk and costs. One of the key risks for developers is uncertainty and the length of time involved in getting entitlements (development approvals) from cities. Reducing uncertainty and processing time can help advance projects that are just barely feasible. The General Plan update and new zoning code are substantial tools to bring certainty and streamlining. Through these tools, cities can hold developers to high standards while at the same time providing clear guidance, timely decisions, and consistent implementation of requirements.

Overview of Vallejo’s Key Economic Assets

This chapter provides a brief overview of Vallejo’s key “assets” from a place-based economic development perspective. These include the City’s Downtown/Waterfront, Mare Island, and the Six Flags Discovery Kingdom/Solano 360 area.

Downtown/Waterfront

Vallejo’s Downtown and Waterfront area has several key strengths from an economic perspective. The Downtown’s historic building facades, entertainment venues, picturesque marinas, and waterfront views, make it potentially one of the most attractive smaller-city downtowns in the Bay Area. In addition, the recent expansion of the CSU Maritime Academy, at the southern edge of Vallejo’s waterfront, along with the growing enrollment at Touro University on Mare Island, offer opportunities to reposition Downtown as a college-oriented entertainment and cultural district, as discussed further in this report.

In addition, Vallejo offers a superb waterfront setting, with a waterfront promenade, public open spaces, scenic views, and opportunities for other public amenities that enhance community life as well as the value of adjacent parcels. Indeed, Vallejo has a two-sided waterfront – in downtown and on historic Mare Island – offering a unique setting for tourist- and community-related improvements. Significant transit-related assets include the ferry terminal, with regular ferry service to and from San Francisco; the downtown Transit Center, served by Solano County Transit; and a parking garage supporting both transit services, creating a multi-modal transit facility in downtown. Together with its terrific weather, Vallejo’s Downtown and Waterfront are poised to provide great amenities to residents and visitors alike.

Several key City initiatives, including continued work with the selected master developer of waterfront parcels, as well as available other development sites, mean that this core area has room to capitalize on its strengths. The Propel Vallejo process, building on the existing Downtown Specific Plan and the Planned Development Master Plan for the waterfront, will seek to strengthen and integrate development opportunities in the Downtown / Waterfront area. Suggested policy considerations for this area are included at the end of this report.

Mare Island

One of Vallejo’s major assets is Mare Island, a former navy shipyard that was once the second largest in the US, employing over 40,000 workers at its peak during World War II. In 1993, Congress closed the facility, prompting the City to embark on a planning process committed to rebuilding Mare Island as a vital economic engine for Vallejo. Through an extensive community based planning approach, the City adopted the Final Reuse Plan in 1994, which

formed the basis for the Mare Island Specific Plan adopted in 1999 and subsequently amended in 2005, 2007, and 2013.

In 1998, Vallejo contracted with Lennar Mare Island LLC (LMI) as the master developer of a 650 acre portion. Since that time, occupied commercial square footage on Mare Island has grown from under 1,000,000 square feet to approximately 3,600,000 square feet. In 1999, Mare Island attracted a branch campus of the private university, Touro, which offers undergraduate and graduate degrees in health professions and education. Since 2010, there has been a 24 percent increase in the amount of occupied space, including federal and private owners, lessees, and subleases. This consistent growth demonstrates Mare Island's key position for land and buildings for a range of uses in a supply-constrained region.

Mare Island has successfully attracted and maintained a strong roster of over 100 businesses, many of which are expanding. The latest jobs survey from June 2014 revealed that there were over 100 businesses providing 2,237 full-time jobs in a variety of sectors, including maritime, manufacturing, industrial, and professional services. This was also the 7th consecutive period with employment gains, highlighting consistent job growth on Mare Island.

Notable economic development achievements for 2014 at Mare Island include:

- Blu Homes, a leading designer and manufacturer of premium prefabricated homes, announced that it would relocate a majority of its operations and employees to Vallejo and expand their presence on Mare Island. The company, which has a 250,000 square foot manufacturing facility, plans to add another 103,000 square feet of space for design, engineering, marketing, storage, and administration. It expects to grow to approximately 130 employees through this expansion.
- Earthquake Protection Systems, with 65 employees in 310,000 square feet of space on the Island, manufactures earthquake isolation equipment for major construction projects. The firm anticipates substantial expansion over the coming years.
- The Mare Island Dry Dock LLC uses two dry docks occupying 18 acres at Mare Island to provide ship repair to federal and private customers.
- Americ Machinery Corporation, an international construction equipment supply company, moved its HQ to Vallejo and opened a new office and a 3-acre equipment yard on Mare Island.
- Custom Valve Solutions recently signed a lease for a 10,000 square foot facility for creating large-scale industrial valves and components.
- The San Francisco Bay Area Water Emergency Transportation Authority (WETA) began work in 2014 on a new \$22 million Mare Island ferry facility, which will offer ferry service from Mare Island to the Vallejo Terminal and beyond. The project includes

environmental cleanup and a new public waterfront promenade that will allow pedestrian access to waterfront amenities. The facility is expected to open in 2015.

- Touro University opened a new school of nursing, designed for working registered nurses, on Mare Island in September 2014.

In addition to recent on-the-ground momentum at Mare Island, the City initiated a North Mare Island Request for Qualifications in 2014, in order to select a master developer for that section of the Island. The City received eight qualified submittals, including two office/conference/mixed-use proposals, two industrial park proposals, three gaming/hotel/resort concepts, and one “anchor” user requiring expansion space for its existing Mare Island business. The City is currently in the process of evaluation of the submittals. The strong interest received by developers, current Mare Island businesses, and investors, signals the potential for Mare Island to continue its long-term buildout and opportunities to enhance economic development for the City.

Six Flags Discovery Kingdom and Solano 360

In the northern part of Vallejo, flanked by I-80 and Highway 37, the Six Flags Discovery Kingdom theme park offers America’s only combination marine life, wildlife, and ride destination. Occupying 135-acres, Discovery Kingdom has long served as a regional and national entertainment destination, attracting more than 1.5 million visitors annually.

Nearby, the Solano County Fairgrounds recently completed the Specific Plan for Solano 360, a redevelopment effort by Solano County, the City of Vallejo, and the Fair Association to modernize the 149-acre County-owned fairgrounds into the “Fair of the Future” and transform it into a gateway entertainment destination. The Plan envisions creating a vibrant entertainment core with new Fairground facilities, a restored waterway, waterfront trails, and entertainment attractions, including restaurants, retail, and themed entertainment uses. The intent is to transform an underutilized site into a regional-serving entertainment destination that would complement Six Flags Discovery Kingdom and simultaneously generate long-term revenue.

In total, the Plan envisions up to 327,571 square feet of retail, commercial, entertainment, and office space, and up to 30-acres for theme park type uses. The fairgrounds portion would consist of 149,500 square feet of new building space at full-build out. These uses are expected to be built in phases, with the first phase consisting mostly of County Fairground improvements and feasible public amenities in the Entertainment Mixed Use and Entertainment Core districts. Subsequent phases include Creek Park and providing larger parcels for major development. Solano County issued a Request for Qualifications for a master developer of the entire project in December 2014, with responses due by March 2015.

Economic Trends

This chapter profiles demographic and household trends for the City of Vallejo. Demographic data were compiled from nationally-recognized data sources, including the Decennial Census, the American Community Survey (ACS) and the California Department of Finance. To the extent that data were available, information is presented for the City benchmarked against Solano County and the nine-county Bay Area region.

Residents

Population Growth

Vallejo is currently home to just over 118,000 residents living in nearly 41,000 households. From 2000 to 2014, Vallejo grew more slowly than Solano County or the Bay Area. During that time period, Vallejo had a 1.5 percent residential growth rate, while Solano grew by 7.5 percent and the Bay Area grew by 9.4 percent. Households in Vallejo grew slightly faster than population, reflecting the small decline in average household size. Vallejo's slower population growth relative to Solano County and Bay Area is significant because it means the City has not been sharing fully segments of the Bay Area economy fueled by resident growth (e.g., consumer spending, business and personal services, housing construction, etc.).

Table 1: Population and Household Growth, 2000-2014

Vallejo	2000	2010	2014	% Change 2000-2014
Population	116,760	115,942	118,470	1.5%
Households	39,601	40,559	40,745	2.9%
Average Household Size	2.90	2.82	2.86	
<u>Solano County</u>				
Population	394,542	413,344	424,233	7.5%
Households	130,403	141,758	143,909	10.4%
Average Household Size	2.90	2.83	2.87	
<u>Bay Area (a)</u>				
Population	6,783,760	7,150,739	7,420,453	9.4%
Households	2,466,019	2,608,023	2,642,449	7.2%
Average Household Size	2.69	2.69	2.75	

Notes:

(a) The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

Sources: US Census, 2000, 2010; California Department of Finance, 2014; BAE, 2014.

Resident Age Distribution

Vallejo's age distribution today is relatively similar to Solano County and the Bay Area. Median age has risen since 2000, following the regional pattern. However, median data can mask more specific changes by age group. For example, for children under age 18, all three areas have lost population, with Vallejo's the most dramatic, dropping by 20 percent since 2000. At the other end of the spectrum, for seniors age 65 and over, population grew across the board, echoing national trends; however, Vallejo's senior population did not increase as rapidly as the comparison areas. The 55-64 age group has grown dramatically in all three areas due to aging Baby Boomers, although this trend occurred to a greater degree in Vallejo than regionally. The most distinct difference in Vallejo is the rise of residents age 18-24, which grew almost 24 percent in the 12 years, compared to 9 percent in the region overall. Positive growth was also seen in the next oldest group age 25-34 in Vallejo, while declining in the region. These trends of positive growth for young adults in Vallejo indicates both a likely strong market demand for rental housing, as well as ownership units meeting first-time home buyer needs.

Table 2: Age Distribution, 2000 – 2012

	2000		2010		2012		% Change 2000-2012
	Number	Percent	Number	Percent	Number	Percent	
Vallejo							
Under 18	32,219	27.6%	26,911	23.2%	25,677	21.8%	-20.3%
18-24	10,452	9.0%	11,667	10.1%	12,949	11.0%	23.9%
25-34	15,905	13.6%	15,515	13.4%	16,741	14.2%	5.3%
35-44	18,625	16.0%	14,538	12.5%	14,385	12.2%	-22.8%
45-54	17,066	14.6%	17,508	15.1%	15,427	13.1%	-9.6%
55-64	9,378	8.0%	15,804	13.6%	17,199	14.6%	83.4%
65 and Over	13,115	11.2%	13,999	12.1%	15,436	13.1%	17.7%
Total	116,760	100.0%	115,942	100.0%	117,814	100.0%	
Median Age	34.9		37.9		37.0		
Solano County							
Under 18	111,852	28.3%	101,535	24.6%	99,072	23.5%	-11.4%
18-24	36,303	9.2%	40,448	9.8%	42,292	10.1%	16.5%
25-34	55,856	14.2%	54,914	13.3%	57,768	13.7%	3.4%
35-44	67,638	17.1%	54,423	13.2%	52,734	12.5%	-22.0%
45-54	55,319	14.0%	63,950	15.5%	62,074	14.8%	12.2%
55-64	30,148	7.6%	51,227	12.4%	55,177	13.1%	83.0%
65 and Over	37,426	9.5%	46,847	11.3%	51,640	12.3%	38.0%
Total	394,542	100.0%	413,344	100.0%	420,757	100.0%	
Median Age	33.9		36.9		37.2		
Bay Area (a)							
Under 18	1,601,858	23.6%	1,589,673	22.2%	1,597,771	21.8%	-0.3%
18-24	595,173	8.8%	641,008	9.0%	649,335	8.8%	9.1%
25-34	1,120,919	16.5%	1,052,669	14.7%	1,092,307	14.9%	-2.6%
35-44	1,172,570	17.3%	1,065,647	14.9%	1,071,975	14.6%	-8.6%
45-54	964,638	14.2%	1,072,222	15.0%	1,073,010	14.6%	11.2%
55-64	571,095	8.4%	851,291	11.9%	906,169	12.3%	58.7%
65 and Over	757,507	11.2%	878,229	12.3%	954,128	13.0%	26.0%
Total	6,783,760	100.0%	7,150,739	100.0%	7,344,695	100.0%	
Median Age	35.6		37.8		38.1		

Notes:

(a) The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties. Sources: US Census, 2000, 2010; ACS, 2012; BAE, 2014.

Resident Ethnicity and Country of Origin

Vallejo is more ethnically diverse than Solano County or the Bay Area. In 2012, Vallejo's population was 26 percent Hispanic, 25 percent White, 22 percent African American, and 22 percent Asian. Solano County and Bay Area had a much larger White population (40 and 42 percent) and a much smaller African American population (13 and 6 percent). Since 2000, Vallejo has experienced a substantial increase in Hispanic residents, growing 65 percent for the twelve year period, a much faster rate of growth than for the County or the region. Moreover, Hispanic residents were the only ethnic group which grew in number in Vallejo, offsetting population declines in the other categories.

Table 3: Ethnicity, 2000-2012

Vallejo	2000		2010		2012		% Change 2000-2012
	Number	Percent	Number	Percent	Number	Percent	
Non-Hispanic (a)	98,169	84.1%	89,777	77.4%	87,022	73.9%	-11.4%
White	35,533	30.4%	28,946	25.0%	28,834	24.5%	-18.9%
Black/African American	27,201	23.3%	24,876	21.5%	25,575	21.7%	-6.0%
American Indian/Alaskan Native	547	0.5%	453	0.4%	387	0.3%	-29.3%
Asian	27,829	23.8%	28,386	24.5%	25,721	21.8%	-7.6%
Native Hawaiian/Pacific Islander	1,188	1.0%	1,159	1.0%	975	0.8%	-17.9%
Some Other Race	312	0.3%	304	0.3%	86	0.1%	-72.4%
2+ Races	5,559	4.8%	5,653	4.9%	5,444	4.6%	-2.1%
Hispanic (a)	18,591	15.9%	26,165	22.6%	30,792	26.1%	65.6%
Total	116,760	100.0%	115,942	100.0%	117,814	100.0%	

Solano County	2000		2010		2012		% Change 2000-2012
	Number	Percent	Number	Percent	Number	Percent	
Non-Hispanic (a)	324,944	82.4%	313,988	76.0%	316,554	75.2%	-2.6%
White	194,282	49.2%	168,628	40.8%	169,048	40.2%	-13.0%
Black/African American	57,597	14.6%	58,743	14.2%	53,777	12.8%	-6.6%
American Indian/Alaskan Native	2,194	0.6%	1,864	0.5%	1,004	0.2%	-54.2%
Asian	49,399	12.5%	59,027	14.3%	63,864	15.2%	29.3%
Native Hawaiian/Pacific Islander	2,859	0.7%	3,243	0.8%	3,702	0.9%	29.5%
Some Other Race	955	0.2%	1,463	0.4%	968	0.2%	1.4%
2+ Races	17,658	4.5%	21,020	5.1%	24,191	5.7%	37.0%
Hispanic (a)	69,598	17.6%	99,356	24.0%	104,203	24.8%	49.7%
Total	394,542	100.0%	413,344	100.0%	420,757	100.0%	

Bay Area (b)	2000		2010		2012		% Change 2000-2012
	Number	Percent	Number	Percent	Number	Percent	
Non-Hispanic (a)	5,468,585	80.6%	5,468,939	76.5%	5,599,810	76.2%	2.4%
White	3,392,204	50.0%	3,032,903	42.4%	3,048,663	41.5%	-10.1%
Black/African American	497,205	7.3%	460,178	6.4%	449,788	6.1%	-9.5%
American Indian/Alaskan Native	24,733	0.4%	20,691	0.3%	19,918	0.3%	-19.5%
Asian	1,278,515	18.8%	1,645,872	23.0%	1,745,939	23.8%	36.6%
Native Hawaiian/Pacific Islander	33,640	0.5%	41,003	0.6%	44,135	0.6%	31.2%
Some Other Race	18,451	0.3%	20,024	0.3%	22,393	0.3%	21.4%
2+ Races	223,837	3.3%	248,268	3.5%	268,974	3.7%	20.2%
Hispanic (a)	1,315,175	19.4%	1,681,800	23.5%	1,744,885	23.8%	32.7%
Total	6,783,760	100.0%	7,150,739	100.0%	7,344,695	100.0%	

Notes:

The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted continuously over a one-year period.

(a) The data is reported per Census definitions, which draw a distinction between race and Hispanic ethnicity. The US Census first asks respondents to its surveys to identify as either Hispanic or Non-Hispanic, and then asks all respondents to identify one or more races. For convenience in reporting, the sub-responses regarding race from Hispanic respondents are not shown here.

(b) The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

Sources: US Census, 2000, 2010; ACS, 2012; BAE, 2014.

Vallejo is also notable as home to a large proportion of Filipino residents among the Asian category. With almost 22,000 residents of Filipino origin living in Vallejo in 2012, this community comprises over 18 percent of Vallejo's total population.

Foreign-Born Residents

In 2012, Vallejo had a higher proportion of immigrant residents than Solano County, but a similar proportion to the Bay Area. Nearly 29 percent of Vallejo's residents were born outside of the United States, compared to only 21 percent of Solano County residents.

Table 4: Nativity and Citizenship, 2000-2010

	2000		2012		% Change 2000-2012
	Number	Percent	Number	Percent	
Vallejo					
US citizen by birth	87,603	75.3%	83,568	70.9%	-4.6%
US citizen by naturalization	16,443	14.1%	17,482	14.8%	6.3%
Not a US citizen	12,305	10.6%	16,764	14.2%	36.2%
Total	116,351	100.0%	117,814	100.0%	
Solano County					
US citizen by birth	328,046	83.1%	333,969	79.4%	1.8%
US citizen by naturalization	35,301	8.9%	45,375	10.8%	28.5%
Not a US citizen	31,195	7.9%	41,413	9.8%	32.8%
Total	394,542	100.0%	420,757	100.0%	
Bay Area (a)					
US citizen by birth	4,927,958	72.6%	5,114,728	69.6%	3.8%
US citizen by naturalization	845,101	12.5%	1,177,707	16.0%	39.4%
Not a US citizen	1,010,701	14.9%	1,052,260	14.3%	4.1%
Total	6,783,760	100.0%	7,344,695	100.0%	

Notes:

(a) The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, and Sonoma Counties.

Sources: US Census, 2000, SF3; ACS, 2010, 2012; BAE, 2014.

As shown below, Vallejo's foreign-born population was primarily from Asia and Latin America. In 2012, nearly 46 percent of the foreign-born population were from the Philippines, and 25 percent were from Mexico. Solano County and the Bay Area's foreign-born population were also primarily from Asia and Latin America, but the Philippines comprised a much smaller proportion of total Asian birthplaces.

Comparing the race/ethnicity data with the place of birth data for 2012, shows several interesting features. Nearly 31,000 Vallejo residents were self-identified as Hispanic, and over 8,000 residents were born in Mexico. While the data are not directly comparable, this suggests that roughly one-fourth of Hispanic residents of Vallejo emigrated from Mexico. Similarly, nearly 22,000 residents identified as Filipino, while 15,000 residents reported place of birth as the Philippines. These data suggest that Vallejo holds a strong attraction, with economic opportunity and high quality of life for immigrant populations making their home in the region. In cities across the US, this feature has been leveraged to create specific

economic development opportunities such as enhanced ethnic destination retail centers, cultural facilities, niche market movie theaters and restaurants, and entrepreneurship engaging global investors. Vallejo has experienced some of these trends, but could explore further opportunities to leverage these strengths through tourism and import/export initiatives.

Table 5: Place of Birth for Foreign-Born Population, 2000-2012

Vallejo Place of Birth	2000		2012	
	Number	Percent	Number	Percent
Europe	1,453	5.1%	1,100	3.3%
Asia	18,968	66.0%	18,978	57.0%
Philippines	16,353	56.9%	15,151	45.5%
Africa	252	0.9%	727	2.2%
Latin America	7,525	26.2%	11,642	35.0%
Mexico	5,098	17.7%	8,248	24.8%
Northern America	210	0.7%	296	0.9%
Oceania	329	1.1%	525	1.6%
Total	28,737	100.0%	33,268	100.0%

Solano County Place of Birth	2000		2012	
	Number	Percent	Number	Percent
Europe	5,723	8.6%	5,326	6.4%
Asia	33,707	50.7%	39,357	47.0%
Philippines	24,322	36.6%	26,824	32.1%
Africa	517	0.8%	1,347	1.6%
Latin America	24,643	37.1%	35,860	42.9%
Mexico	19,659	29.6%	28,915	34.6%
Northern America	1,133	1.7%	797	1.0%
Oceania	762	1.1%	994	1.2%
Total	66,485	100.0%	83,681	100.0%

Bay Area (a) Place of Birth	2000		2012	
	Number	Percent	Number	Percent
Europe	211,307	11.4%	196,081	9.1%
Asia	952,300	51.3%	1,165,740	54.3%
Philippines	232,945	12.6%	251,673	11.7%
Africa	28,939	1.6%	36,004	1.7%
Latin America	602,391	32.5%	693,484	32.3%
Mexico	433,383	23.4%	495,985	23.1%
Northern America	34,018	1.8%	32,282	1.5%
Oceania	26,818	1.4%	25,165	1.2%
Total	1,855,773	100.0%	2,148,756	100.0%

Notes:

The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted continuously between 2008 and 2012. (a) The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties. Sources: ACS, 2008-2012; BAE, 2014.

Resident Educational Attainment

Vallejo's residents had similar educational attainment as Solano County, but less than the Bay Area in 2012. Only 23 percent of Vallejo residents received a Bachelor's degree or higher, compared to 43 percent of Bay Area residents. At the other end of the spectrum, over 13 percent of Vallejo's adult residents did not graduate high school. However, this rate that has been declining since 2000, at a faster rate than the County and Bay Area.

Table 6: Educational Attainment for Adults Age 25+, 2000-2012

Vallejo <u>Educational Attainment</u>	2000		2010		2012		% Change 2000-2012
	Number	Percent	Number	Percent	Number	Percent	
Less than 9th Grade	5,322	7.2%	5,285	6.7%	5,082	6.4%	-4.5%
9th to 12th Grade, No Diploma	8,215	11.1%	7,230	9.2%	5,374	6.8%	-34.6%
High School Graduate (incl. Equivalency)	18,128	24.4%	18,958	24.0%	19,962	25.2%	10.1%
Some College, No Degree	20,413	27.5%	22,319	28.3%	23,048	29.1%	12.9%
Associate Degree	6,458	8.7%	9,054	11.5%	7,323	9.2%	13.4%
Bachelor's Degree	12,144	16.4%	10,811	13.7%	13,617	17.2%	12.1%
Graduate/Professional Degree	3,475	4.7%	5,330	6.7%	4,782	6.0%	37.6%
Total	74,155	100.0%	78,987	100.0%	79,188	100.0%	
Population 25+ with Bachelor's Degree or Higher		21.1%		20.4%		23.2%	

Solano County <u>Educational Attainment</u>	2000		2010		2012		% Change 2000-2012
	Number	Percent	Number	Percent	Number	Percent	
Less than 9th Grade	15,299	6.2%	16,109	5.9%	16,802	6.0%	9.8%
9th to 12th Grade, No Diploma	24,729	10.0%	21,093	7.7%	19,020	6.8%	-23.1%
High School Graduate (incl. Equivalency)	60,367	24.5%	68,128	25.0%	67,187	24.0%	11.3%
Some College, No Degree	71,464	29.0%	76,865	28.2%	80,804	28.9%	13.1%
Associate Degree	21,914	8.9%	28,101	10.3%	28,266	10.1%	29.0%
Bachelor's Degree	37,130	15.1%	41,585	15.3%	46,308	16.6%	24.7%
Graduate/Professional Degree	15,585	6.3%	20,540	7.5%	21,006	7.5%	34.8%
Total	246,488	100.0%	272,421	100.0%	279,393	100.0%	
Population 25+ with Bachelor's Degree or Higher		21.4%		22.8%		24.1%	

Bay Area (a) <u>Educational Attainment</u>	2000		2010		2012		% Change 2000-2012
	Number	Percent	Number	Percent	Number	Percent	
Less than 9th Grade	346,828	7.5%	347,931	7.1%	353,794	6.9%	2.0%
9th to 12th Grade, No Diploma	391,149	8.5%	299,802	6.1%	298,308	5.9%	-23.7%
High School Graduate (incl. Equivalency)	813,743	17.7%	882,749	17.9%	861,172	16.9%	5.8%
Some College, No Degree	997,910	21.7%	987,205	20.0%	995,287	19.5%	-0.3%
Associate Degree	331,143	7.2%	351,691	7.1%	385,589	7.6%	16.4%
Bachelor's Degree	1,068,649	23.2%	1,243,134	25.2%	1,315,759	25.8%	23.1%
Graduate/Professional Degree	649,767	14.1%	820,574	16.6%	887,680	17.4%	36.6%
Total	4,599,189	100.0%	4,933,086	100.0%	5,097,589	100.0%	
Population 25+ with Bachelor's Degree or Higher		37.4%		41.8%		43.2%	

Note:

Based on population age 25 or greater. Estimates for 2010 and 2012 are from the American Community Survey (ACS) 2010 and 2012 1-year data, based on surveys conducted continuously over each one-year period.

(a) The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

Sources: US Census, 2000, SF3; ACS, 2010, 2012; BAE, 2014.

Households

Household Composition

The table below shows the types of households in Vallejo in 2000 and 2012, by single person, 2 or more adults with no children, and 2 or more adults with children. Reflecting some of the age data described earlier, with positive young adult population growth, Vallejo's single person households have also grown substantially, forming a similar proportion in 2012 to the region overall, and a higher proportion than for the County. Also reflecting the age patterns, households with more than one person but no children, have also grown in Vallejo, and comprised 41 percent of all households in 2012. Households with children have declined substantially in both Vallejo and the County, but remained relatively flat regionally. This indicates a shifting picture for Vallejo over the 12 year period, with 2000 household composition containing a high proportion of households with children compared to the region, dropping to match the levels found regionally today.

Table 7: Household Composition, 2000 - 2012

Household Type	Vallejo					Solano County					Bay Area (a)				
	2000		2012		%	2000		2012		%	2000		2012		%
	Number	%	Number	%		Change	Number	%	Number		%	Change	Number	%	
Single Person	8,988	22.7%	10,347	26.1%	15.1%	25,525	19.6%	32,956	23.4%	29.1%	637,575	25.9%	705,277	26.9%	10.6%
2+ Persons, No Children	13,842	35.0%	16,092	40.6%	16.3%	46,682	35.8%	57,472	40.7%	23.1%	972,277	39.4%	1,053,878	40.2%	8.4%
Married Couple	8,901	22.5%	9,423	23.8%	5.9%	32,735	25.1%	38,816	27.5%	18.6%	597,346	24.2%	660,812	25.2%	10.6%
Other Family	2,784	7.0%	4,122	10.4%	48.1%	7,156	5.5%	11,253	8.0%	57.3%	149,931	6.1%	184,544	7.0%	23.1%
Non-Family	2,157	5.4%	2,547	6.4%	18.1%	6,791	5.2%	7,403	5.2%	9.0%	225,000	9.1%	208,522	7.9%	-7.3%
2+ Persons w/Children	16,771	42.3%	13,227	33.3%	-21.1%	58,196	44.6%	50,711	35.9%	-12.9%	856,167	34.7%	865,194	33.0%	1.1%
Married Couple	10,551	26.6%	6,709	16.9%	-36.4%	39,861	30.6%	31,038	22.0%	-22.1%	618,030	25.1%	625,327	23.8%	1.2%
Other Family	6,009	15.2%	6,396	16.1%	6.4%	17,623	13.5%	18,589	13.2%	5.5%	229,163	9.3%	233,576	8.9%	1.9%
Non-Family	211	0.5%	122	0.3%	-42.2%	712	0.5%	1,084	0.8%	52.2%	8,974	0.4%	6,291	0.2%	-29.9%
Total	39,601	100.0%	39,666	100.0%	0.2%	130,403	100.0%	141,139	100.0%	8.2%	2,466,019	100.0%	2,624,349	100.0%	6.4%

Notes:

(a) The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

Sources: US Census, 2000, 2010; ACS, 2012; BAE, 2014.

Household Income

Households in Vallejo had significantly lower incomes overall than households in the County and region. As shown below, median household income in Vallejo was approximately \$52,000 in 2012, which was 16 percent lower than the County and 31 percent lower than the Bay Area. Approximately 25 percent of households in Vallejo earned less than \$25,000 in 2012, as compared to 19 and 17 percent in the County and Bay Area, respectively. Vallejo also had a smaller proportion of households with annual incomes over \$100,000 than the County or the region (roughly 20 percent of Vallejo's households earned over \$100,000 in 2012, compared to 28 percent for the County and 39 percent for the region).

Table 8: Household Income, 2012

Income Category	Vallejo	Solano County	Bay Area (a)
Less than \$15,000	13.6%	10.7%	9.3%
\$15,000-\$24,999	11.0%	8.6%	7.7%
\$25,000-\$34,999	9.7%	8.1%	6.9%
\$35,000-\$49,999	13.2%	12.2%	10.3%
\$50,000-\$74,999	19.5%	19.1%	15.3%
\$75,000-\$99,999	13.5%	13.6%	11.8%
\$100,000-\$149,999	11.7%	15.9%	17.6%
\$150,000-\$199,999	5.7%	6.6%	9.0%
\$200,000 or more	2.0%	5.2%	12.2%
Total	100.0%	100.0%	100.0%
Median HH Income	\$52,388	\$62,066	\$76,209
Per Capita Income	\$23,334	\$27,589	\$39,155

Notes:

Estimate from American Community Survey (ACS) 2012 1-year data, based on a survey conducted continuously over a one-year period. All incomes adjusted to 2012 dollars.

(a) The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

Sources: ACS, 2012; BAE, 2014.

Further analysis of income trends for Vallejo and the comparison cities shows that this disparity in household income has been present over the past decade or more. Vallejo's median household income in 1999, at \$69,500, was below the County and the region. Moreover, in inflation-adjusted terms, the drop between 1999 and 2012, has been more acute for Vallejo's households than the comparison geographies.

Table 9: Median Household Income Trends, 1999 – 2012 (in 2012 \$s)

Median HH Income (a)	1999	2010	2012	% Change
				2010-2012
Vallejo	\$69,505	\$59,219	\$52,388	-5.9%
Solano County	\$75,158	\$66,778	\$62,066	-3.6%
Bay Area (c)	\$87,603	\$77,541	\$76,209	-0.9%

Notes:

Estimate from American Community Survey (ACS) 2012 1-year data, based on a survey conducted continuously over a one-year period. All incomes adjusted to 2012 dollars.

(a) Median incomes adjusted to 2012 dollars based on the Bay Area Consumer Price Index from the U.S. Bureau of Labor Statistics. 1999 number is median 1999 income of residents living in area in 2000.

(b) The average annual growth rate is the year-over-year rate that provides a constant rate of change over a period of time. It shows what the rate of change would be if the same percent change continued for the entire period.

(c) The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

Sources: US Census, 2000, SF3; ACS, 2010, 2012; BAE, 2014.

In keeping with the median household income data above, Vallejo also had a higher percentage of residents living in poverty than in Solano County or the Bay Area in 2012. Nearly 19 percent of residents in Vallejo are under the poverty line, compared to the County's 15 percent and the Bay Area's 12 percent. Additionally, Vallejo had higher percentages of families with children in poverty than the County or the Bay Area. Of families with children in Vallejo, 12 percent fall below the poverty line, compared with just 8 percent for Solano County and 6 percent for the region.

Table 10: Poverty Status for All Residents and Families with Children, 2012

	Population with Income Below Poverty Level		Families with Children with Income Below Poverty Level	
	Number	Percent	Number	Percent
Vallejo	21,654	18.6%	3,194	12.0%
Solano County	59,515	14.6%	7,819	7.8%
Bay Area (a)	847,944	11.7%	99,876	5.9%

Notes:

Estimate from American Community Survey (ACS) 2012 1-year data, based on a survey conducted continuously over a one-year period.

(a) The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

Sources: ACS, 2012, Table B17001 and B17010; BAE, 2014.

Tenure

Despite the patterns of household income described above, Vallejo has a relatively high level of home ownership. Vallejo's homeownership rate in 2000 was substantially higher than the region (63 percent for Vallejo, compared to 58 percent for the region). During the 12 year period analyzed, both Vallejo's and the County's rate of ownership declined, while the region's grew slightly, narrowing the differences among the areas by 2012. It should be noted that many formerly ownership-dominant communities like Vallejo experienced ownership rate declines during the same period, due to the Great Recession and its associated foreclosure crisis.

It should also be noted that while Vallejo's tenure pattern shifted, its age composition also shifted, with growth in young adults, and declines in the number of children (and number of households with children), as noted earlier. In addition, during the period, Vallejo's educational institutions' student enrollments grew. These factors, in combination, suggest that the rental housing market in Vallejo may have untapped market demand. It also suggests that to retain these young adults, Vallejo may want to consider building more targeted market-rate multifamily housing units, to better match with demographic trends.

Table 11: Household Tenure, 2000-2012

	2000		2010		2012		% Change 2000-2012
	Number	Percent	Number	Percent	Number	Percent	
Vallejo							
Owners	25,020	63.2%	24,188	59.6%	21,898	55.2%	-12.5%
Renters	14,581	36.8%	16,371	40.4%	17,768	44.8%	21.9%
Total	39,601	100.0%	40,559	100.0%	39,666	100.0%	
Solano County							
Owners	84,994	65.2%	89,648	63.2%	83,408	59.1%	-1.9%
Renters	45,409	34.8%	52,110	36.8%	57,731	40.9%	27.1%
Total	130,403	100.0%	141,758	100.0%	141,139	100.0%	
Bay Area (a)							
Owners	1,423,958	57.7%	1,465,362	56.2%	1,435,416	54.7%	0.8%
Renters	1,042,061	42.3%	1,142,661	43.8%	1,188,933	45.3%	14.1%
Total	2,466,019	100.0%	2,608,023	100.0%	2,624,349	100.0%	

Notes:

(b) The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

Sources: US Census, 2000, 2010; ACS, 2012; BAE, 2014.

Mobility by Tenure

An interesting data point for Vallejo is the “mobility” of its households by tenure. Unfortunately, recent data is not available to measure length of time in the same house, but the data below shows percent of households who lived in the same unit last year. As indicated, for owner-occupied units, Vallejo’s patterns are similar to the County and the region; however, for renter-occupied units, Vallejo appears to have a smaller proportion of residents who lived in the same unit last year. Just 67 percent (or about 2/3rds) of Vallejo’s rental units were occupied by the same household the year before, while over 76 percent of the rental units region-wide were in this category. This suggests that Vallejo’s rental units have more “churn” than other locations. The underlying factors for this characteristic are difficult to pinpoint without further study, but may be affected by a mix of factors including rising local university student enrollments, public school system challenges, immigrant population relocation patterns, and the overall higher vulnerability of lower-income residents during periods of economic recession causing more frequent relocation.

Table 12: Mobility of Households by Tenure, 2012

	Vallejo		Solano County		Bay Area (a)	
	Number	Percent	Number	Percent	Number	Percent
<u>Owner Occupied</u>						
Lives in same house as last year	54,262	89.3%	214,309	90.8%	3,738,413	92.9%
Moved within same county	4,759	7.8%	12,577	5.3%	175,954	4.4%
Moved from different county in state	1,059	1.7%	4,985	2.1%	68,497	1.7%
Moved from different state	497	0.8%	1,827	0.8%	22,131	0.5%
Moved from abroad	198	0.3%	2,370	1.0%	20,272	0.5%
Total	60,775	100.0%	236,068	100.0%	4,025,267	100.0%
<u>Renter Occupied</u>						
Lives in same house as last year	36,095	67.4%	110,358	65.8%	2,356,106	76.1%
Moved within same county	12,784	23.9%	42,550	25.4%	448,288	14.5%
Moved from different county in state	3,529	6.6%	8,472	5.1%	156,602	5.1%
Moved from different state	972	1.8%	4,931	2.9%	81,533	2.6%
Moved from abroad	134	0.3%	1,391	0.8%	53,824	1.7%
Total	53,514	100.0%	167,702	100.0%	3,096,353	100.0%

Notes:

The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted continuously over a one-year period.

(a) The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

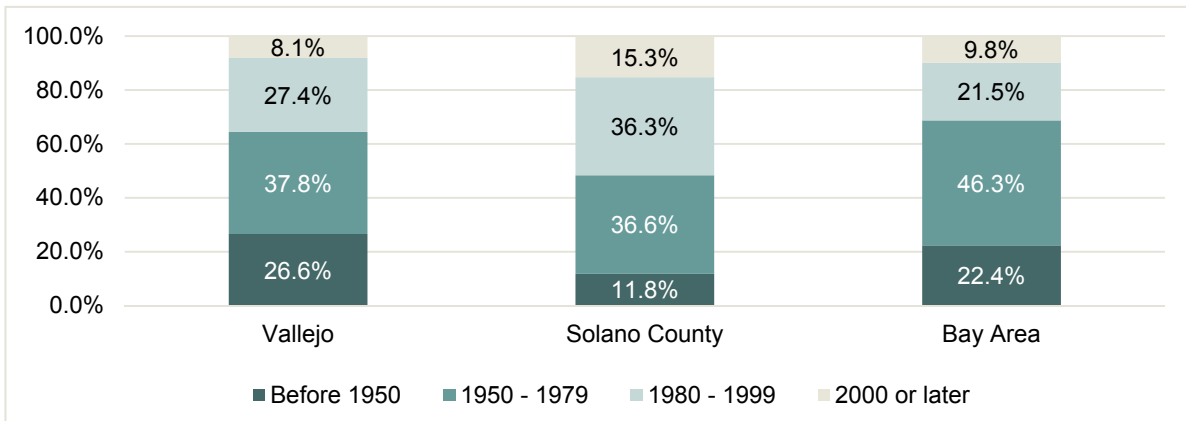
Sources: ACS, 2012; BAE, 2014.

Age of Housing Stock

The graph below (see related data table in Appendix B), shows the age of the housing stock for Vallejo and benchmark areas. Vallejo's housing stock is relatively similar to the Bay Area in terms of proportions of total stock built by decade, but generally older than Solano County overall.

Figure 1: Housing Unit Age (Year Built)

Sources: ACS, 2012; BAE, 2014.



Type of Housing Units

Vallejo has a mix of housing unit types that echoes Solano County's more suburban development pattern compared to other parts of the region. In 2012, 72 percent of Vallejo's housing units were single family homes, and just over 26 percent were in multifamily structures. The region has a higher proportion of multifamily units, indicating that Vallejo may want to consider densifying its unit mix, to reflect inner Bay Area regional trends offering a more diverse set of housing choices. This policy option may particularly benefit Vallejo's rising student and young adult population, serving both renters and first-time buyers.

Table 13: Type of Housing Units, 2012

Type of Residence	Number of Units			Percent of Total Units		
	Vallejo	Solano Cty	Bay Area (a)	Vallejo	Solano Cty	Bay Area (a)
Single Family Detached	30,080	106,440	1,491,797	67.8%	69.6%	53.4%
Single Family Attached	1,721	6,510	242,360	3.9%	4.3%	8.7%
Subtotal Single Family	31,801	112,950	1,734,157	71.7%	73.8%	62.1%
Multifamily 2-4 Units	5,265	12,664	279,868	11.9%	8.3%	10.0%
Multifamily 5-9 Units	2,197	7,083	166,430	5.0%	4.6%	6.0%
Multifamily 10-49 Units	2,914	10,107	319,621	6.6%	6.6%	11.4%
Multifamily 50+	1,275	5,079	231,514	2.9%	3.3%	8.3%
Subtotal Multifamily	11,651	34,933	997,433	26.3%	22.8%	35.7%
Mobile Home (b)	886	5,152	60,945	2.0%	3.4%	2.2%
Total	44,338	153,035	2,792,535	100.0%	100.0%	100.0%

The American Community Survey (ACS) publishes demographic estimates based on statistical sampling conducted continuously over a one-year period.

(a) Includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

(b) Includes both standard mobile homes and boats, RVs, vans, and other vehicles that serve as a primary residence.

Sources: ACS, 2012; BAE, 2014.

Resident Employment and Commute Patterns

Unemployment

In July 2014, Vallejo's residents experienced a higher unemployment rate than Solano County, the Bay Area, or statewide. The unemployment rate in Vallejo was 9.0 percent as compared to Solano County overall (7.2 percent), the Bay Area (5.8 percent), and California (7.8 percent). Since 2000, Vallejo has had historically higher unemployment rates than the county and state, peaking in 2010 during the Great Recession, at nearly 15 percent (see longer-term trend in Appendix B).

Table 14: Resident Employment and Unemployment, July 2014

<u>Geography</u>	<u>Unemployment Rate (a)</u>
Solano County	7.2%
Vallejo	9.0%
Bay Area (a)	5.8%
California	7.8%

Notes:

(a) Data are not seasonally adjusted.

Sources: CA EDD; BAE, 2014.

Ratio of Jobs to Employed Residents

The ratio of jobs to employed residents measures the relationship between the number of jobs in a community, and the number of people who live in the same community and work (which can be at other locations). Many communities, when planning for future growth and economic development, consider this ratio and strive to add jobs in order to reach an overall goal near 1.0 (which means a balance in the quantity of jobs and residents who work).

According to the American Community Survey, in 2012, Vallejo had 29,169 jobs and 49,717 working residents, a ratio of 0.62, meaning many residents had to work at locations outside of the community. Solano County had a ratio of 0.76. These ratios reflect the original suburban development pattern of Vallejo and the County, designed to be more of a residential than job location. The Bay Area had a 1.03 jobs-to-employed-residents ratio in 2012, reflecting a slight surplus of jobs, as evidenced by in-commuting from locations outside the region (i.e., San Joaquin County) to work. The data for Vallejo suggests a policy direction in General Plan land use, which would involve an evaluation of land use designations in terms of how future development would raise the ratio of jobs to employed residents.

Table 15: Ratio of Jobs to Employed Residents, 2012

	<u>Vallejo</u>	<u>Solano County</u>	<u>Bay Area (a)</u>
Jobs (b)	29,169	137,416	3,565,494
Employed Residents (b)	46,717	179,822	3,456,888
Ratio of Jobs to Employed Residents	0.62	0.76	1.03

Notes:

(a) Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

(b) Universe consists of members of the Armed Forces and civilian workers age 16 and older who were at work the week prior to the survey.

Sources: ACS, 2012, Tables B08604 and B08007; BAE, 2014.

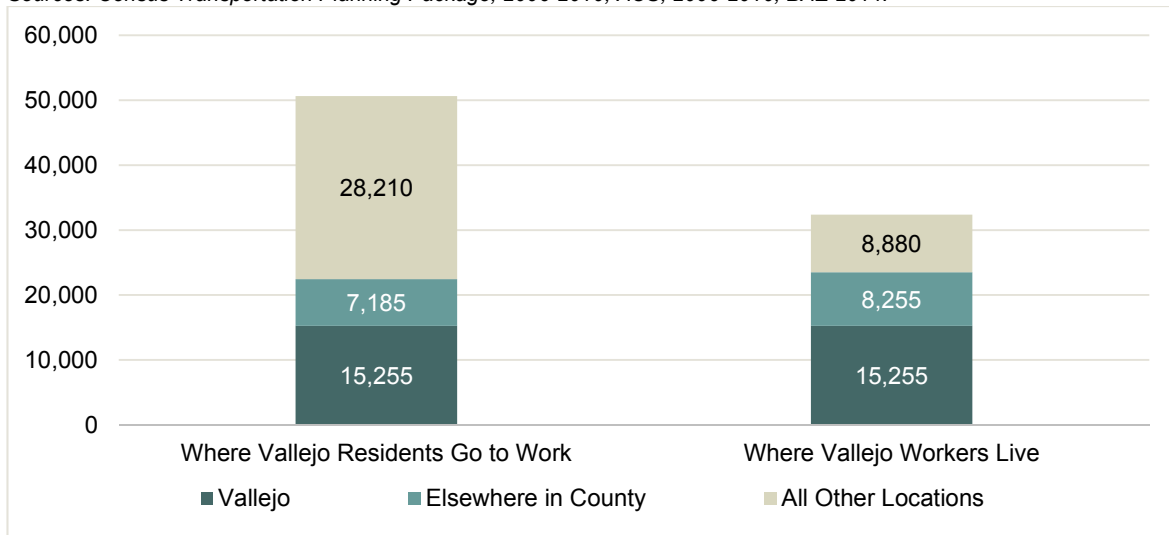
Commute Patterns

This data provides more detail as to where Vallejo residents work, and where Vallejo workers live. As shown below, Vallejo had approximately 51,000 residents in 2010 who worked at a job located in Vallejo or elsewhere. Of this group of working residents, roughly 15,000 (30 percent), remained in Vallejo to work. Another 7,000 commuted to job locations nearby in Solano County, while over 28,000 Vallejo working residents commuted elsewhere (e.g., San Francisco, Alameda, Contra Costa, and other counties).

Viewed from the opposite metric, of the jobs located in Vallejo in 2010, numbering approximately 31,000, about half were held by local residents. The balance of jobs in Vallejo at that time were held by in-commuters, including roughly 8,000 workers living elsewhere in the County, and almost 9,000 workers commuting from further away (other Bay Area counties). More detailed data regarding commute flows is shown in Appendix B.

Figure 2: Commute Flows, 2010

Sources: Census Transportation Planning Package, 2006-2010; ACS, 2006-2010, BAE 2014.



Residents Working at Home

In addition to the general commute flows described above, it is useful for economic development purposes to assess residents who work at home; these residents are often conducting start-ups, micro-businesses, and related entrepreneurship activities that can be harnessed for economic growth. For Vallejo, the most recent data indicates a relatively strong work-at-home percentage, higher than the County overall, and more similar to the region-wide figure. Future economic development initiatives may want to explore City actions that support these workers at home. Examples of this approach include easing of building code/parking/permit regulations, increased broadband services, and others.

Table 16: Vallejo Residents who Work at Home, 2012

<u>Resident Workers</u>	<u>Vallejo</u>		<u>Solano County</u>		<u>Bay Area (a)</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Worked at Home	2,419	5.2%	6,749	3.8%	193,642	5.6%
Worked Outside of Home	44,298	94.8%	173,073	96.2%	3,263,246	94.4%
Total	46,717	100.0%	179,822	100.0%	3,456,888	100.0%

Notes:

Estimate from American Community Survey (ACS) 2012 1-year data, based on a survey conducted continuously over a one-year period. Figures reflect employed residents 16 years and over.

(a) The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

Sources: ACS, 2012; BAE, 2014.

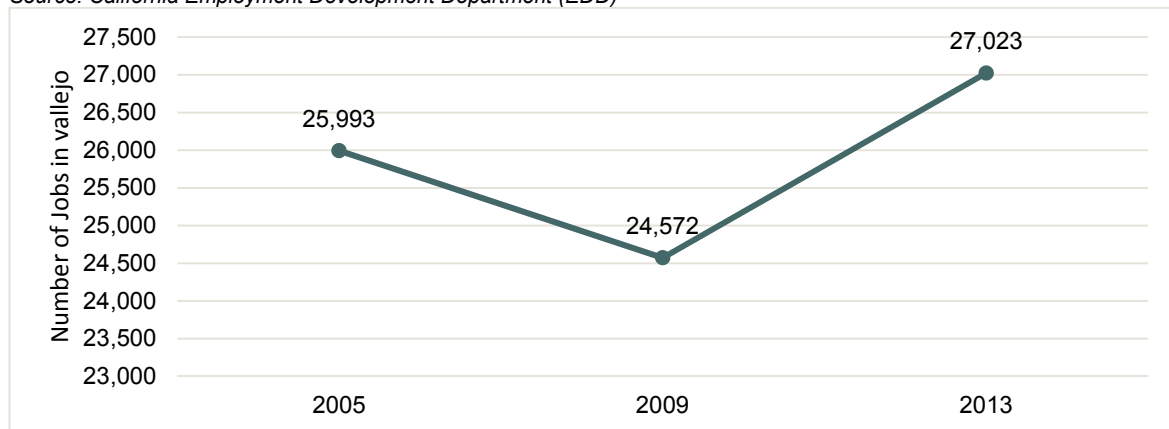
Jobs in Vallejo

The 2012 Vallejo Economic Development Strategic Plan contains extensive analysis of Vallejo's economic base, competitive strengths and weaknesses, and target industry clusters. Due to this prior work, most of the analysis is not duplicated here, but instead is generally updated to most recent data available.

Vallejo has experienced some job loss and subsequent gain in recent years, due to the impact of the Great Recession and subsequent recovery. As shown below, total jobs in Vallejo in 2005, before the Recession started, numbered almost 26,000. This dipped during the peak of the downturn, to 24,500 jobs, and then started to recover to a high of 27,000 jobs in 2013.

Figure 3: Job Growth for City of Vallejo, 2005-2013

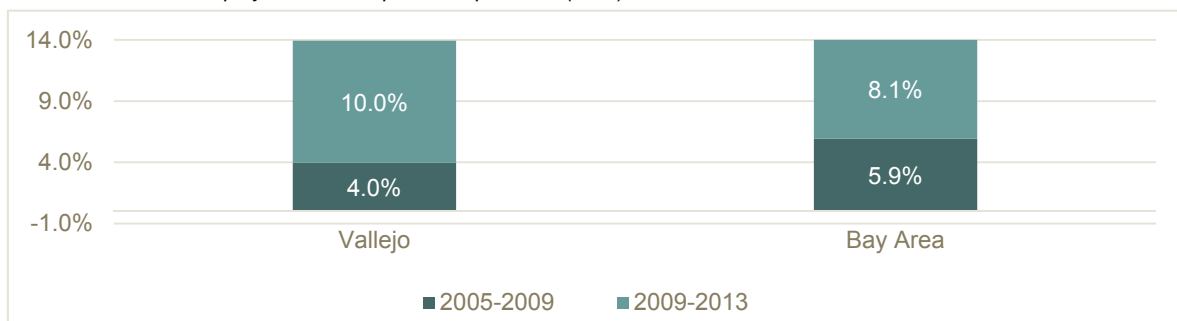
Source: California Employment Development Department (EDD)



Jobs in both Vallejo and the region showed the same rate of growth for the period, with Vallejo's initial rate lagging the Bay Area, but then making up the difference with faster job growth between 2009 and 2013. This robust rate of job growth for Vallejo shows its underlying economic strength.

Figure 4: Rate of Job Growth for Vallejo and Bay Area, 2005 - 2013

Source: California Employment Development Department (EDD)

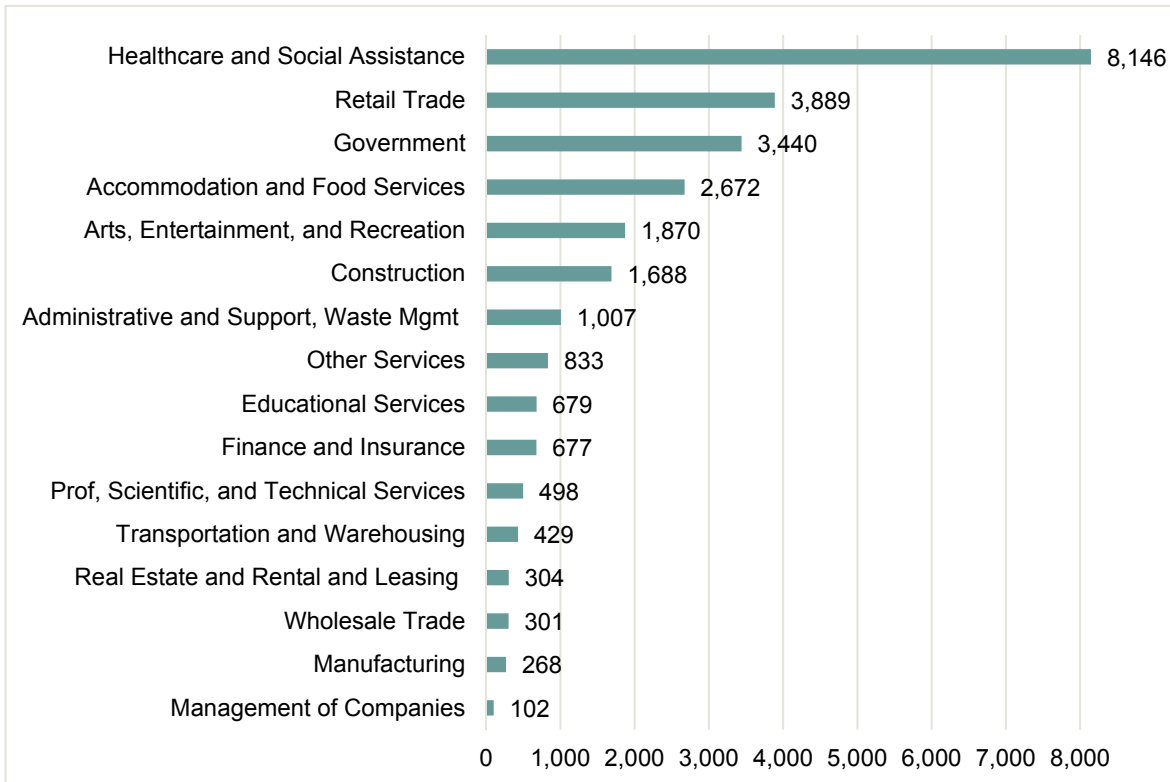


Employment by Industry Sector

Vallejo’s current employment base is depicted below, with detailed data by industry sector in Appendix B. As shown, Vallejo’s current job base is dominated by its health care sector, which accounts for over 20 percent of all jobs located in Vallejo. These same sector concentrations are reflected in the following graph, which shows the ten largest employers.

Figure 5: Employment by Industry Sector, Vallejo, 2013 (a)

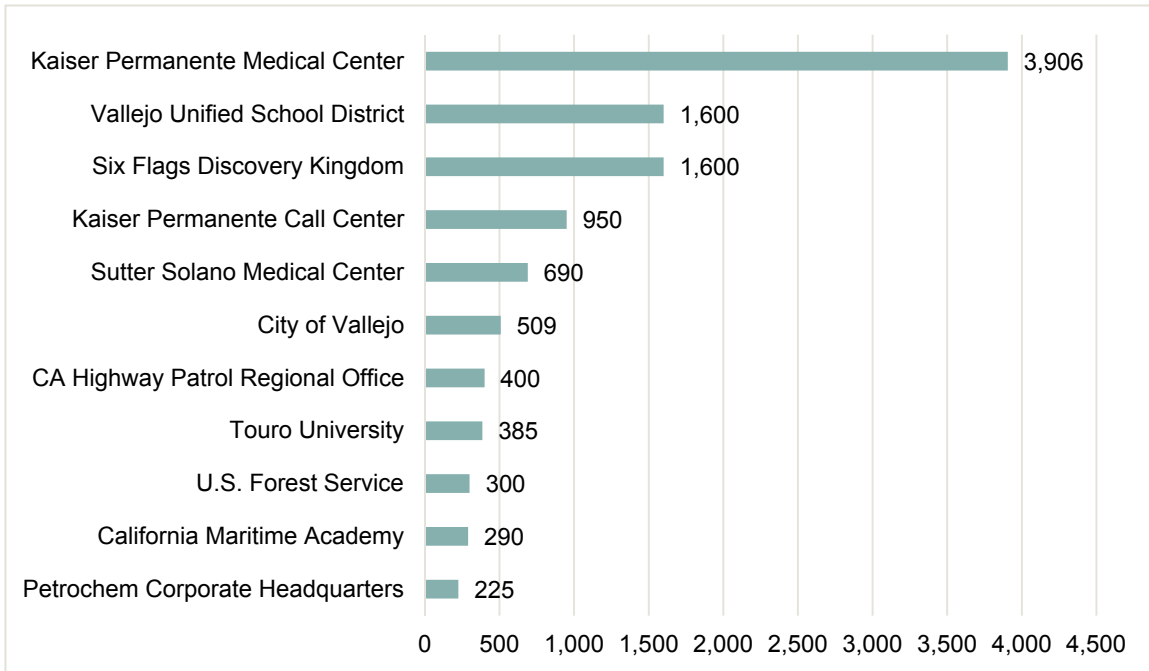
Source: California Employment Development Department, 2014



a) The “Government” sector includes the Vallejo City Unified School District, Solano Community College and CSU Maritime Academy. The “Educational Services” sector includes all non-public educational institutions, such as Touro University.

Figure 6: Vallejo's Top 11 - Largest Employers, 2014

Source: City of Vallejo

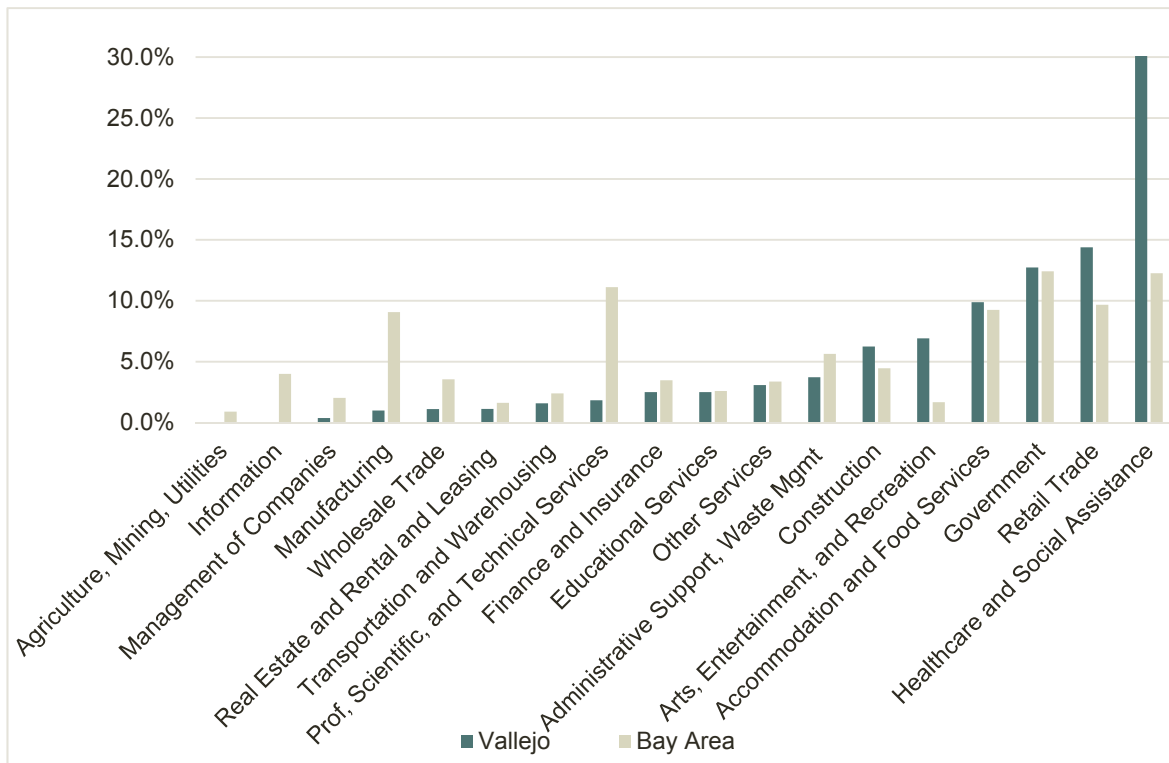


Comparison of Vallejo and Bay Area Jobs by Sector

The chart below summarizes the composition of Vallejo’s employment base by industry sector. The data is shown in terms of percent of each sector to total jobs, so that Vallejo can be compared to the job mix in the larger Bay Area. The differences by sector highlight ways which Vallejo’s economy are similar and/or different than the overall Bay Area economy, and because economies are regional, may underscore opportunities for additional growth with focused economic development initiatives. For example, Vallejo has a low proportion of jobs in the following sectors, compared to the Bay Area: Management of Companies, Manufacturing, Wholesale Trade, and Professional/Technical Services¹. Sectors where Vallejo has a higher proportion of jobs than the region, and thus may be showing strength, include: Construction, Arts/Entertainment, Retail, and especially Health Care².

Figure 7: Concentration of Jobs by Sector, Vallejo and Bay Area, 2013

Source: California Employment Development Department, 2014



¹ It is important to note that Manufacturing in Vallejo shows as proportionately low in this comparison, but was recommended as a target industry cluster in the 2012 Vallejo Economic Development Strategic Plan, due to combining manufacturing jobs with warehousing and wholesale trade into an Advanced Manufacturing Cluster.

² Please note that additional analysis of this information, such as Location Quotients, would typically be conducted in an economic development assessment. However, due to the extensive analysis conducted for Vallejo’s Economic Development Strategic Plan (2012), it is not duplicated in this report.

Real Estate Market Trends

This chapter looks at recent real estate market trends to identify both near-term and longer-term development opportunities

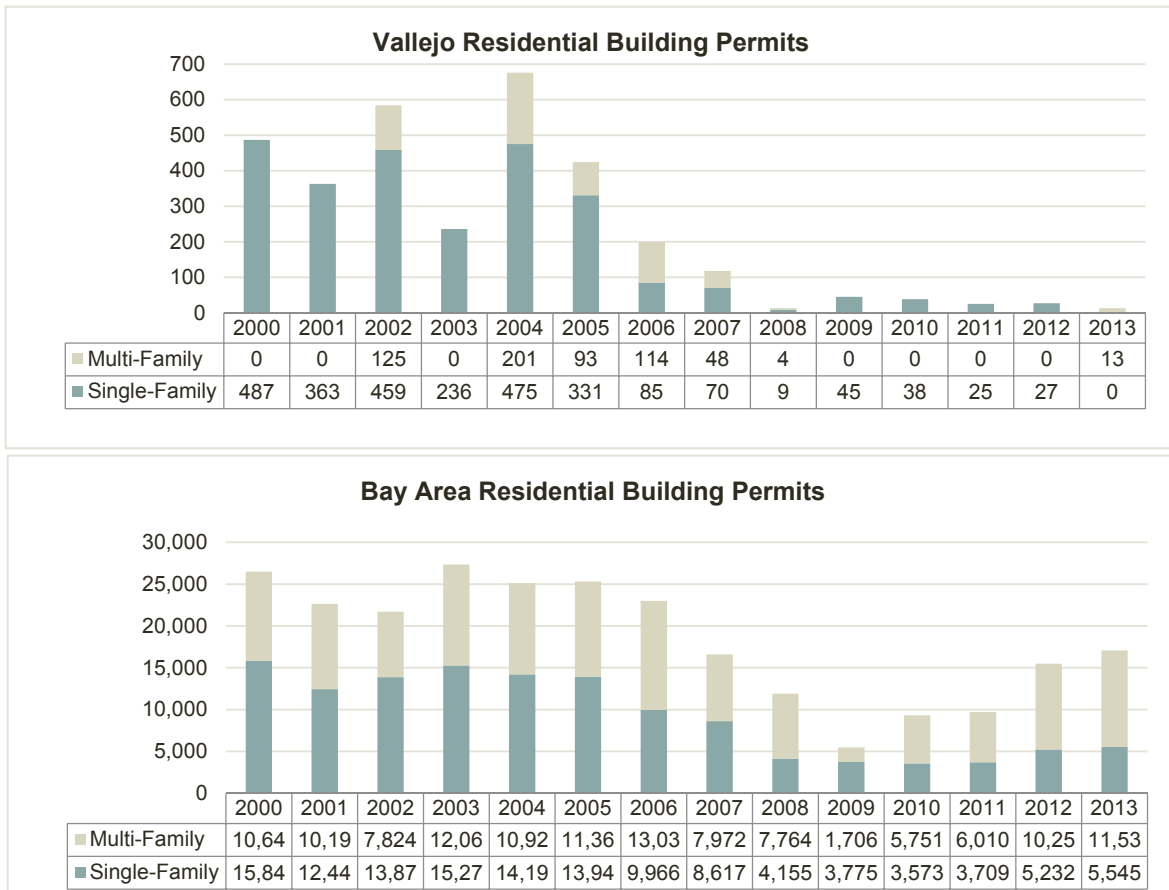
Housing

Housing Construction

Like most communities in the Bay Area, Vallejo experienced a substantial slow-down of residential development during the Great Recession. Prior to the slow-down, Vallejo's peak year for new housing construction, 2004, saw 676 total permits issued, including 475 single family and 201 multifamily permits. It should also be noted that since 2000, the dominant type of housing built in Vallejo has been single family. During the recession, Vallejo's permit activity slowed to less than 50 permits per year, with no multifamily permits issued between 2009 and 2012. While the Bay Area has recovered since 2010, Vallejo appears to not yet be participating in the current housing development boom.

Figure 8: Vallejo and Bay Area Residential Building Permits, 2000 – 2013

Source: US Census Bureau, Building Permit Trends, 2000-2013

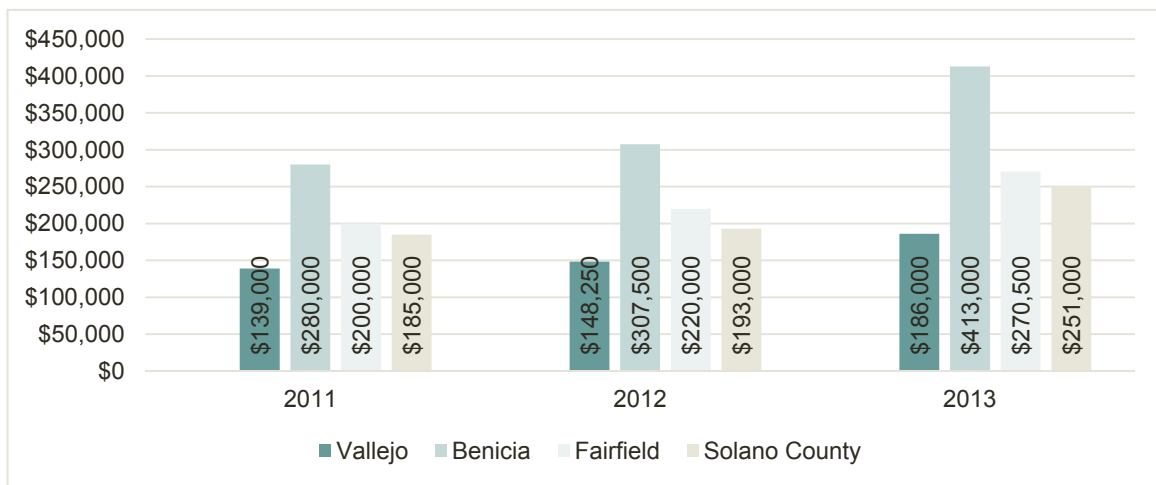


For-Sale Prices

Sales activity and prices for for-sale housing in Vallejo have remained relatively soft in recent years. The chart below shows median sale prices for all housing units sold in Vallejo, according to Solano County Assessor’s records. As shown, the median sale prices in Vallejo in 2011, \$139,000, was lower than other cities and Solano County. While each location improved each year, Vallejo has remained the lowest-priced housing market in the County.

Lower-priced housing brings both benefits and drawbacks to economic development. While lower prices provide housing that can be afforded by more households, attracting a dynamic mix of residents who can realize the “American Dream” of ownership, it also discourages new housing development. With current costs to develop new housing projects, most private developers look for those communities where market-rate prices provide the most profit margin.

Figure 9: Median Homes Sale Prices, Vallejo and Other Solano County Cities, 2011 - 2013



Recent Housing Unit Sales

More recent home sales for both single family and condominium units in Vallejo, are summarized below. Since Vallejo has not experienced much new construction in the past several years, almost all of these sales are re-sales of existing units. As shown, of the 870 single family homes sold in the past 6 months, the median sale price was \$245,000. For condominiums sold in the past six months, the median sale price was a relatively low \$130,000.

Table 17: Recent Single Family & Condominium Sales, City of Vallejo (March – Sept, 2014)

Sale Price Range	Number of Units Sold				Total	% Total
	1 BRs	2 BRs	3 BRs	4+ BRs		
Single-Family Residences						
Less than \$300,000	6	136	319	120	581	66.8%
\$300,000-\$399,999	0	6	87	85	178	20.5%
\$400,000-\$499,999	0	3	24	62	89	10.2%
\$500,000-\$599,999	0	0	7	12	19	2.2%
\$600,000-\$699,999	0	0	0	3	3	0.3%
\$700,000 or more	0	0	0	0	0	0.0%
Total (a)	6	145	437	282	870	100.0%
% Total	0.7%	16.7%	50.2%	32.4%	100.0%	
Median Sale Price	\$127,500	\$180,000	\$240,000	\$325,000	\$245,000	
Average Sale Price	\$127,244	\$191,310	\$251,510	\$320,428	\$262,958	
Average Size (sf)	759	1,084	1,429	2,041	1,565	
Average Price/sf	\$168	\$177	\$176	\$157	\$168	
Condominiums						
Less than \$200,000	11	48	14	4	77	83.7%
\$200,000-\$299,999	0	7	1	0	8	8.7%
\$300,000-\$399,999	0	2	4	1	7	7.6%
\$400,000 or more	0	0	0	0	0	0.0%
Total (a)	11	57	19	5	92	100.0%
% Total	12.0%	62.0%	20.7%	5.4%	100.0%	
Median Sale Price	\$122,000	\$133,000	\$90,000	\$172,458	\$130,000	
Average Sale Price	\$107,557	\$164,734	\$139,858	\$139,858	\$154,611	
Average Size (sf)	682	1,036	1,277	1,803	1,085	
Average Price/sf	\$158	\$159	\$110	\$78	\$142	

(a) Consists of all full and verified sales of single-family residences and condominiums in the 94589, 95690, 95691, and 94592 zip codes between 3/15/2014 and 9/15/2014.

Sources: DataQuick 2014; BAE 2014

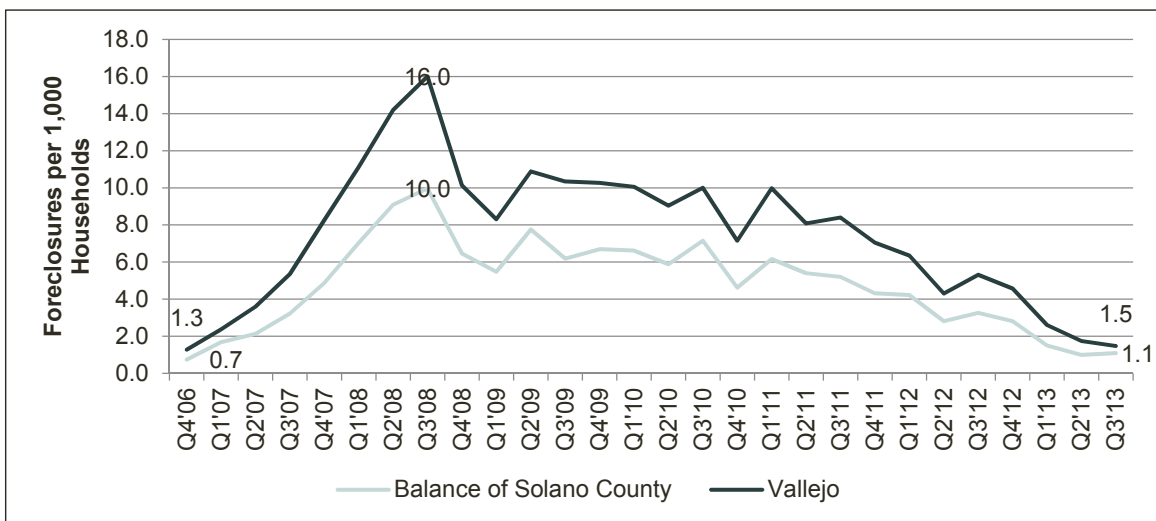
Foreclosures

Vallejo, similar to other cities in Solano County and in selected parts of the region, experienced substantial impacts from the Great Recession on its for-sale housing market. The figure below shows the rate of foreclosures, including both bank owned and sales to third parties, of ownership housing units in both Vallejo and the balance of Solano County. As shown, the rate of foreclosure for households in Vallejo rose from a low of 1.3 per 1,000 households at the end of 2006, to a peak of 16.0 per 1,000 households in 2008, and has declined since then to a recent rate of 1.5 per 1,000 households at the end of 2013. The balance of Solano County followed a similar pattern, although the rates for the County excluding its largest city (Vallejo), were significantly lower. For example, the balance of Solano County peaked at the same time as Vallejo, but a rate of only 10.0 foreclosures per 1,000 households.

It should also be noted that although the rate of new foreclosures has slowed, the backlog of the foreclosures, from when the rate was very high in Vallejo, may still be impacting the for-sale marketplace. For example, in Vallejo, the total of all of the bank REO (housing units taken back by the bank, with disposition unknown), for the period, was over 18,400 housing units. Recent site-specific market analysis conducted by BAE for the City of Vallejo (for the Cooke site) indicated that nearby housing units for-sale or recently sold in the Hiddenbrooke area suffered from inventory being offered primarily as either “short-sales” or bank sales at deeply discounted prices. This condition was continuing through the first six months of 2014, the period analyzed. Thus, while the rate of new foreclosures may have slowed, the depressed prices of sales appear to still be impacting Vallejo, likely to a far greater degree than elsewhere in the Bay Area where rapid price appreciation has been present for two years or more.

Figure 10: New Foreclosures per 1,000 Households, Vallejo & Solano County, 2006 – 2013

Source: ForeclosureRadar.com



Rental Housing Market

Vallejo's rental housing market, tracked by RealFacts (a private data vendor), shows improving trends since the economic downturn. Average rents, shown below, have returned to and exceeded the pre-recession peak. However, it should be noted that these rents are relatively low compared to most other locations in the region, meaning that Vallejo offers inexpensive housing, which can be attractive to employers, but at the same time, dissuades developers from building new projects. The market's strength in Vallejo is also demonstrated by declining, and currently low vacancy rates. Vallejo started the period in 2006 with a relatively low vacancy rate of 5.6 percent, and has ended the period at a very low, and healthy 3.2 percent. Most housing analysts consider 5 percent as a balanced market (allowing for turnover); with a lower vacancy rate today in Vallejo, this signals a market where rents will likely start to rise faster, and new construction may eventually be supported (when rents achieve profit margins sufficient to support private investment in new development).

Figure 11: Vallejo Average Rent Trends, 2006 – 2014

Source: RealFacts, 2014. Data tracks rental complexes with 50 units or more. Total units in RealFacts database represents roughly 25% of all rental units in Vallejo. Market data for smaller complexes is not readily available.

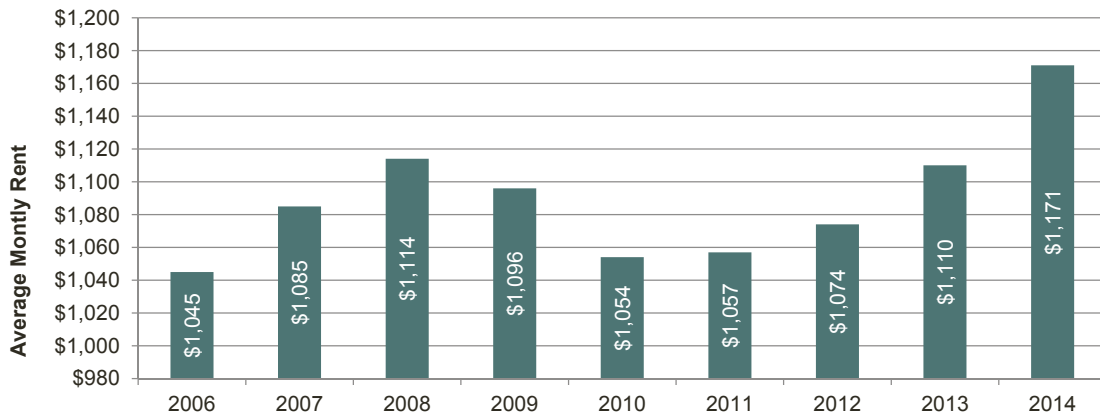
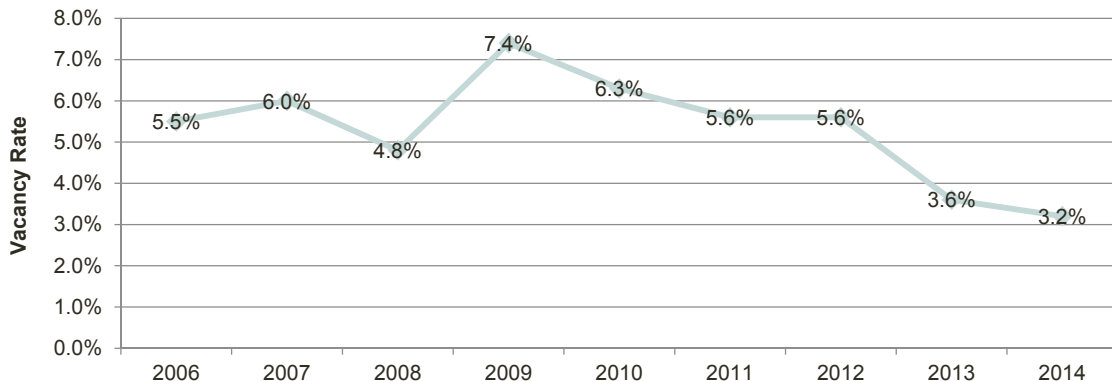


Figure 12: Vallejo Rental Housing Vacancy Rate Trends, 2006-2014

Source: RealFacts; 2014



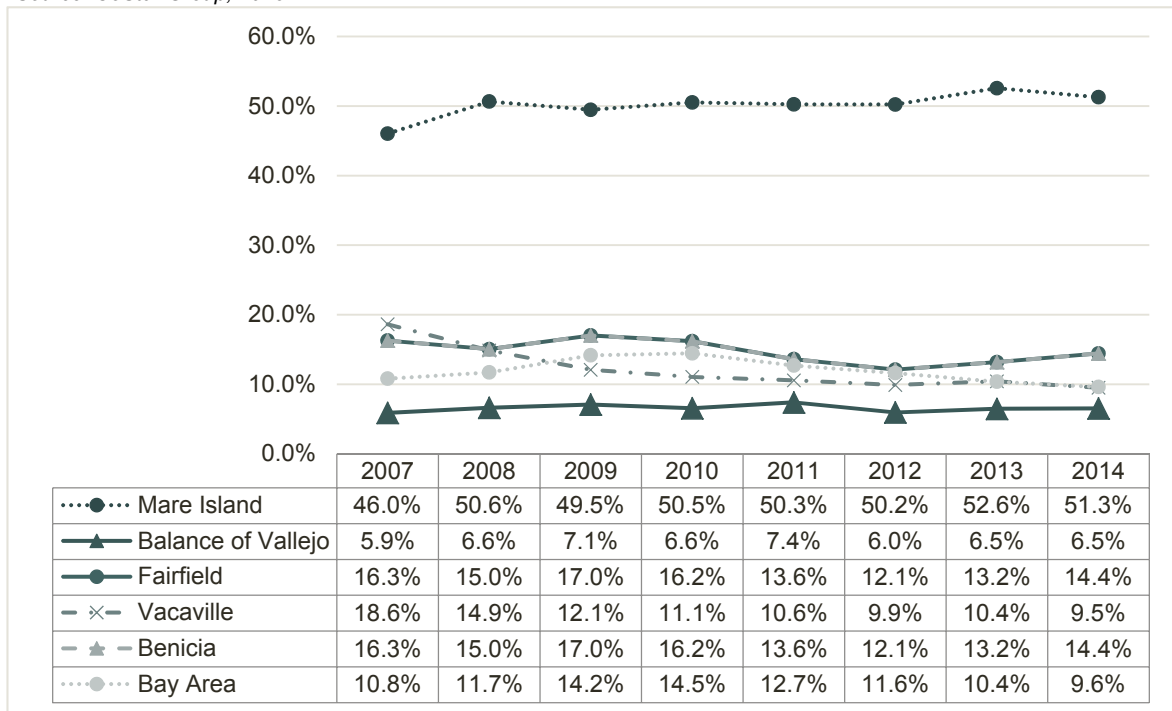
Office Space

According to CoStar, a private data vendor which tracks most commercial spaces in Vallejo including both single-user and multi-user buildings, the office space inventory in Vallejo includes 1.4 million square feet at Mare Island and 2.0 million square feet located throughout the balance of Vallejo. Detailed data regarding Vallejo and comparison cities' office market trends is shown in Appendix B

Vacancy rates, a good indicator of the health of a market, have been relative high in Vallejo overall, due to the large amount of vacant square feet at Mare Island³. When considering the office market for the balance of Vallejo excluding Mare Island, vacancy rate trends indicate a healthy low rate, currently at 6.5 percent, compared to 9.6 percent for the Bay Area overall. It should be noted that most analysts consider a 10 percent vacancy rate for office to indicate a relatively healthy market with balance between supply and demand

Figure 13: Office Vacancy Rate Trends, 2007-2014

Source: CoStar Group, 2015

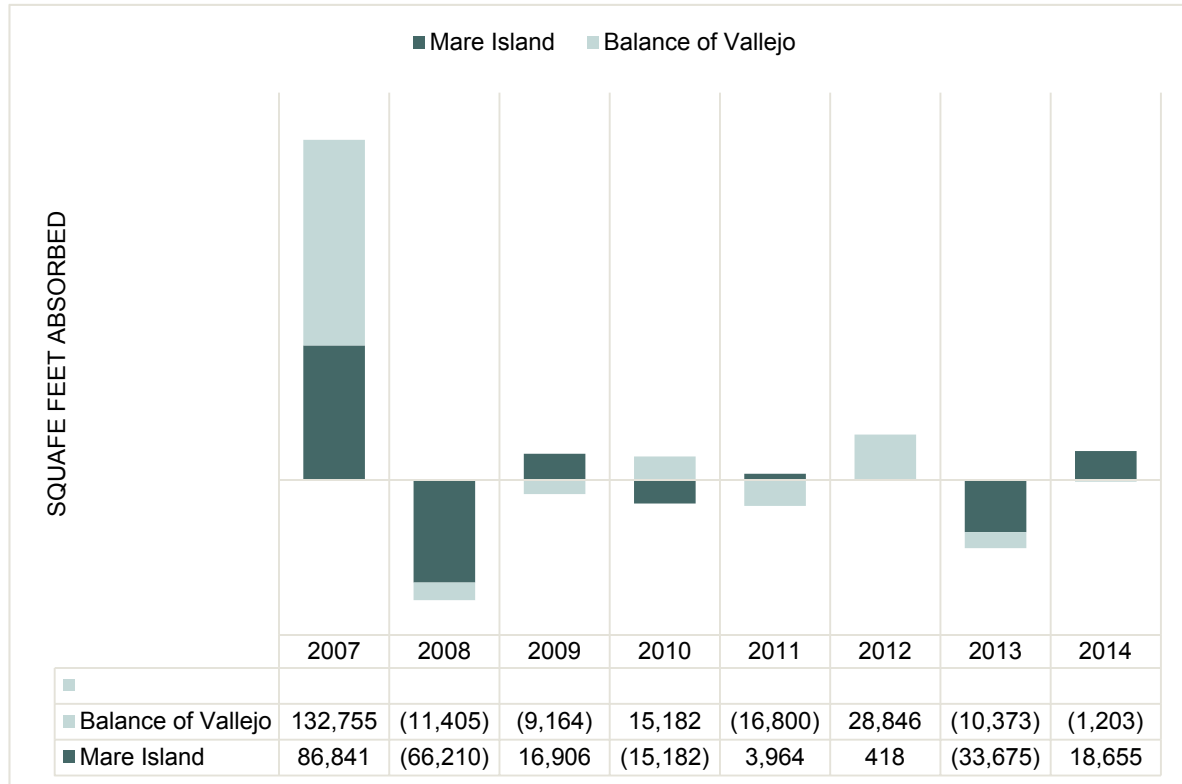


³ It should be noted that an unknown portion of the vacant Mare Island inventory may not be leasable, according to interviews with Lennar representatives, due to varying degrees of rehab needed.

Despite these relatively low vacancy rates in the balance of Vallejo, no new office space has been added to the Vallejo inventory since 2007, the first year of data compiled for this study. The chart below shows absorption over the past few years, all related to the existing inventory of 3.4 million square feet.

Figure 14: Office Space Absorption, Mare Island and Balance of Vallejo, 2007 - 2014

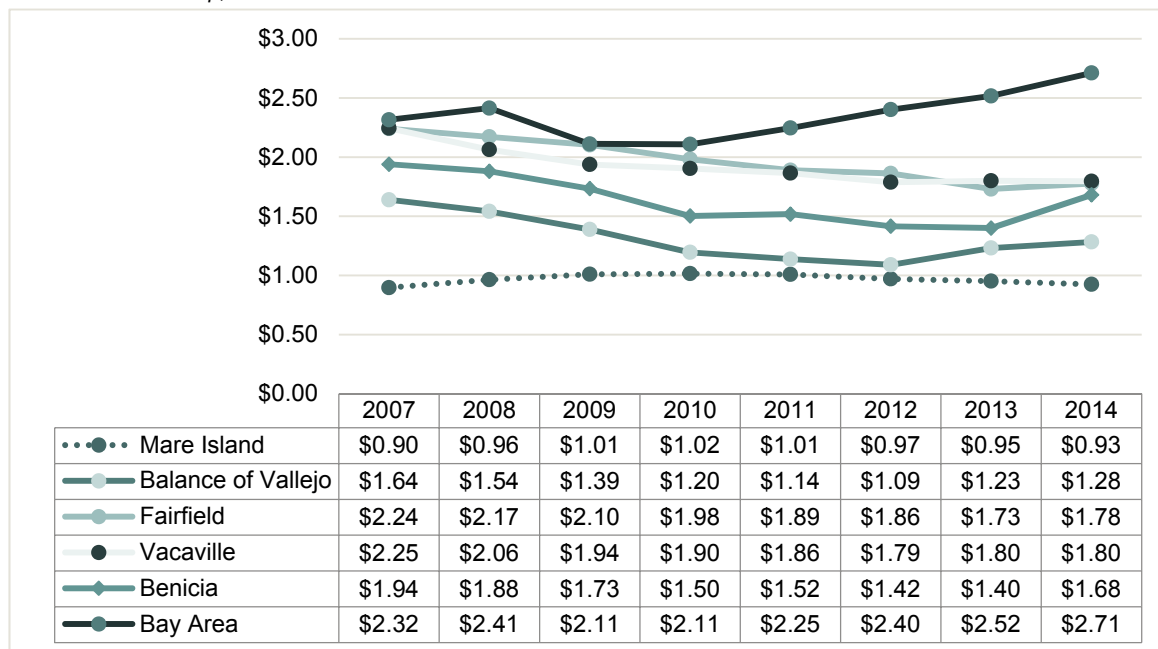
Source: CoStar Group, 2015



One of the primary reasons that the space inventory has not increased in Vallejo is that, with a lack of market demand, average asking rents for both Mare Island and the balance of Vallejo currently are relatively low, and fall below the economic levels needed to support new office development, as described later in this report.

Figure 15: Average Asking Office Rents, Monthly

Source: CoStar Group, 2015



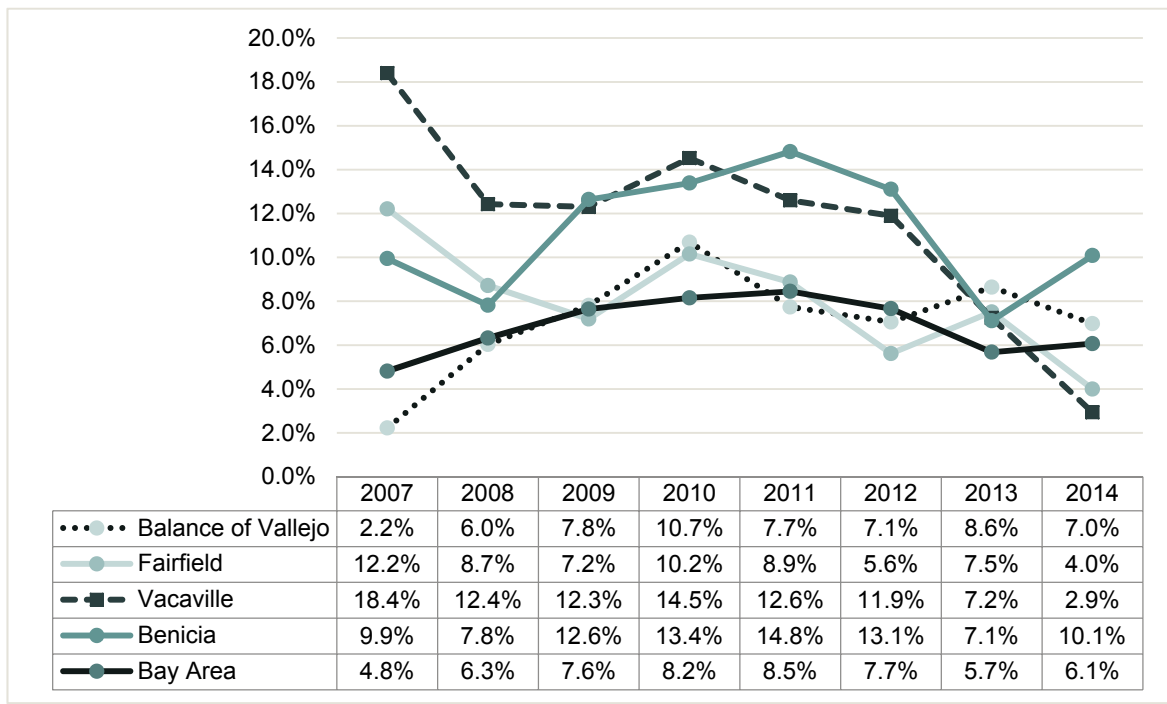
Industrial/Warehouse/Flex Space

Vallejo has a current inventory of approximately 4.5 million square feet of industrial/warehouse space on Mare Island, and an additional 1.5 million square feet in the balance of Vallejo, for a total of almost 6 million square feet. Detailed trend data can be found in Appendix B. It should be noted that the vacant space inventory for Mare Island is compiled by CoStar, a private real estate data vendor, and may differ from the methods used by LMI to account for the inventory of vacant industrial space it controls at Mare Island; due to specific existing buildings requiring varying degrees of rehabilitation to be usable, and further depending on the tenant. This means that an unknown amount of the existing vacant space at Mare Island may not be economically viable to warrant reuse.

Thus, while CoStar indicates a high vacancy rate at Mare Island (over 50 percent, see Appendix B), the balance of Vallejo, at 7 percent, compares very favorably with other Solano County cities and the Bay Area. It should be noted that a low vacancy rate for industrial/warehouse space is a typical historic pattern for the region, due to relatively low rents and profit margins compared to other uses such as office and housing, resulting in many available sites being developed in these higher and better uses. This creates a continued “tight” market for usable, well-located industrial/warehouse space throughout much of the Bay Area. Because Vallejo has a standing inventory of industrial buildings that can be reused through investing in rehab costs, in those buildings where rehab costs can be kept low enough to generate a feasible profit margin, the presence of existing usable industrial buildings can generate a competitive advantage.

Figure 16: Vacancy Rates, Industrial/Warehouse/Flex Space

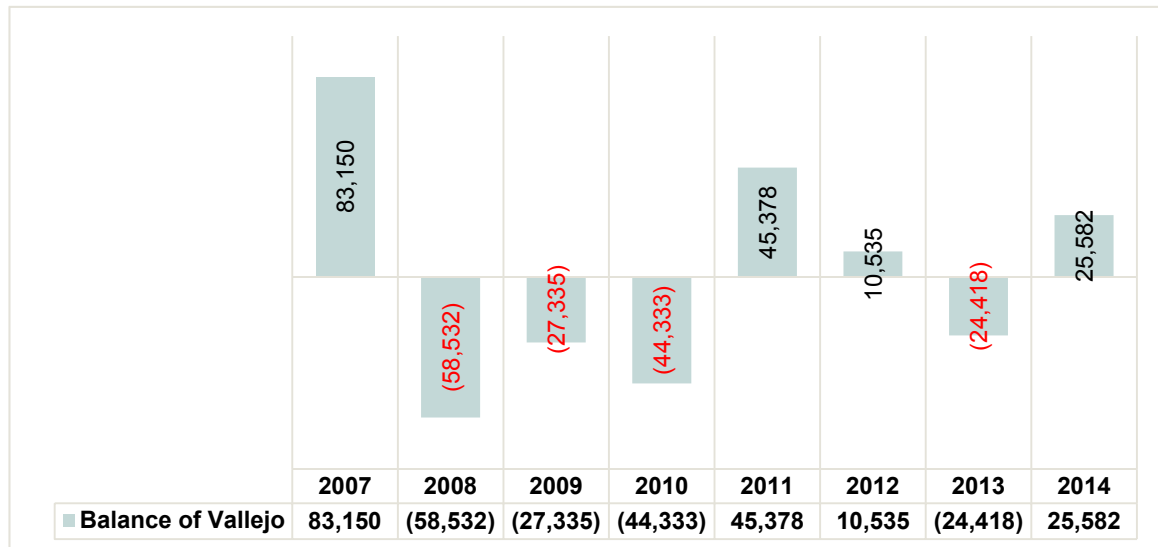
Source: CoStar Group, 2015. Mare Island not shown due to unknown square feet of economically feasible vacant space.



Despite these relatively low vacancy rates for the balance of Vallejo outside of Mare Island, no new industrial/warehouse space has been built in Vallejo since 2007. Because the cost to construct new space better tailored to industrial user needs is relatively low, existing older space is less likely to get absorbed if not easily adaptable to modern standards. Absorption of existing space, as it is vacant and available for lease, has fluctuated each year, as depicted below.

Figure 17: Industrial/Warehouse/Flex Space Absorption, Vallejo Excluding Mare Island, 2007- 2014

Source: CoStar Group, 2015



The average asking rent data, shown below, highlights Vallejo’s relative strength in industrial/warehouse space. Mare Island asking rents are not shown, due to the variation in need to rehabilitate each building. For the balance of Vallejo, asking rents show market strength relative to Fairfield and Vacaville.

Figure 18: Average Asking Rents, Industrial/Warehouse/Flex Space, 2012 – 2014

Source: CoStar Group, 2015. Rents for prior years were not available.



About Vallejo’s Flex/R & D Space

It is important to note that while data available for Vallejo’s industrial/warehouse/flex space does not differentiate well between these categories (due in part to buildings are Mare Island that may be used across these categories, the concept of specifically flex (sometimes also called R & D) space has grown increasingly popular in the Bay Area in the past 20 years. This reflects a contemporary trend of creating space for “creative” and researchers who prefer open floor plans, high ceilings, and “urban” or historic feel that exposes ductwork. This type of space can be adapted easily by businesses as they evolve and mix functions, and are increasingly preferred by companies ranging from traditional office to industrial design, 3D printing, light assembly, and start-up technology firms. Building improvements for this type of space typically fall between traditional office finishes and light industrial, with exposed

ductwork, beams, and non-permanent walls. While some flex space is newly constructed, this type of space is also often created by reusing former manufacturing or warehouse buildings, requiring renovation of shell, systems, and finishes.

Throughout Vallejo, including at Mare Island, this type of space could be created by adaptively reusing older industrial and warehousing buildings, provided that the economics of an individual project are feasible.

About Vallejo's Warehouse Space

Given the recommendations of the 2012 Strategic Plan, which outlined Vallejo's potential attractiveness as an Advanced Manufacturing hub, including warehousing and distribution, use of some of Vallejo's older industrial buildings for modern logistics services should be further explored. While much of the demand for this kind of space in Solano County is currently captured by other cities, jobs associated with modern logistics may offer an untapped potential for additional economic development in Vallejo. A deeper assessment of the existing inventory and gaps which could be filled by more modern logistics-oriented space should be undertaken as a next step in the economic development implementation process.

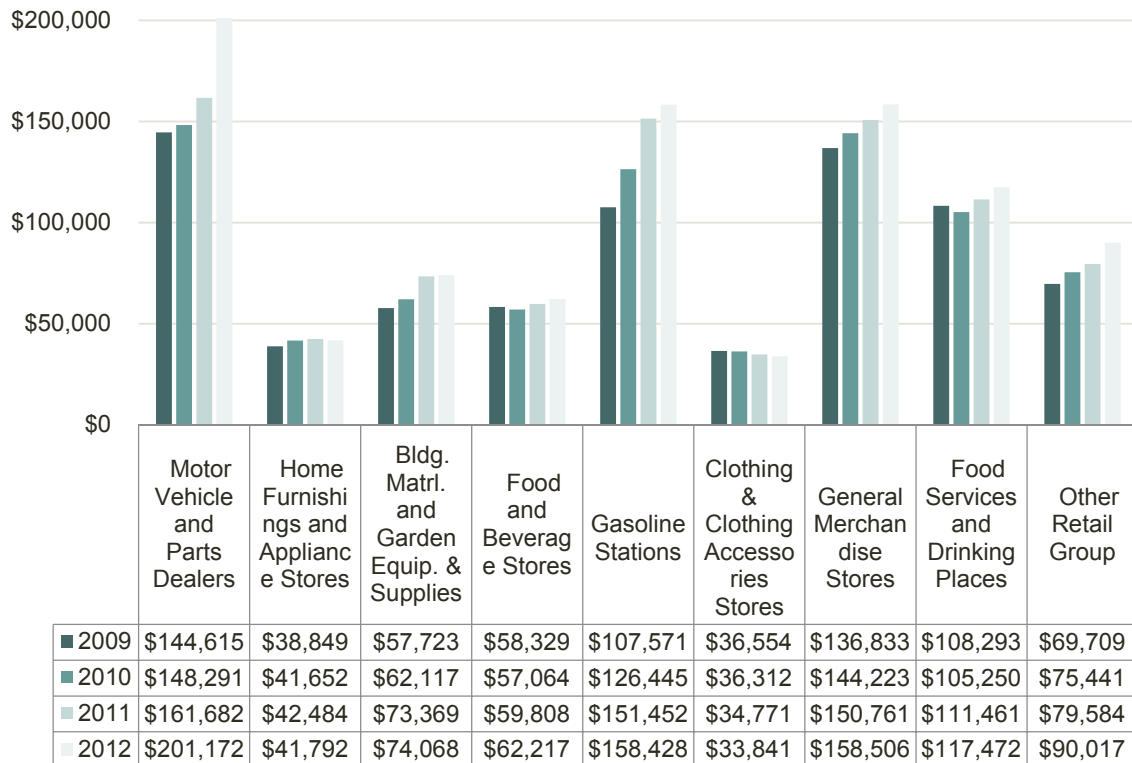
Retail Space

Taxable Retail Sales Trends

Retail space demand is driven by the strength of demand for retail sales, rather than core employment growth. As shown below, Vallejo's retail stores appear to be recovering fairly well from the Great Recession; taxable sales in all categories except clothing have risen steadily each year since 2009. However, some categories have shown more growth than others: motor vehicles had a strong year in 2012 compared to prior years. Detailed taxable retail sales trends for all store categories from 2009 – 2012 are included in Appendix B.

Figure 19: Taxable Retail Sales, 2009 – 2012 (not inflation-adjusted, shown in \$1,000s)

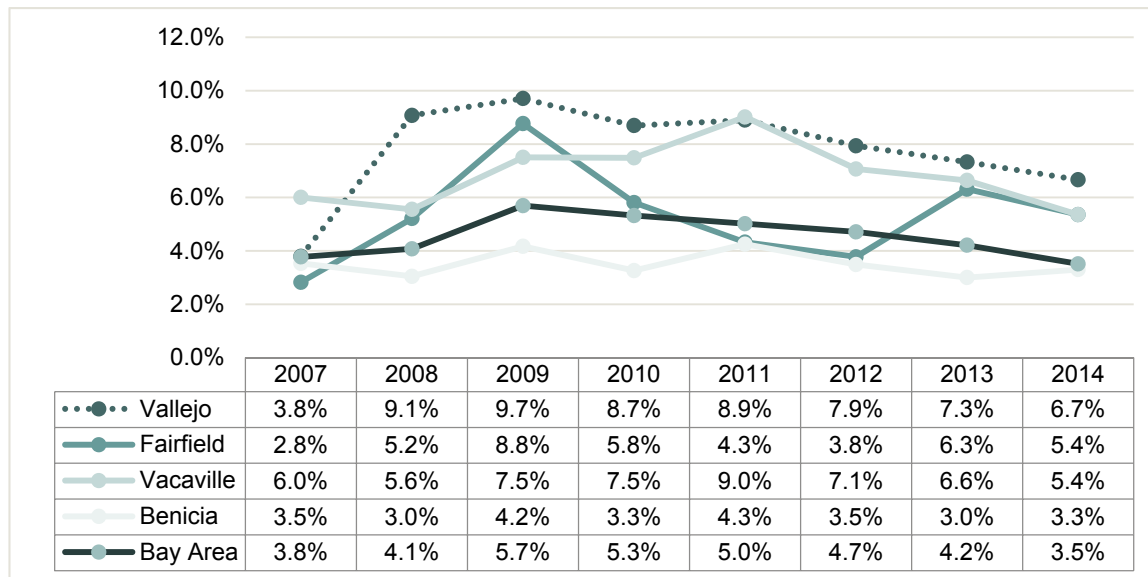
Source: CA State Board of Equalization, 2014



Vallejo had approximately 5.9 million square feet of retail space in 2007, although none was recorded at Mare Island (see Appendix B for detailed data). Although Vallejo had relatively low vacancy rates in 2007, the impact of the Great Recession on existing stores, increased vacancy rates for several years, but they are now declining once again.

Figure 20: Retail Space Vacancy Rates, 2007-2014

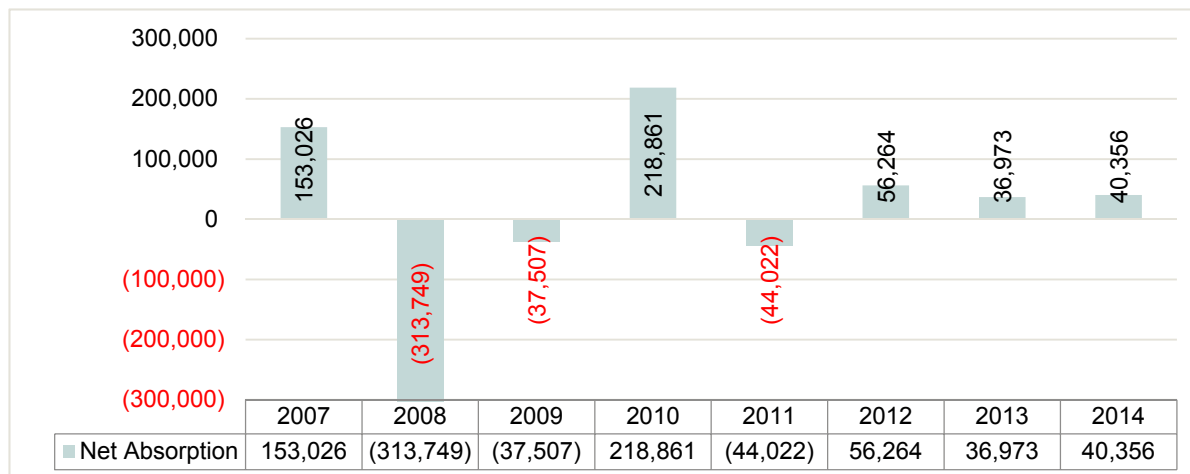
Source: CoStar Group, 2015



The graph below shows net space absorption during the 2007 to 2014 period, as Vallejo weathered the recession and the addition of new supply in 2010.

Figure 21: Vallejo Retail Space Absorption, 2007-2014

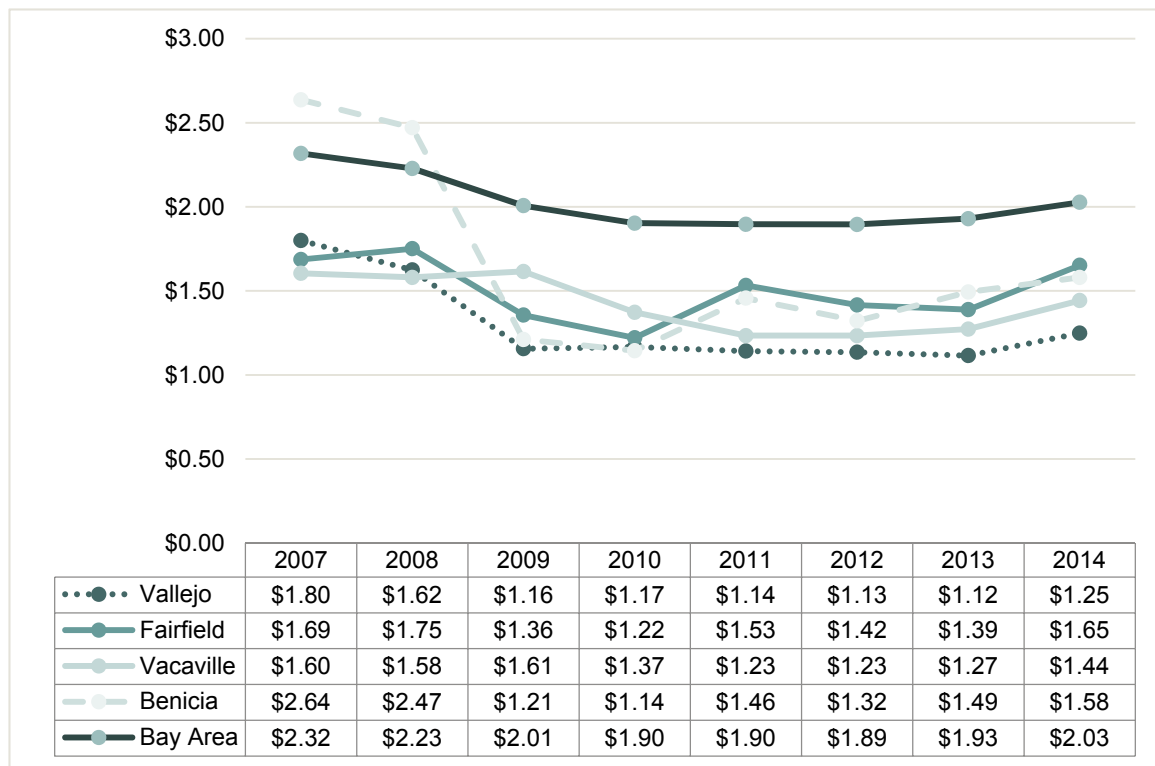
Source: CoStar Group, 2015



Vallejo's retail average asking rents are relatively low, probably both as a result of the additional supply/vacancy impact, as well as the overall type of retail space location in Vallejo, which tends to be middle-market value merchandisers and local merchants. Retail rents are substantially below the Bay Area and other nearby cities' averages, and at \$1.25 per square foot, do not support new construction on average. Despite this data, there has been construction of retail space in Vallejo shopping centers in 2014, where retail and food chains have purchased and developed land rather than leasing vacant space elsewhere in Vallejo. This retail construction activity coincides with a demonstrated increase in retail jobs in 2014.

Figure 22: Average Asking Rents, Retail Space, 2007-2014

Source: Costar Group, 2015



Hotels

A potential economic development opportunity for Vallejo is to expand and broaden the hotel/motel market. Vallejo's strategic position at the gateway to Napa Valley (Highway 29), its scenic waterfront, the Discovery Kingdom entertainment complex, the Solano County Fairgrounds, and a growing university cluster, all suggest that one or more new hotels could be supported by market demand over time.

The table below summarizes the current hotel/motel inventory in Vallejo, based on data provided by Smith Travel Research (STR), a private hotel data vendor. As shown, most of Vallejo's existing lodging facilities are classified as "economy," with a total of 863 rooms. Five hotels, with 578 rooms in total, are considered "midscale." There are no upscale or luxury hotels in Vallejo.

Table 18: Inventory of Hotels and Motels, Vallejo, 2014

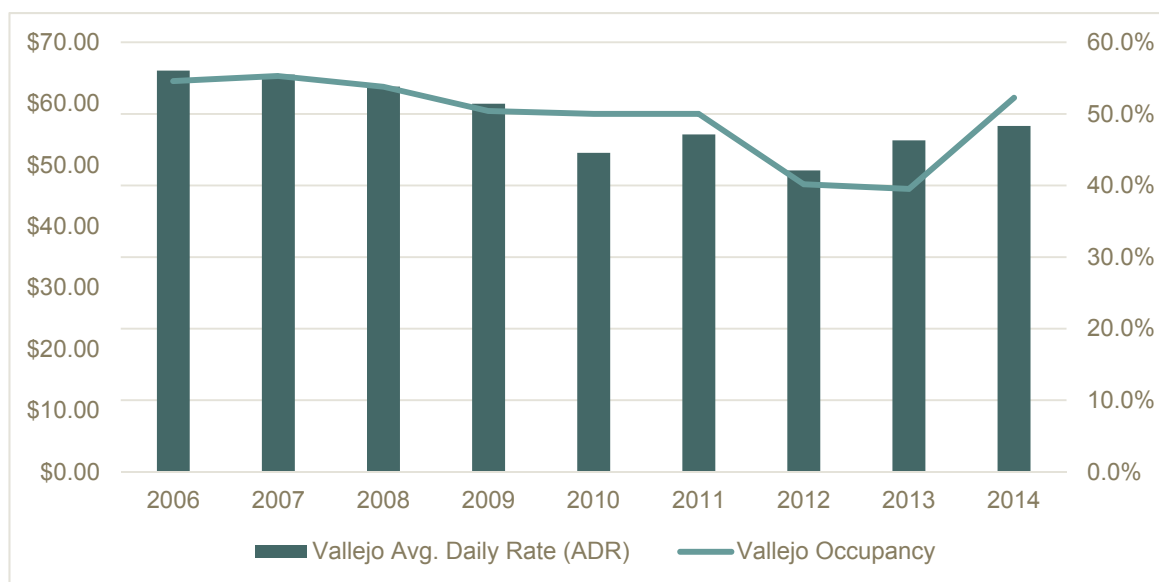
<u>Economy Class</u>	Opened	# Rooms
Americas Best Value Inn Vallejo	Oct 1989	49
Motel 6 Vallejo Six Flags East	Sep 1987	96
Motel 6 Vallejo Six Flags West		54
Regency Inn		38
Elrancho Motel		20
Motel 6 Vallejo Maritime North		148
Motel 7	Jun 1974	78
Rodeway Inn Vallejo	Jun 1983	85
Super 8 Vallejo	Apr 1971	60
Travelers Inn	Jan 1987	28
Vallejo Inn	Jun 1968	101
Islander Motel		21
Great Western Inn		25
Travel Inn		60
Subtotal Economy Rooms		863
<u>Midscale Class</u>		
Howard Johnson Vallejo	Jun 1969	78
Best Western Inn & Suites @ Discovery Kingdom	Mar 1990	117
Courtyard Vallejo Napa Valley	Aug 1989	172
Comfort Inn Vallejo	Sep 1988	80
Ramada Vallejo	Sep 1986	131
Subtotal Midscale		578
Total Rooms		1,441

Sources: Smith Travel Research; BAE, 2014

STR provides combined data regarding hotel markets; Vallejo's information is shown below. The impact of the recession is notable in the chart, with Vallejo hotels' average daily room (ADR) rates and occupancy declining during the recessionary years. Recovery from the impact of the recession to prior levels appears to be underway (and was reported by hotel operators interviewed for this report) with most recent 2014 data showing both indicators on the upswing. Part of this increased occupancy and the recovery, is due to increased leisure travel, and part is due extended-stay demand related to construction workers in the region, which have long served as a basis for some of Vallejo's demand.

Figure 23: Hotel Average Daily Rates and Occupancy Trends, Vallejo, 2006-2014

Source: Smith Travel Research, 2014



Despite the recovering occupancy trends, it should be noted that most hotel analysts consider an occupancy rate of at least 68 to 70 percent, on average, as necessary to reach profitability. Vallejo's hotel inventory overall is not yet achieving these benchmarks. This finding was similarly noted in a 2011 market study prepared as part of the Solano 360 project at the Fairgrounds, which concluded that insufficient market support existed at that location for additional hotel rooms, due to the relatively low occupancy rates at area hotels, the impact of the Great Recession, and the concern that Vallejo does not have sufficient amenities to compete with Napa Valley hotels for tourists in American Canyon. Given that conditions have improved since the 2011 market study, but are not yet sufficient to support new hotel development in the current market, the City should monitor this market segment and consider more in-depth study as the local economy grows.

Demand Estimates by Land Use

Gross Demand for Housing and Commercial Space

This section provides an estimate of demand for future housing and commercial space in Vallejo, based on analysis of forecasts made by the Association of Bay Area Governments (ABAG). As described below, these forecasts, while envisioning a more urban development pattern throughout the Bay Area, may be somewhat conservative with respect to Vallejo, given its many strengths and potential for growth. Thus, this report develops a baseline estimate based on ABAG forecasts, and then provides a more optimistic forecast premised on the assumption that strong, concerted economic development efforts will be made to promote and develop Vallejo's key assets.

Population and Job Growth Forecasts (ABAG)

In order to estimate gross potential demand for new development of housing and commercial space in Vallejo, the methodology begins with forecasts of population and job growth prepared by the Association of Bay Area Governments (ABAG) for the City of Vallejo. These baseline forecasts are shown in the table below.

Table 19: Population and Job Growth Forecasts, ABAG, 2015-2040

Population	2015	2020	2025	2030	2035	2040	Total Change 2015-2040	% Change 2015-2040
City of Vallejo	118,100	121,000	124,200	126,200	128,600	131,800	13,700	11.6%
Balance of Solano	309,200	321,700	335,000	349,000	364,100	379,800	70,600	22.8%
Solano County Total	427,300	442,700	459,200	475,200	492,700	511,600	84,300	19.7%
<i>Vallejo Share of County</i>	<i>28%</i>	<i>27%</i>	<i>27%</i>	<i>27%</i>	<i>26%</i>	<i>26%</i>	<i>16%</i>	
<i>Bay Area Change</i>								<i>24.6%</i>
Jobs								
City of Vallejo	34,230	37,090	38,320	39,610	41,280	43,070	8,840	25.8%
Balance of Solano	108,900	118,040	121,840	125,800	131,190	136,870	27,970	25.7%
Solano County Total	143,130	155,130	160,160	165,410	172,470	179,940	36,810	25.7%
<i>Vallejo Share of County</i>	<i>24%</i>	<i>24%</i>	<i>24%</i>	<i>24%</i>	<i>24%</i>	<i>24%</i>	<i>24%</i>	
<i>Bay Area Change</i>								<i>22.8%</i>

Sources: Projections 2013; Association of Bay Area Governments (ABAG); BAE, 2014.

It should be noted that ABAG does not anticipate population growth in Vallejo to keep pace with the balance of Solano County, likely as a result of historic trends in Vallejo, which have shown this past trend and are factored into these regional forecasts. Vallejo's total population growth forecasted for the 2015-2040 period, 13,700 new residents, is an 11.6 percent increase for the period, compared to an almost 23 percent increase expected from population growth for the rest of the County, and a regional growth rate of nearly 25 percent. This means

that even though Vallejo is home to about 28 percent of total County population, it is projected by ABAG to only capture 16 percent of the County's new residential growth to 2040.

Job growth in Vallejo, however, is expected to keep pace with the rest of Solano County, and both Vallejo and the balance of the County are forecasted to grow more rapidly than the Bay Area job growth overall. This forecast portends well for Vallejo's economic development objectives.

Gross Demand for New Housing Units

Demand for new housing units will come from two market forces, including normal capture of regional growth that is attracted to Vallejo (as reflected in the growth forecasts shown on the preceding table) and additional growth that will come if strategic public and private investments are made to reposition Vallejo's economic development pattern so that it more closely matches the robust Bay Area economy. The following table converts Vallejo's population forecasts to new housing demand from population growth. Additional potential housing demand from economic development repositioning is discussed at the end of this chapter.

The demand estimate below indicates a total gross demand, before accounting for already approved (e.g., planned) projects, of 4,790 units over the next 25 years. The demand estimate is further broken down two ways: the first, called Demand per Vallejo's Recent Permit Trends, reflects the mix of single and multifamily permits granted in recent years prior to the recession. The second demand estimate, called Demand per Bay Area Recent Permit Trends, re-allocates the 4,790 total new units among a higher proportion of multifamily, reflecting overall Bay Area development (and demand) patterns, and a lower proportion of single family units. It should be noted that either demand estimate is likely achievable, but each requires different planning initiatives to set the stage to support these mixes of single and multifamily units.

It should further be noted that the demand estimate does not differentiate between the actual differences in household sizes between single and multifamily and in that way, may be understating the potential actual number of future baseline units. If Vallejo elects to plan for a higher proportion of new units that are multifamily, instead of single family, these households would be smaller on average than Vallejo has today, and as result, would yield a higher number of total units to serve the same total population.

Table 20: Demand for New Housing Units in Vallejo, 2015-2040, Future Baseline Estimate

Total New Units	2015-2020	2020-2025	2025-2030	2030-2035	2035-2040	Total Change
Population Projecton - Increase Only (ABAG)	2,900	3,200	2,000	2,400	3,200	13,700
Estimated Supportable New Housing Units (a)	1,014	1,119	699	839	1,119	4,790
Demand Per Vallejo Recent Permit Trends (b)						
New Single Family Units	712	786	491	590	786	3,366
New Multi-Family Units	301	333	208	250	333	1,424
Demand Per Bay Area Recent Permit Trends (c)						
New Single Family Units	329	363	227	272	363	1,555
New Multi-Family Units	685	756	472	567	756	3,235

Notes:

(a) Converts population growth to new housing units by dividing population increase by current average household size

Current average household size, Vallejo 2.86 persons per household

(b) Housing Type per Recent Vallejo Trends based on 2004 permits, the peak year of construction activity in Vallejo before recession:

% Single Family Permits in Vallejo 70.3% in 2004

% Multi-Family Permits in Vallejo 29.7% in 2004

(c) Housing Type per Recent Bay Area Trends based on 2013 permits, the most recent year of construction activity (rebounded since recession):

% Single Family Permits in Vallejo 32.5% in 2013

% Multi-Family Permits in Vallejo 67.5% in 2013

Source: BAE, 2014.

Gross Demand for New Commercial Space

The table below presents a detailed demand estimate for all new commercial space for Vallejo over the next 25 years, before accounting for already approved (e.g. planned) projects. The demand estimate is based on job growth as forecasted by ABAG, allocated by the proportions of existing job sectors that tend to use each primary type of commercial space. New gross demand for commercial space during the 25 year period is estimated at approximately 3.1 million square feet, including roughly 400,000 square feet of industrial space, 167,000 square feet of warehouse space, 1.6 million square feet of office/flex/medical space, 942,000 square feet of retail/entertainment space, and 656,000 square feet of hotel/restaurant space. Since this demand estimate is based on rough allocations of total jobs, the following section refines this estimate further for retail and hotel opportunities.

Table 21: Demand for Commercial Space in Vallejo, 2015 - 2040

Source: BAE, 2015.

	2015-2020	2020-2025	2025-2030	2030-2035	2035-2040	Total Change 2015-2040
Job Growth - Increase Only (ABAG)	2,860	1,230	1,290	1,670	1,790	8,840
New Jobs by Type of Space (a)						
Industrial Space	135	58	61	79	84	417
Warehouse Space	77	33	35	45	48	239
Office/Flex/Medical Space	1,755	755	792	1,025	1,099	5,426
Retail/Entertainment Space	610	262	275	356	381	1,884
Hotel/Restaurant Space	283	122	128	165	177	874
Total	2,860	1,230	1,290	1,670	1,790	8,840
New Square Feet by Type of Space (b)						
Industrial Space	134,941	58,034	60,865	78,794	84,456	417,089
Warehouse Space	54,082	23,259	24,394	31,579	33,849	167,163
Office/Flex/Medical Space	526,649	226,496	237,545	307,519	329,616	1,627,825
Retail/Entertainment Space	304,754	131,066	137,459	177,951	190,738	941,967
Hotel/Restaurant Space	212,095	91,216	95,665	123,846	132,745	655,566
Total	1,020,426	438,855	460,262	595,843	638,658	3,154,044

(a) Based on current employment by building type (estimated)

Sector by Building Type	Bldg Type	Jobs 2013	% of Total
Manufacturing	Industrial	268	
Admin, Waste Mgt. & Remediation Services	Industrial	1,007	
<i>Subtotal Industrial</i>		1,275	4.7%
Wholesale Trade	Warehouse	301	
Transportation and Warehousing	Warehouse	429	
<i>Subtotal Warehouse</i>		730	2.7%
Construction	Office/Flex	1,688	
Finance and Insurance	Office/Flex	677	
Real Estate and Rental and Leasing	Office/Flex	304	
Professional, Scientific, and Technical Services	Office/Flex	498	
Management of Companies and Enterprises	Office/Flex	102	
Educational Services	Office/Flex	679	
Healthcare and Social Assistance	Office/Flex	8,146	
Other Services (except Public Administration)	Office/Flex	833	
Not Classified	Office/Flex	29	
Government	Office/Flex	3,440	
Suppressed	Office/Flex	191	
<i>Subtotal Office/Flex</i>		16,587	61.4%
Retail Trade	Retail	3,889	
Arts, Entertainment, and Recreation	Retail	1,870	
<i>Subtotal Retail/Entertainment</i>		5,759	21.3%
<i>Accommodation and Food Services</i>	Hotel/Rest	2,672	9.9%
Total Employment 2013		27,023	100.0%

(b) Space per New Job

	Sq. Feet
Industrial Space	1,000
Warehouse Space	700
Office/Flex/Medical Spac	300
Retail/Entertainment Spa	500
Hotel/Restaurant Space	750

Under Construction and Planned Supply

The preceding analysis estimates potential gross demand for housing and commercial space in Vallejo over the next 25 year period. However, the demand estimates do not yet account for “pipeline” development projects that are either currently under construction or planned/approved. The following table summarizes pipeline development projects currently underway in Vallejo by land use category. Projects in the pipeline include 264 single family units, over 230,000 square feet of industrial/warehouse/service commercial, 71,300 square feet of retail, and 6,700 square feet of restaurant space.

Table 22: Development Pipeline - Under Construction and Planned Projects

Source: City of Vallejo, January 2015.

Project	Location	Square Feet/Unit	Status	Description	Completion
<u>Residential</u>					
Waterstone	Columbus Parkway	89 units	Under Construction	Residential (single family)	2016
Garthe Ranch	Columbus Parkway	105 units	Under Construction	Residential (single family)	TBD
Hiddenbrooke Phase III		70 units	In Permitting-Discr	Residential (single family)	TBD
Subtotal Residential		264 units			
<u>Industrial/Warehouse/Service Commercial</u>					
Mare Island Ale Works	North Mare Island	134,000 sq.ft.		Microbrewery & public tasting room	June 2015
Anchor Self Storage	Sonoma Boulevard	98,894 sq.ft.		Multi-storage facility (925 units)	Spring 2016
Vallejo Marine Terminal/Orcem Project		N/A	In Permitting-Discr	Marine terminal & cement processing	Spring 2016
Subtotal Industrial/Warehouse		232,894 sq.ft.			
<u>Retail</u>					
CVS Pharmacy	Columbus Parkway	16,500 sq.ft.	Bldg Permit Pending	Store	April 2015
99 Cent Store	Sonoma Blvd.	40,111 sq.ft.	Under Construction	Store	Jan 2015
Party City	Gateway Plaza	14,700 sq.ft.	Bldg Permit Pending	Store	2015
Subtotal Retail		71,311 sq.ft.			
<u>Restaurant</u>					
Chick-fil-A	Columbus Parkway	4,500 sq.ft.	Bldg Permit Pending	Restaurant w/drive thru	April 2015
Chipotle Restaurant	Columbus Parkway	2,200 sq.ft.	Bldg Permit Pending	Dine-In Restaurant	April 2015
Subtotal Restaurant		6,700 sq.ft.			

Summary of Potential Demand

The table below combines the gross demand estimates for the 2015-2040 period with the identified pipeline supply, to estimate remaining “residual” demand for new space during the planning period. The estimate includes a “future baseline” derived from the ABAG forecasts presented previously, and a more optimistic scenario predicated on the assumption that Vallejo’s GPU and economic development initiatives will increase demand for both housing and commercial space above ABAG’s conservative forecasts. Both estimates will inform the growth projections to be developed and evaluated as part of the General Plan process later in 2015.

Table 23: Summary of Potential Demand for New Development in Vallejo 2015-2040

	Total Demand 2015-2040	
	Future Baseline	Optimistic (b)
Housing (a)		
Single Family	1,555	2,721
Less: Pipeline	<u>264</u>	<u>264</u>
Residual Demand	1,291	2,457
Multifamily	3,235	5,662
Less: Pipeline	<u>-</u>	<u>-</u>
Residual Demand	3,235	5,662
Total Housing Units	4,526	8,119
Commercial Space		
Industrial /Warehouse Space	584,252	876,378
Less: Pipeline	<u>232,894</u>	<u>232,894</u>
Residual Demand	351,358	643,484
Office/Flex/Medical Space	1,627,825	2,441,738
Less: Pipeline	<u>-</u>	<u>-</u>
Residual Demand	1,627,825	2,441,738
Retail/Entertainment Space	941,967	1,412,951
Less: Pipeline	<u>71,311</u>	<u>71,311</u>
Residual Demand	870,656	1,341,640
Hotel/Restaurant Space	655,566	983,349
Less: Pipeline	<u>6,700</u>	<u>6,700</u>
Residual Demand	648,866	976,649
Total Commercial Space	3,498,705	5,403,511

a) assumes shift to "Bay Area" mix of single and multifamily over the planning period

b) Increases housing demand by 75% over ABAG forecast

This would bring Vallejo's capture of County growth up to 28%, reflecting current share of Vallejo's population.

Increases all commercial space by 50% over ABAG forecast

Refined Retail Analysis

This section provides additional discussion of the types of retail space that could be attracted to Vallejo during the planning period.

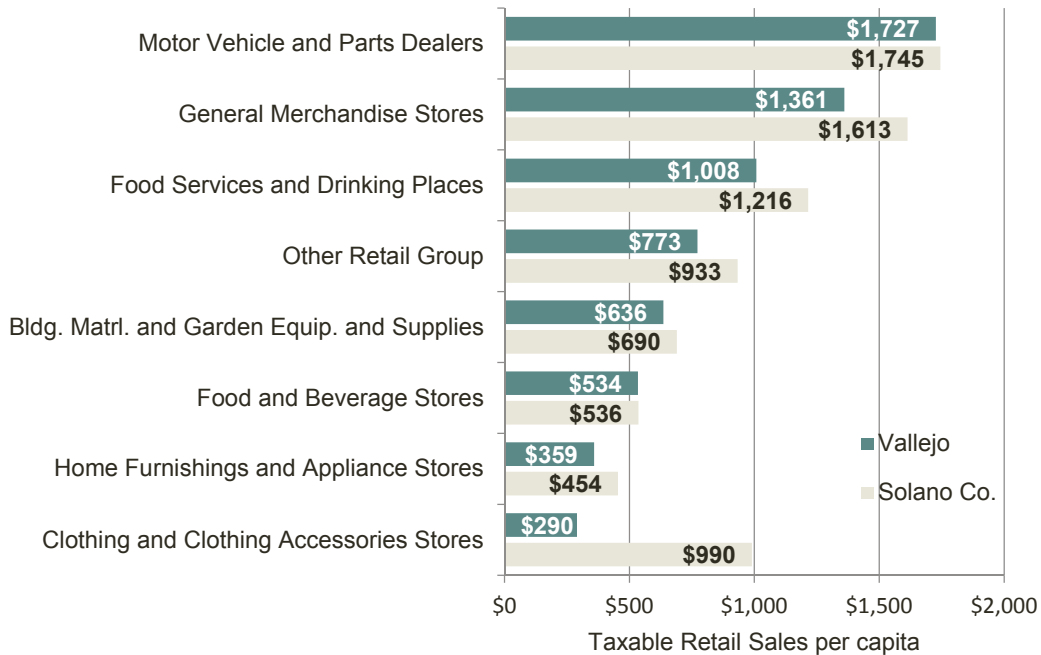
Overview of Current Sales Leakage

The retail picture in Vallejo has improved in recent years, with the post-recession recovery resulting in rising sales for most of Vallejo’s retail store categories. However, Vallejo, as part of the larger Solano County retail trade area, has long suffered from varying degrees of local sales “leakage” to other region-serving retail locations in Fairfield and Vacaville.

The chart below expresses this leakage out of Vallejo to other retail locations by comparing per-capita sales in Vallejo to the larger Solano County area, with Solano County serving as a benchmark for potential sales that could theoretically occur per capita in Vallejo. As shown, Vallejo has a lower per capita sales level for Food Services and Drinking Places (e.g., restaurants and bars), General Merchandise (e.g., department stores and value merchandisers such as Walmart), Home Furnishings and Appliance Stores, and especially Clothing Stores. Detailed data supporting this chart is provided in Appendix B.

Figure 23: Per Capita Taxable Retail Sales, Vallejo and Solano County, 2012

Source: California Board of Equalization; BAE, 2014



Traditional retail analysis relies on converting this leaking sales by store category to additional capturable sales in Vallejo, if appropriate retail facilities were developed. However, in Vallejo's case, due to the physical geography of the larger trade area and the high degree of fully developed region-serving retail centers (particularly the Westfield Solano Mall and the numerous Vacaville centers), the trade area is already fully served, and new region-serving stores that need to locate in malls per their operator's merchandising strategies (especially clothing stores), would likely not locate to a great extent in Vallejo. This is because merchandisers which depend on large amounts of foot traffic and synergy, tend to cluster together, as they do and would continue to do in Fairfield and Vacaville. As a result, a traditional leakage/capture analysis for Vallejo is not presented in this report, as it would overstate the potential for retail facilities that actually could be attracted to the city rather than to the other concentrations elsewhere (e.g. the region-serving retail mall and centers to the north).

Instead, this report provides a "void" analysis, which takes an on-the-ground view to identify realistic retail opportunities given the ample coverage of most store types elsewhere in the trade area that will continue.

Summary of Retail Void Analysis

Appendix C provides a series of maps which analyze Vallejo relative to trade areas and gaps in coverage by several categories of retailers. In general, retail categories have typical trade areas, expressed as distance from the store site, which reflect how far customers are willing to travel to shop at that type of store. Store categories selling frequently-purchased items, such as grocery stores, are typically visited weekly or more often, and as such, need to be located close to customers. Full service grocery stores are typically spaced so that they each have a 1-mile trade area.

The following summarizes the void analysis for store categories with existing leakage outside of Vallejo.

- **General Merchandise Stores.** General merchandise stores, including traditional department stores and value-oriented retailers such as WalMart and Target, tend to serve larger trade areas, related to the less frequent visits and thus, need for a larger customer base. In Vallejo, as shown in Appendix C, the location of area general merchandisers that are expanding in other locations (e.g. the value-oriented merchandisers), is such that few voids exist, meaning few of these retailers would place another store in Vallejo to meet unmet market demand geographically. Costco, Target, and Kohl's, all already cover Vallejo geographically, as shown. The exception is WalMart, which serves northern Vallejo within its typical trade area from its Fairfield full-service store, and provides additional grocery services at its Vallejo store. Southern Vallejo and Benicia, however, are not well served by an existing WalMart, offering a potential opportunity to attract this store to Vallejo.

- **Destination Grocery Stores.** Appendix C also shows the void among trade areas for specialized grocery stores like Trader Joe's and Sprouts. These stores tend to draw from a larger trade area than full service traditional grocery stores like Safeway, because they do not offer a full line of daily shopping needs, but rather specialize in more unusual and varying kinds of merchandise. As shown, Vallejo is not served by this type of popular retailer and is not within an existing trade area. This indicates that there may be an opportunity to locate this type of store within Vallejo, and would require further analysis.
- **Auto Dealers.** Auto dealers have a pre-defined trade area, due to both franchise agreements and corresponding California law. An existing auto dealer is allowed to block the introduction of a second dealer selling the same manufacturer's line, effectively creating evenly-spaced trade areas by brand, of a 10-mile ring. As shown in Appendix C, there are several auto dealers which are not already in Vallejo or nearby, and their closest store is outside of the 10-mile ring. These include Acura, Ford, GMC, Mitsubishi, Subaru, Volkswagen, and Volvo. Other luxury brands also were identified, but BAE determined that luxury brands would not likely select Vallejo as a strong location, due to demographic patterns. The Northgate auto dealer concentration in Vallejo offers an excellent option to attract additional dealers from the list above.

Refined Hotel Analysis

In order to further understand the market strength of Vallejo's hotels, which overall show a recovery trend since the Great Recession but an occupancy rate below full profitability, selected midscale hotels were interviewed. Results are shown below. The data indicates that although business has generally increased since the recession, occupancy rates for all of the hotels except the Ramada appear to be below the levels that would indicate a saturated market supply, allowing room for another hotel to be added in Vallejo. In contrast to these occupancy rates, for reference purposes, hotels in San Francisco have averaged 85 percent or higher occupancy in the past few years. Experts consider 68 to 70% occupancy as the threshold needed to generally achieve profitability.

Thus, the levels of occupancy in Vallejo's midscale product (as well as the room rates being charged), would pose a challenge to a new hotel operator if developed today. Stakeholders interviewed for this report (see later chapter), including all three higher education institutions, and many businesses, suggested that Vallejo pursue a hotel attraction strategy, particular in the mid- or upper-scale category. This concept could benefit from the gateway aspect of Vallejo to Napa Valley, along with expanding business on Mare Island, and upcoming additional destination retail planned for the Fairgrounds (Solano 360). Land use plans for the Waterfront project, conceptualized by the Callahan Property Company, have also included the potential for a hotel. Due to the planning period of 20 to 25 years for the General Plan, BAE recommends that this concept be included in the General Plan, sited either at the north end of Vallejo to serve as a Napa Valley gateway and/or with an orientation toward serving the visitors to the three educational institutions. While the timing of a new hotel may be 10 or more years in the future, an economic development strategy to attract a new, more upscale facility to Vallejo should be integrated in city initiatives.

Table 24: Market Data for Midscale Hotels, Vallejo

Name and Address	# of Rooms	Occupancy YTD (Annual)	Rates (Rack)	% Business / Leisure	Comments
Courtyard by Marriott Vallejo Napa Valley 1000 Fairgrounds Dr, Vallejo	172	56%	\$101	30% / 70%	Most leisure travel to Discovery Kingdom. Some business and refinery workers. Busiest in summer. Renovated in 2006.
Best Western Inn & Suites 1596 Fairgrounds Dr, Vallejo	117	40%	Week: \$89+ Weekend: \$109 - \$125	50% / 50% weekends 70% / 30% weekdays	Busiest during summer months. Most leisure but some refinery workers. Top leisure destinations: Discovery Kingdom, San Francisco, and Napa Valley.
Ramada Inn Vallejo 1000 Admiral Callaghan Ln, Vallejo	131	68%	\$75	30% / 70%	Mostly families going to Napa or San Francisco; business travellers tend to stay 3 to 4 nights; 80 percent occupancy during summer; Higher than past couple years.
Comfort Inn Vallejo 1185 Admiral Callaghan Ln, Vallejo	80	NA	nothing less than \$70	20% / 80%	Seeing large number of foreign travellers booking online; business is better overall; Nowhere near pre-recession; Discovery Kingdom is big attraction; peak season is when kids are off; business travel includes construction workers in area.

Source: BAE, 2014

Stakeholder Interviews: Enhancing Economic Development

In order to refine the preceding analysis, BAE conducted interviews with 18 stakeholders in Vallejo representing local workforce training organizations, the business and real estate development community, university representatives, and members of the arts/entertainment/tourism sectors. The following summarizes each sectors' representatives' suggestions for enhancing economic development in Vallejo.

Higher Education Stakeholders

Three higher education providers were surveyed as part of the stakeholder interview process: Touro University, California Maritime Academy (CMA), and Solano Community College (SCC). Touro has nearly 1,400 students and 249 faculty and staff. CMA has nearly 1,050 students, and SCC has nearly 1,500 students on their Vallejo campus. For detailed information on Vallejo's higher education institutions, see Appendix D.

Partnerships with others in the community are important to higher education providers. Touro relies on relationships with the medical community for their residencies, including Sutter Solano, Kaiser Vallejo, and the Solano County Department of Health. They also work with the Unified School District, the Vallejo Education Business Alliance, and Napa Learns for their education programs. CMA primarily views its partnerships as receiving full-time transfers from other institutions. SCC partners with Kaiser and Sutter Solano Medical Center for clinical education. They also send transfer students to CMA and Touro, as well as provide space for Sonoma State University to offer a B.A. in Liberal Studies on their Vallejo campus.

All of the universities have physical needs as they try to expand programming and student base. Touro needs more classroom space but finds the burden of rehabilitating historic structures with needed below ground infrastructure on Mare Island to be a challenge. CMA wants to increase the number of students on-campus, but currently does not have space to house all students on their current grounds. SCC recently purchased 15 to 16 acres of land to expand their programs. The newest addition will house an automobile technology center, as well as provide additional services to students.

Vallejo's Strengths

Vallejo's strengths for higher education providers include its historic ambience, the waterfront, good weather, and the relatively less expensive housing as compared to the larger Bay Area. All of the higher education institutions also stated that it is a key advantage for so many institutions to be located in Vallejo, and that they are mutually beneficial to each other and the community.

Vallejo's Challenges

Challenges for higher education providers in Vallejo include the high cost of renovating buildings, the perceived presence of crime, lack of upscale hotels for visitors, and lack of public transportation to and from their campuses. Additionally, Touro noted that there is a need for more opportunities for students in the form of residencies and internships. They also were concerned about the appearance of the North End of Mare Island as a deterrent for attracting both faculty and students. Finally, some higher education providers believe the City is hesitant to attract new higher education institutions because they do not pay taxes—something they think is counter-productive to the long term benefits of promoting Vallejo as a higher education community.

Improving Vallejo for Students

To improve Vallejo for students, higher education providers think the City should focus its efforts on improving the North End of Mare Island, developing the waterfront, and improving public transportation. Specifically, they want to create a sense that Vallejo is a college town by providing a mix of upscale and inexpensive restaurants, upscale hotels, malls, and shopping opportunities along the waterfront and downtown. To attract students, they also want to create a student village with student housing, improve the perception of public safety, and partner with the City to more actively attract students. Finally, they wish for more interaction with City staff so they can better coordinate their efforts with each other in order to benefit the City.

Job and Business Training Stakeholders

Solano College Small Business Development Center (SBDC) and Solano County Workforce Investment Board (WIB) were both surveyed as economic stakeholders that conduct business and job training. SBDC, based in Fairfield, is a branch of a statewide network of agencies that provide business planning and entrepreneurship training to 350 unique clients each year on a fee based model. SBDC mainly serves adults seeking to begin a small business—microenterprises—but hopes to serve more businesses with four to 9 employees in the future. They also hope to expand into youth entrepreneurship education by partnering with the Unified School District.

The Workforce Investment Board (WIB) is one of a national network of agencies created by federal legislation to conduct planning for economic development and workforce training. The Solano WIB manages workforce programs for adults, dislocated workers, youth, ex-offenders, and oversees a one-stop career center composed of 22 different organizations. A geographic representative from WIB is located in Vallejo. WIB strives to place, retain, and advance people in the workforce. Individuals are referred within a 50 miles radius to attend appropriate training facilities.

Vallejo's Strengths and Challenges

Job training agencies believe that Vallejo's key advantage is its location near the Bay and as a gateway to Napa Valley. They also believe that it is a good place to raise a family, and has many opportunities for growth.

The biggest challenge for job training organizations in Vallejo is the lack of large employers. Due to the lack of employment opportunities, they often place workers in other communities, despite their desire to keep workers local. For example, WIB places many clients in Napa even though they live in Vallejo. SBDC believes that a key challenge for workforce development in Vallejo is engaging youth early, in order to create an understanding of career opportunities, lay out career ladders, and reducing the high drop-out rate of high school students in Vallejo.

Improving Vallejo for Employment and Career Opportunities

Organizations providing job training believe Vallejo should improve its industry clusters and create an identity for Vallejo around those business types. Specifically, they point to education and hospitality/tourism as possible identifiers for Vallejo. They believe that Vallejo could become the education hub of Northern California, and/or the gateway to Napa. Finally, their main recommendation for Vallejo is to invest in its youth. They suggest creating a Mayor's summer youth program, local business sponsorship of summer employment opportunities, and mentorship programs. Other suggestions include partnering higher education institutions with the high school for dual enrollment and entrepreneurship training opportunities.

Business and Merchant Organization Stakeholders

Organizations interviewed that represent business and merchants included: Vallejo Chamber of Commerce, Solano Black Chamber of Commerce, Solano Hispanic Chamber of Commerce, Vallejo Main Street, the Central Core Restoration Corporation (CCRC), and Solano Economic Development Corporation.

The Vallejo Chamber of Commerce, with approximately 400 members, represents larger employers as well as smaller local entrepreneurs. Solano Black Chamber represents African-American entrepreneurs, providing mentoring, research, and referral for their members. The Hispanic Chamber is composed of real estate, insurance, tax preparers, restaurants, and larger institutions like Solano Community College and Touro University. Most of their members own their own businesses. Vallejo Main Street is a non-profit that supports economic development, branding, and special projects for downtown Vallejo, in partnership with the California Main Street Alliance and the City of Vallejo. CCRC is a property based business improvement district (PBID), which collects a small self-imposed tax and deploys the funds to support promotion, safety, or maintenance of the downtown area. Solano Economic Development Corporation, a countywide group, strives to promote economic vitality and quality of life for communities in Solano County by attracting, growing, and retaining business and industry.

Vallejo's Strengths and Challenges

These organizations believe that Vallejo's economic strengths include the opportunity for businesses to grow because there is a great value for the price. They also listed Vallejo's infrastructure, including its fiber optic, water, waste water, and grey water systems, as major assets. Additionally, they focused on Vallejo's historic charm and architecture, its proximity to the waterfront, and its walkability. They also considered Vallejo's three main higher education institutions - Touro University, California Maritime Academy, and Solano Community College - as great advantages for the City. Challenges cited by business and merchant organizations are Vallejo's issues with perception and lack of foot traffic downtown, business diversity, and a sustainable leadership team at the City. Specifically, they cited perception issues surrounding crime and the quality of the school system. They also believe there needs to be greater diversity of businesses downtown to attract more foot traffic. Finally, they find it difficult to open a business in Vallejo due to the City's bureaucratic processes.

Improving Vallejo for Businesses

Business and merchant's organizations focus on a variety of solutions for improving Vallejo for business, but almost all state that the City needs to improve Vallejo's public safety and crime reputation through a branding and marketing campaign. Following safety issues, they desire a clear and less expensive way to navigate permitting and licensing. They also want the City to lead the way on waterfront development and take a proactive stance to encourage businesses to stay in Vallejo. The organizations also suggested attracting more industry on Mare Island, improved engagement with all businesses in City affairs, creating an incentive program to get businesses to locate downtown, dealing with homelessness in a humane way, implementing parking improvements, and improving the vacant building ordinance.

Large Business Stakeholders

Large businesses interviewed include the Meyer Corporation and Sutter Solano Medical Center. Meyer Corporation is a distributor of cookware in the United States and has been located in Vallejo since 1993. It has roughly 100 employees in the Vallejo location, with an additional cluster in Fairfield. Sutter Solano Medical Center has been part of Vallejo since 1984 and has approximately 658 employees.

Meyer Corporation expanded to Fairfield in 1995, despite their desire to stay in Vallejo. Fairfield offered them a better deal on land, and was reportedly very supportive of their efforts. Sutter Solano County has no immediate plans to expand, but is currently undergoing a planning process for future operations.

Vallejo's Strengths and Challenges

Businesses believe Vallejo's strengths include its beautiful architecture and its location on the Bay. It is close to San Francisco and the Easy Bay via the ferry, and can also act as a gateway to Napa Valley. Businesses view of challenges include the City's recent bankruptcy, limited public resources, crime related issues, and deteriorating housing stock. They also believe

downtown needs more businesses and attractions to draw visitors on a regular basis, and that the current slate of events are no longer exciting.

Improving Vallejo for Businesses

To improve Vallejo's business climate, interviewees mentioned the importance of investment in basic infrastructure, especially housing near downtown; this would jump start activity in the downtown area. They also believe the City needs a leader who will bring new excitement to Vallejo and proactively change things. This includes actively meeting with businesses, putting them on a steering committee, and increasing positive communication about Vallejo. They also want the City to manage its resources well, directly address concerns about public safety, develop the waterfront, and attract significant employers to Vallejo.

Development Stakeholders

Two developers were interviewed, Callahan Property Company and Lennar Mare Island, LLC. Callahan Property Company is primarily working on developing the Downtown Waterfront, while Lennar is focused on continued implementation of master developer activities at Mare Island, which include developing single family homes, new office and industrial facilities, and rehabilitation/reuse of existing industrial and special purpose facilities.

Vallejo's Strengths and Challenges

Developers cite Vallejo's location, the ferry service, and its affordable rents as key strengths. They think the ferry service allows Vallejo to attract businesses that are worried about operating costs from elsewhere in the Bay Area. Additionally, they believe the character of Mare Island and its history are other key assets that draw in business and development.

Challenges mentioned include the cost and time required for environmental remediation on Mare Island, and the low sales price of homes relative to development costs. Specifically, they believe more housing needs to be created or renovated to improve the perception of the market in the region, but that it is difficult to do without a steady job base.

Improving Vallejo for Development

To improve Vallejo for future development and to attract investment, developers think the City needs to improve Vallejo's negative perception around safety and its school system. They also believe the City should organize promotional material for Mare Island's North End, and let developers know they are "pro-development," unlike some other cities in the region. Lennar also mentioned its interest in sun-setting the Island's Community Facilities District (CFD) in order to improve competitive advantages in rent rates, and relax historic requirements for properties on the Island.

Arts, Entertainment, and Tourism

Organizations interviewed in the arts, entertainment, and tourism industry that were interviewed include the Vallejo Community Arts Foundation (VCAF), Vallejo Convention and Visitors Bureau (CVB), and Six Flags Discovery Kingdom.

VCAF is a non-profit that focuses on managing the Empress Theatre, providing summer art programs, the Downtown windows art project, and generally supporting the artist community in Vallejo. CVB focuses on promoting Vallejo as a destination. Six Flags Discovery Kingdom is a theme park and tourist attraction that attracts visitors throughout the region to Vallejo.

Vallejo's Strengths and Challenges

Strengths the arts, entertainment, and tourism industry cited include Vallejo's proximity to Napa and its ability to act as a gateway to Napa Valley. Interviewees also think its relatively low cost of housing, good transportation options, and its fiber optic infrastructure are key assets for the City.

Challenges cited by the group included a lack of quality hotel space, conference space, and quality restaurants. They also believe there are few options for family entertainment and no active night life. Additionally, they think there is a perception of poor public safety and schools.

Improving Vallejo for Arts, Entertainment, and Tourism

Opportunities to improve Vallejo cited by the arts, entertainment, and tourism industry include actively using the fairground land and creating a big entrance into Vallejo. They believe the City also needs to attract name brands that represent quality and bring in families—including quality food, entertainment, and upscale hotels with amenities. To encourage more tourism, they suggest the City invest in a larger police force to bolster perception of public safety. Finally, they believe the City needs a centralized branding and marketing campaign that actively pursues businesses to open in Vallejo.

Considerations for Moving Forward

This chapter discusses areas of consideration when contemplating ways to move economic development forward in the City of Vallejo. This chapter addresses: factors contributing to Vallejo's past economic performance; development feasibility: what, when and where; and fiscal impact considerations.

Factors Contributing to Vallejo's Past Economic Performance

As summarized in this report, Vallejo has faced the challenge of fully sharing in the region's prosperity, particularly in the region's current housing boom. Vallejo's job base has recovered and exceeded its pre-recession levels, but the community still has a relatively low ratio of jobs to employed residents, and has long sought to attract additional jobs to Vallejo. Its residents seeking employment have also suffered a relatively high unemployment rate, and as profiled elsewhere in this report, its real estate markets, while improving, has traditionally lagged other parts of the Bay Area.

There are many factors which could be identified that contribute to Vallejo's economic picture. In general, Vallejo has had a history of industrialization, with growth occurring when the former Mare Island played a key role in submarine production and repair. Like many communities that reached their maturity during the WWII and post-WWII era, heavy industry drove the other sectors in Vallejo (e.g., services). Today, this traditional heavy industrial base has declined dramatically throughout the US, but is slowly being replaced by more advanced manufacturing which requires different workforce skills and in some cases, different physical and locational attributes. Vallejo is well-positioned to fit within the modern advanced manufacturing needs physically, especially those seeking the types of existing space and/or newly developed future space that can be available at Mare Island. However, further analysis is needed to identify current workforce gaps, which may need a level of post-high school educational attainment, and/or targeted training to match certain employers' needs in advanced manufacturing. This same workforce factor, represented by the educational attainment data provided in this report, which have not kept pace with the region overall, but are improving. In addition, the quality of area public schools, which train some of the future local workforce, has long been identified as needing further improvement.

Other factors have also contributed to Vallejo's current picture. Despite an active Redevelopment Agency prior to California's dissolution of these entities, revitalization projects in Vallejo have met with mixed success. The auto dealers were relocated, the Discovery Kingdom project was initiated, and various positive waterfront improvements were made through this form of public investment. Other projects, including planned downtown master developer projects, have not come to fruition. Many communities face similar challenges, requiring a strategic approach with public investments that match and support public-private

partnerships. In addition, recent years have brought negative publicity to Vallejo stemming from its fiscal woes. These factors have improved greatly, and Vallejo's current staff and elected officials have taken many steps to foster positive momentum, but more needs to be done. Strategic public investments, including leveraging publicly-owned sites, creating partnerships with clear performance milestones, will help set this stage. Programs supporting permit streamlining, as well as reducing risk, will also help stimulate Vallejo's economy. And finally, recognizing and amplifying Vallejo's historic districts and pedestrian-friendly core (downtown/waterfront), coupled with expanded ferry service, as reinforced by the General Plan Update process, will support this momentum.

Development Feasibility: What, Where, and When

What is Development Feasibility

Real estate development projects are considered feasible when the following factors are present:

- there is sufficient market demand (buyers and tenants);
- the value of the completed project, based on market sales prices and rents, is greater than the total cost of development;
- equity investors and lenders are willing to provide project financing on acceptable terms;
and
- there is community support for the proposed project, including a willingness to approve any needed entitlements without onerous conditions, fees or delay in processing (City permits).

If any of the four above factors are missing, projects are infeasible and will not be built. Success at real estate development therefore requires matching market opportunities with projects that have reasonable construction costs, meet City objectives, and correspond to the capabilities of the developer and the requirements of project investors.

The Factors That Influence Development Feasibility

Development feasibility is not static. It continually shifts in response to market and economic changes. Feasibility is not even the same for all developers – there is a wide range among developers in the types of projects in which they specialize (e.g. single family subdivisions vs. shopping centers vs. business parks), and in the requirements of project investors.

Markets are affected by macro economy-wide factors (condition of the US economy, interest rates, etc.) as well as more local micro factors (the relationship between demand and supply for various types of land uses in the City and the region). Construction costs are affected by both the type of building to be constructed, the type of parking (surface vs. parking structures), as well as material and labor costs (boom times lead to spikes in construction costs).

Cities generally seek projects that: have the support of residents (and rely on developers to engage the community and built support); will generate more new tax revenues than the cost of public services for the new development; minimize or mitigate development-related impacts; and feature high quality design that enhances surrounding neighborhoods. Politics at the level of a city continuously evolve, and a project may raise new concerns or a desired community outcome that will have to be addressed.

All of this creates a very large set of risks that developers must minimize to be successful, many more than those listed above. This is why developers seek to build projects that maximize return on investment with the lowest possible risk; push to build projects that maximize market potential even if it doesn't match current zoning; and want the quickest and smoothest possible path to getting final City approvals, often made feasible through a focused General Plan and a clear zoning code. A prime consideration for developers is demonstrated success by other developers doing the same type of project – being a pioneer and the first developer to build a certain type of project greatly increases risk and the potential for failure, and is something most developers are unwilling to do.

Evaluating Development Feasibility

There are well-established methodologies for testing development feasibility. Market studies can quantify demand for an individual use or a set of uses in a proposed project in a specific location. Market studies also identify the profile of potential buyers and renters; how many units or square feet can be sold or leased and how quickly; the sales prices or rental rates that can be achieved; and what is needed for a project to successfully compete against other developments in the local market area.

Spreadsheet computer models, or “pro formas,” are financial projections that test “financial feasibility” or whether the value of a completed project will be greater than the total cost of development, and whether a developer can earn its required rate or return on an investment. A pro forma shows the development program (types of uses, square feet, parking, type of construction, etc.). It identifies all costs of construction, including architects and engineers, financing, City development impact fees, and developer fees to calculate total development cost. The value of the completed project is projected based on sales prices and rental rates, less operating costs, with the resulting net operating income divided by a market capitalization rate to determine the market value of the project.

For a project to have market and financial feasibility, there must be sufficient market demand to sell or lease the space in a reasonable time period at sufficient sales prices or rents. The value of the completed project must be greater than total development cost by a large enough margin to cover the cost of purchasing land for the development, as well as paying investors back their promised return on investment.

A recent financial feasibility analysis was conducted for the Sonoma Boulevard Specific Plan, and the memorandum summarizing its findings is attached to this report as Appendix F. The analysis was based on a mix of potential “prototype” projects of two to five stories. The Specific Plan envisions reduced minimum parking requirements, consistent with the more efficient use of parking that mixed-use development can make. Parking standards often have a significant impact on feasibility because overly high standards reduce the amount of development that can be built on a site, and projects that require podium, structured, or underground parking are much more expensive to build.

As described in the memorandum, current apartment rents, condo prices, and commercial rents in the Sonoma Boulevard Specific Plan area do not provide sufficient returns to private developers and investors to support the cost of new construction. Table 25 summarizes current market rents and sale prices in the Specific Plan area, and compares them to the market rents and sales prices that would be needed for a developer to consider a potential project as being feasible.⁴ Within the Specific Plan area, residential rents and sales prices will on average need to increase slightly more than 50 percent above current levels for new development to become feasible.

Table 25: Current Market Rents/Sale Prices vs. Feasible Project Rents/Sale Prices for Prototype Development Projects in the Sonoma Boulevard Specific Plan Area, 2014

Rents/Sale Prices (a)	Current Market	Feasible Rents	Difference	Percent Change
Retail - \$ per sf/yr	\$9 - \$19	\$24	\$6	25%
Office - \$ per sf/yr	\$9 - \$22	\$24	\$7	29%
Live/Work - Sale Price	\$380,000	\$470,000	\$90,000	24%
1-BR Apt - \$/mo (Surface Parking)	\$1,200	\$1,600	\$400	33%
1-BR Apt - \$/mo (Podium Parking)	\$1,200	\$1,800	\$600	50%
2-BR Apt - \$/mo (Surface Parking)	\$1,400	\$2,150	\$750	54%
2-BR Apt - \$/mo (Podium Parking)	\$1,400	\$2,350	\$950	68%
1-BR Condo - Sale Price (Surface Parking)	\$170,000	\$250,000	\$80,000	47%
1-BR Condo - Sale Price (Podium Parking)	\$170,000	\$285,000	\$115,000	68%
2-BR Condo - Sale Price (Surface Parking)	\$210,000	\$320,000	\$110,000	52%
2-BR Condo - Sale Price (Podium Parking)	\$210,000	\$350,000	\$140,000	67%
3-BR Condo - Sale Price (Surface Parking)	\$240,000	\$360,000	\$120,000	50%
3-BR Condo - Sale Price (Podium Parking)	\$240,000	\$385,000	\$145,000	60%
3-BR Townhouse - Sale Price (Surface Parking)	\$275,000	\$410,000	\$135,000	49%
3-BR Townhouse - Sale Price (Podium Parking)	\$275,000	\$450,000	\$175,000	64%
4-BR Townhouse - Sale Price (Surface Parking)	\$325,000	\$470,000	\$145,000	45%
4-BR Townhouse - Sale Price (Podium Parking)	\$325,000	\$510,000	\$185,000	57%

(a) Podium parking is used in mixed-use developments with residential above ground floor commercial and parking. Townhouses units with podium parking are a component of a larger mixed-use project and use the project parking. Parking is per standards proposed for the draft Specific Plan, and is lower than current City standards.

Sources: Opticos; BAE, 2014.

⁴ “Current market” retail and office rents reflect the broad range of rents for existing space of varying quality that is not competitive with new product and therefore would not impact rental rates for new development. A midpoint of current office and retail rents was used for comparison with the rents needed to achieve feasibility. Office rents are modified gross, and retail rents are triple net.

Feasibility in Today's Market

The City of Vallejo, in its work to attract more development, has conducted market and financial feasibility studies for potential projects in the Northgate area, and for the Sonoma Boulevard Specific Plan. While Vallejo has in the last couple years gained new retail tenants, and seen interest from companies and organizations in response to the recent North Mare Island developer Request for Qualifications, there are currently limited number of development projects under construction in the City (mostly retail with general merchandise or food and dining), and a limited number of projects proposed for planning approval. Some of the findings from recent market studies and pro forma models include:

- *There is limited current market demand for new market-rate residential development.* The City is still coping with the aftermath of the 2008 financial crisis and subsequent deep recession. While the rate of new foreclosures has dropped, there appears to still be a considerable supply of bank owned properties that have yet to be sold. Even in Vallejo's upscale neighborhoods, current sale prices are influenced by the large supply of foreclosed properties are too low to support new development. Perception issues are considered to still affect the willingness of many homebuyers and renters to move to Vallejo, and thus developer interest in new projects.
- *There are limited current market opportunities for new commercial development.* Current rental rates for office, retail, and commercial properties are too low to justify the cost of new construction, which reflects a modest level of demand. Vallejo does not currently attract many firms from the expanding high-tech, financial, and professional services sectors who support higher rents.
- *There are however current potential opportunities to attract tenants to particular locations.* Walmart's recent opening of its Neighborhood Market in the former Mervyns' near Sonoma Boulevard is an example of a retailer seeing an opportunity to attract customers. Tenants (or space users) first focus on whether there is demand in an area, and then on whether suitable space can be obtained at a reasonable cost. Developers working with a creditworthy tenant can obtain financing to construct a building for that tenant. Recent market analysis shows that there are opportunities to attract general merchandise, food and dining, and automobile retailers.

Fiscal Impacts

For a local government, a concept related to development feasibility is whether new development will generate sufficient new fiscal revenues for its budget to cover new municipal service costs, or preferably a net fiscal surplus to enhance its fiscal condition. New development, depending upon the use, generates a combination of local property taxes, sales taxes, transient occupancy (hotel room) taxes, utility user taxes, and other revenues. While new development requires additional municipal services, on a city-wide basis a balanced combination of residential and commercial development usually generates new fiscal revenues that are in excess of new service costs.

Individual developments, including residential projects and particularly in in-fill locations, often generate revenues with minimal or even no increase in service costs. This is because impacts at the level of an individual development can be modest, and often public safety and other city departments have the capacity to handle additional demands for service using existing staff and facilities. The one exception, where new service costs can easily exceed new revenues, is “greenfield” development on previously undeveloped land, due to the need to extend services to a new area, which requires both additional staffing and new facilities.

A balanced mix of new development, including residential, is important to enhance the overall attractiveness of a community and support its economic development goals. Fiscal impact analysis at the level of the General Plan is a tool to ensure that the overall mix of future development will balance new fiscal revenues with new fiscal service costs, even if individual projects vary in their net fiscal impact. Preparation of the General Plan will include a complete analysis of the fiscal impacts from anticipated new development. Appendix E provides an overview of the City’s recent fiscal trends.

The City recently commissioned an illustrative analysis of the potential fiscal impact from alternative mixed-use development programs at the undeveloped “Cooke” site in the Northgate area. The uses considered include auto dealerships, retail, hotel, medium-density residential (small lot single-family up to 11 units per acre) and higher-density residential (attached single-family and townhouses up to 22 units per acre). The analysis included new fiscal revenues, as well as a simple “average cost” calculation of new service costs, based on the current City General Fund budget. Its findings, while based on building types and property values in the Northgate area, do provide a beginning point for understanding the potential fiscal impacts from new development in the City. The findings from the analysis are presented in Table 26.

Table 26: New Annual Fiscal Benefits, Development Alternatives, Cooke Site, Vallejo, 2014

New Annual Fiscal Revenues	Per Acre/Year
Auto Dealership	\$79,000
Retail	\$49,000
Hotel	\$58,000
Medium-Density Residential	\$14,000
Higher-Density Residential	\$20,000 - \$23,000
New Fiscal Service Costs	\$11,000 - \$12,000

Revenues include: property taxes; sales taxes; and transient occupancy taxes.

Sources: City of Vallejo; BAE, 2014.

Appendix A: 2012 Vallejo Economic Development Strategic Plan - Goals

Goal	Objectives
<p>1. Establish a business retention and expansion program. Recognizing that the majority of new job creation comes from existing firms, this program will provide high-leverage resources to support expansion of Vallejo businesses and resolve issues that negatively affect business vitality.</p>	<ol style="list-style-type: none"> 1. Establish a coordinated business visitation program to assess the needs of existing companies in Vallejo and connect business owners and managers with resources to grow their businesses including resources for access to capital, innovation, market development, cost reduction and sustainability through efficient use of raw materials, water, and energy and reduction in solid waste. 2. Establish an "Economic Gardening" program to grow the Vallejo economy through entrepreneurship.
<p>2. Attract new businesses and investment to Vallejo.</p>	<ol style="list-style-type: none"> 1. Maintain a Vallejo marketing plan that actively manages public perception of Vallejo and promotes awareness of Vallejo's strategic advantages. (See First-Year Marketing Plan for details). 2. Establish and aggressively promote advantages of doing business in Vallejo and position Vallejo as the Bay Area's lowest cost place to do business. 3. Consider short-term incentives to attract new investment such as deferral of impact fees for qualified new investments.
<p>3. Operate City government in a way that prioritizes economic development.</p>	<ol style="list-style-type: none"> 1. Ensure consistent, understandable and predictable regulatory framework. 2. Continuously improve the efficiency of City government services to businesses.
<p>4. Increase retail sales, capture sales tax leakage in key sectors, and increase local employment at retail shopping and dining businesses.</p>	<ol style="list-style-type: none"> 1. Within the Vallejo General Plan update, establish well-defined locations for retail corridors serving targeted consumer market segments including residents, visitors, and the people who work in Vallejo. 2. Improve underperforming retail centers. 3. Strategically recruit retailers and dining establishments. 4. Promote Vallejo as a shopping and dining destination.
<p>5. Maintain the competitiveness of Vallejo's labor force by increasing the skill level of the workforce.</p>	<ol style="list-style-type: none"> 1. In partnership with the Solano Workforce Investment Board and Solano Community College, promote and prioritize job training that results in professional credentials and certifications. 2. Partner with Solano Workforce Investment Board to aggressively pursue funding and technical assistance opportunities through state and federal economic development programs. 3. Encourage Vallejo residents to finish high school. 4. Make Vallejo attractive to talent from elsewhere. 5. In partnership with Solano Workforce Investment Board and other local educational, apprenticeship training and employment-related service providers ensure continued investment in education and the job-related skill sets of the resident workforce
<p>6. Increase the availability and visibility of investment-ready land and attract new development</p>	<ol style="list-style-type: none"> 1. Improve the visibility, understanding, and marketing of existing properties available for investment. 2. Support brownfields redevelopment. 3. Establish a high-priority plan for development on North Mare Island.
<p>7. Make Vallejo the Bay Area's premier site for manufacturing.</p>	<ol style="list-style-type: none"> 1. Support growth in international trade and export sales that creates jobs and potentially increases City sales tax revenues. 2. Improve ability of manufacturers to ship from Mare Island across all transportation modes. 3. Update land use policy in the General Plan that supports manufacturing growth on Mare Island and in other industrially-zoned areas. 4. Attract new investment from businesses that are linked to regional manufacturing sectors promoted by Solano County EDC including food and beverage production, life science manufacturing, clean technology and other manufacturers creating high-wage jobs. 5. Establish and promote an Expedited Plan Review Service for qualified manufacturers investing in Vallejo.
<p>8. Grow a family tourism sector in Vallejo by strengthening Six Flags Discovery Kingdom as a driver of demand, building Vallejo's total tourism product, increasing overnight visitor stays, and increasing visitor spending.</p>	<ol style="list-style-type: none"> 1. Establish a Vallejo Tourism Master Plan to guide development of Vallejo's tourism economy. 2. Enhance Vallejo's Naval Heritage Experience as a Driver of Tourism Demand. 3. Regularly meet directly with Six Flags management to identify and take action on any issues that affect visitor experiences at the park. 4. Consider establishment of an entertainment district near the waterfront, in downtown, or near Six Flags to cluster hotel, dining, and entertainment venues in close proximity to one another. 5. Locally promote the importance of a strong, diverse tourism economy by communicating directly with key public and private officials, and garnering the support of the media. 6. Support the Vallejo Convention and Visitors Bureau to build visibility and improve awareness of Vallejo's assets among the target market segments.

Goal	Objectives
9. Increase investment in healthcare services and life-sciences manufacturing in Vallejo.	<ol style="list-style-type: none"> 1. Consider ways to strengthen relationships between local research universities that support technology transfer and business start-ups in Vallejo including the potential for Vallejo to support a business incubator at a life science business park. 2. Further develop health and life science training opportunities in Vallejo and promote these resources in marketing materials on the economic development department website. 3. Partner with Solano EDC, brokers, and developers to market sites that are suitable for life-sciences manufacturing investment related to the life sciences sector.
10. Support growth linked to higher education institutions in Vallejo.	<ol style="list-style-type: none"> 1. Each of the three higher education institutions in Vallejo may experience expansion in the future, however costs linked to redevelopment of existing structures poses a difficulty for expansion of research space at Touro University and could pose a problem for other institutions looking to expand their facilities. These challenges are addressed through the land development section of the plan which provides support for redevelopment of brownfields sites. 2. Institutions noted the lack of high quality dining, entertainment and retail shopping in Vallejo as a limiting factor affecting the ability to recruit students, faculty and staff. These concerns are addressed through the retail development and tourism sector strategies. 3. A review of growth strategies for university towns suggests that most economic development strategies linked to universities are designed to capitalize on discoveries and new technologies developed at research universities. Vallejo has one research university, Touro, and is in close proximity to UC Berkeley and UC Davis. The Health Sector growth strategy includes an objective to evaluate the feasibility of a business incubator in connection with a life sciences business park located near Touro University.
Maintain an environment that is conducive to economic development.	<ol style="list-style-type: none"> 1. Maintain public safety. 2. Maintain a high quality built environment. 3. Support improvement in high school graduation rates and a strong public education system.

Appendix B: Detailed Data Tables

B-1: Employment, Labor Force, and Unemployment Rate Trends, 2000- 2013

Vallejo				
Year	Employment	Labor Force	Unemployment	Unemployment Rate
2000	55,100	58,500	3,400	5.8%
2001	56,000	59,400	3,400	5.7%
2002	57,000	61,400	4,400	7.2%
2003	57,700	62,600	4,900	7.8%
2004	58,000	62,600	4,500	7.3%
2005	58,800	63,000	4,200	6.7%
2006	59,000	62,800	3,800	6.1%
2007	58,800	62,900	4,100	6.6%
2008	58,600	64,000	5,400	8.5%
2009	57,100	65,700	8,600	13.1%
2010	56,300	66,100	9,700	14.7%
2011	56,700	66,000	9,300	14.1%
2012	58,100	66,300	8,200	12.4%
2013	59,400	66,300	6,900	10.4%

Solano County				
Year	Employment	Labor Force	Unemployment	Unemployment Rate
2000	185,200	194,200	9,000	4.6%
2001	188,100	197,200	9,100	4.6%
2002	191,500	203,300	11,800	5.8%
2003	193,900	206,900	13,000	6.3%
2004	195,000	207,100	12,100	5.8%
2005	197,600	208,900	11,200	5.4%
2006	198,200	208,400	10,100	4.9%
2007	197,500	208,500	11,000	5.3%
2008	196,900	211,400	14,500	6.8%
2009	191,900	214,700	22,800	10.6%
2010	189,300	215,200	25,900	12.0%
2011	190,700	215,400	24,700	11.5%
2012	195,200	217,000	21,800	10.1%
2013	199,500	217,900	18,300	8.4%

California				
Year	Employment	Labor Force	Unemployment	Unemployment Rate
2000	16,024,300	16,857,600	833,200	4.9%
2001	16,220,000	17,152,100	932,100	5.4%
2002	16,180,800	17,343,600	1,162,800	6.7%
2003	16,200,100	17,390,700	1,190,600	6.8%
2004	16,354,800	17,444,400	1,089,700	6.2%
2005	16,592,200	17,544,800	952,600	5.4%
2006	16,821,300	17,686,700	865,400	4.9%
2007	16,960,700	17,921,000	960,300	5.4%
2008	16,893,900	18,207,300	1,313,500	7.2%
2009	16,155,000	18,220,100	2,065,100	11.3%
2010	16,068,400	18,336,300	2,267,900	12.4%
2011	16,249,600	18,417,900	2,168,300	11.8%
2012	16,589,700	18,519,000	1,929,300	10.4%
2013	16,933,300	18,596,800	1,663,500	8.9%

Note: Data not seasonally adjusted.

Sources: CA EDD; BAE, 2014.

B-2: Detailed Commute Flows, Vallejo Residents and Vallejo Workers, 2010

Working Residents of Vallejo (a)

<u>Place of Work</u>	<u>Number</u>	<u>% Total</u>
In Solano County	22,440	44.3%
Vallejo	15,255	30.1%
Fairfield	2,700	5.3%
Bencia	2,245	4.4%
Elsewhere in County	2,240	4.4%
San Francisco	5,155	10.2%
Oakland	2,320	4.6%
Napa	2,070	4.1%
Richmond	1,575	3.1%
Concord	1,535	3.0%
San Rafael	1,125	2.2%
Berkeley	795	1.6%
American Canyon	790	1.6%
Walnut Creek	765	1.5%
San Ramon	625	1.2%
Novato	540	1.1%
All Other Locations	<u>10,915</u>	<u>21.5%</u>
Total	50,650	100.0%

Workers in Vallejo (b)

<u>Place of Residence</u>	<u>Number</u>	<u>% Total</u>
In Solano County	23,510	75.1%
Vallejo	15,255	48.7%
Fairfield	2,385	7.6%
Vacaville	2,050	6.5%
Elsewhere in County	3,820	12.2%
In Contra Costa County	2,385	7.6%
In Napa County	2,185	7.0%
Other SF Bay Area (c)	1,385	4.4%
All Other Locations	<u>1,855</u>	<u>5.9%</u>
Total	31,320	100.0%

Notes:

(a) Resident workers includes all person 16 or older who live in the area, who may be working in the area or elsewhere. This is not the same as the count of persons working in the area. Commuter flow data are based on Census Transportation Planning Package data using 2006-2010 American Community Survey (ACS) estimates, which are based on statistical sampling conducted continuously between 2006 and 2010. CTPP commuter data releases may lag ACS by a few years.

(b) Workers include members of the Armed Forces and civilians 16 and older who were at work the week prior to being surveyed.

(c) Includes the remaining counties in the 9-County Bay Area: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Solano, and Sonoma counties.

Sources: Census Transportation Planning Package, 2006-2010; ACS, 2006-2010; BAE 2014.

B-3: Vallejo, County, and Regional Residential Building Permits, 2000 – 2013

City of Vallejo																
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total	Avg.
Single-Family	487	363	459	236	475	331	85	70	9	45	38	25	27	0	2,650	189
Multi-Family	<u>0</u>	<u>0</u>	<u>125</u>	<u>0</u>	<u>201</u>	<u>93</u>	<u>114</u>	<u>48</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>598</u>	<u>43</u>
Total	487	363	584	236	676	424	199	118	13	45	38	25	27	13	3,248	232
Single-Family	100%	100%	79%	100%	70%	78%	43%	59%	69%	100%	100%	100%	100%	0%	82%	
Multi-Family	<u>0%</u>	<u>0%</u>	<u>21%</u>	<u>0%</u>	<u>30%</u>	<u>22%</u>	<u>57%</u>	<u>41%</u>	<u>31%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>100%</u>	<u>18%</u>	
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Single-Family	-25.5%	26.4%	-48.6%	101.3%	-30.3%	-74.3%	-17.6%	-87.1%	400.0%	-15.6%	-34.2%	8.0%	-100.0%			
Multi-Family	N/A	N/A	-100%	N/A	-54%	23%	-58%	-92%	-100%	N/A	N/A	N/A	N/A			
Solano County																
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total	Avg.
Single-Family	2,045	1,788	1,692	2,050	2,205	1,962	907	866	323	559	435	387	479	540	16,238	1,160
Multi-Family	<u>181</u>	<u>743</u>	<u>668</u>	<u>592</u>	<u>568</u>	<u>392</u>	<u>119</u>	<u>153</u>	<u>239</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>59</u>	<u>235</u>	<u>3,949</u>	<u>282</u>
Total	2,226	2,531	2,360	2,642	2,773	2,354	1,026	1,019	562	559	435	387	538	775	20,187	1,442
Single-Family	92%	71%	72%	78%	80%	83%	88%	85%	57%	100%	100%	100%	89%	70%	80%	
Multi-Family	<u>8%</u>	<u>29%</u>	<u>28%</u>	<u>22%</u>	<u>20%</u>	<u>17%</u>	<u>12%</u>	<u>15%</u>	<u>43%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>11%</u>	<u>30%</u>	<u>20%</u>	
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Single-Family		0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Multi-Family		-13%	-5%	21%	8%	-11%	-54%	-5%	-63%	73%	-22%	-11%	24%	13%		
Bay Area																
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total	Avg.
Single-Family	15,840	12,445	13,879	15,272	14,198	13,941	9,966	8,617	4,155	3,775	3,573	3,709	5,232	5,545	130,147	9,296
Multi-Family	<u>10,648</u>	<u>10,193</u>	<u>7,824</u>	<u>12,063</u>	<u>10,924</u>	<u>11,366</u>	<u>13,036</u>	<u>7,972</u>	<u>7,764</u>	<u>1,706</u>	<u>5,751</u>	<u>6,010</u>	<u>10,251</u>	<u>11,538</u>	<u>127,046</u>	<u>9,075</u>
Total	26,488	22,638	21,703	27,335	25,122	25,307	23,002	16,589	11,919	5,481	9,324	9,719	15,483	17,083	257,193	18,371
Single-Family	60%	55%	64%	56%	57%	55%	43%	52%	35%	69%	38%	38%	34%	32%	51%	
Multi-Family	<u>40%</u>	<u>45%</u>	<u>36%</u>	<u>44%</u>	<u>43%</u>	<u>45%</u>	<u>57%</u>	<u>48%</u>	<u>65%</u>	<u>31%</u>	<u>62%</u>	<u>62%</u>	<u>66%</u>	<u>68%</u>	<u>49%</u>	
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Single-Family	-21.4%	11.5%	10.0%	-7.0%	-1.8%	-28.5%	-13.5%	-51.8%	-9.1%	-5.4%	3.8%	41.1%	6.0%			
Multi-Family		-4%	-23%	54%	-9%	4%	15%	-39%	-3%	-78%	237%	5%	71%	13%		

Sources: U.S. Census Bureau, Building Permit Trends, 2000-2013; BAE, 2014.

B-4: Detailed Employment by Industry Sector, Vallejo and Bay Area, 2005 - 2013

Industry	Vallejo										Bay Area									
	2005		2009		2013		Change 2005-13		Change 2009-13		2005		2009		2013		Change 2005-13		Change 2009-13	
	Jobs	%	Jobs	%	Jobs	% Total	Jobs	%	Jobs	%	Jobs	Total	Jobs	Total	Jobs	Total	Jobs	%	Jobs	%
Agriculture, Forestry, Fishing and Hunting	(a)	(a)	(a)	(a)	(a)	(a)					20,759	0.6%	20,876	0.7%	19,886	0.6%	-873	-4.2%	-990	-4.7%
Mining (except Oil and Gas)	(a)	(a)	(a)	(a)	(a)	(a)					1,969	0.1%	957	0.0%	1,876	0.1%	-93	-4.7%	919	96.0%
Utilities	(a)	(a)	(a)	(a)	(a)	(a)					4,709	0.1%	6,435	0.2%	5,884	0.2%	1,175	25.0%	-551	-8.6%
Construction	1,150	4.4%	1,098	4.5%	1,688	6.2%	538	46.8%	590	53.7%	188,473	5.9%	142,030	4.5%	151,847	4.5%	-36,626	-19.4%	9,817	6.9%
Manufacturing	334	1.3%	270	1.1%	268	1.0%	-66	-19.8%	-2	-0.7%	350,962	10.9%	314,263	10.0%	308,961	9.1%	-42,001	-12.0%	-5,302	-1.7%
Wholesale Trade	346	1.3%	297	1.2%	301	1.1%	-45	-13.0%	4	1.3%	124,390	3.9%	115,992	3.7%	121,274	3.6%	-3,116	-2.5%	5,282	4.6%
Retail Trade	4,050	15.6%	2,889	11.8%	3,889	14.4%	-161	-4.0%	1,000	34.6%	335,744	10.4%	309,241	9.8%	329,247	9.7%	-6,497	-1.9%	20,006	6.5%
Transportation and Warehousing	562	2.2%	545	2.2%	429	1.6%	-133	-23.7%	-116	-21.3%	85,683	2.7%	78,438	2.5%	81,909	2.4%	-3,774	-4.4%	3,471	4.4%
Information	(a)	(a)	(a)	(a)	(a)	(a)					112,690	3.5%	111,333	3.5%	136,214	4.0%	23,524	20.9%	24,881	22.3%
Finance and Insurance	1,015	3.9%	923	3.8%	677	2.5%	-338	-33.3%	-246	-26.7%	151,375	4.7%	128,158	4.1%	118,304	3.5%	-33,071	-21.8%	-9,854	-7.7%
Real Estate and Rental and Leasing	398	1.5%	250	1.0%	304	1.1%	-94	-23.6%	54	21.6%	61,402	1.9%	53,776	1.7%	55,222	1.6%	-6,180	-10.1%	1,446	2.7%
Professional, Scientific, and Technical Services	751	2.9%	654	2.7%	498	1.8%	-253	-33.7%	-156	-23.9%	293,262	9.1%	321,808	10.2%	378,755	11.1%	85,493	29.2%	56,947	17.7%
Management of Companies and Enterprises	285	1.1%	97	0.4%	102	0.4%	-183	-64.2%	5	5.2%	54,856	1.7%	59,185	1.9%	69,367	2.0%	14,511	26.5%	10,182	17.2%
Admin. Waste Mgt. & Remediation Services	913	3.5%	926	3.8%	1,007	3.7%	94	10.3%	81	8.7%	181,061	5.6%	164,969	5.2%	192,231	5.6%	11,170	6.2%	27,262	16.5%
Educational Services	365	1.4%	657	2.7%	679	2.5%	314	86.0%	22	3.3%	65,987	2.1%	76,295	2.4%	88,322	2.6%	22,335	33.8%	12,027	15.8%
Healthcare and Social Assistance	6,755	26.0%	7,565	30.8%	8,146	30.1%	1,391	20.6%	581	7.7%	283,210	8.8%	311,429	9.9%	417,312	12.3%	134,102	47.4%	105,883	34.0%
Arts, Entertainment, and Recreation	1,180	4.5%	1,451	5.9%	1,870	6.9%	690	58.5%	419	28.9%	49,572	1.5%	50,679	1.6%	57,255	1.7%	7,683	15.5%	6,576	13.0%
Accommodation and Food Services	2,910	11.2%	2,727	11.1%	2,672	9.9%	-238	-8.2%	-55	-2.0%	260,298	8.1%	270,677	8.6%	314,978	9.3%	54,680	21.0%	44,301	16.4%
Other Services (except Public Administration)	1,103	4.2%	777	3.2%	833	3.1%	-270	-24.5%	56	7.2%	140,159	4.4%	157,003	5.0%	114,764	3.4%	-25,395	-18.1%	-42,239	-26.9%
Not Classified	(a)	(a)	(a)	(a)	29	0.1%					338	0.0%	7,418	0.2%	10,504	0.3%	10,166	3007.7%	3,086	41.6%
Government	3,526	13.6%	3,186	13.0%	3,440	12.7%	-86	-2.4%	254	8.0%	438,149	13.6%	441,817	14.0%	422,634	12.4%	-15,515	-3.5%	-19,183	-4.3%
Suppressed	350		260		191						8,944		7,045		7,645					
Total (b)	25,993		24,572	100.0%	27,023	100.0%	1,030	4.0%	2,451	10.0%	3,213,983	100.0%	3,149,813	100.0%	3,404,388	100.0%	190,405	5.9%	254,575	8.1%

Notes:

(a) Unreported for confidentiality purposes.

(b) Sum does not equal total due to rounding.

Sources: California EDD; BAE, 2014.

Table B-5: Office Space Trends, Vallejo Solano County Cities, and Region

	Vallejo					Mare Island					Balance of Vallejo				
	Inventory (sq.ft.)	Vacant Space (sq.ft.)	Vacancy Rate	Avg Asking Rent (a)	Net Absorption	Inventory (sq.ft.)	Vacant Space (sq.ft.)	Vacancy Rate	Avg Asking Rent (a)	Net Absorption	Inventory (sq.ft.)	Vacant Space (sq.ft.)	Vacancy Rate	Avg Asking Rent (a)	Net Absorption
2007	3,443,781	778,336	22.6%	\$0.93	219,596	1,434,339	660,257	46.0%	\$0.90	86,841	2,009,442	118,079	5.9%	\$1.64	132,755
2008	3,447,556	859,726	24.9%	\$1.01	(77,615)	1,434,339	726,467	50.6%	\$0.96	(66,210)	2,013,217	133,259	6.6%	\$1.54	(11,405)
2009	3,447,556	851,984	24.7%	\$1.06	7,742	1,434,339	709,561	49.5%	\$1.01	16,906	2,013,217	142,423	7.1%	\$1.39	(9,164)
2010	3,452,556	856,984	24.8%	\$1.04	0	1,434,339	724,743	50.5%	\$1.02	(15,182)	2,018,217	132,241	6.6%	\$1.20	15,182
2011	3,452,556	869,820	25.2%	\$1.02	(12,836)	1,434,339	720,779	50.3%	\$1.01	3,964	2,018,217	149,041	7.4%	\$1.14	(16,800)
2012	3,452,556	840,556	24.3%	\$0.99	29,264	1,434,339	720,361	50.2%	\$0.97	418	2,018,217	120,195	6.0%	\$1.09	28,846
2013	3,452,556	884,604	25.6%	\$0.99	(44,048)	1,434,339	754,036	52.6%	\$0.95	(33,675)	2,018,217	130,568	6.5%	\$1.23	(10,373)
2014	3,452,556	867,152	25.1%	\$1.00	17,452	1,434,339	735,381	51.3%	\$0.93	18,655	2,018,217	131,771	6.5%	\$1.28	(1,203)

	Fairfield					Vacaville					Benicia				
	Inventory (sq.ft.)	Vacant Space (sq.ft.)	Vacancy Rate	Avg Asking Rent (a)	Net Absorption	Inventory (sq.ft.)	Vacant Space (sq.ft.)	Vacancy Rate	Avg Asking Rent (a)	Net Absorption	Inventory (sq.ft.)	Vacant Space (sq.ft.)	Vacancy Rate	Avg Asking Rent (a)	Net Absorption
2007	2,193,918	357,092	16.3%	\$2.24	(12,642)	1,180,268	219,827	18.6%	\$2.25	18,965	496,771	12,369	16.3%	\$1.94	56,951
2008	2,275,748	342,484	15.0%	\$2.17	96,438	1,435,268	213,278	14.9%	\$2.06	261,549	496,771	13,404	15.0%	\$1.88	(1,035)
2009	2,275,748	387,343	17.0%	\$2.10	(44,859)	1,435,268	173,372	12.1%	\$1.94	39,906	496,771	12,798	17.0%	\$1.73	606
2010	2,275,748	368,372	16.2%	\$1.98	18,971	1,435,268	158,718	11.1%	\$1.90	14,654	496,771	15,212	16.2%	\$1.50	(2,414)
2011	2,257,631	307,357	13.6%	\$1.89	42,898	1,435,268	151,534	10.6%	\$1.86	7,184	495,937	14,569	13.6%	\$1.52	(191)
2012	2,238,139	271,026	12.1%	\$1.86	16,839	1,435,268	142,044	9.9%	\$1.79	9,490	495,937	17,190	12.1%	\$1.42	(2,621)
2013	2,238,139	295,080	13.2%	\$1.73	(24,054)	1,423,568	148,332	10.4%	\$1.80	(17,988)	495,937	20,971	13.2%	\$1.40	(3,781)
2014	2,321,719	335,069	14.4%	\$1.78	43,591	1,423,568	135,124	9.5%	\$1.80	13,208	495,937	21,624	14.4%	\$1.68	(653)

	Bay Area				
	Inventory (sq.ft.)	Vacant Space (sq.ft.)	Vacancy Rate	Avg Asking Rent (a)	Net Absorption
2007	413,092,369	44,638,095	10.8%	\$2.32	4,845,397
2008	417,814,098	48,900,242	11.7%	\$2.41	459,582
2009	419,591,684	59,439,554	14.2%	\$2.11	(8,761,366)
2010	420,686,948	60,808,662	14.5%	\$2.11	(274,624)
2011	418,231,951	53,085,655	12.7%	\$2.25	5,268,010
2012	418,832,591	48,650,996	11.6%	\$2.40	5,035,299
2013	420,333,402	43,563,308	10.4%	\$2.52	6,588,499
2014	421,432,635	40,479,267	9.6%	\$2.71	4,183,274

Notes:

(a) Asking rents reflect monthly Full Service leases.

Sources: CoStar Group; BAE, 2014.

Table B-6: Industrial/Warehouse Space Trends, Vallejo, Solano County Cities, and Region, 2007-2014

	Vallejo					Mare Island					Balance of Vallejo				
	Inventory (sq.ft.)	Vacant Space (sq.ft.)	Vacancy Rate	Avg Asking Rent (a)	Net Absorption	Inventory (sq.ft.)	Vacant Space (sq.ft.)	Vacancy Rate	Avg Asking Rent (a)	Net Absorption	Inventory (sq.ft.)	Vacant Space (sq.ft.)	Vacancy Rate	Avg Asking Rent (a)	Net Absorption
2007	5,996,347	1,370,072	22.8%	\$0.33	272,627	4,459,752	1,335,967	30.0%	\$0.33	189,477	1,536,595	34,105	2.2%	N/A	83,150
2008	5,996,347	1,380,645	23.0%	\$0.34	(10,573)	4,459,752	1,288,008	28.9%	\$0.34	47,959	1,536,595	92,637	6.0%	N/A	(58,532)
2009	5,996,347	1,386,936	23.1%	\$0.35	(6,291)	4,459,752	1,266,964	28.4%	\$0.35	21,044	1,536,595	119,972	7.8%	N/A	(27,335)
2010	5,996,347	1,528,211	25.5%	\$0.36	(141,275)	4,459,752	1,363,906	30.6%	\$0.35	(96,942)	1,536,595	164,305	10.7%	N/A	(44,333)
2011	5,996,347	1,255,205	20.9%	\$0.36	273,006	4,459,752	1,136,278	25.5%	\$0.34	227,628	1,536,595	118,927	7.7%	N/A	45,378
2012	5,996,347	1,215,026	20.3%	\$0.34	40,179	4,459,752	1,106,634	24.8%	\$0.34	29,644	1,536,595	108,392	7.1%	\$0.43	10,535
2013	5,996,347	1,189,725	19.8%	\$0.34	25,301	4,459,752	1,056,915	23.7%	\$0.33	49,719	1,536,595	132,810	8.6%	\$0.42	(24,418)
2014	5,996,347	986,079	16.4%	\$0.32	203,646	4,459,752	878,851	19.7%	\$0.29	178,064	1,536,595	107,228	7.0%	\$0.46	25,582

	Fairfield					Vacaville					Benicia				
	Inventory (sq.ft.)	Vacant Space (sq.ft.)	Vacancy Rate	Avg Asking Rent (a)	Net Absorption	Inventory (sq.ft.)	Vacant Space (sq.ft.)	Vacancy Rate	Avg Asking Rent (a)	Net Absorption	Inventory (sq.ft.)	Vacant Space (sq.ft.)	Vacancy Rate	Avg Asking Rent (a)	Net Absorption
2007	11,470,214	1,400,524	12.2%	\$0.64	767,512	7,159,220	1,317,196	18.4%	\$0.41	(187,501)	8,389,946	834,253	9.9%	\$0.50	231,652
2008	11,567,599	1,008,420	8.7%	\$0.48	489,489	7,156,220	889,324	12.4%	\$0.39	424,872	8,389,946	655,800	7.8%	\$0.49	178,453
2009	11,567,599	832,007	7.2%	\$0.50	176,413	7,170,020	882,342	12.3%	\$0.45	20,782	8,389,946	1,060,227	12.6%	\$0.49	(404,427)
2010	11,567,599	1,174,624	10.2%	\$0.48	(342,617)	7,193,050	1,044,764	14.5%	\$0.44	(139,392)	8,389,946	1,123,135	13.4%	\$0.49	(62,908)
2011	11,855,599	1,051,875	8.9%	\$0.45	410,749	7,193,050	906,277	12.6%	\$0.57	138,487	8,389,946	1,243,421	14.8%	\$0.41	(120,286)
2012	11,855,599	665,798	5.6%	\$0.42	386,077	7,161,321	851,983	11.9%	\$0.47	22,565	8,389,946	1,099,352	13.1%	\$0.40	144,069
2013	12,174,001	914,649	7.5%	\$0.39	69,551	7,161,321	518,639	7.2%	\$0.44	333,344	8,389,946	596,645	7.1%	\$0.51	502,707
2014	12,647,137	505,659	4.0%	\$0.35	882,126	7,161,321	210,154	2.9%	\$0.40	308,485	8,389,946	846,161	10.1%	\$0.53	(249,516)

	Bay Area				
	Inventory (sq.ft.)	Vacant Space (sq.ft.)	Vacancy Rate	Avg Asking Rent (a)	Net Absorption
2007	452,246,015	21,763,372	4.8%	\$0.65	5,536,785
2008	452,669,991	28,618,734	6.3%	\$0.59	1,098,428
2009	455,691,472	34,839,565	7.6%	\$0.55	(10,724,581)
2010	460,896,759	37,582,597	8.2%	\$0.53	(5,615,678)
2011	464,251,847	39,233,446	8.5%	\$0.52	(1,704,239)
2012	466,364,911	35,730,832	7.7%	\$0.56	(2,462,255)
2013	467,927,641	26,568,981	5.7%	\$0.59	3,199,350
2014	468,709,790	28,449,558	6.1%	\$0.59	6,431,386

Notes:

(a) Asking rents reflect monthly NNN leases.

Sources: CoStar Group; BAE, 2014.

B-7: Vallejo Taxable Retail Sales Trends, 2009-2012

Sales in \$000 (a) (b) (c)

	2009	2010	2011	2012
Motor Vehicle and Parts Dealers	\$144,615	\$148,291	\$161,682	\$201,172
Home Furnishings and Appliance Stores	\$38,849	\$41,652	\$42,484	\$41,792
Bldg. Matrl. and Garden Equip. & Supplies	\$57,723	\$62,117	\$73,369	\$74,068
Food and Beverage Stores	\$58,329	\$57,064	\$59,808	\$62,217
Gasoline Stations	\$107,571	\$126,445	\$151,452	\$158,428
Clothing & Clothing Accessories Stores	\$36,554	\$36,312	\$34,771	\$33,841
General Merchandise Stores	\$136,833	\$144,223	\$150,761	\$158,506
Food Services and Drinking Places	\$108,293	\$105,250	\$111,461	\$117,472
Other Retail Group	\$69,709	\$75,441	\$79,584	\$90,017
Retail Stores Total	\$758,476	\$796,794	\$865,372	\$937,514

Sales per Capita in \$ (d)

	2009	2010	2011	2012
Motor Vehicle and Parts Dealers	\$1,240	\$1,279	\$1,397	\$1,727
Home Furnishings and Appliance Stores	\$333	\$359	\$367	\$359
Bldg. Matrl. and Garden Equip. & Supplies	\$495	\$536	\$634	\$636
Food and Beverage Stores	\$500	\$492	\$517	\$534
Gasoline Stations	\$922	\$1,091	\$1,308	\$1,360
Clothing & Clothing Accessories Stores	\$313	\$313	\$300	\$290
General Merchandise Stores	\$1,173	\$1,244	\$1,302	\$1,361
Food Services and Drinking Places	\$928	\$908	\$963	\$1,008
Other Retail Group	\$598	\$651	\$687	\$773
Retail Stores Total	\$6,502	\$6,872	\$7,475	\$8,048

116,653 115,942 115,773 116,495

(a) At the beginning of 2007, SBOE made some minor changes to their classification system, thus year-to-year comparisons with previous years should be made with caution. 2009-2012 data presented in a separate table due to major change in categorization scheme, such that data are not fully comparable with earlier years.

(b) Analysis excludes all non-retail outlets (business and personal services) reporting taxable sales.

(c) A "#" sign indicates data unavailability for the category due to SBOE confidentiality rules that suppress data when there are four or fewer outlets or sales in a category dominated by one store. Suppressed sales have been combined with Other Retail Stores.

(d) Per capita sales calculated based on sales divided by population. 2000 and 2010 population from U.S. Census; estimates for other years from CA State Dept. of Finance.

Sources: 2000 & 2010 U.S. Census; State Dept. of Finance; State Board of Equalization; CA Dept. of Industrial Relations; U.S. Bureau of Labor Statistics; BAE, 2014.

Table B-8: Retail Space Trends, Vallejo, Solano County Cities, and Region, 2007-2014

Vallejo					
	Inventory	Vacant Stock	Vacancy Rate	Avg Asking Rent (a)	Net Absorption
2007	5,939,195	225,296	3.8%	\$1.80	153,026
2008	5,939,195	539,045	9.1%	\$1.62	(313,749)
2009	5,939,195	576,552	9.7%	\$1.16	(37,507)
2010	6,112,944	531,440	8.7%	\$1.17	218,861
2011	6,078,416	540,934	8.9%	\$1.14	(44,022)
2012	6,075,870	482,124	7.9%	\$1.13	56,264
2013	6,075,870	445,151	7.3%	\$1.12	36,973
2014	6,075,870	404,795	6.7%	\$1.25	40,356

Fairfield					
	Inventory	Vacant Stock	Vacancy Rate	Avg Asking Rent (a)	Net Absorption
2007	5,964,599	168,354	2.8%	\$1.69	184,275
2008	6,011,623	313,232	5.2%	\$1.75	(97,854)
2009	6,017,863	527,602	8.8%	\$1.36	(208,130)
2010	6,051,751	351,480	5.8%	\$1.22	210,010
2011	5,894,751	254,899	4.3%	\$1.53	(60,419)
2012	5,894,751	222,562	3.8%	\$1.42	32,337
2013	5,902,475	372,518	6.3%	\$1.39	(142,232)
2014	5,902,475	316,286	5.4%	\$1.65	56,232

Vacaville					
	Inventory	Vacant Stock	Vacancy Rate	Avg Asking Rent (a)	Net Absorption
2007	5,874,863	352,610	6.0%	\$1.60	173,310
2008	5,953,515	330,634	5.6%	\$1.58	100,628
2009	5,988,829	449,180	7.5%	\$1.61	(83,232)
2010	5,983,729	447,762	7.5%	\$1.37	(3,682)
2011	5,990,929	540,153	9.0%	\$1.23	(85,191)
2012	5,995,938	423,696	7.1%	\$1.23	121,466
2013	6,088,102	404,073	6.6%	\$1.27	111,787
2014	6,118,725	327,739	5.4%	\$1.44	106,957

Benicia					
	Inventory	Vacant Stock	Vacancy Rate	Avg Asking Rent (a)	Net Absorption
2007	907,146	32,031	3.5%	\$2.64	77,582
2008	901,336	27,439	3.0%	\$2.47	(1,218)
2009	906,315	37,779	4.2%	\$1.21	(5,361)
2010	903,431	29,452	3.3%	\$1.14	5,443
2011	903,431	38,400	4.3%	\$1.46	(8,948)
2012	903,431	31,504	3.5%	\$1.32	6,896
2013	903,431	27,110	3.0%	\$1.49	4,394
2014	903,431	29,814	3.3%	\$1.58	(2,704)

Bay Area					
	Inventory	Vacant Stock	Vacancy Rate	Avg Asking Rent (a)	Net Absorption
2007	341,584,039	12,886,281	3.8%	\$2.32	6,279,742
2008	344,859,091	14,053,825	4.1%	\$2.23	2,107,768
2009	343,826,556	19,573,373	5.7%	\$2.01	(6,548,136)
2010	344,196,750	18,316,599	5.3%	\$1.90	1,626,968
2011	343,747,034	17,241,094	5.0%	\$1.90	625,789
2012	343,350,576	16,176,796	4.7%	\$1.89	667,391
2013	344,442,157	14,501,437	4.2%	\$1.93	2,788,558
2014	345,192,190	12,122,051	3.5%	\$2.03	3,129,419

Notes:

(a) Asking rents reflect monthly NNN leases.

Sources: CoStar Group; BAE, 2014.

B-9: Recent Taxable Retail Sales, Total & Per Capita, Vallejo, Solano County, and CA, 2012

Sales in 2012 \$000

	Vallejo	Solano County	California
Motor Vehicle and Parts Dealers	\$201,172	\$725,410	\$61,547,848
Home Furnishings and Appliance Stores	\$41,792	\$188,872	\$24,681,910
Bldg. Matrl. and Garden Equip. and Supplies	\$74,068	\$286,842	\$27,438,083
Food and Beverage Stores	\$62,217	\$222,972	\$24,511,714
Gasoline Stations	\$158,428	\$710,489	\$58,006,168
Clothing and Clothing Accessories Stores	\$33,841	\$411,613	\$32,357,516
General Merchandise Stores	\$158,506	\$670,845	\$49,996,451
Food Services and Drinking Places	\$117,472	\$505,396	\$59,037,320
Other Retail Group	\$90,017	\$387,942	\$43,795,813
Retail Outlets Total	\$937,514	\$4,110,380	\$381,372,823

Sales per Capita in 2012 \$

	Vallejo	Solano County	California
Motor Vehicle and Parts Dealers	\$1,727	\$1,745	\$1,634
Home Furnishings and Appliance Stores	\$359	\$454	\$655
Bldg. Matrl. and Garden Equip. and Supplies	\$636	\$690	\$728
Food and Beverage Stores	\$534	\$536	\$651
Gasoline Stations	\$1,360	\$1,709	\$1,540
Clothing and Clothing Accessories Stores	\$290	\$990	\$859
General Merchandise Stores	\$1,361	\$1,613	\$1,327
Food Services and Drinking Places	\$1,008	\$1,216	\$1,567
Other Retail Group	\$773	\$933	\$1,163
Retail Outlets Total	\$8,048	\$9,886	\$10,124

2012 Population (a)	116,495	415,786	37,668,804
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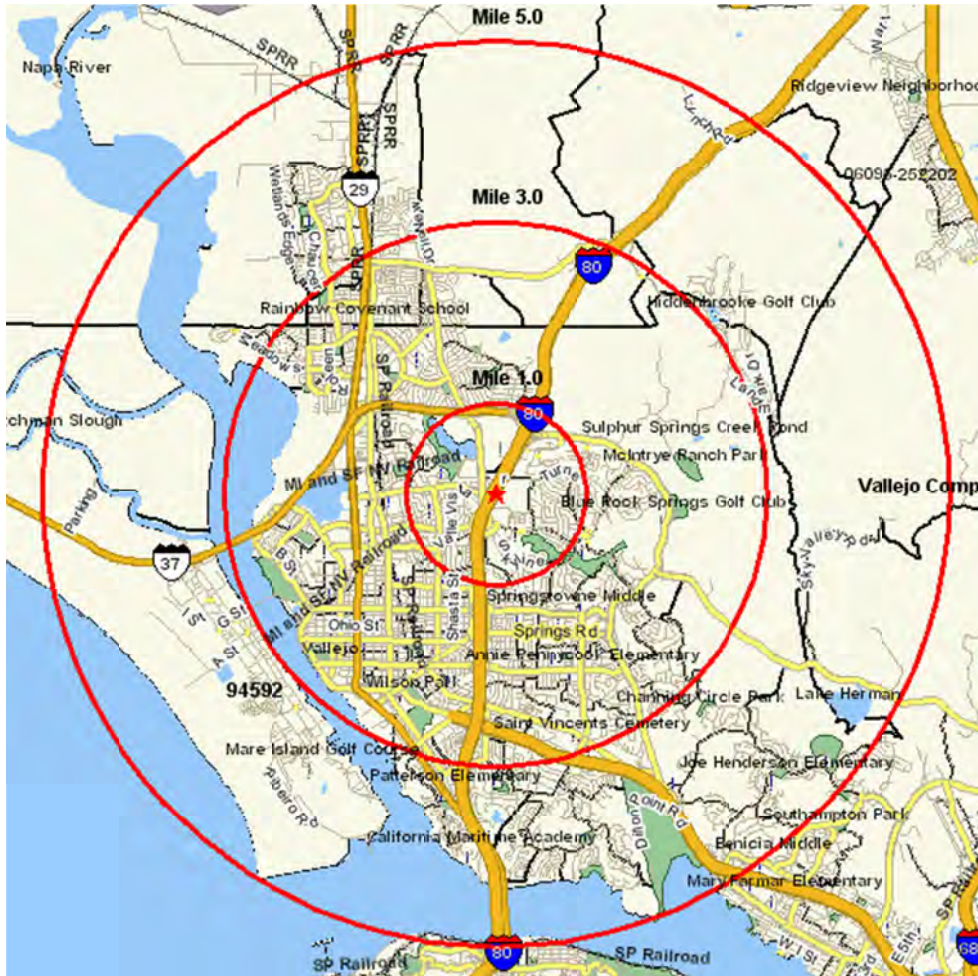
Notes:

(a) Population from DOF E-5 Report.

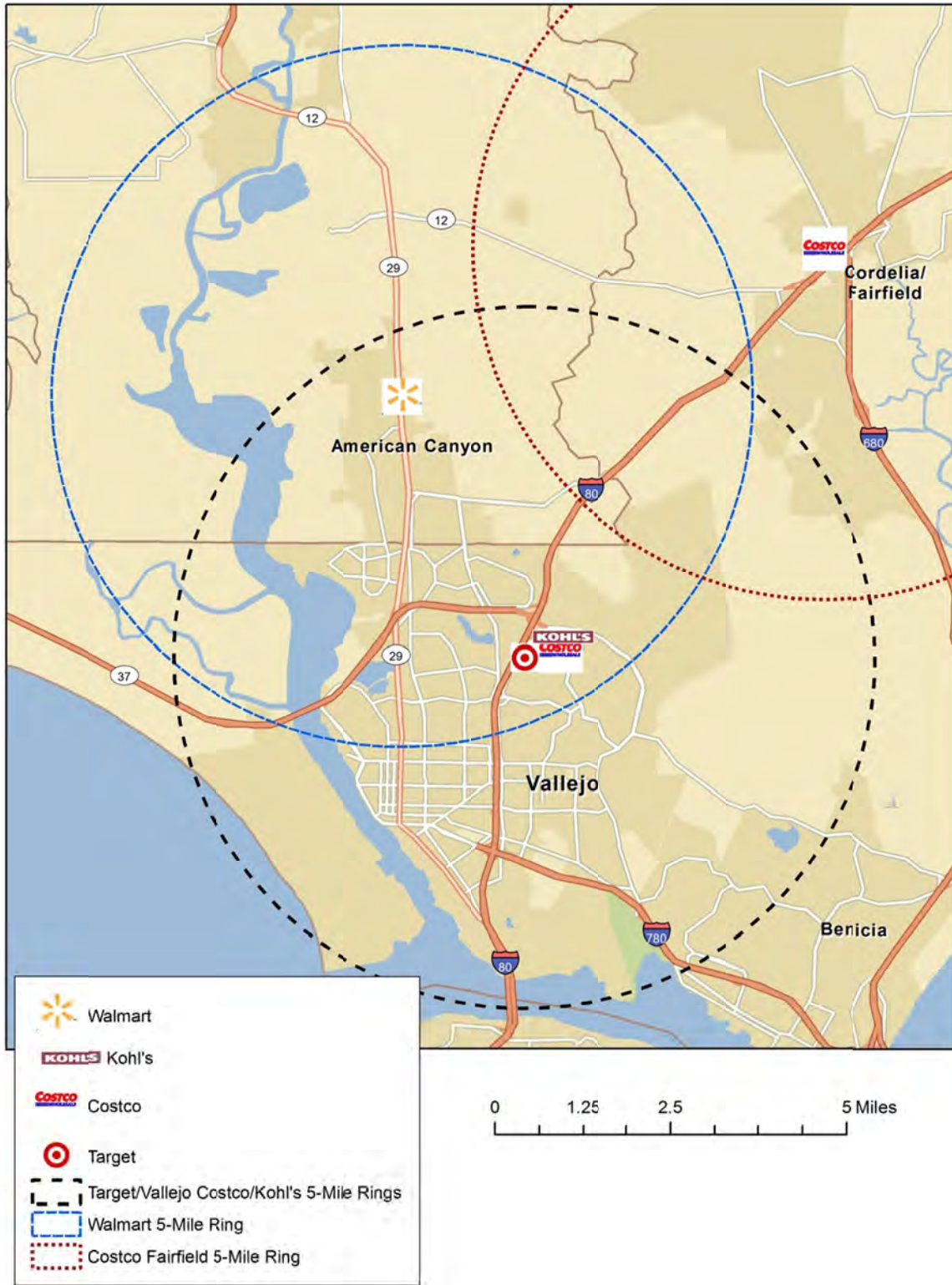
Sources: State Dept. of Finance (DOF) 2014 E-5 Report; State Board of Equalization; BAE.

Appendix C: Retail Void Analysis

Vallejo Trade Areas – 1, 3, and 5 Mile Rings



Vallejo General Merchandise Void Analysis

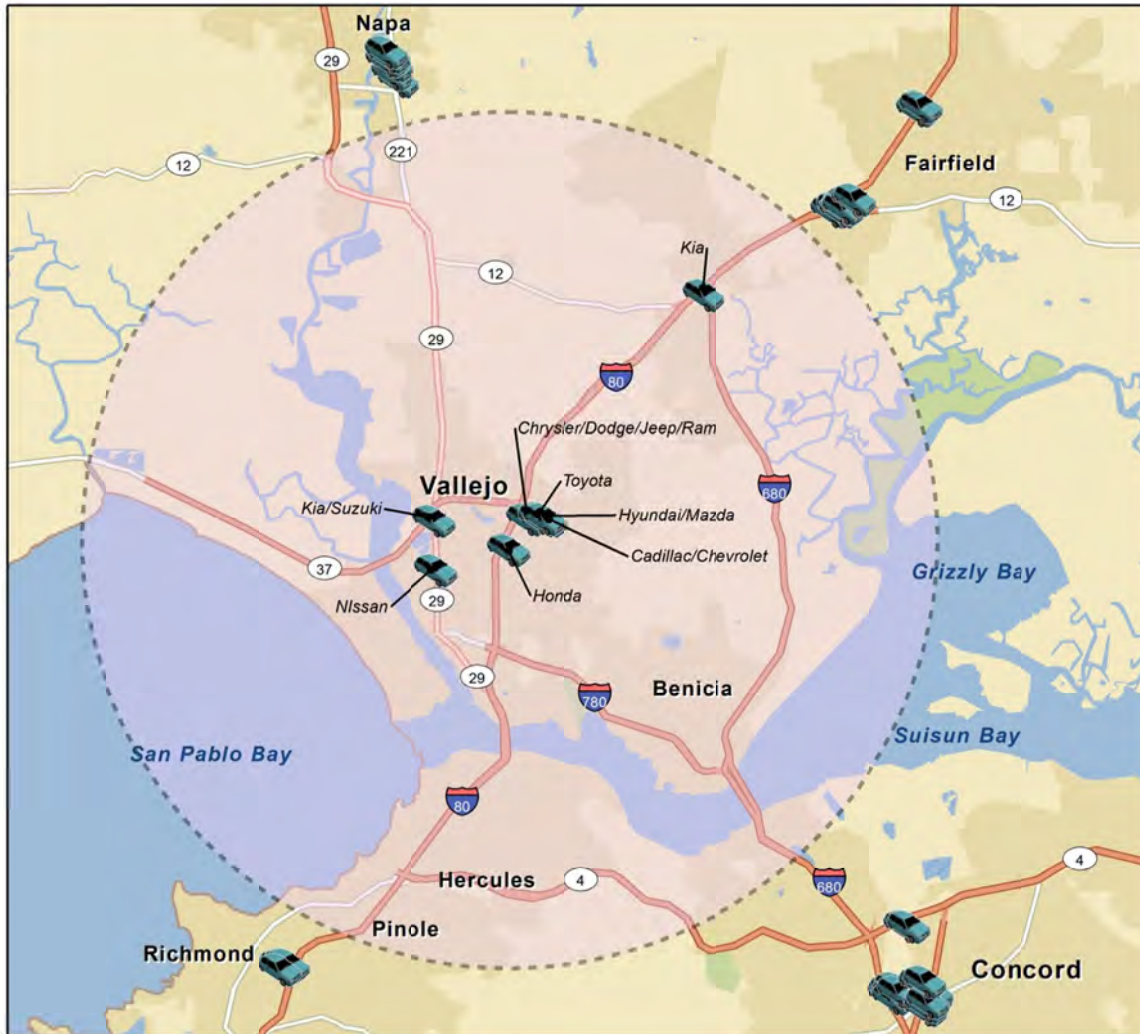


Void Analysis for Destination Grocery Stores

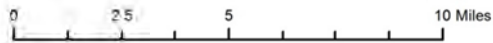


0 2.5 5 10 Miles

Void Analysis for Auto Dealers



 New Car Dealers
 10-Mile Radius



Appendix D: Profile of Vallejo’s Higher Education Institutions

Touro University

Touro University owns 44 acres on Mare Island where it has operated since 1999. The school has programs in osteopathic medicine, pharmacy, physician assistant studies, public health, and education. A nursing program will open in August 2014. Additional campuses exist in Henderson, Nevada and New York City.

The university has nearly 1,400 students and 249 faculty and staff. As seen in the tables below, the majority of students, faculty, and staff reside outside of Solano County. Nearly half of faculty and staff live in Solano County, however, as compared to approximately one third of students.

Number of Enrolled Students Residing within Solano County, 2013

Academic Year	Students Living in Solano County	Total # of Students
2008-2009	205	1,262
2009-2010	209	1,316
2010-2011	601	1,403
2011-2012	493	1,403
2012-2013	435	1,387

Source: Touro University Campus Administration, 2013.

Where TUC’s Full-Time Employees Reside, 2012-13, FTE

County	Number
Solano	117
Other California Counties	
Alameda	30
Contra Costa	29
Napa	17
Marin	12
Sonoma	11
Los Angeles	10
Ventura	6
San Francisco	5
San Mateo	5
Sacramento	4
Placer	2
Yolo	1
Totals	249

Source: Touro University, 2013

The university relies on partnerships with the medical community in Vallejo, but often struggles to find enough local residencies for their students. Kaiser Vallejo runs their own residency program and Sutter Solano has a small facility, which often cannot accommodate all of Touro’s residency needs. Students are also placed at Solano County Health Department’s locations in Vallejo, Fairfield, and Vacaville.

Key partnerships outside of the medical community include relationships with the Unified School District, the Vallejo Education Business Alliance, and Napa Learns—a program that provides stipends for any public teacher in Napa that wishes to get their master’s degree. Touro has accepted at least 70 teachers into their education program through the Napa Learns.

Issues with their current location revolve around the cost of rehabilitating historic structures with needed below ground infrastructure and environmental remediation on Mare Island. This limits their ability to grow and improve classroom space. Additionally, the appearance of the North End of Mare Island is a large obstacle to overcome when attracting students and staff.

Housing is also an issue for staff and students. Faculty want nicer housing than what is available and tend to go to the Glen Cove and Hiddenbrooke neighborhoods, or move to Benicia. Students want to be near campus but there is little housing available. This has prompted Touro to approach developers to see if they will fund apartments for students or faculty housing on the island.

To improve Vallejo, Touro wants to see more development on Mare Island, the waterfront, and downtown Vallejo to create a college-town like atmosphere. They say that students want a variety of quality restaurants and cafes, as well as shopping opportunities. Additionally, more upscale hotels are needed to house potential students and faculty when they visit the campus. Finally, public transportation and public safety are concerns for the campus. There is no public transportation to and from the island to connect students to downtown Vallejo, and the perception that Vallejo is filled with crime is hard to combat when attracting students to attend Touro.

Economic Impacts of Touro University

In a report commissioned by the university in 2013, the estimated economic impacts the University provides to the community were measured. It is estimated that the university provides nearly \$2.3 million dollars in tax revenue and supports 515 jobs.

Summary of Economic Impacts, 2010-11 to 2012-13 average (3 year average)

<u>Economic Impact</u>	<u>New Business Incomes</u>	<u>Support Jobs</u>	<u>State and Local Taxes</u>
Solano County			
Capital Spending	\$1,982,600	12.8	\$83,400
Student Households	\$4,169,900	32.6	\$307,600
Operations	\$35,664,300	469.1	\$1,939,400
Totals	\$41,816,800	514.5	\$2,330,400
Rest of California			
Capital Spending	\$1,587,700	9.1	\$70,300
Student Households	\$7,080,400	40.2	\$364,900
Operations	\$24,514,000	300.8	\$750,300
Totals	\$33,182,100	350.1	\$1,185,500
Overall	\$74,998,900	864.6	\$3,515,900

Source: Touro University, 2013.

California Maritime Academy

California Maritime Academy (CMA) is a specialized campus within the California State University (CSU) system. It is the only West Coast degree-granting maritime academy in the United States. The school offers bachelor's degrees in business administration with a focus on international business and logistics, facilities engineering technology, global studies and maritime affairs, marine engineering technology, marine transportation and mechanical engineering. It also offers a master's degree in transportation and engineering management.

The university has nearly 1,050 students and would like to expand to 2,500 students in the next quarter century. All students are required to live on campus, wear full uniform, and be part of the core of cadets.

The university does not regularly engage with partners in the community, although has had talks with Solano Community College about allowing students into their programs. Due to the full-time nature of CMA, little has come of these talks except for full-time transfers. The university also has their own ship their use for training, but does place students on functioning commercial ships across the United States.

Current challenges the university is facing deals with limited space of their current site. Since all students are required to live on-campus, it is hard to find space to house all of them on their current grounds. The campus is also limited financially to build new on-campus housing, which restricts their ability to expand their student base and programs. At one point in time, they considered renting space in downtown Vallejo, but the current President wants to keep the campus intact.

CMA also currently owns an unused parcel that they would like to build on near their entrance, but they need to find a business partnership to finance the build. They would also like to widen Country Lane near their entrance and create additional parking from which they could gain revenue.

To improve Vallejo, CMA believes the City needs consistent leadership that proactively addresses Vallejo's current problems—especially the perception of crime. Other challenges they cite include a lack of hotels for their visitors and a lack of nearby night life for their students.

Solano Community College

Solano Community College (SCC) has been in Solano County since 1945 and built its current campus in Vallejo in 2007. The school offers community-based programs which include: transfer education to 4-year colleges, career training, and personal enrichment courses. SCC's main campus is in Fairfield, but has three satellite sites, including Vallejo, Vacaville, and Travis Air Force Base. Vallejo has two specialized programs not offered on other campuses: medical front office and automobile technology.

The college has approximately 10 to 12 full-time staff and 1,500 students, a majority of which reside in Vallejo. Of the 1,500 students, approximately 700 are full-time equivalent. After attending SCC, most students transfer to four year schools or pursue career technical education.

SCC considers itself to be in partnership with CMA and Touro University because SCC students often transfer to those institutions. The college also has partnerships with Kaiser and Sutter Solano Medical Center where students participate in clinical education. Additionally, SCC provides space in Vallejo for Sonoma State University where they offer a B.A. in Liberal Studies. SCC also sees itself as a partnership organization for the larger community because it offers access to higher education for students locally.

The campus recently bought 15 to 16 acres of land to expand even further. Their goal is to build a new building in the next three years to house an automobile technology center, as well as provide additional services to students.

To improve Vallejo for students, SCC wishes the City would regularly convene higher education representatives so they could better coordinate efforts with each other and the City. This also includes creating opportunities for student housing or a student village. Finally, they hope the City would actively participate in attracting students to come to Vallejo since there are so many options and would market the City has a college-town.

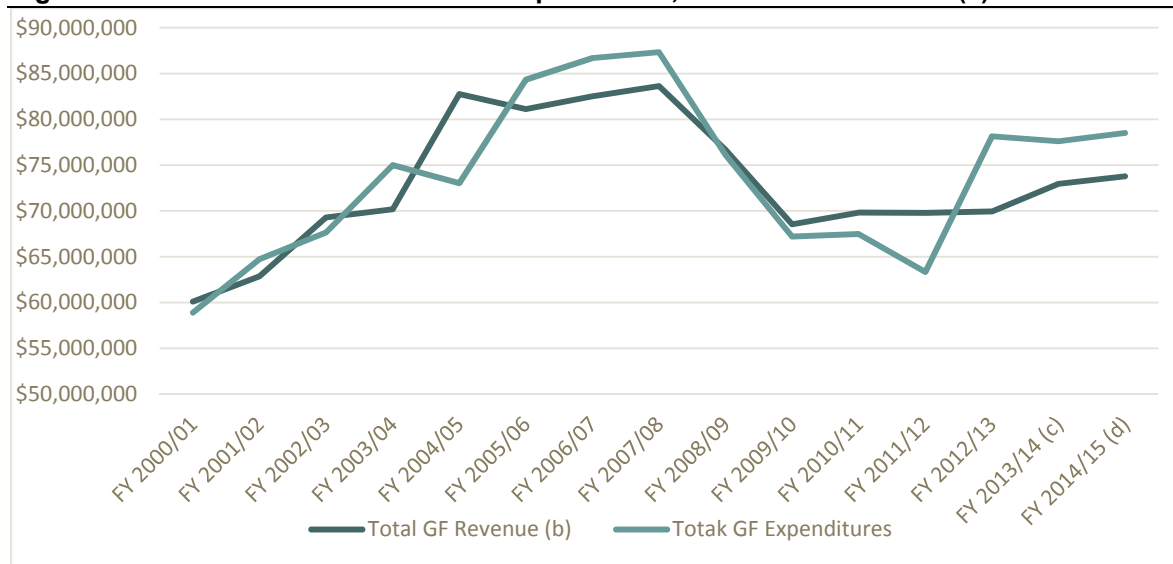
Appendix E: City Fiscal Trends

Appendix E reviews the City’s recent fiscal trends, including the sources of revenue for the General Fund and special revenue sources and expenditures including Measure B and Participatory Budgeting allocations. This analysis reviews actual General Fund revenue and expenditure data for the period between FY 2000/01 to FY 2012/13, the last year for which actual figures were available. Revenue and expenditure figures for FY 2013/14 are projected and figures for 2014/15 reflect those approved in the adopted FY 2014/15 budget.

General Fund Overview

Trends in General Fund revenues and expenditures reflect the fiscal stability of the City’s core operations and services. General Fund revenues include all property, sales, and other taxes, as well as services fees and fines collected by the City on an annual basis. General Fund expenditures fund public safety, public works, housing, economic development, administration, and other core City services. The figure below shows the annual trend in General Fund revenues and expenditures going back to FY 2000/2001. These trend lines clearly trace the recent economic cycle, with the General Fund sources and uses growing steadily through the recession that began in late 2007. Revenue stabilized, after significant losses, in 2010, and is projected to increase through the current budget period.

Figure A: General Fund Revenues and Expenditures, FY 2000/01 – 2014/15 (a)



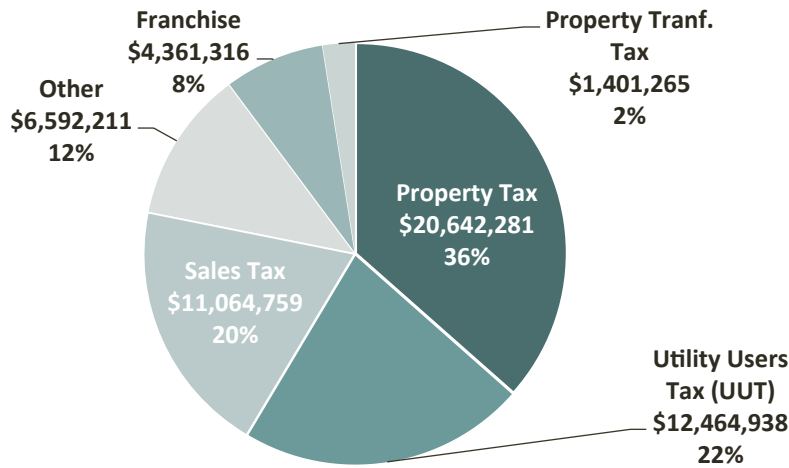
Notes:

- (a) All figures are nominal and not adjusted for inflation.
 - (b) Figures for FY 2003/04 are net of Mare Island allocations; figures for FY 2012/13 - 2014/15 exclude Measure B revenues.
 - (c) Budget figures for FY 2013/14 are projected, as reported in the adopted FY 2014/15 Budget.
 - (d) Budget figures for FY 2014/15 are those approved in the adopted FY 2014/15 Budget.
- Sources: Vallejo Finance Department; BAE, 2014.

Figure The figure below provides a breakdown of the City’s major General Fund revenue sources for the adopted FY 2014/15 budget. As shown property tax receipts account for over one-third of

General Fund revenues, while sales tax and utility users tax (UUT) receipts each make up about 20 percent of revenues. An additional 12 percent of revenues are accounted for by “other” sources, including transient occupancy tax (TOT), business license tax, and user fees and fines.

Figure B: General Fund Revenues by Source, FY 2014/15 (a)



Notes:

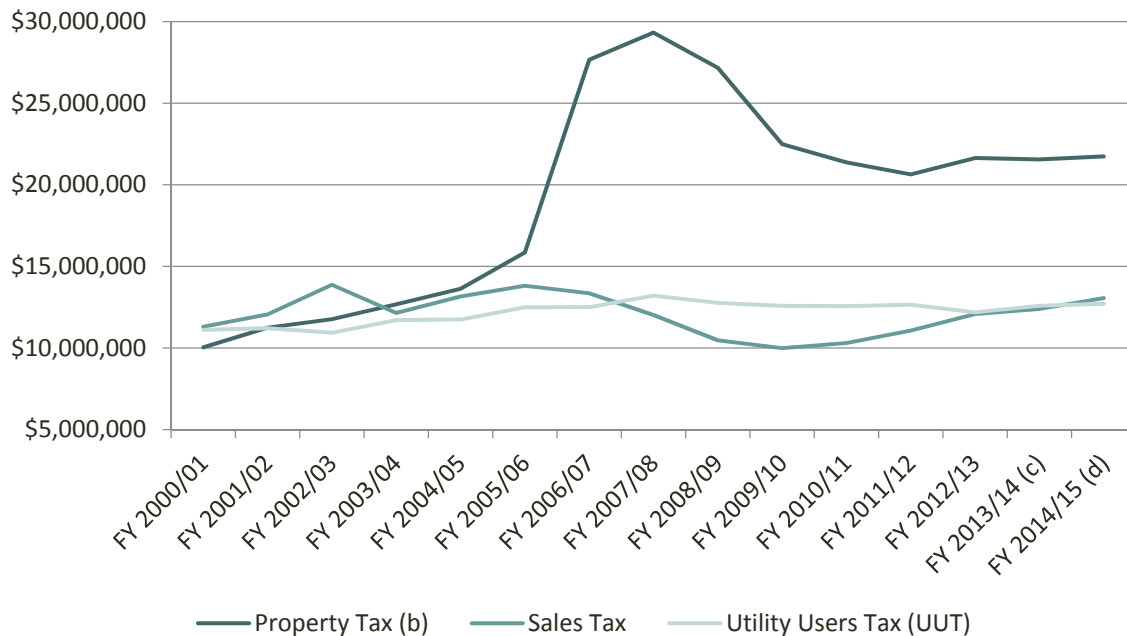
(a) Excludes Measure B revenues.

(b) Includes property tax and property tax in-lieu revenues.

Sources: Vallejo Finance Department; BAE, 2014.

The figure below shows the trend since FY 2000/01 for the City's three primary General Fund revenue sources, property tax, sales tax, and the utility users tax (UUT) levied on television, natural gas, electricity, and telephone services. Property tax revenues rose dramatically during the housing boom of the mid-2000s, tracking rapid and escalating home sales during that period. However, property tax receipts were also severely impacted by the recession and foreclosure crisis as many homeowners lost their homes and home values saw a sharp decline. Property tax revenue has stabilized at a level roughly 25 percent below its peak in 2007. Sales tax revenues were also highly sensitive to the economic downturn due to a decline in household spending. Sales tax revenue declined by nearly 30 percent between 2006 and 2009, but has since recovered to near pre-recession levels. As noted in the FY 2014/15 budget, Vallejo's sales tax revenues are highly concentrated; the top 10 tax-generating businesses account for 40 percent of all receipts.

Figure C: General Fund Revenues by Major Source, FY 2000/01 – 2014/15 (a)



(a) All figures are nominal and not adjusted for inflation.
 (b) Includes property tax and property tax in-lieu revenues.
 (c) Budget figures for FY 2013/14 are projected, as reported in the adopted FY 2014/15 Budget.
 (d) Budget figures for FY 2014/15 are those approve in the adopted FY 2014/15 Budget.
 Sources: Vallejo Finance Department; BAE, 2014.

Notes:

Measure B and Participatory Budgeting

Measure B is a one percent sales tax approved by Vallejo voters in 2011 for a duration of 10 years beginning April 1, 2012 and ending March 31, 2022. In FY 2012/13, the first full fiscal year in which the tax was collected, Measure B raised \$11,740,000. The FY 2014/15 budget projects a sales tax revenue of \$12,430,000.

Measure B funds are appropriated by the City Council through the annual budgeting process to programs that fulfill several goals, including replenishment of City reserves, infrastructure improvements, public safety and quality of life enhancements, and economic development activities. Measure B also funds 44 full-time positions, including 28 sworn police officers and firefighters, and five positions in the Economic Development Department. It should be noted that funding for these positions will be terminated with the expiration of Measure B in 2022, unless appropriations are made from alternative sources.

In addition, a portion of Measure B revenues were appropriated in FY 2012/13 and 2013/14 to fund projects determined by a Participatory Budgeting (PB) process, in which Vallejo residents develop improvement and service projects that provide a community benefit. Projects developed through the PB process are voted on in a citywide election and the projects receiving the most votes are reviewed by the City for implementation. In 2013, 12 voter-approved projects were adopted by the City with a total expenditure of \$3,280,000. In September 2014, Vallejo voters selected eight projects with a total expenditure of \$2,140,000 for consideration by the City for implementation.

Several PB projects will further economic development, education, and training goals, as outlined in the following table.

Participatory Budgeting Economic Development Projects, 2013 - 2014

Program Name	Description	Budget	Year Approved
College Bound Vallejo	Provide college scholarships to Vallejo youth and support and enrichment to students entering college.	\$320,000	2013
Small Business Grants for Mare Island & Downtown	Provide multiple grants of up to \$30,000 to improve facades and address blight in downtown and Mare Island.	\$300,000	2013
Summer Youth Employment & Internships	Provide up to 56 Vallejo youth with summer jobs with local non-profits, City of Vallejo, and VCUSD.	\$186,000	2014
VCUSD STEAM Program	Purchase equipment for the Science, Technology, Engineering, Arts, and Math (STEAM) program in the three public middle schools.	\$270,000	2013

Sources: City of Vallejo; BAE, 2014.

Appendix F: Financial Feasibility Analysis for Sonoma Boulevard Prototype Projects

bae urban economics

DRAFT Memorandum

To: Tony Perez, Opticos
From: Ron Golem, BAE
Date: October 20, 2014
Re: Financial feasibility analysis for Sonoma Boulevard prototype projects

This memorandum presents the methodology, findings, and recommendations for BAE's financial feasibility analysis of five prototype projects along the Sonoma Boulevard Specific Plan study area in Vallejo, California. Each site is intended to be representative of other sites throughout the study area. Starting with the prototype development projects developed by Opticos, a pro forma model was prepared for each project that shows its development program, total development costs, sale proceeds and/or value of components at full lease up, and the residual land value that can be supported, i.e. what price a developer could afford to pay for a site. Alternatives for for-sale residential and rental residential were evaluated on two sites, resulting in seven pro formas. A summary of the alternatives and the feasibility finding is presented on the next page.

Key Findings

- **No project is feasible based on current market conditions.** Simply put, current market rents and sale prices in Vallejo are too low to support new development, and it's likely to be at least several more years before they rise to a level that justifies new development (BAE is separately conducting a market analysis for the General Plan Update that provides and analysis of market trends). This is a result of the 2008 financial crisis and subsequent recession that deeply depressed rental rates and sale prices in Vallejo. While there has been a modest recovery in Vallejo since then, values are still considerably lower than their previous peak.
- **Surface parking will be key for helping projects become feasible.** The financial feasibility analysis uses the proposed lower parking ratios identified by Opticos in its development prototypes. The one prototype with podium parking, for a Downtown location, has a much larger feasibility gap due to the higher cost of podium parking, at \$20,000 per space.

San Francisco
1285 66th St.
Emeryville, CA 94608
510.547.9380

Sacramento
803 2nd St., Suite A
Davis, CA 95616
530.750.2195

Los Angeles
706 South Hill St., Suite 1200
Los Angeles, CA 90014
213.471.2666

Washington DC
1400 I St. NW, Suite 350
Washington, DC 20005
202.588.8945

New York City
49 West 27th St., Suite 10W
New York, NY 10001
212.683.4486

- **Near-term opportunities are more likely to be single-user stand-alone commercial tenants.**
Examples include tenants such as Walmart, who recently opened its Neighborhood Market store in the study area, as well as potentially other large format retailers. Office users with a business reason to locate in the study area, particularly those interested in owning their buildings, may be another opportunities. These types of tenants will construct their own facilities and are not dependent on a developer doing a larger multi-tenant project.
- **Near-term residential opportunities include high quality affordable and workforce housing.**
These projects are not depending on market conditions, and properly done can help catalyze interest from market-rate renters and homebuyers as well as developers.

Comparison of Sonoma Blvd. Specific Plan - Prototype Projects Feasibility, October 2014

	<u>1</u> Small Lot Work/Live	<u>2</u> Small Lot Live/Work	<u>3</u> Medium Lot Commercial	<u>4</u> Medium Lot MXD-For-Sale	<u>5</u> Medium Lot MXD-Rental	<u>6</u> Large Lot MXD-For-Sale	<u>7</u> Large Lot MXD-Rental
PROJECT							
Site - acres	0.17	0.17	0.58	0.58	0.58	1.10	1.10
Retail - sf	2,700	3,500	11,500	1,450	1,450	21,300	21,300
Office - sf	-	-	6,000	-	-	-	-
Live/Work - units	2	4	-	-	-	-	-
Townhouse - units	-	-	-	3	3	19	19
Multifamily - units	-	-	-	16	16	91	91
Total Occupied Space	5,400	10,500	17,500	22,700	22,700	140,650	140,650
Parking Spaces / Type (a)	5 Surface	4 Surface	16 Surface	16 Surface	16 Surface	191 Podium	191 Podium
FEASIBILITY - CURRENT MARKET							
Stabilized Project Value/Sales Proceeds	\$780,000	\$1,520,000	\$4,446,400	\$4,386,730	\$4,032,813	\$29,502,720	\$26,981,203
Less Total Development Costs	<u>-\$937,629</u>	<u>-\$1,685,368</u>	<u>-\$3,793,699</u>	<u>-\$5,666,690</u>	<u>-\$5,666,690</u>	<u>-\$41,392,555</u>	<u>-\$41,392,555</u>
Residual Land Value	-\$157,629	-\$165,368	\$652,701	-\$1,279,960	-\$1,633,877	-\$11,889,835	-\$14,411,352
Residual Land Value per sf - Current Market	-\$21	-\$22	\$26	-\$51	-\$65	-\$248	-\$301
RENTS / SALE PRICES TO BREAK-EVEN (b)	Break-Even						
Retail - \$ per sf/yr	\$24						
Office - \$ per sf/yr	\$24						
Work/Live - Sale Price	\$560,000						
Live/Work - Sale Price	\$470,000						
1-BR Apt - \$/mo (Small/Med. Lot)	\$1,600						
1-BR Apt - \$/mo (Large Lot)	\$1,800						
2-BR Apt - \$/mo (Small/Med. Lot)	\$2,150						
2-BR Apt - \$/mo (Large Lot)	\$2,350						
1-BR Condo - Sale Price (Small/Med. Lot)	\$250,000						
1-BR Condo - Sale Price (Large Lot)	\$285,000						
2-BR Condo - Sale Price (Small/Med. Lot)	\$320,000						
2-BR Condo - Sale Price (Large Lot)	\$350,000						
3-BR Condo - Sale Price (Small/Med. Lot)	\$360,000						
3-BR Condo - Sale Price (Large Lot)	\$385,000						
3-BR Townhouse - Sale Price (Small/Med. Lot)	\$410,000						
3-BR Townhouse - Sale Price (Large Lot)	\$450,000						
4-BR Townhouse - Sale Price (Small/Med. Lot)	\$470,000						
4-BR Townhouse - Sale Price (Large Lot)	\$510,000						

Note: negative residual value = feasibility gap, requires subsidy or other action for project to become feasible.

Residual land values identified as break-even are pending review of comparable land sales.

(a) Does not include street parking spaces credited against parking requirements. Parking assumed code changes; does not meet current standards.

(b) Break-even is defined as residual land values of \$25 - \$30+ per sf on small and medium lots; \$50 - 60+ per sf on large lots supporting higher density.

The figures shown here are substantially above current market rents and sale prices. A pending study for the General Plan Update will illustrate this gap.

Small/medium lot projects are surface parked, with on-street parking; Large lot projects have podium parking with no on-street parking credit.

Sources: Opticos; BAE, 2014.

Methodology

The steps to conducting this financial analysis included:

- 1. Development program:** Formulation of development programs for each prototype project as conceptualized by Opticos that describe site area, development density, mix of uses and unit types, and parking requirements.
- 2. Cost assumptions:** Estimation of hard and soft construction costs for the development program, including on- and off-site costs, City impact fees, financing costs, and required developer rates of return and calculation of total development costs based upon assumptions.
- 3. Revenue assumptions:** Estimation of rental and sales revenues based on rents needed to achieve feasibility (even though higher than current market) and calculation of the value of completed project based on net operating income (revenues less operating expenses) and capitalization rates.
- 4. Residual value:** Calculation of the amount by which the total value of the completed project exceeds the total development cost, which represents the “residual” land value after covering all costs of development, including typical developer profit. Residual value represents how much a developer could afford to pay for a site for the proposed project irrespective of whether the site is vacant, has improvements, or any extraordinary site development constraints. Residual land value, as determined by a pro forma, must be equal to or higher than the current market value for development sites with entitlements for the envisioned project in order for the project to be considered financially feasible.

As a first step, residual value was calculated based on an estimate of potential current market rents and sale prices, even though no developer would build a project based on these figures. The second step then involved calculating residual land value with rental rates and sale prices at a high enough level to justify new development, defined as achieving \$25 to \$30+ per square foot for small and medium lots, and \$50 to \$60+ per square foot for larger lots supporting higher density development (e.g. in the Downtown subarea).

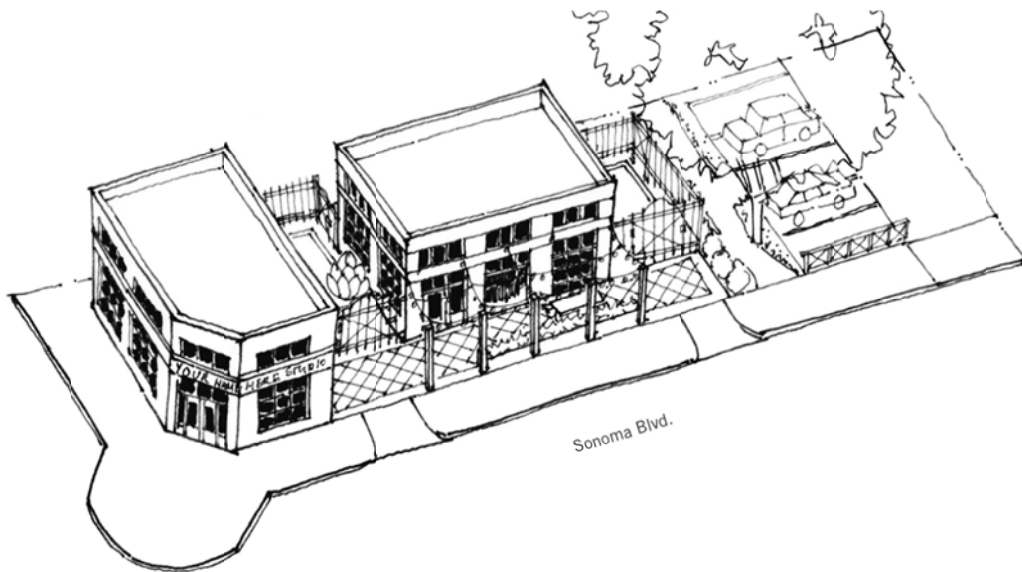
- 5. Analysis and conclusions:** If the residual value is negative or if it is positive but less than the current fair market value of land (including the value of any existing improvements) in the market, there is a “feasibility gap.” A feasibility gap indicates that the proposed development does not generate sufficient value to cover site acquisition costs and the project is said to be infeasible. Quantifying the size of any feasibility gap can inform consideration of public and/or private interventions to close the gap and thereby increase

the feasibility of the project, as well as understanding how significant a market shift is needed before development is likely to occur.

A series of static pro formas for completed and fully leased or sold projects (“stabilized” projects) was used to conduct this feasibility analysis. A pro forma relies on capitalization rates determined by current market conditions (and sales prices for for-sale components such as residential) to estimate the total value of the completed development. Development costs, including typical developer profit, are then deducted from this value to project the residual land value. This is the same method that is used by developers to screen potential projects for feasibility. The pro forma for each alternative is appended to this memorandum as Tables 1 through 7.

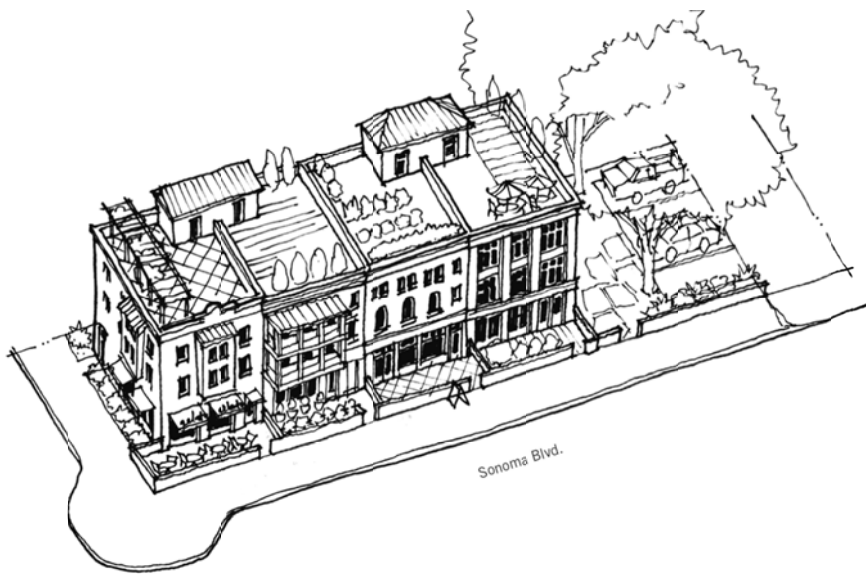
Prototype Projects

The following five prototype projects were conceptualized by Opticos; BAE evaluated for-sale residential and rental residential alternatives for two of them, resulting in seven total pro formas. Associated development envelope, parking, open space, and other requirements were determined by Opticos. Sketch-level drawings for each alternative were prepared by Opticos and are shown below to illustrate each prototype project.



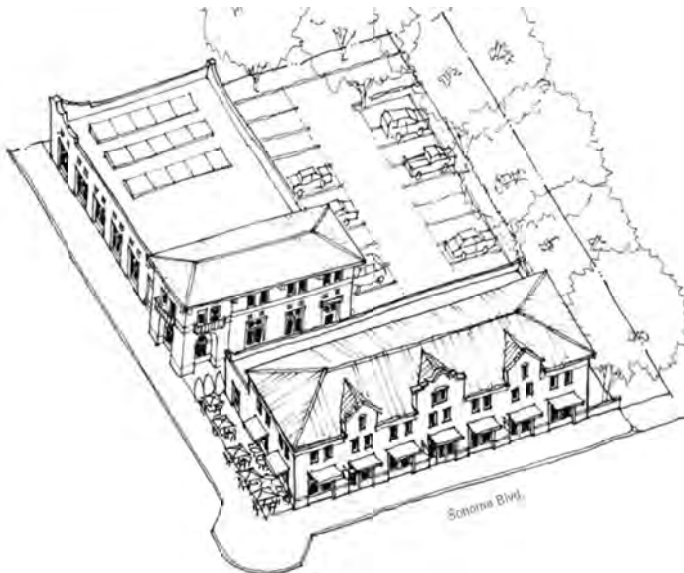
1. Small Lot Work/Live Project (.17 acre site)

This site allows development of two work-live units, each consisting of 2,700 square feet, divided between 1,350 square feet of ground floor commercial space and 1,350 square feet of residential space above it. The target market for these units would be buyers who seek a work/live unit that allows a wide variety of ground floor uses, potentially ranging from light assembly/fabrication by artists or craftspeople, to ground floor offices for professional or technical users.



2. Small Lot Live/Work Project (.17 acre site)

This is the same size lot as Alternative 1; however there are now 4 units, three-stories each, in order to achieve higher density and greater utilization of the same size lot. The total built area is 10,500 square feet. Each floor of each unit is approximately 875 square feet.



3. Medium Lot Commercial (.58 acres)

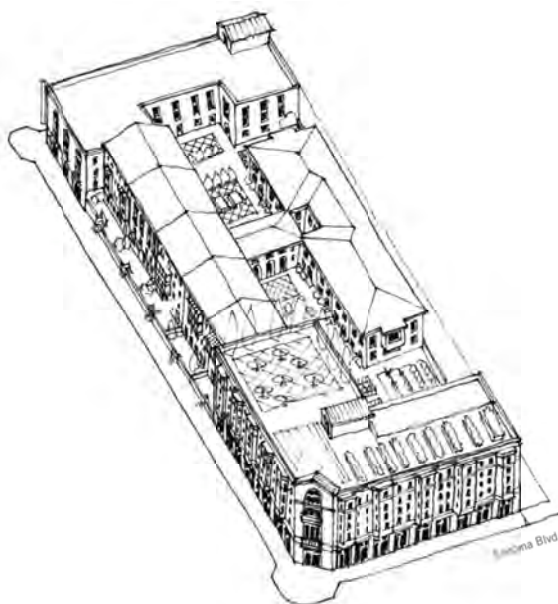
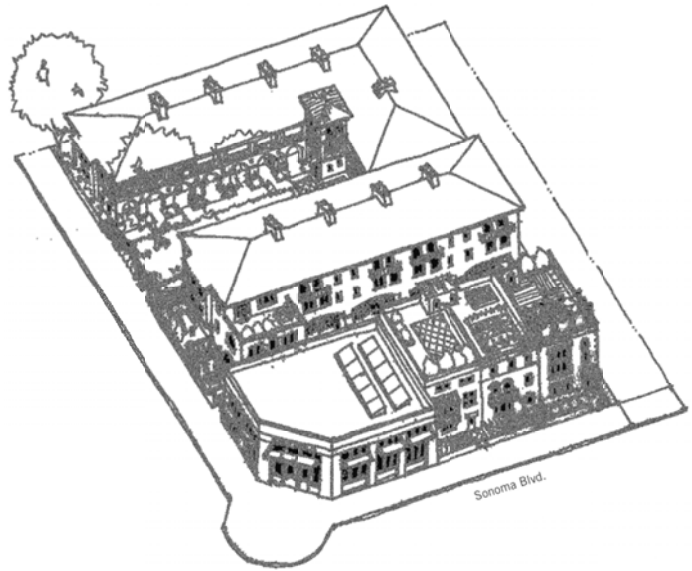
This is the first of three alternatives for this site, and focuses on a purely commercial project, with ground floor retail of 11,500 square feet and second floor office

space of 6,000 square feet, all split between two buildings. The total built area is 17,500 square feet.

It should be noted that although the pro forma shows this project as being feasible, this is because retail and office rents of \$2.00 per square foot per month, or higher, were assumed. This is above current market rents for existing commercial space in the study area; however a developer would not build such a project unless s/he thought that at least this level of rents could be achieved.

**4, 5 – Medium Lot Mixed-Use
Commercial/Residential (.58 acre)**

This is the same size lot as Alternative 3, this time with a mixed use development program that includes 1,450 square feet of ground floor commercial, 3 live/work units, and 16 multifamily residential units. The total built space is 22,700 square feet. Alternative 4 assumes that the multifamily residential units are for-sale, while Alternative 5 assumes that these units are rental.



**6, 7 – Large Lot Mixed-Use
Commercial/Residential (1.1 acre)**

This is a large lot project, equivalent to a half-block in the Downtown area. A large portion of the site is built above a podium to allow parking underneath the development; this is different from all the other alternatives that use surface parking (including on-street parking to help satisfy parking requirements).

There is 21,300 square feet of commercial space, 19 townhouse units, and 91 multifamily residential units, for a total of 140,650 square feet of built space (excluding parking).

Alternative 6 assumes that the multifamily residential units are for-sale, while Alternative 7 assumes that these units are rental.

Key Assumptions

In addition to the development program specified above for each prototype project, the following pro forma assumptions were used to complete the financial feasibility analysis for each alternative.

Construction Hard Costs

BAE reviewed the construction cost estimates prepared by R.S. Means Company, a widely used construction cost estimator service that bases costs on regionally-adjusted national averages, combined with its recent experience with construction costs on feasibility studies of other proposed projects in Vallejo. Hard construction costs for each product type were projected as follows:

- Office: \$160 per sq. ft. (including tenant improvement allowance of approximately \$50 per square foot)
- Retail: \$120 per sq. ft.
- Multifamily residential: \$160 per sq. ft. on the medium-size lot; \$185 per square foot on the large lot reflecting the higher cost of modified wood-frame construction for larger buildings.
- Townhomes: \$85 per sq. ft.
- Parking (surface): \$5,000 per space
- Parking (podium): \$20,000 per space

Additional factors for other costs were assumed, as shown in the pro forma sheets included in Tables 1 through 7 appended to this memorandum.

Development Soft Costs and Financing Costs

To account for other development soft costs, including architect, engineer, and legal fees, insurance coverage, and all other City planning and permit fees, BAE added a factor equal to 20 percent of total construction hard costs. In addition, a developer profit equal to 10 percent of total development cost was included, which is a typical industry standard. Impact fees required by the City were applied to each project's development program based on the City's published impact fees and other charges (these are shown in the footnotes to each pro forma)

To estimate financing costs for project development and construction, BAE assumed a construction loan-to-value ratio (LTV) of 70 percent, loan fees equal to 2 percent of

construction loan amount, a construction loan interest rate of 7 percent, and an initial construction loan period of 36 months, including 12 months of construction and 24 months to project stabilization.

Market and Income Assumptions

BAE reviewed local market trends to develop unit size and mix assumptions. For multifamily projects, units were assumed to be 750 sq. ft. per one-bedroom unit and 1,000 sq. ft. per two-bedroom unit. A 12 percent efficiency, or circulation, factor is assumed to account all corridors, staircases, elevator shafts, and other interior common spaces beyond the leasable area. For townhome projects, units were assumed to be 1,750 sq. ft. per three-bedroom unit and 2,250 sq. ft. per four-bedroom unit.

Rental rates and sales prices in the local market as shown in Table 1 through 7 are figures calculated to place pricing in a competitive position above existing space. For residential units, the relatively low sale prices of higher quality single-family homes, and a condominium development in Northgate, serve as a cap on potential pricing. It is important to understand that no developer would proceed with a project based on the prices shown in the pro formas; these were identified in order to serve as a beginning point for the analysis. Because there is currently no market for new residential development in Vallejo, nor any comparable projects, attempting to estimate fair market value for residential units is somewhat speculative.

BAE assumed operating costs of \$10 per sq. ft. per year for office space, 2 percent of revenues for retail space, and \$5,500 per multifamily unit. In addition a 5 percent vacancy rate was assumed as an across-the-board average.

These revenue assumptions, less operating costs and vacancy, were used to generate a Net Operating Income (NOI) for each project. Finally, BAE reviewed commercial and residential market publications to identify a capitalization rate of 7.5 percent for office and retail, reflecting higher risk associated with Vallejo development, and 6.0 percent for residential projects. This rate was then used to convert the NOI into a total capitalized value of each project. The net difference between that value and total development costs represents the residual land value for the project.

Limiting Conditions

The analysis of rental rates and sales prices is based upon market research conducted by BAE from July through October, 2014, along with the analysis described in this memorandum. Though these market assumptions were revisited in preparation for this feasibility analysis, changes in market demand, prices, and other market factors, as well as City zoning requirements could have a material effect and alter BAE's findings on project feasibility. Total development costs can be significantly affected by relatively modest changes in material costs, labor rates, building code requirements, parking requirements, and other factors.

Prevailing wage requirements are assumed to not be applicable to the projects described for this analysis. Project financing is assumed to be available at the rates, terms, and conditions assumed in the pro formas. Because all of these factors are subject to potentially significant changes at any time, updated project-specific feasibility analysis should be conducted before considering whether to proceed with a particular development project.