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The Center for Strategic Economic Research (CSER) developed the PROSPERITY INDEX in 2005 to provide business and community leaders in the Sacramento Region a valuable tool to measure regional economic prosperity and track its performance against competitors in order to evaluate the competition, identify opportunities for improvement, and ultimately impact change in the Region. Over the life of the project, the Region's competitive position has been measured six times with 24 separate accountings of quarterly business climate scores. The 2011 Prosperity Index incorporates significant changes that reflect current views on the concept of prosperity and capture a broader set of comparative areas. With these changes, the index measures have essentially been reset and direct comparisons to previous editions are no longer applicable.

Prosperity Index Indicators



Economy

- Job Growth
- Office Vacancy Rate
- Payroll Growth
- Establishment Growth
- Unemployment Rate
- Venture Capital Investment



Residents

- College Enrollment
- High School Progress
- Median Household Income
- Population Growth
- Educational Attainment
- Household Income Spread



Livability

- Culture & Recreation
- Crime Rate
- Fair Market Rent Growth
- Commute Time
- Charitable Contributions
- Housing Affordability



Sustainability

- Air Quality
- Alternative Commutes
- Efficient Homes
- Green Buildings
- Solar Capacity
- Vehicle Miles Traveled

What is the Prosperity Index?

Similar to the original work conducted in 2005, as the new version of the Prosperity Index is measured over time, changes in the Region's competitive position will be highlighted and opportunities for improvement will become evident.

In the past, prosperity was primarily described by economic performance and a select number of demographic trends. This view emphasized elements such as job growth, unemployment, population growth, and income. Reflecting

the results of economic restructuring, increased competition, and the importance of sustainable communities, contemporary views of prosperity provide a much broader accounting of assets that include all the traditional factors, but also embrace other important locational characteristics such as education, workforce, environment, and investment. Overall, regional prosperity includes four main elements—**ECONOMY, RESIDENTS, LIVABILITY,** and **SUSTAINABILITY**—that span characteristics of the local business climate, workforce, quality of life, and sustainable communities. The Economy element relates to aspects that describe a region's economy and business climate. Factors that describe the population or workforce in a region are encompassed in the Residents element. Features that reflect a region's quality of life are captured in the Livability element. Finally, the Sustainability element focuses on the environment and sustainable community



Competitive Regions

practices. A balance of strong performance across all four components contributes to regional prosperity.

In order to create a quantitative measure for the four separate elements as well as overall regional prosperity, a select number of indicators were chosen. Each indicator was chosen for two main reasons. First, the indicator must act as a key characteristic in describing either Economy, Residents, Livability, or Sustainability overall. Second, comparative data must be available nationally from readily-available sources that provide consistent methodology across regions and over time. All indicators used in the project reflect a balance of historical, current, and future performance and relate to aspects that regional organizations can influence or directly affect. Along with the national average, 12 competitor regions were chosen as benchmarks for this analysis based on feedback from economic development organizations regarding metropolitan areas that often compete with the Region for business location and expansion projects.

Every indicator receives a score between 0 and 10 based on relative rankings. The best performing region scores a 10, the lowest receives a 0, and all other regions receive scores between 0 and 10 based on where they fall between these two extremes. The Economy, Residents, Livability, and Sustainability elements are each created as a simple average of six indicators while the Prosperity Index is a simple average of all 24 indicators. The average scores are scaled as a percentage of the best performing region. The highest scoring region receives an index score of 10 and all others receive scores that depend on their performance as a percentage of the best-performing region. When available, changes in indicator and index scores over time reflect shifts in performance relative to the selected regions and the national average. CSER updates the *Prosperity Index* and all related elements annually. The Economy element (previously referred to as the Business component) is updated quarterly through SACTO's *Quarterly Economic Report* in order to allow for more frequent evaluations of the local business climate.

How is the Sacramento Region doing?

PROSPERITY INDEX

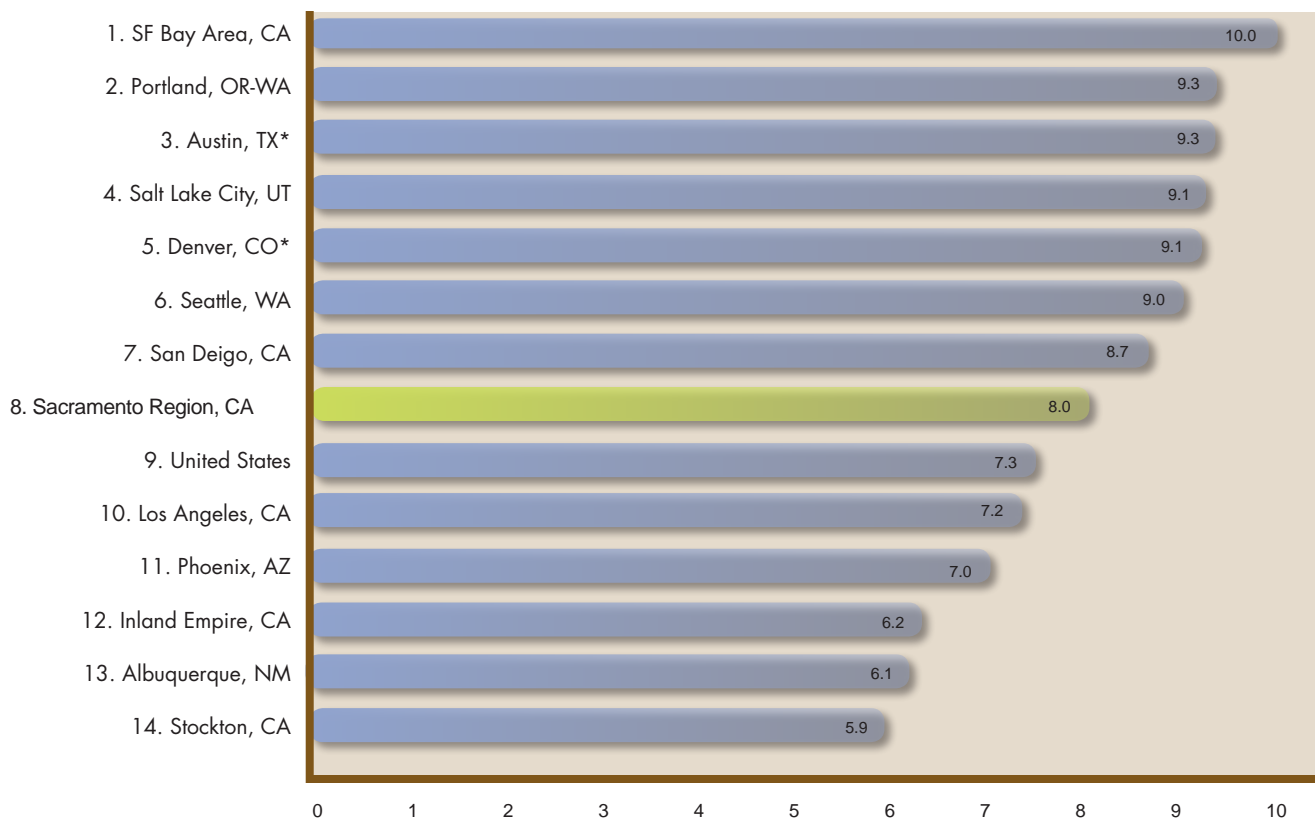
The Sacramento Region ranked **eighth** on the **2011 PROSPERITY INDEX**, receiving a combined score of 8.0 out of a possible 10, as shown in **Figure 1**. The Region's healthy performance on the Residents element was restrained by modest rankings on the Livability and Sustainability elements and a weak score on the Economy element. Although it incorporates new measures and regions, the

Sacramento Region held the same eighth position as it did in the 2009 and 2010 versions of the Prosperity Index. The SF Bay Area topped the 2011 Prosperity Index with respective first and second place rankings on the Economy and Sustainability elements. In addition to the SF Bay Area, the Sacramento Region fell behind only one other competitive region in the state, San Diego which placed one spot above Sacramento in seventh.

Among the other measured California regions, Stockton came in last place with an index score of 5.9. Eight of the measured regions, including Sacramento, surpassed the national average on the Prosperity Index, illustrating the competitive strength presented in these

western regions compared to the rest of the country. Overall, the Sacramento Region presents above average economic prosperity and a modest competitive position relative to its main competitors for business location and expansion projects.

FIGURE 1: 2011 PROSPERITY Index



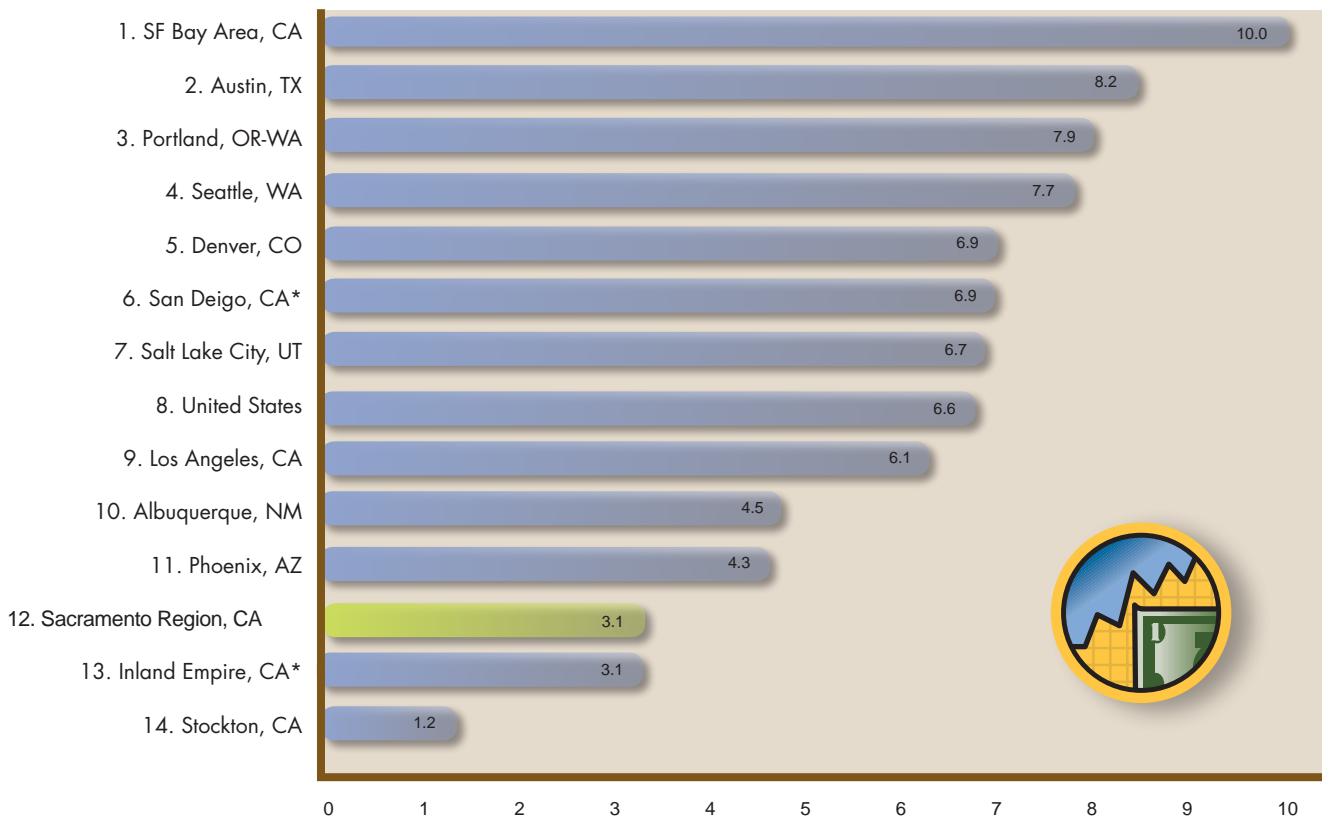
*Note: Decimal point difference, masked by rounding in the bar chart, separate regions with alike scores.

ECONOMY ELEMENT

As shown in **Figure 2**, the Sacramento Region placed near the bottom of the Economy element, ranking 12th with a weak score of 3.1 out of a possible 10. The only regions to place near or below Sacramento were the Inland Empire and Stockton with the latter showing a notably low score of 1.2. Two of the other three measured California regions placed toward the middle of the list while the SF Bay Area took the top spot with a score of 10 (far exceeding any other region)—this reflects the ongoing recovery taking place in the coastal regions of the state. The SF Bay Area earned the first place spot with the top scores in the Venture Capital Investment, Payroll Growth, and Office Vacancy Rate indicators. About half of the competitive

regions surpassed the national average, demonstrating the relatively strong business climate supported in many of the regions in the western United States, including two in California, the SF Bay Area and San Diego. The Sacramento Region received a moderate score on only one indicator, Unemployment Rate, as illustrated in **Figure 3**. The remaining five indicators presented weak scores with Venture Capital Investment receiving the lowest score among all indicators. The measured indicators capture a period when most of the competitive regions were still seeing the effects of the economic downturn. With fairly poor performance on the Economy element, the Sacramento Region joins a handful of the measured areas with lagging recovery and correspondingly weak business climates.

FIGURE 2: 2011 ECONOMY Element



*Note: Decimal point difference, masked by rounding in the bar chart, separate regions with alike scores.

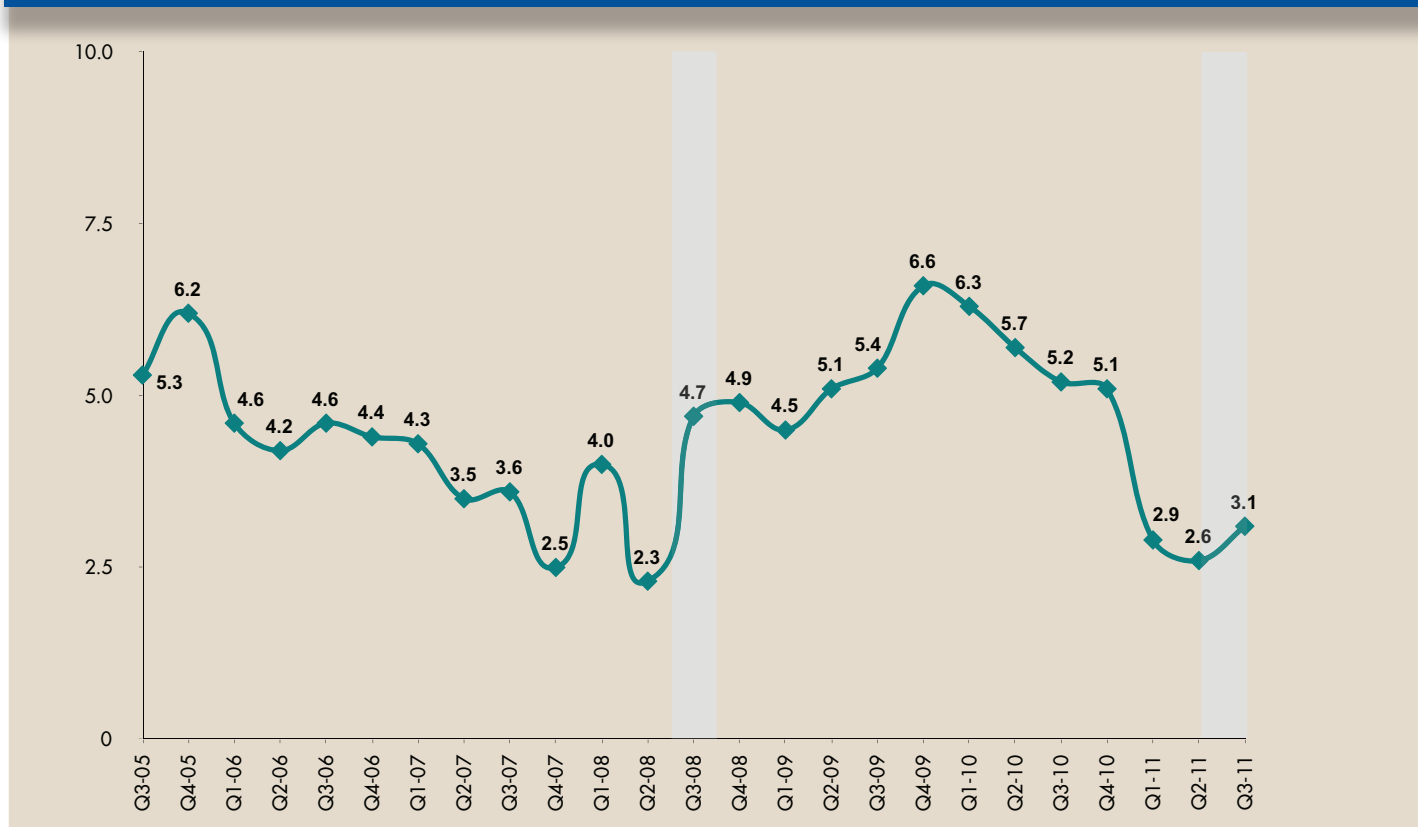
FIGURE 3: **2011 ECONOMY Element Indicator Scores**

Region	Establishment Growth	Job Growth	Office Vacancy Rate	Payroll Growth	Unemployment Rate	Venture Capital Investment
Albuquerque, NM	4.5	1.4	6.9	0.0	8.6	0.0
Austin, TX	4.7	10.0	4.2	8.7	10.0	1.5
Denver, CO	2.0	5.9	8.5	6.4	8.4	1.4
Inland Empire, CA	3.9	2.7	2.1	2.9	3.0	0.0
Los Angeles, CA	3.7	4.7	7.5	6.7	5.5	0.9
Phoenix, AZ	2.3	5.7	0.0	3.2	8.2	0.7
Portland, OR-WA	6.8	7.7	9.3	6.3	7.3	0.2
Sacramento Region, CA	2.5	1.5	2.8	3.6	4.3	0.2
Salt Lake City, UT	1.8	5.8	8.2	6.0	9.6	0.4
San Diego, CA	3.7	5.3	7.5	7.6	6.8	1.5
Seattle, WA	10.0	6.0	6.2	5.5	8.1	0.7
SF Bay Area, CA	5.3	5.2	10.0	10.0	6.9	10.0
Stockton, CA	0.0	0.0	5.7	0.1	0.0	0.0
United States	3.4	5.8	8.4	5.3	7.8	0.6

The Economy element score trend shown in **Figure 4** depicts the relative severity of the recession within the Sacramento Region. As other measured regions saw the recession take hold and absorbed the negative effects, Sacramento's competitive position in terms of business climate showed a downward trend since the fourth quarter of 2009 (when it

posted its highest score on record). The most recent period showed a slight uptick; however, this point is not directly comparable to previous published measures (referred to as the Business component) due to changes in measured regions. Nevertheless, this marks the fifth lowest score the Region has received over the 25 measured quarters.

FIGURE 4: Sacramento Region ECONOMY Element Score Trend



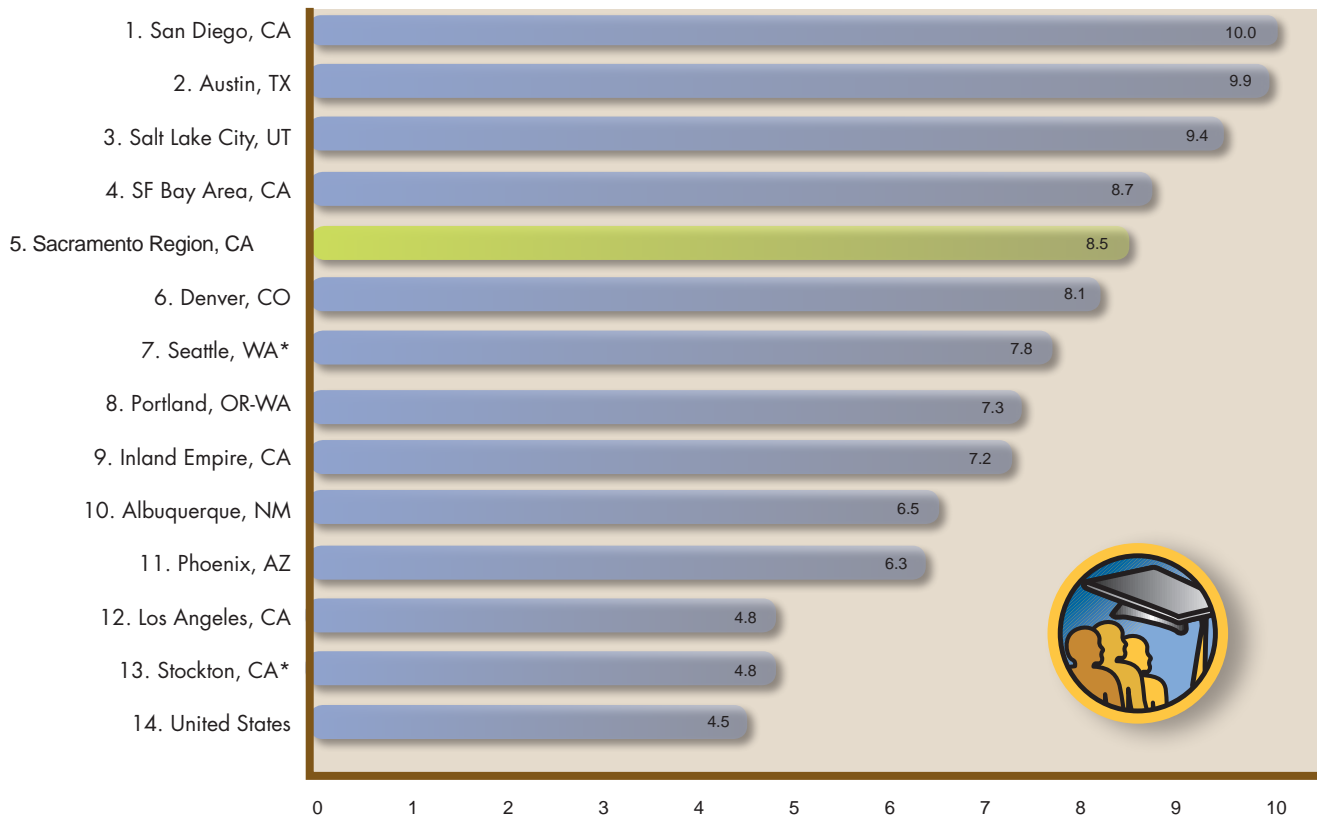
Decimal point differences, masked by rounding in the bar chart, separate regions with alike scores.

RESIDENTS ELEMENT

Figure 5 shows that the Sacramento Region received a fairly high score of 8.5 on the Residents element, placing it fifth among the measured regions. While not directly comparable to previous published measures (referred to as the People component), the Region experienced a notable drop over the past year based on analysis of similar features. Sacramento ranked behind two of the other competitive areas in California including the SF Bay Area and San Diego (which came in first with the full score of 10). One of the other California regions fell toward the middle of the list, the Inland Empire, while Stockton and Los Angeles placed near the bottom of the pack. San Diego, the first place region, posted strong scores in all three of the education-related indicators including High School

Progress, College Enrollment, and Educational Attainment. All of the competitive regions placed above the national average, illustrating the continued attractive characteristics within these markets to attract and sustain a strong workforce compared to the rest of the nation. As shown in **Figure 6**, Sacramento posted strong scores on the College Enrollment, High School Progress, and Household Income Spread indicators. The relative weaknesses in the Sacramento Region relate to Median Household Income and Population Growth. On the whole, population and workforce remain one of the Sacramento Region's strongest competitive advantages with healthy education and income equality attributes.

FIGURE 5: **2011 RESIDENTS Element**



*Note: Decimal point difference, masked by rounding in the bar chart, separate regions with alike scores.

FIGURE 6: **2011 RESIDENTS Element Indicator Scores**

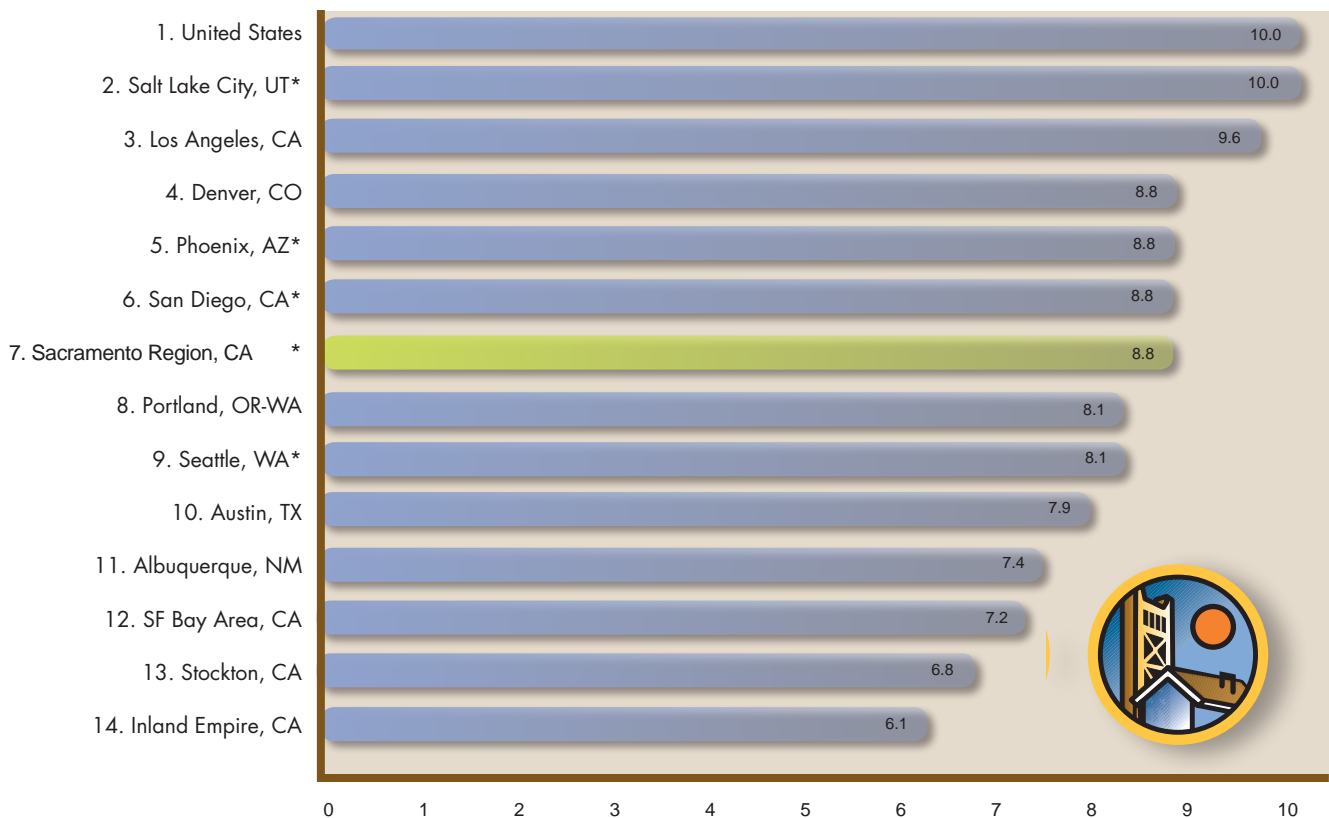
Region	College Enrollment	Educational Attainment	High School Progress	Household Income Spread	Median Household Income	Population Growth
Albuquerque, NM	6.5	3.9	0.0	7.9	3.6	4.4
Austin, TX	9.6	7.9	3.5	6.0	2.9	10.0
Denver, CO	3.5	8.5	6.3	5.0	4.1	5.2
Inland Empire, CA	2.9	0.2	8.0	9.0	2.1	6.7
Los Angeles, CA	7.0	4.7	5.8	2.1	0.0	0.0
Phoenix, AZ	2.8	3.7	6.9	7.4	1.0	3.6
Portland, OR-WA	3.5	5.9	7.6	7.7	2.0	2.8
Sacramento Region, CA	8.6	4.7	8.6	7.8	2.9	1.8
Salt Lake City, UT	4.1	4.8	10.0	10.0	3.7	5.4
San Diego, CA	10.0	6.8	10.0	5.3	4.4	4.0
Seattle, WA	2.5	7.8	7.2	6.7	5.3	1.8
SF Bay Area, CA	6.8	10.0	6.2	0.0	10.0	2.2
Stockton, CA	0.0	0.0	6.4	7.9	0.9	4.0
United States	4.0	3.8	2.4	6.3	0.9	1.0

LIVABILITY ELEMENT

With a score of 8.8 out of 10, the Sacramento Region placed seventh on the Livability element, as demonstrated in **Figure 7**. All of the measured regions fell below the national average with the exception of Salt Lake City, which tied for first place with the top score of 10. This suggests that certain quality of life attributes in these markets are inherently less attractive than in the rest of the nation. The region at the top of the list, Salt Lake City, presented solid scores on the Housing Affordability, Fair Market Rent Growth, and Commute Time indicators. Sacramento's score fell close to two other California regions, Los Angeles and San

Diego, each of which surpassed the other measured California regions by a significant margin—the SF Bay Area, Inland Empire, and Stockton all placed at the bottom of the list. **Figure 8** shows that the Sacramento Region posted healthy performance on four of the six indicators including Housing Affordability, Fair Market Rent Growth, Crime Rate, and Commute Time. The Region showed relatively weak performance in the other two indicators, Culture & Recreation and Charitable Contributions. All in all, the Sacramento Region presents a fairly strong competitive position in terms of quality of life with comparative strength in cost of living, safety, and traffic attributes.

FIGURE 7: 2011 LIVABILITY Element



*Note: Decimal point difference, masked by rounding in the bar chart, separate regions with alike scores.

FIGURE 8: **2011 LIVABILITY Element Indicator Scores**

Region	Charitable Contributions	Commute Time	Crime Rate	Culture & Recreation	Fair Market Rent Growth	Housing Affordability
Albuquerque, NM	1.2	8.0	0.7	1.2	4.8	9.7
Austin, TX	1.7	6.6	2.8	2.0	7.1	7.3
Denver, CO	2.8	5.4	8.5	5.6	0.7	7.6
Inland Empire, CA	0.0	0.0	7.8	0.9	5.2	7.4
Los Angeles, CA	3.2	3.2	9.8	10.0	6.0	0.9
Phoenix, AZ	0.8	5.7	4.5	3.2	6.3	10.0
Portland, OR-WA	2.7	6.7	8.0	2.0	1.4	7.3
Sacramento Region, CA	1.1	5.0	6.2	2.0	6.9	9.3
Salt Lake City, UT	0.6	10.0	2.8	3.8	7.8	9.6
San Diego, CA	2.6	7.7	10.0	4.5	2.8	3.0
Seattle, WA	10.0	4.2	3.1	4.8	0.0	6.0
SF Bay Area, CA	7.1	3.7	6.4	5.6	2.2	0.0
Stockton, CA	1.1	2.5	0.0	0.0	10.0	9.9
United States	3.2	6.2	6.8	3.8	7.1	7.5

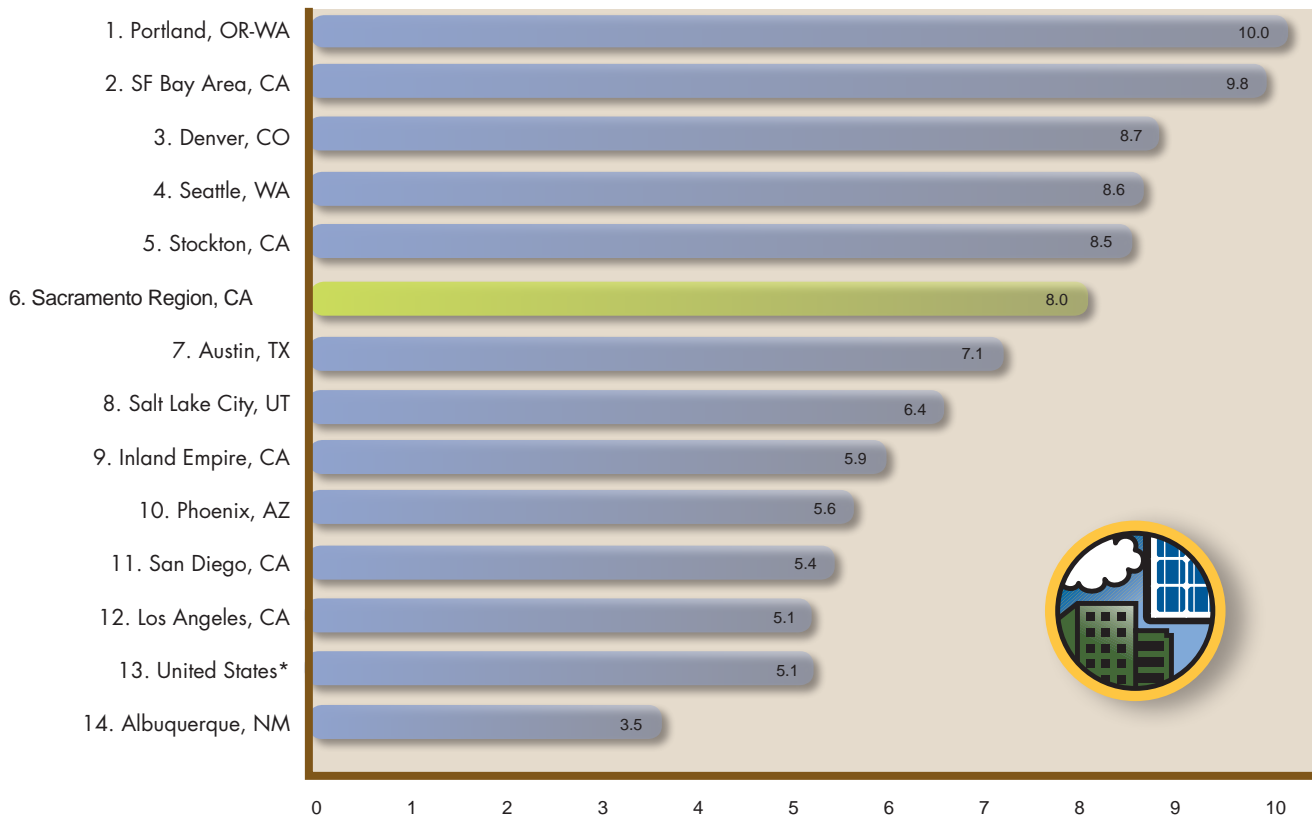
SUSTAINABILITY ELEMENT

The Sacramento Region placed sixth on the Sustainability element with a score of 8.0 out of a possible 10, as shown in **Figure 9**. The top four regions—Portland, the SF Bay Area, Denver, and Seattle—are often ranked near the top of various published lists measuring green attributes with this component adding further evidence to those strengths. The leading region, Portland, posted strong performance on three of the six measured indicators including Vehicle Miles Traveled (with the top score among the regions), Air Quality, and Green Buildings. Sacramento placed behind two of the other measured California regions, the SF Bay Area (the second place region) and, surprisingly, Stockton (which outperformed Sacramento in the Air Quality, Efficient Homes, and Vehicle Miles Traveled indicators). The

three remaining California regions fell toward the middle and bottom of the list. Besides Albuquerque, all of the competitive regions ranked above the national average, indicating the relative strength of environmental factors and adoption of sustainable practices in these regions compared to the rest of the nation.

Figure 10 demonstrates that the Sacramento Region received healthy scores on the Solar Capacity and Vehicle Miles Traveled indicators, moderate performance in Air Quality and Green Buildings, and fairly low scores on Alternative Commutes and Efficient Homes. Overall, Sacramento supports a moderate competitive position in sustainability demonstrating relative strengths in the adoption of renewable energy and vehicle use on roadways.

FIGURE 9: 2011 SUSTAINABILITY Element



*Note: Decimal point difference, masked by rounding in the bar chart, separate regions with alike scores.

FIGURE 10: 2011 SUSTAINABILITY Element Indicator Scores

Region	Air Quality	Alternative Commutes	Efficient Homes	Green Buildings	Solar Capacity	Vehicle Miles Traveled
Albuquerque, NM	4.3	0.0	8.0	0.0	0.5	0.0
Austin, TX	6.1	3.4	6.0	5.6	1.0	3.7
Denver, CO	4.1	3.7	9.3	10.0	1.2	3.4
Inland Empire, CA	0.0	3.1	2.9	0.7	9.0	5.8
Los Angeles, CA	4.7	4.8	0.0	2.2	4.9	2.2
Phoenix, AZ	3.0	2.6	7.6	2.6	2.0	2.7
Portland, OR-WA	9.2	5.9	1.8	9.1	0.7	10.0
Sacramento Region, CA	5.0	3.4	0.3	4.4	9.0	7.1
Salt Lake City, UT	3.9	1.3	10.0	0.6	0.0	7.6
San Diego, CA	5.5	3.0	0.1	1.5	8.7	0.9
Seattle, WA	10.0	7.1	0.5	9.8	0.0	4.2
SF Bay Area, CA	8.7	10.0	0.5	5.4	10.0	1.4
Stockton, CA	6.6	2.7	3.1	2.9	6.5	9.4
United States	5.3	2.7	3.2	1.9	1.5	4.0



Economy Element

■ From the fourth quarter of 2009 to 2010, the number of business establishments in the Sacramento Region remained stable (increasing 0.1 percent) whereas at the national level, establishments increased slightly by 0.6 percent. The Region's performance was similar to the same period in the previous year (fourth quarter of 2008 to 2009).

■ Employment in the Sacramento Region declined by 1.3 percent between the fourth quarters of 2009 and 2010—the nation overall posted a gain of 0.8 percent in the same period. The Region's rate of loss was less severe than it was over the same time last year when job growth measured -5.0 percent (fourth quarter of 2008 to 2009).

■ Venture capital investment per employee in the Sacramento Region in the second quarter of 2011 equated to \$20.60, considerably lower than the measured investment per employee at the national level of \$58.10. The Region saw a notable increase from the same measure last year of \$9.60 per employee (second quarter of 2010).

Residents Element

■ In 2010, 9.3 percent of the Sacramento Region's population was enrolled in college or graduate school, while the national average was only 7.6 percent. This shows a slight increase for the Region from the same measure in 2008 of 8.8 percent.



What data are behind the Sacramento Region's scores?

■ The Sacramento Region posted a 23.1 percent office vacancy rate for the second quarter of 2011, which was notably higher than the national average of 16.2 percent. The Region's same measure last year was over one percentage point lower at 22.0 percent (second quarter of 2010).

■ Total industry payroll in the Sacramento Region increased by 2.2 percent between the fourth quarters of 2009 and 2010, which reflected a somewhat slower increase than the national average of 3.9 percent. The Region's annual payroll gain marks a turnaround from the previous year where payroll declined by 3.3 percent (fourth quarter of 2008 to 2009).

■ The Sacramento Region's average unemployment rate for the 12 months ending June 2011 was 12.9 percent, which was considerably higher than the national average that measured 9.3 percent. This marks a slight increase for the Region over the same measure last year of 12.6 percent (12 months ending June 2010).

■ About 38.0 percent of the Sacramento Region's population had an Associate Degree or higher in 2010, a level of educational attainment notably higher than the national average of 35.5 percent. The Region showed a similar level in 2008 (38.3 percent).

■ Approximately 35.9 percent of the Sacramento Region's population age 15 to 19 was enrolled in 12th grade in 2009, which is a greater level of high school progress than the national average of 28.5 percent. This same measure last year in the Sacramento Region was significantly lower at 17.5 percent (2008).

■ With a divergence between median and average household income in 2010 of \$16,288, the Sacramento Region had a much smaller income spread than the national average of \$18,213. This is a somewhat higher level of divergence for the Region than the same measure in 2008 of \$15,300.

■ At \$55,578, median household income in the Sacramento Region in 2010 surpassed the national average of \$50,046. The same measure for the Region in 2008 was higher at \$60,325, not adjusted for inflation.

■ Between 2009 and 2010, the Sacramento Region's population grew by 1.0 percent, a growth rate surpassing the 0.8 percent national average. The Region posted slightly lower growth than the same measure for the 2008 to 2009 period of 1.2 percent.

Livability Element

■ Public charity and private foundation revenues from charitable contributions in 2009 measured \$643.47 per capita in the Sacramento Region, which is

significantly lower than the national average of \$1,175.45 per capita. Last year, this same measure for the Sacramento Region was higher at \$719.33 per capita (2008).

■ The average travel time to work in the Sacramento Region was 26.4 minutes in 2010, which was longer than the national average of 25.3 minutes. The Region's same measure in 2008 showed a similar travel time of 25.8 minutes.

■ With 3,616.8 crimes per 100,000 residents in 2009, the Sacramento Region's crime rate was higher than the national rate of 3,465.5 crimes per 100,000 residents. The same measure last year showed a slightly lower rate in the Region of 3,815.6 crimes per 100,000 residents (2008).

■ In 2009, the Arts, Entertainment, & Recreation sector generated a level of gross regional product that equates to \$298,313 per 1,000 residents, which was considerably lower than the national average of \$459,299. This measure is new to the Livability element this year (formerly referred to as the Place component).

■ Between 2010 and 2011, Fair Market Rents increased by 1.1 percent in the Sacramento Region, while they increased nationally by a slightly lower rate of 0.9 percent. Last year, the Region posted a 1.6 percent increase for the same measure (2009 to 2010).

■ During the second quarter of 2011, 80.3 percent of homes sold in the Sacramento Region were affordable to families earning the median income, which was well above the national average of 72.6 percent. This same measure for the Region was notably lower last year at 71.5 percent (second quarter of 2010).

Sustainability Element

■ In 2010, on average, measured sites in the Sacramento Region posted an ozone air quality index level of 37.2, which is not necessarily a notably unhealthy level based on AQI breakpoints. The average level across all states in the nation was slightly higher at 38.0.

■ Around 24.4 percent of workers in the Sacramento Region traveled to work using a means other than driving alone in a car, truck, or van in 2010, which is a slightly higher share than the national average of 23.4 percent.

■ About 6.7 percent of new homes built in the Sacramento Region in 2010 were qualified as ENERGY STAR—the Region's level is significantly lower than the national average of 22.0 percent.

■ As of September 2011, there was 19,349 square feet of commercial real estate classified as LEED on a per 1,000 employee basis, a notably larger amount than the national average of 11,556.

■ The Sacramento Region had 33,631 kilowatts of installed photovoltaic capacity per one million residents as of September 2011, which was much higher than the national measure of 5,655 kilowatts.

■ On a per capita basis, in 2010, approximately 15.6 daily miles were logged by vehicles traveling on freeways and arterial streets in major cities within the Sacramento Region. The national average was somewhat higher at 17.4 daily vehicle miles traveled per capita.



How are regions and indicators defined?

Selection of Regions:

In addition to the national average, twelve competitor regions were chosen as benchmarks based on feedback from economic development organizations in the Sacramento Region regarding metropolitan areas that often compete with the Region for business location and expansion projects. Five of the regions are located in California and the other seven are located throughout the Western United States.

Sacramento Region, CA

El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba Counties

Albuquerque, NM

Bernalillo, Sandoval, Torrance, and Valencia Counties

Austin, TX

Bastrop, Caldwell, Hays, Travis, and Williamson Counties

Denver, CO

Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties

Inland Empire, CA

Riverside and San Bernardino Counties

Los Angeles, CA

Orange, Los Angeles, and Ventura Counties

Phoenix, AZ

Maricopa and Pinal Counties

Portland, OR-WA

Clackamas, Columbia, Multnomah, Washington, and Yamhill Counties in Oregon and Clark and Skamania Counties in Washington

Salt Lake City, UT

Box Elder, Davis, Morgan, Salt Lake, Summit, Tooele, and Weber Counties

San Diego, CA

San Diego County

Seattle, WA

King, Kitsap, Pierce, and Snohomish Counties

SF Bay Area, CA

Alameda, Contra Costa, Marin, San Benito, San Francisco, San Mateo, and Santa Clara Counties

Stockton, CA

San Joaquin County

United States

national average

Criteria for Indicators:

- Key characteristic in describing either Economy, Residents, Livability, or Sustainability overall
- Comparative data available nationally from sources that provide consistent methodology across regions and over time
- Relate to aspects that regional organizations can influence or directly affect

Economy Element Indicators

Job Growth accounts for the year-over-year percentage increase in average fourth quarter employment from 2009 to 2010. This measure is often viewed as an indicator of overall economic performance since employment is the primary source of income for residents and changes in the level of jobs reflect local business patterns. The source for this data is the Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

Establishment Growth measures the percentage increase in firms from the fourth quarter of 2009 to the same quarter of 2010. As an indicator of the overall business climate, this measure shows net changes in the number of businesses and captures firm births and deaths. The source for this data is the Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

Office Vacancy Rate calculates the percentage of the total net rentable area of office property that was unoccupied in the second quarter of 2011. High vacancies indicate a lack of demand and/or overdevelopment and can also be interpreted as signs of economic slowdown. Regions with high vacancy rates receive low scores on this indicator. The sources for this data are the CB Richard Ellis Office Vacancy Index and Market View reports and Colliers International Market Reports.

Payroll Growth measures the percentage increase in aggregate compensation over a one-year period (in this case, from the fourth quarter of 2009 to the fourth quarter of 2010). This data provides insight into changes in total industry payrolls, pointing to general business performance and the level of available consumption and savings activity. The source for this data is the Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

Unemployment Rate calculates a 12-month moving average (ending in June 2011) percentage of the labor force that was unemployed. Higher unemployment rates indicate signs of economic slowdowns, increased competition for jobs, and decreased ability to generate income while lower rates tend to signify growth and

expansion. Regions with low unemployment rates receive higher scores on this indicator. The source for this data is the Bureau of Labor Statistics' Local Area Unemployment Statistics.

Venture Capital Investment accounts for total venture capital funds invested in local companies per employee in the second quarter of 2011. This indicator not only points to perceptions in the investment community about a region's innovation capacity and investment risk, but also has future implications since firms receiving venture capital use the funds in an attempt to innovate, develop products and services, and become more productive in the future. The sources for this data are Venture Economics' Quarterly Statistics and the Bureau of Labor Statistics' Quarterly Census of Employment and Wages.

Residents Element Indicators

College Enrollment measures the percentage of the population enrolled in college or graduate school in 2010. This indicator points to the strength of higher education infrastructure in a region as well as potential future changes in educational attainment levels and the availability of a highly educated labor force. The source for this data is the Census Bureau's American Community Survey.

Educational Attainment captures the percentage of the population (age 25 and above) whose highest level of education was either an Associate, Bachelor's, Graduate, or Professional Degree in 2010. Higher levels of educational attainment reflect a higher-skilled labor force, which can attract businesses that demand higher skilled workers and pay higher salaries. The source for this data is the Census Bureau's American Community Survey.

High School Progress measures the percentage of the late-teenage population (15 to 19 years old) enrolled in 12th grade in 2009. This indicator demonstrates the educational systems' capacity to facilitate students' progress to the senior year of high school and reflects other elements of educational quality and retention. Students who reach 12th grade have generally acquired aptitudes throughout the prior grades and have the potential to receive a diploma, become part of the labor force,

and pursue higher education or training. The sources for this data are the National Center for Education Statistics' Common Core Data and the Census Bureau's American Community Survey.

Household Income Spread calculates the divergence between the average household income and median household income in 2010. The magnitude of this divergence measures household income inequality in a region—a low divergence indicates that there is a lower disparity between household income levels than in an area with a higher divergence. Lower inequality can create a more stabilized social and political climate in addition to a more competitive workforce and region overall. Regions with a low divergence receive higher scores on this indicator. The source for this data is the Census Bureau's American Community Survey.

Median Household Income represents the income level where half of all households in the region fall below the median income in 2010 and the other half fall above the median value. Measures of household income reflect both the potential consumption activity of a mid-level household and a region's general standard of living. The source for this data is the Census Bureau's American Community Survey.

Population Growth measures the percentage increase in residents over a one-year period (in this case, from July 1, 2009 to July 1, 2010). This indicator is important because it reflects the attractiveness of a region as well as many economic aspects including the size of the labor force, consumer base, and delivery of public services. The source for this data is the Census Bureau's Population Estimates.

Livability Element Indicators

Charitable Contributions captures public charity and private foundation revenue per capita from contributions, gifts, and grants in 2009. Public charities include organizations involved in the arts, education, health care, and human services. Private foundations generally act as grant-making organizations and channel funds to other community and

non-profit organizations. These indicators have future impacts due to the fact that funds are given to other organizations so that they can provide future services and conduct ongoing activities. The sources for this data are the National Center for Charitable Statistics' Private Foundation and Public Charity Revenue Source data and the Census Bureau's Population Estimates.

Commute Time accounts for the average travel time to work in minutes in 2010 (for workers age 16 and above). Commute times function as an indicator of the level of crowding in a region, the quality of urban planning and transportation infrastructure, and the effects of urbanization and sprawl. Regions with shorter travel times receive higher scores on this indicator. The source for this data is the Census Bureau's American Community Survey.

Crime Rate measures the total number of reported violent and property crimes per 100,000 residents in 2009. This data can be used to assess the relative "safety" of one region to another based on the prevalence of reported criminal activity. Regions with low crime rates receive higher scores on this indicator. The source for this data is the Federal Bureau of Investigation's Uniform Crime Report.

Culture and Recreation measures the total amount of gross regional product in the Arts, Entertainment, and Recreation industry per 1,000 residents in 2009. This indicator reflects the level of cultural and recreational opportunities that act as amenities for the region's residents and a draw for visitors and related spending from outside the region. The source for this data is the Bureau of Economic Analysis's Gross Domestic Product by Metropolitan Area and Local Area Personal Income reports.

Fair Market Rent Growth captures the percentage increase in Fair Market Rent over a one year period (2010 to 2011 in this case). Since housing is a major component of many cost of living estimates, this indicator serves as a proxy for changes in cost of living over time. Regions with high growth rates receive low scores on this indicator. The source for this data is the Department of Housing and Urban Development's Fair Market Rents data.

Housing Affordability measures the share of homes sold in the second quarter of 2011 that would have been affordable to a family earning the median income. This indicator takes into account behavior in both income levels and the regional housing market and provides a point-in-time insight into cost of living and perceptions of regional affordability. The source for this data is the National Association of Home Builders-Wells Fargo Housing Opportunity Index.

Sustainability Element Indicators

Air Quality captures the population weighted average air quality index (AQI) readings measured specifically for ozone for all days and sites within a region in 2010. Ozone, attributed in large part of emissions from combustion engines, is the main cause of smog and presents health hazards in the form of respiratory problems. Higher AQI scores represent undesirable conditions, but are not necessarily classified as unhealthy until they reach established moderate and high readings. The source of this data is the Environmental Protection Agency's AirExplorer.

Alternative Commutes reflects the proportion of commutes to work using a means other than driving alone in a car, truck, or van in 2010. The use of public transportation, carpooling, and other commutes generate a lesser emissions impact and often makes more efficient use of transportation corridors. The source of this data is the Census Bureau's American Community Survey.

Efficient Homes reflects the share of homes built in 2010 that were qualified as ENERGY STAR based on efficiency guidelines set by the Environmental Protection Agency. This measure demonstrates the movement of the residential

construction sector toward more efficient homes as well as the demand for energy-saving features in the new home market. The sources for this data are the ENERGY STAR New Homes Partner database and Census Bureau's Building Permits statistics.

Green Buildings measures the square footage of structures meeting United States Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) requirements for building performance and sustainability on a per 1,000 employee basis as of September 2011. Buildings classified as LEED are generally more energy efficient and offer healthier conditions with lower operating costs and less impact on the environment. The sources for this data are the U.S. Green Building Council's LEED Certified Project Directory and Census Bureau's American Community Survey.

Solar Capacity accounts for the total installed solar photovoltaic kilowatt capacity in a region per one million residents as of September 2011. This measure demonstrates a region's adoption of renewable energy options, which have the potential to generate environmental benefits and cost savings. The sources for this data are the National Renewable Energy Laboratory's Open PV Project database and Census Bureau's American Community Survey.

Vehicle Miles Traveled measures daily miles traveled by vehicles on freeways and arterial streets in major cities within a region on a per 1,000 resident basis in 2010. This indicator relates to several negative attributes such as commute times, vehicle emissions, and road maintenance costs; therefore, higher levels on this indicator receive lower scores. The source for this data is the Texas Transportation Institute's Annual Urban Mobility Report.

Data for the following area were not available from the Census Bureau's American Community Survey: Salt Lake City—Box Elder County

Data for the following areas were not disclosed in the Bureau of Economic Analysis's Gross Domestic Product by Metropolitan Area: Salt Lake City—Box Elder, Davis, Morgan, and Weber Counties

Complete revenue data were not available from the National Center for Charitable Statistics' Core Data for the following area: Denver—Clear Creek County

Data for the following area were not available from the National Association of Home Builders-Wells Fargo Housing Opportunity Index: Salt Lake City—Box Elder County

Complete agency data for the following area were not available from the Federal Bureau of Investigation's Uniform Crime Report: Salt Lake City—Box Elder County

The ENERGY STAR New Homes Partner database does not have information for the following area: Salt Lake City—Box Elder County

Each of the indicators reflected in these data sources were deemed important in measuring economic prosperity and, despite incomplete data, the patterns presented are considered reasonable representations of the selected regions.



The Center for Strategic Economic Research (CSER) would like to thank the Board of the Sacramento Area Commerce and Trade Organization (SACTO) for supporting the development of the *2011 Prosperity Index* and providing feedback on the publication.

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CSER updates the Prosperity Index and all related components annually. The Economy component is updated quarterly through SACTO's *Quarterly Economic Report* in order to allow for more frequent evaluations of the regional economy. The *2011 Prosperity Index* is the seventh annual release of the *Prosperity Index*.

UC DAVIS HEALTH SYSTEM

As a major regional employer, economic driver, health provider and innovation center, UC Davis Health System advances economic development and quality of life in the Sacramento area.

The region's only academic health center is home to a nationally ranked 645-bed acute-care hospital, one of the country's best medical schools, the new Betty Irene Moore School of Nursing, an 800-member physicians group and renowned specialty centers such as a National Cancer Institute-designated cancer center. Together, they offer area workers and their families highly advanced care and promising new therapies for the most complex and acute health conditions.

With a workforce of roughly 10,000, UC Davis Health System is among Sacramento's largest employers. For every employee or dollar of output directly supported by health system operations, the north state's economy gains an additional 1.1 jobs or \$1.1 of output, according to a Center for Strategic Economic Research analysis. The health system's combined economic impact throughout Northern California is more than \$3.4 billion and more than 20,000 jobs.

UC Davis works actively through collaboration to expand the area's promising life sciences business sector. Examples include two National Science Foundation-supported UC Davis programs that help multidisciplinary teams bring research discoveries and technologies to the market. Since 2004, 34 startup companies have spun off from UC Davis in various sectors.

To learn more about how UC Davis Health System is improving lives and transforming health care, visit healthsystem.ucdavis.edu.

2011 Prosperity Index



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The Center for Strategic Economic Research (CSER), an economic research and consulting group affiliated with the Sacramento Area Commerce and Trade Organization (SACTO), provides a full range of objective economic and demographic research services to businesses, government entities, educational institutions, and non-profit organizations throughout the country. For more information about CSER or the *Prosperity Index*, visit www.strategieconomicresearch.org.

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