

Elk Grove Market Study

December 29, 2010

Prepared for:

City of Elk Grove

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December 20, 2010

Subject: Elk Grove Market Study

I am pleased to present the culmination of a two-year collaborative effort between the City of Elk Grove and representatives from numerous sectors, including education, business, development, agriculture, community, non-profit, and other governmental agencies. In 2009, the City began to undertake a study to determine the City's long term land use needs so that future growth is appropriately allocated. The participation of stakeholders with a broad range of backgrounds and experience resulted in the scope of work for this study. The scope covered future land use needs as well as an economic development element intended to identify key sectors for economic growth and their associated land use needs.

After a thorough analysis of growth projections, current demographics, existing land uses, vacant land, and numerous other data sources, the Center for Strategic Economic Research (CSER) has developed a report that provides keen insight into the City's future. The study also acts as a guide to prepare for that future by identifying strategies to provide for future growth and to develop a stronger economic foundation.

During the Stakeholder meeting process, a number of individuals volunteered their time to serve as members of the Market Study Steering Committee. The members assisted with finalizing the scope of work for the project, selecting a consultant to complete the study, and reviewing the completed Market Study. I am grateful to these individuals and thank them for their time and assistance with this project:

Dennis Barksdale, Business
Jim Cline, Utilities
John Costa, Residential Development
Steve Czarnecki, Economic Development
Leo Fassler, Community
John Ferguson, Commercial Development
Jim Alves, Utilities
Marcela Iglesias, Education
Regina Lugani, Government

Gregg Mason, Commercial Broker
Charlotte Mitchell, Agriculture
Tim Moran, Medical Sector
John Pappas, Commercial Development
Rob Pierce, Education
Darren Suen, Residential Development
Angi Perry, Business
Jack Williams, Business
Ardie Zahedani, Development

Sincerely,

A handwritten signature in blue ink that reads "Laura S. Gill". The signature is written in a cursive, flowing style.

Laura S. Gill
City Manager

Key Concepts

The City of Elk Grove commissioned the Center for Strategic Economic Research (CSER) and Economic & Planning Systems, Inc. (EPS) to conduct a market study examining economic development opportunities and land use needs for the City of Elk Grove. The Market Study was designed to supplement the City's ongoing assessment of future growth areas and the community's economic development strategic planning efforts. The information below highlights the key concepts from each chapter of the Market Study report.

Economic and Demographic Profile

- ❑ In the past decade, the Sacramento Region's population grew by close to 24 percent while employment increased by almost 8 percent, growth significantly above the statewide and national averages. Elk Grove has been a major contributor to and recipient of this growth with its population increasing by 66,000 residents since the City's 2000 incorporation and employment supported by establishments in the area growing by 8,000 jobs in the same time period. Currently, the City contains approximately 6 percent of all residents in the Region with a slightly larger share of labor force and establishments and a notably lower proportion of housing units, commercial real estate square footage, taxable sales, and employment.
- ❑ In 2008, Elk Grove's nearly 5,300 private and public sector establishments supported around 29,000 jobs. Elk Grove's economy is much less diversified than the larger Sacramento Region as well as the state. Five major sectors make up the majority of the total employment in Elk Grove including Retail Trade; Government & Unclassified; Construction; Accommodation & Food Services; and Professional, Scientific, & Technical Services. Around 22 percent of Elk Grove employment is supported by base activities that bring net new wealth into the community, a much lower share than in the Sacramento Region. Five of the 20 major sectors in Elk Grove support a mix of base and local-serving components, five sectors are comprised entirely of base activities, and 10 sectors solely include local-serving components.
- ❑ With over 48,000 housing units in 2009, Elk Grove contains approximately 5 percent of the residential real estate in the Sacramento Region—well-reputed schools, desirable parks and recreational amenities, and relatively affordable home prices have proven attractive to first-time buyers and family households. Per capita levels of commercial real estate development show that the Elk Grove submarket is below other competitive submarkets and the Sacramento Region overall in terms of industrial, office, and retail space. Although neighborhood and community retail centers display low vacancy rates and appear healthy given larger economic issues, Elk Grove's retail market seems to be underperforming particularly with regard to regional retail as taxable sales levels on a per capita basis are below regional benchmarks.

Competitiveness

- ❑ Elk Grove supports a lower jobs-household balance (0.62) than the five comparative areas with considerably fewer jobs than households. Only Folsom maintains a ratio of less than 1.0 with Rancho Cordova, Roseville, and Corona supporting a generally healthy balance and Pleasanton showing an employment-heavy ratio over 2.0. None of the comparative areas show worker outflow rates as high as Elk Grove—when worker inflow is accounted for, all the comparative areas see a greater number of in-commuters than out-commuters with inflow-outflow ratios ranging from about 109 percent in Corona to close to 206 percent in Rancho Cordova. In Elk Grove, only approximately 47 percent of the number of workers that leave the local area for work are replaced by workers coming into the City for jobs.
- ❑ Elk Grove ranked fourth among the six measured areas on the 2010 Business Vitality Index falling behind only Pleasanton and Folsom. Rancho Cordova and Corona placed below Elk Grove with the latter showing a notable gap in performance versus Elk Grove and the top-performing areas. Overall, the Index suggests that Elk Grove presents a somewhat weak competitive position relative to the five comparative areas—in certain cases, it should be able to compete well with the two areas it outranked and needs to improve its performance and competitive assets to compare favorably with the three areas it fell behind.
- ❑ Elk Grove ranks as an “average” cost area for doing business compared to over 400 other jurisdictions in the country (with more than half in California) according to the 2009 *Cost of Doing Business Survey*, which takes taxes, fees, and economic development programs into consideration. Of the measured areas in the Sacramento Region, Elk Grove is one of three that are classified as average cost area (along with Citrus Heights and unincorporated Sacramento County)—four other areas in the Region rank as low or very low cost areas including Folsom, Rocklin, Roseville, and unincorporated El Dorado County. Further analysis of taxes, fees, and incentives in Elk Grove and its regional competitors supports the conclusion that the City presents an average cost of doing business.

Economic Development Potential

- ❑ A few of Elk Grove’s major industry sectors in particular should pique the interest of economic development efforts based on unique characteristics—Construction; Wholesale Trade; Retail Trade; Information; Real Estate & Rental; and Professional, Scientific, & Technical Services. For those sectors that have seen healthy conditions in the past decade, economic development efforts can help build upon this growth by mitigating barriers and looking for unique opportunities to take advantage of emerging business trends in the Sacramento Region such as green building, clean energy technology, sustainability, and healthcare information management.
- ❑ While, like many cities, Elk Grove does not necessarily possess fully-integrated industry clusters, there are certainly core activities within the local economy that

KEY CONCEPTS

already play a role in or can be networked into larger clusters that have a regional presence or are more broadly geographically dispersed. Breaking apart Elk Grove's major sectors into their more narrowly-defined components reveals that nine clusters present economic development potential in the City based principally on economic performance within the core activities grouped into the clusters as well as input from local leaders. These clusters include Business Services; Creative; Finance & Insurance; Food; Government; Medical; Real Estate; Local Services; and Transportation.

- ❑ There are a handful of commonly-recognized factors that point to a specific area's economic development potential related to business creation, retention, expansion, and attraction across nearly all major sectors and clusters. Among the nine factors, only three elicit perceptions that tip the scale into positive territory for Elk Grove including workforce size and quality, consumer base size and quality, and access to markets. With six of the nine key factors in neutral or negative territory, there are clearly some real issues affecting economic development potential in the City.

Development Scenarios

- ❑ For purposes of comparing the supply of vacant land within Elk Grove to the demand generated by population and employment growth over the next 20 years, two separate growth scenarios were created through 2029. Both scenarios assume an increase of over 52,000 residents and 19,000 households between 2009 and 2029. Scenario 1, the low land use consumption scenario, projects that employment growth in Elk Grove will generate approximately 13,600 new jobs from 2009 to 2029. Under Scenario 2, the high land use consumption scenario, new job growth is anticipated to create approximately 20,900 jobs through 2029.
- ❑ Total estimated land supply under each of the two scenarios is approximately 3,100 acres. Under Scenario 1, the projected demand for developable land totals approximately 3,300 acres. Scenario 2 shows estimated demand for developable land at a total of approximately 4,500 acres. Overall, the results of the land supply and demand analysis support the need for an additional 200 to 1,400 acres of land to accommodate projected 2029 levels of demand.
- ❑ Both growth scenarios assume roughly 67,000 households in 2029 with a jobs-household ratio of 0.54 in the low land use consumption scenario and 0.72 in the high land use consumption scenario. In order to reach the low ratio of 0.8 from the comparative areas, Elk Grove would need nearly 54,000 jobs in 2029, about 10 percent higher than the more aggressive jobs level incorporated in the high land use consumption scenario. To realize the average ratio across the comparative areas of 1.5, Elk Grove would need close to 101,000 jobs in 2029, which is about 106 percent higher than the high land use consumption scenario jobs projection.

Market Strategy

- ❑ Elk Grove has the potential to experience a future with more desirable outcomes and a stronger business climate than what it has historically experienced. However, fundamental building blocks need to be put in place in order to do so. First and foremost, there is a recognized need for additional physical assets in the community, such as a wide range of inter-related residential products, civic and cultural amenities, and well positioned commercial sites, in order to create a stronger competitive position and build economic vitality. The planning and development horizon associated with building long-term physical assets can be lengthy. Therefore, while the planning and development processes are underway, Elk Grove should take the opportunity to expand the narrowly-focused economic development program and implement more strategic approaches to maximize the economic growth potential based on its current competitive position.

- ❑ The five-year market strategy includes a broad vision and two guiding principles that overlay a set of six strategies split equally between real estate and land use and economic development topics:

Vision: Enhance economic well-being and quality of life, improve the job-housing balance, create employment opportunities for residents, and build economic stability by facilitating job creation and economic diversification

⇒ *Guiding Principle 1: Attract investment by simplifying and reducing up-front costs of entitlement and infrastructure while delivering prioritized, high-quality facilities*

⇒ *Guiding Principle 2: Structure economic development investments around a performance-based system to encourage strong leadership and effective use of funds*

➔ *Strategy 1: Create a process for long-term planning including the Sphere of Influence, area surrounding the mall, and other major assets to proactively shape the future around economic vitality*

➔ *Strategy 2: Activate and intensify primary TOD and other high profile infill and redevelopment sites, creating close proximity between residential, employment, entertainment, and recreational uses*

➔ *Strategy 3: Improve Elk Grove’s competitive position for regional growth by facilitating and supporting private investment in a major, high profile new business park, targeted to office, R&D, light industrial, heavy industrial warehouse/distribution, and campus users*

➔ *Strategy 4: Develop a business retention and expansion program to enhance the local business climate and job creation*

➔ *Strategy 5: Create strategic groupings of targeted industries for business attraction efforts to diversify the economy and grow the economic base*

➔ *Strategy 6: Develop a comprehensive economic development marketing plan to build visibility for the community, local businesses, and programs*

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Introduction

The City of Elk Grove commissioned the Center for Strategic Economic Research (CSER), an economic research and consulting group affiliated with the Sacramento Area Commerce and Trade Organization (SACTO), to conduct a market study examining economic development opportunities and land use needs for the City of Elk Grove. The Market Study was designed to supplement the City's ongoing assessment of future growth areas and the community's economic development strategic planning efforts. CSER partnered with Economic & Planning Systems, Inc. (EPS), an urban economics consulting firm, to build a consultant team with a full complement of regional economics, economic development, and real estate and land use expertise. The Market Study was conducted between February and November 2010 and included reviews of published studies and documents, technical analysis using publicly-available, proprietary, and internally-developed data sets, a series of interviews with more than 30 local and regional leaders and businesses, case studies of five competitive and comparative communities in the state, and strategic engagement with a City-organized Steering Committee consisting of 19 members and four City representatives.

This report assembles the five core components of the Market Study. The first chapter provides an overview of key economic and demographic characteristics in the City to establish the context for the economic development and land use analysis. The second chapter explores Elk Grove's competitiveness based on comparisons to other areas in the state and focuses on community characteristics, business vitality, and cost of doing business. Chapter three summarizes key aspects defining economic development potential in Elk Grove and includes analyses of strengths, weaknesses, opportunities, and threats, viable sectors and clusters, and business factor perceptions. Two development scenarios are presented in the fourth chapter along with an evaluation of the possible gap between land supply and future demand. The final chapter provides a market strategy incorporating an overarching vision, two guiding principles, and six strategies equally split between real estate and land use and economic development. In addition to the five main sections, three appendices are included containing an overview of the Market Study research methodology, a roster of the Market Study Steering Committee, and an outline of the National Establishment Time Series (NETS) database structure.

The City of Elk Grove, incorporated in July 2000, is one of 24 cities in the six-county Sacramento Region (shown in Figure 1). The 2.3 million-person Region, which includes El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba Counties, is one of the fastest-growing and most dynamic regions in California. Elk Grove is located in the southern portion of the Region within Sacramento County and sits between two of the Region's key north-south transportation corridors, Interstate 5 and State Route 99. In the past decade, the Sacramento Region's population grew by close to 24 percent while employment increased by almost 8 percent (reaching a total of 889,000 jobs), growth significantly above the statewide and national averages.¹ Elk Grove has been a major contributor to and recipient of this growth. Currently, the City contains approximately 6

¹ Data Sources: U.S. Census Bureau, U.S. Bureau of Labor Statistics, CA Department of Finance, and CA Employment Development Department

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percent of all residents in the Region with a slightly larger share of labor force and establishments and a notably lower proportion of housing units, commercial real estate square footage, taxable sales, and employment (as illustrated in Figure 2). Strong regional growth is projected to continue over the next decade as the economy moves out of the current recession and the inland parts of the state are expected to absorb the most growth.

FIGURE 1
SACRAMENTO REGION MAP

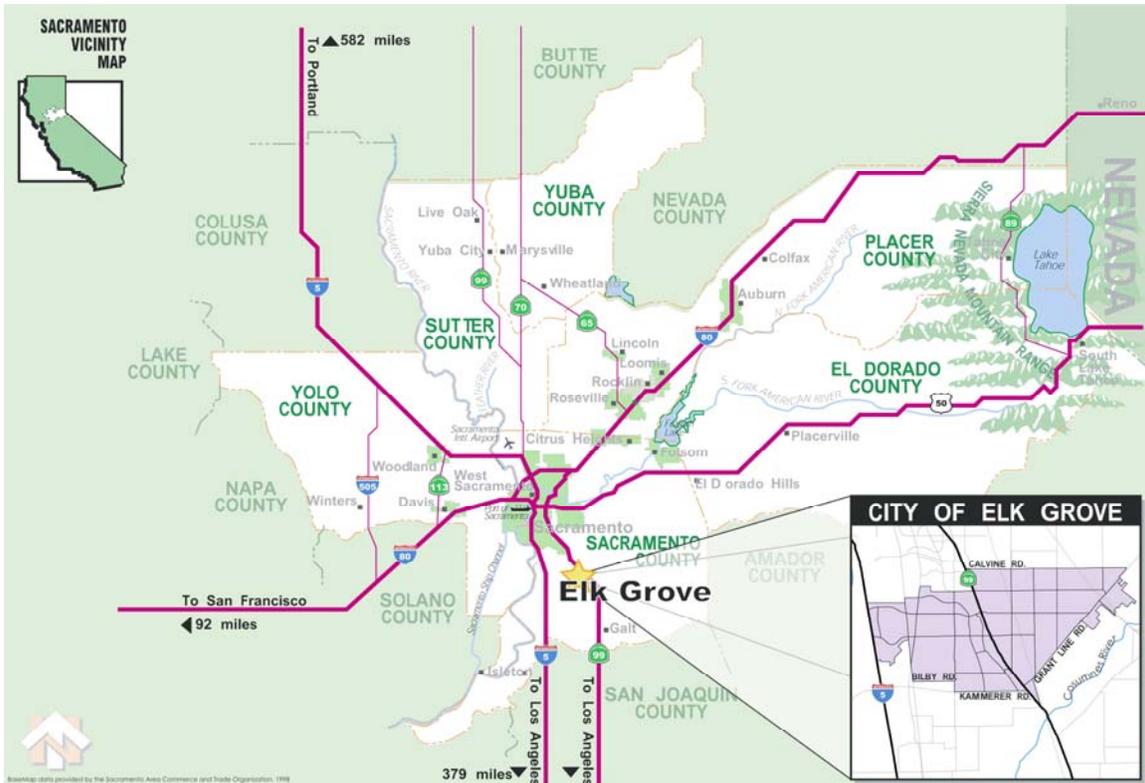
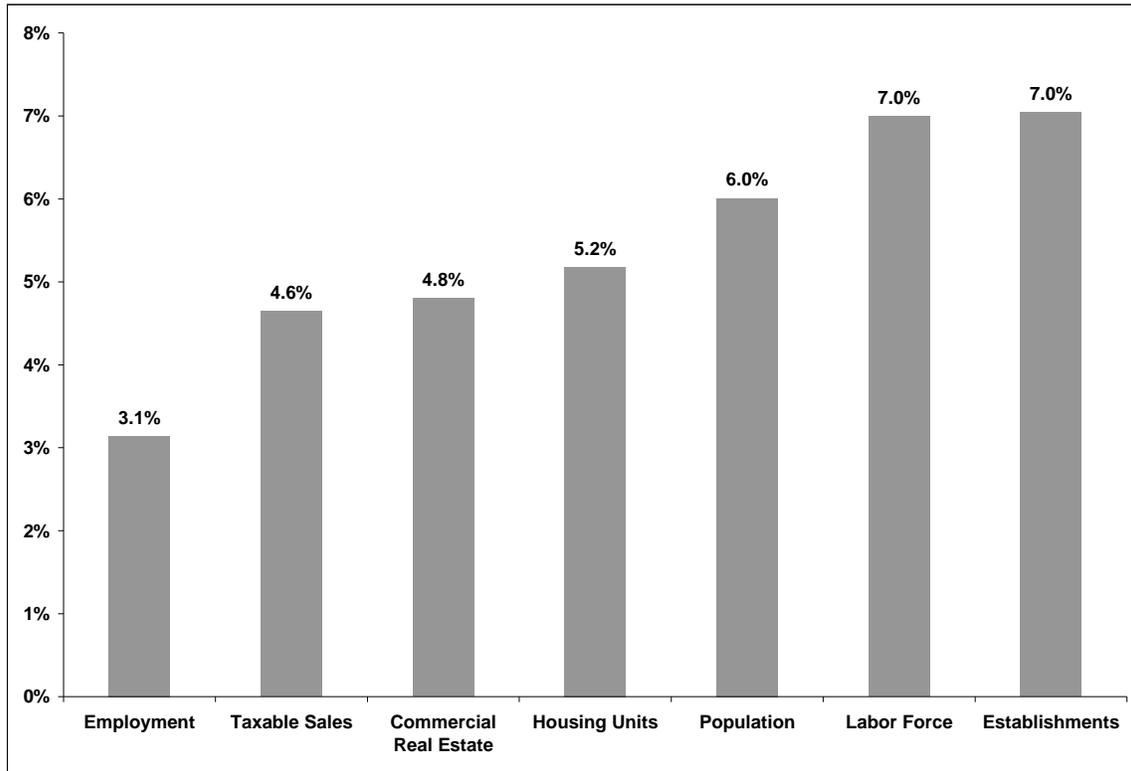


FIGURE 2
ELK GROVE SHARE OF SACRAMENTO REGION



Center for Strategic Economic Research, November 2010

Data Sources: CSER estimates based on:

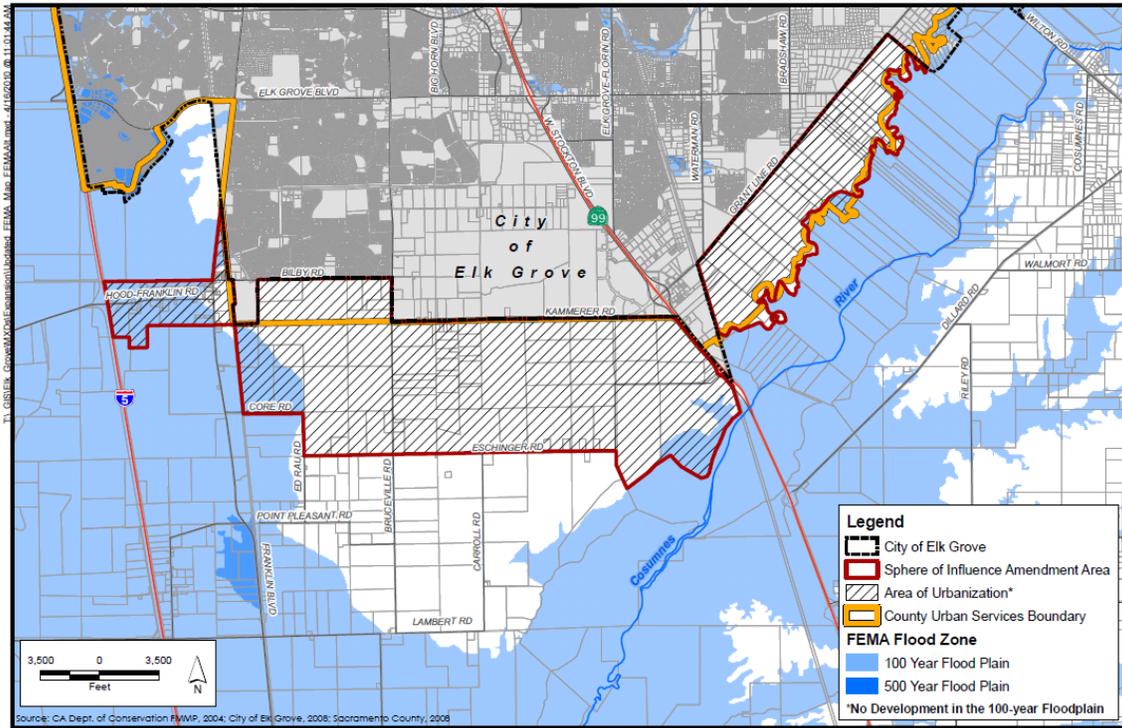
- National Employment Time Series database
- CA Employment Development Department, Employment by Industry Data
- Moody's Economy.com
- ReferenceUSA
- CA Board of Equalization, Taxable Sales in California
- CA Department of Finance, Population Estimates for Cities, Counties, and State
- ESRI Business Analyst Online
- CB Richard Ellis, Market View Reports
- Grubb & Ellis, Market Snapshot Reports
- U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Note: Commercial real estate reflects the average share of submarket square feet for industrial, office, and retail properties.

The City is currently undertaking a multi-year process of planning for future growth and development. In this process, the City has proposed amending its Sphere of Influence area (SOI) to include areas immediately south and southeast of the existing boundaries (shown in Figure 3). Future annexation and subsequent General Plan and zoning designation for this area will ultimately require the City to identify projected land use needs to ensure growth is appropriately allocated.

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FIGURE 3
SPHERE OF INFLUENCE AREA MAP



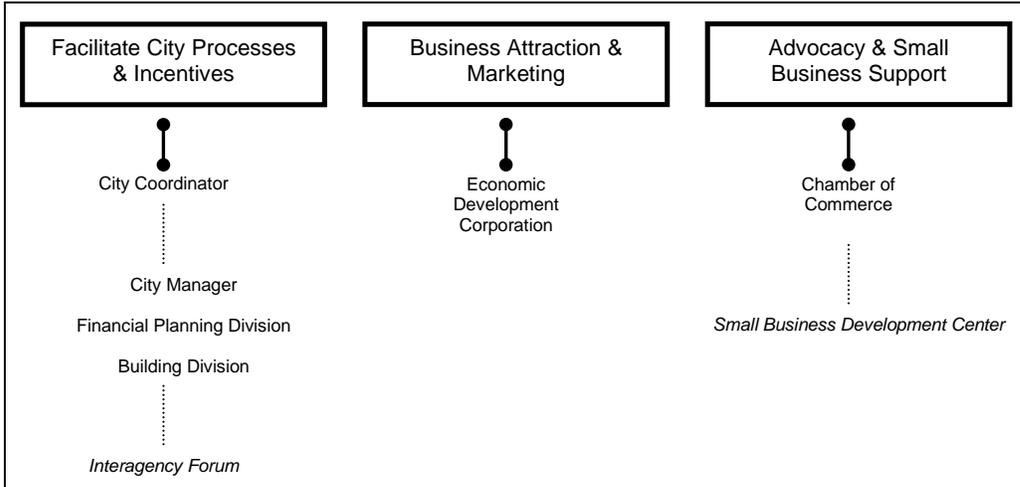
City of Elk Grove
Development Services

Proposed SOI as Directed by
the City Council on April 14, 2010

Economic development efforts in Elk Grove are currently housed in three main entities including the City of Elk Grove, Elk Grove Economic Development Corporation, and Elk Grove Chamber of Commerce (depicted in Figure 4). These entities are primarily focused on helping companies navigate City processes and incentives, marketing Elk Grove to attract new business locations, and advocating on behalf of existing businesses and providing assistance to small businesses. The City has been working cooperatively with the Economic Development Corporation to identify a long-term vision and resources needed for sustainable economic development and jobs creation in Elk Grove.

INTRODUCTION

FIGURE 4
ELK GROVE ECONOMIC DEVELOPMENT PROGRAM STRUCTURE



Economic and Demographic Profile

The information presented in this section establishes the context for the study by providing an overview of key economic and demographic characteristics in the City. Factors are organized into three sections—resident, business, and real estate—with the most current annual data at the time of analysis presented along with historical data and comparisons to other benchmark areas provided in some cases.

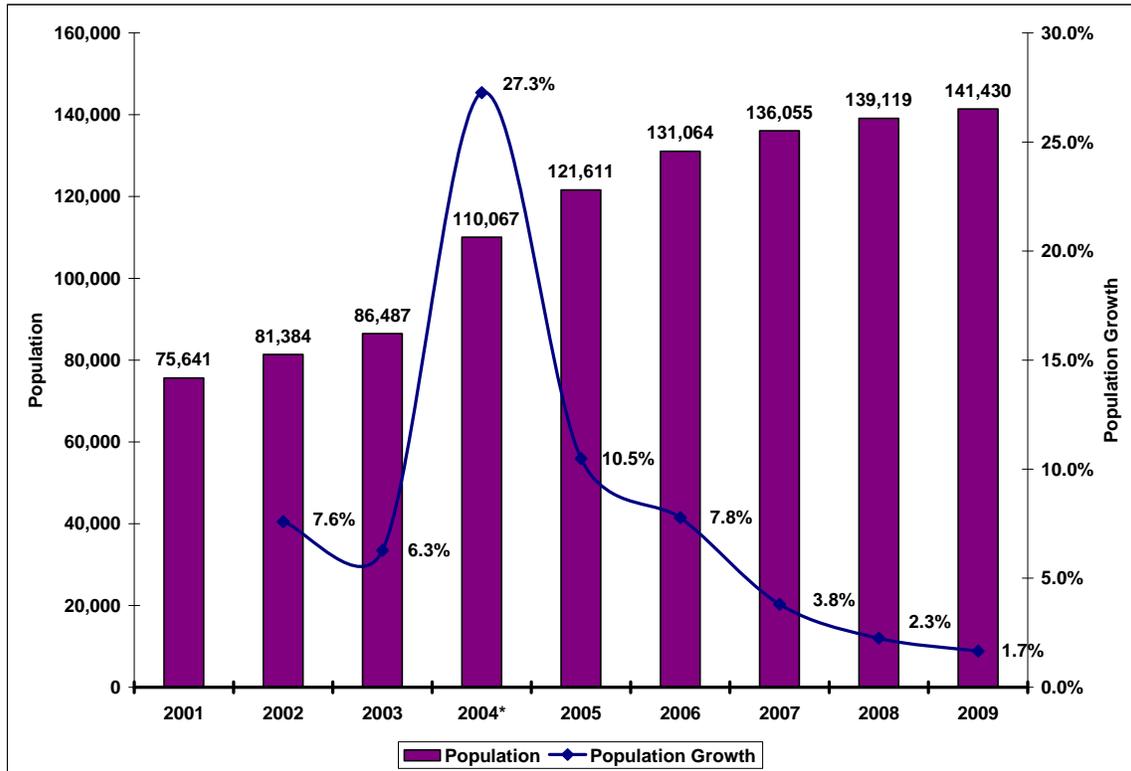
Resident Overview

This section covers information related to Elk Grove's residents including population, income, educational attainment, employment, and commuting patterns. Much of the data presented in this section provide a snapshot of 2009 conditions, while historical data are provided back to 2001, the first year following incorporation.

Figure 5 shows that, since 2001, Elk Grove's population increased by nearly 66,000 to around 141,000 residents in 2009, comprising about 6 percent of the six-county Sacramento Region's population. Elk Grove annexed the Laguna West-Lakeside CDP in 2003, adding about 15,000 people to the City's total population in addition to the internal annual population change of about 8,600 residents (as reflected in the high annual growth rate for 2004 in Figure 5). The substantial population gain since incorporation has made Elk Grove the Sacramento Region's second-largest incorporated city (behind Sacramento) and placed it among the state's top 40 largest cities. The City's nearly 29 percent growth rate in the 2004-2009 period far exceeded that of the Sacramento Region (around 8 percent), state (nearly 6 percent), and nation (close to 5 percent).¹ Elk Grove's annual population growth rates have been steadily decreasing showing approximately 2 percent growth from 2008 to 2009, down from a non-annexation period peak of about 11 percent in 2005. Elk Grove's large market size allows the City to offer a labor market and customer base at a scale that can attract the attention of businesses.

¹ Data Sources: CA Department of Finance and U.S. Census Bureau

FIGURE 5
ELK GROVE POPULATION AND ANNUAL POPULATION GROWTH



Center for Strategic Economic Research, November 2010

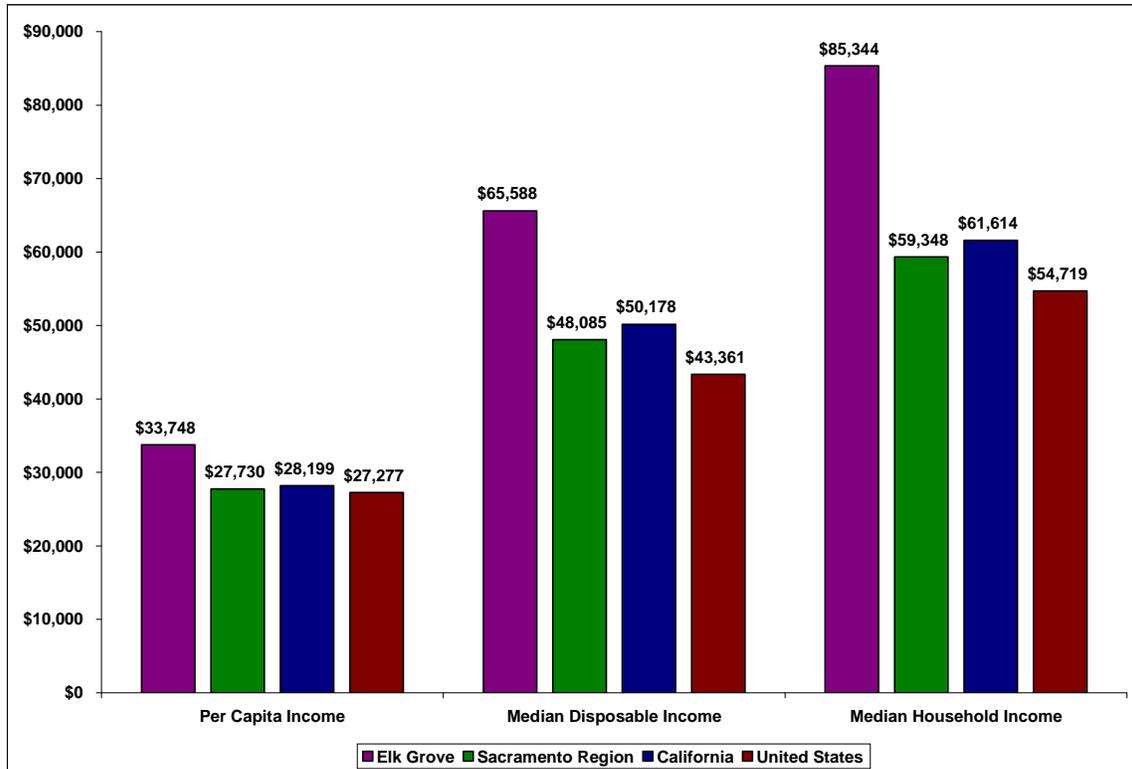
Data Source: CA Department of Finance, Population Estimates for Cities, Counties, and State, 2001-2009

*Note: Laguna West annexation occurred in 2003, adding approximately 15,000 residents to Elk Grove's total population resulting in a spike in annual population growth in the 2003 to 2004 time period.

ECONOMIC AND DEMOGRAPHIC PROFILE

Figure 6 shows that Elk Grove's median disposable income, per capita income, and median household income are considerably higher than the Region, state, and nation. Retail and other local-serving businesses are typically attracted to areas with high disposable income. These high income levels show the economic-well being of Elk Grove's residents and the ability of the population to support the growth of local-serving businesses.

FIGURE 6
2009 INCOME LEVELS



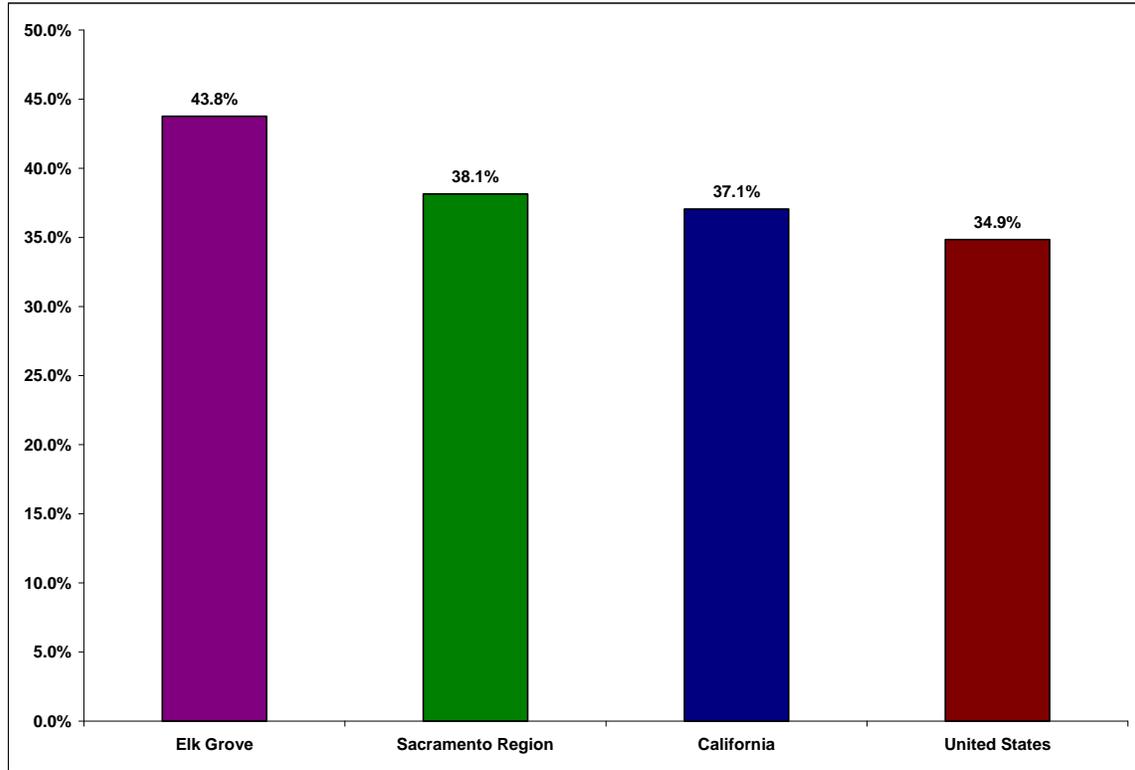
Center for Strategic Economic Research, November 2010

Data Sources: ESRI Business Analyst Online, 2009 Market Profile and Retail MarketPlace Profile

ECONOMIC AND DEMOGRAPHIC PROFILE

The availability of a highly-educated workforce is a significant factor in an area's long-term economic growth as it attracts new businesses and contributes to the success of already established businesses. Figure 7 demonstrates that the proportion of Elk Grove's population that has earned some form of a postsecondary degree (associate and above), nearly 44 percent, is much higher than the regional, statewide, and national averages.

FIGURE 7
ASSOCIATE DEGREE AND ABOVE EDUCATIONAL ATTAINMENT

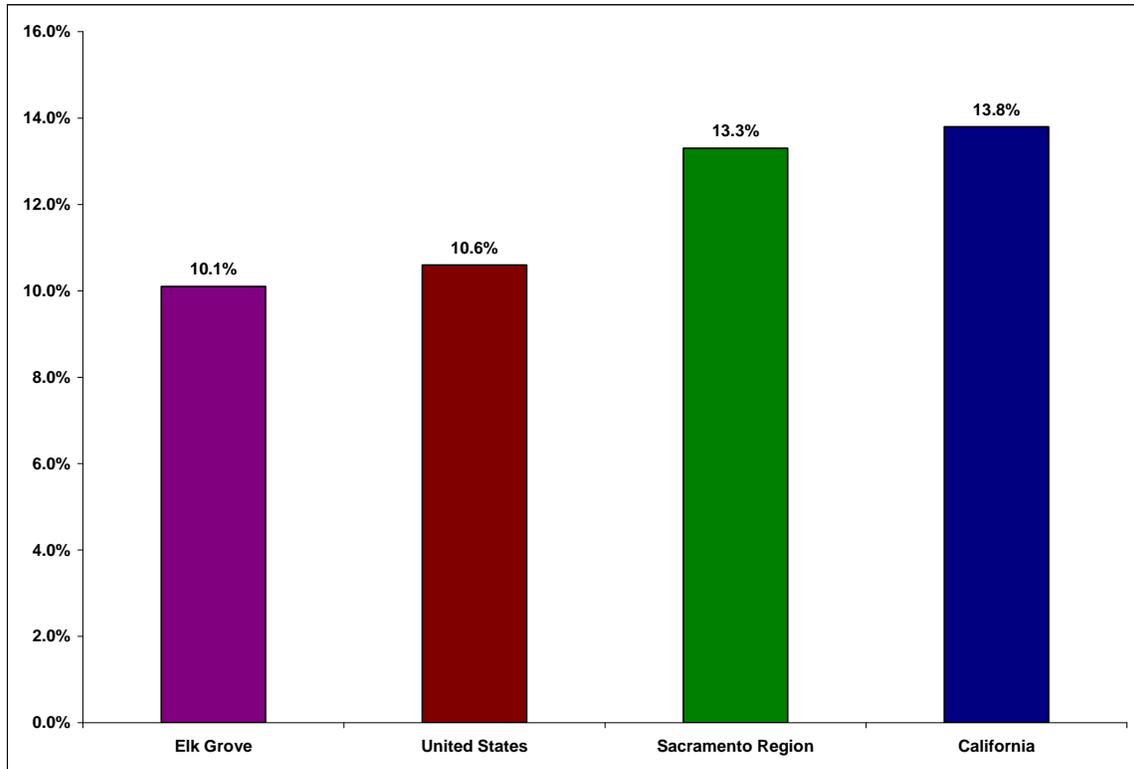


Center for Strategic Economic Research, November 2010
Data Source: U.S. Census Bureau, 2006-2008 American Community Survey

ECONOMIC AND DEMOGRAPHIC PROFILE

Figure 8 shows that, with an unemployment rate at slightly over 10 percent, Elk Grove fares better than the Sacramento Region and California (with rates at roughly 13 and 14 percent, respectively) and is close to the national average (at around 11 percent). The recession has had a significant impact on unemployment rates across the country, but Elk Grove's residents appear to be employed to a greater extent than the rest of the country and state.

FIGURE 8
2009 UNEMPLOYMENT RATES



Center for Strategic Economic Research, November 2010
Data Source: ESRI Business Analyst Online, 2009 Market Profile Report

ECONOMIC AND DEMOGRAPHIC PROFILE

Figure 9 depicts occupations held by working residents of Elk Grove, the Sacramento Region, and the state. The top occupations among Elk Grove residents are in the Office and Administrative Support; Sales & Related; Management; Business & Financial Operations; and Healthcare Practitioners & Technical categories which, combined, make up nearly 54 percent of employment and are held by 37,000 residents. The Sacramento Region and California share the same top three occupational categories. The Construction & Extraction occupational category is the fourth-largest in these comparative areas while Business & Financial Operations and Production rank fifth in the Sacramento Region and California, respectively.

**FIGURE 9
RESIDENT OCCUPATIONAL EMPLOYMENT**

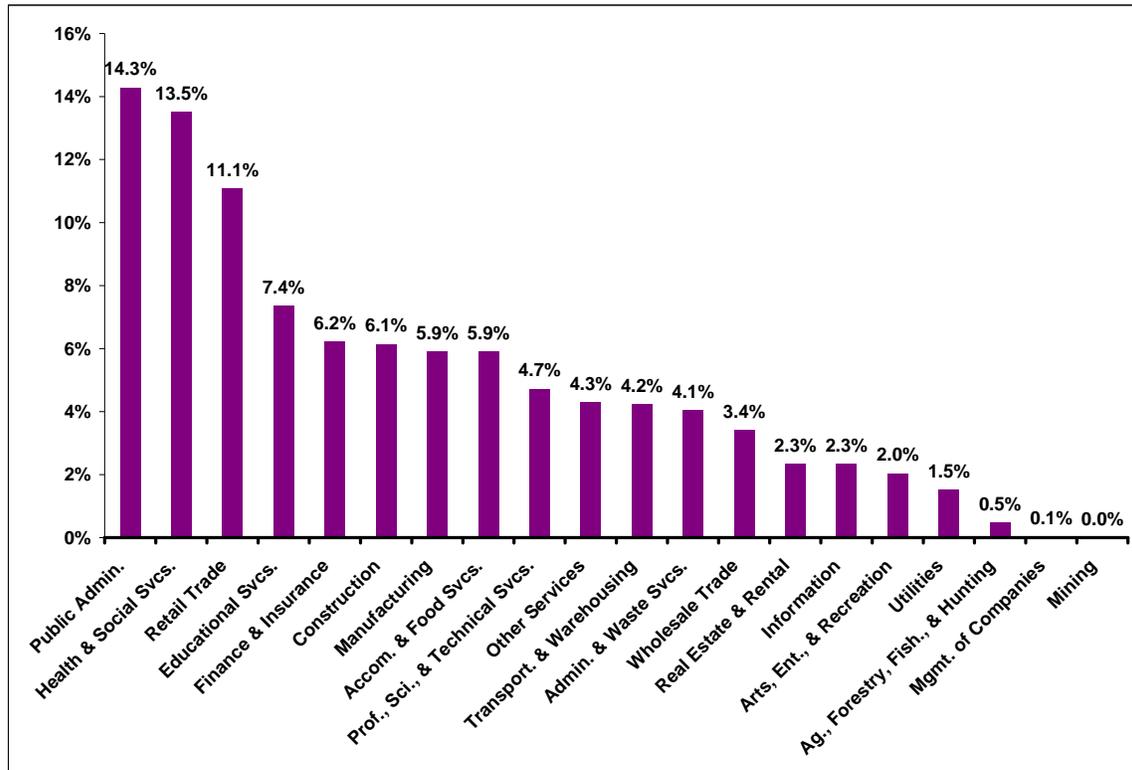
Occupation Title	Elk Grove		Sacramento Region*		California	
	Total	Composition	Total	Composition	Total	Composition
<i>All Occupations</i>	69,379	-	1,024,279	-	16,834,866	-
Office and Administrative Support	11,011	15.9%	154,629	15.1%	2,348,868	14.0%
Sales and Related	8,759	12.6%	121,699	11.9%	1,965,711	11.7%
Management	8,182	11.8%	104,358	10.2%	1,669,259	9.9%
Business and Financial Operations	5,111	7.4%	56,798	5.5%	786,748	4.7%
Healthcare Practitioners and Technical	4,034	5.8%	45,535	4.4%	709,881	4.2%
Education, Training, and Library	3,600	5.2%	55,111	5.4%	908,412	5.4%
Transportation and Material Moving	3,084	4.4%	52,599	5.1%	948,155	5.6%
Construction and Extraction	3,029	4.4%	64,062	6.3%	1,013,673	6.0%
Computer and Mathematical	2,957	4.3%	34,267	3.3%	447,322	2.7%
Food Preparation and Serving Related	2,766	4.0%	55,197	5.4%	857,111	5.1%
Production	2,256	3.3%	36,943	3.6%	957,383	5.7%
Personal Care and Service	2,252	3.2%	39,358	3.8%	656,569	3.9%
Protective Services	2,121	3.1%	24,764	2.4%	352,887	2.1%
Installation, Maintenance, and Repair	2,076	3.0%	31,578	3.1%	521,707	3.1%
Building and Grounds Cleaning and Maintenance	1,581	2.3%	37,226	3.6%	720,527	4.3%
Community and Social Services	1,542	2.2%	17,316	1.7%	245,237	1.5%
Architecture and Engineering	1,428	2.1%	22,863	2.2%	377,898	2.2%
Healthcare Support	1,274	1.8%	20,116	2.0%	294,988	1.8%
Life, Physical, and Social Science	828	1.2%	13,172	1.3%	182,252	1.1%
Arts, Design, Entertainment, Sports, and Media	713	1.0%	17,409	1.7%	431,734	2.6%
Legal	579	0.8%	13,146	1.3%	208,754	1.2%
Farming, Fishing, and Forestry	196	0.3%	6,133	0.6%	229,790	1.4%

Center for Strategic Economic Research, November 2010
 Data Source: U.S. Census Bureau, 2006-2008 American Community Survey
 *Note: Does not include data for Yuba County as not disclosed.

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Figure 10 shows the industry sectors in which Elk Grove’s working residents are employed. Approximately 40 percent of working residents are employed in Public Administration; Health & Social Services; and Retail Trade establishments. The Educational Services; Finance & Insurance; and Construction sectors also employ a notable share of Elk Grove residents with over 6 percent each.

FIGURE 10
ELK GROVE RESIDENT INDUSTRY EMPLOYMENT



Center for Strategic Economic Research, November 2010
Data Source: U.S. Census Bureau, 2006-2008 American Community Survey

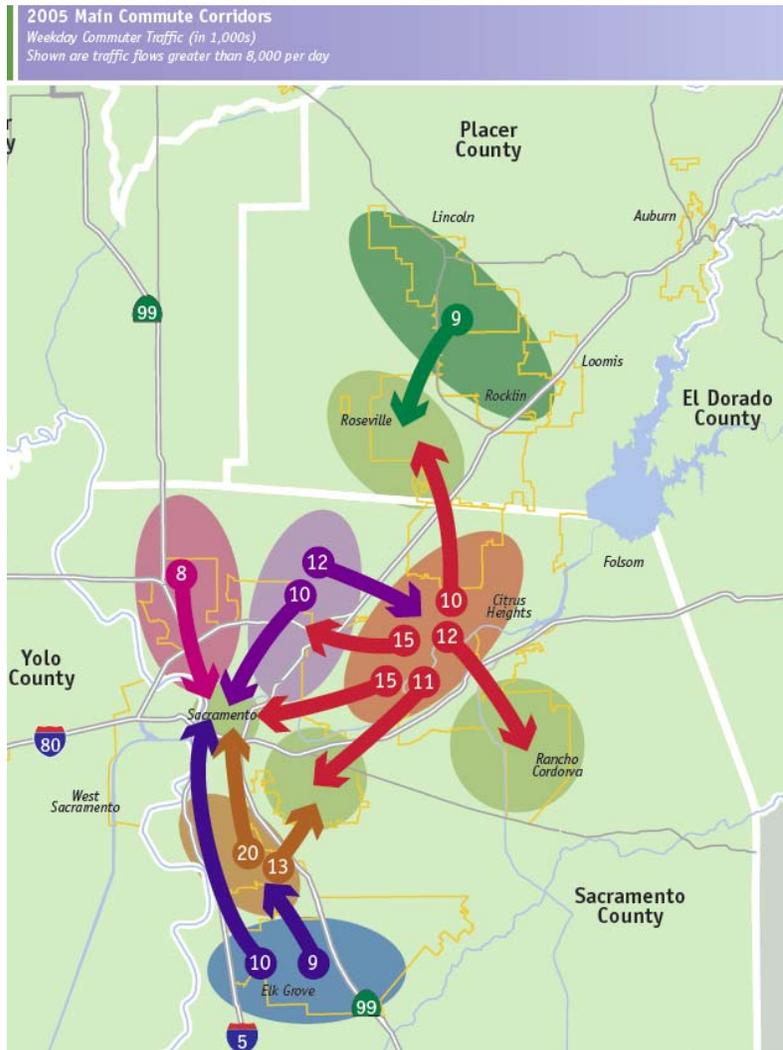
The majority of Elk Grove working residents are not employed within establishments in the City. Estimates of the proportion of employed residents that leave Elk Grove for work range from approximately 77 percent to 87 percent.² Most of the destinations of this out-commute are within other areas of Sacramento County with the City of Sacramento capturing the largest share (30 percent according to some estimates). A large proportion of these workers commute to downtown Sacramento and surrounding areas for state government jobs—a study on state workers in Elk Grove revealed that approximately 13,400 City residents work for the state government.³ Figure 11 illustrates the main regional commute traffic flows based on Sacramento Area Council of Governments (SACOG) analysis—the Elk Grove out-commute qualifies as one of the largest in the Region. This considerable out-commute of workers creates significant

² Data Sources: US Census Bureau, 2006-2008 American Community Survey and 2008 Local Employment Dynamics

³ Analysis conducted by the City of Elk Grove using zip code data dated February 12, 2010.

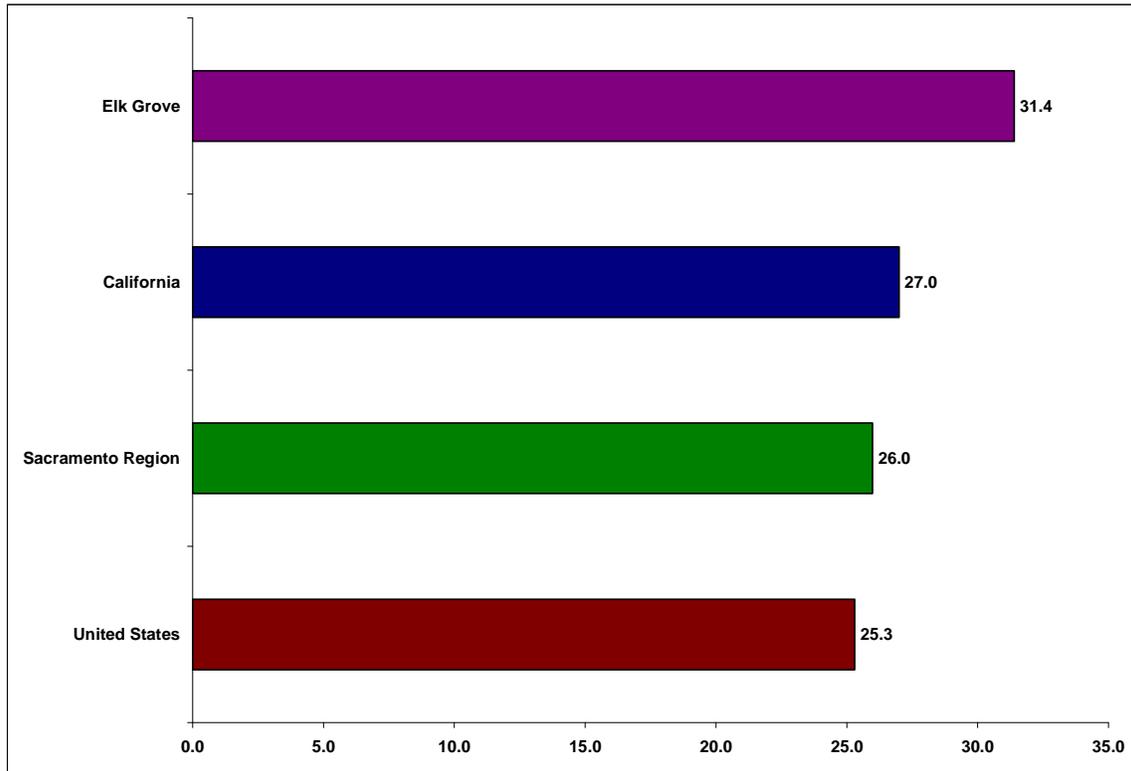
congestion along major transportation corridors—Interstate 5 and, particularly, State Route 99—especially considering the dependence on automobile travel with limited transit options. On average, as shown in Figure 12, Elk Grove commuters face drives of over 31 minutes, significantly higher than average commute times in the Region (26 minutes), California (27 minutes), and the United States (around 25 minutes).

FIGURE 11
2005 MAJOR REGIONAL COMMUTE TRAFFIC FLOWS



Source: Sacramento Area Council of Governments, 2035 MTP

FIGURE 12
COMMUTE TIMES



Center for Strategic Economic Research, November 2010
Data Source: U.S. Census Bureau, 2006-2008 American Community Survey

Business Overview

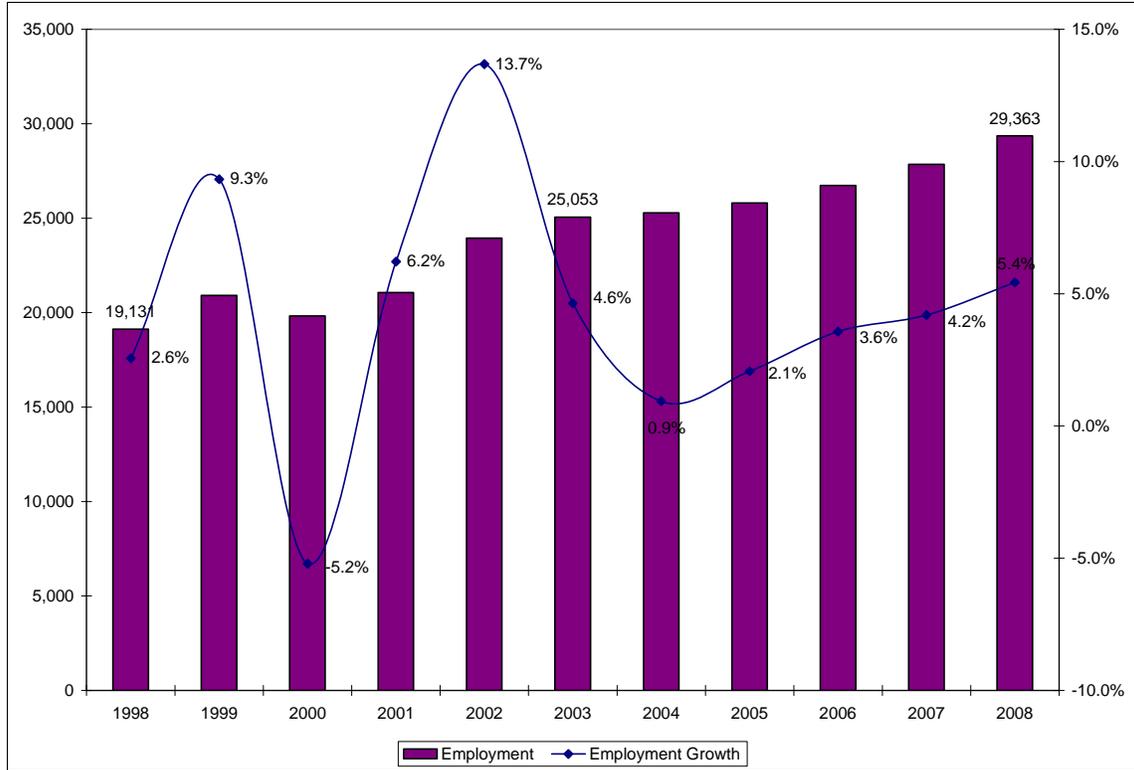
This section covers business-related factors in Elk Grove such as employment and establishments (total and by industry), base and local-serving industries, and taxable sales. Analysis in this section was primarily created through data which covers an area roughly conforming to the City boundaries with the most recent year being 2008, a point in the early stages of the regional recession.

In 2008, Elk Grove’s nearly 5,300 private and public sector establishments employed about 3 percent of all payroll jobs in the Sacramento Region, or total employment around 29,000, as shown in Figure 13. The share of jobs is considerably lower than Elk Grove’s proportion of regional population (6 percent). In the first full year following incorporation, establishments in the City supported about 21,000 jobs—more than 8,000 jobs have been added since that point. Over the 10-year period, the City gained approximately 10,000 wage and salary jobs with job growth nearly every year, and had an average annual job growth of nearly 5 percent from 1998 to 2008. Elk Grove’s job growth of around 54 percent over the past decade outpaced the regional, statewide, and

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national averages (between 9 and 19 percent).⁴ Estimates show that employment in the City continued to grow in recent years even when the broader economy was contracting.

FIGURE 13
ELK GROVE TOTAL EMPLOYMENT AND ANNUAL EMPLOYMENT GROWTH



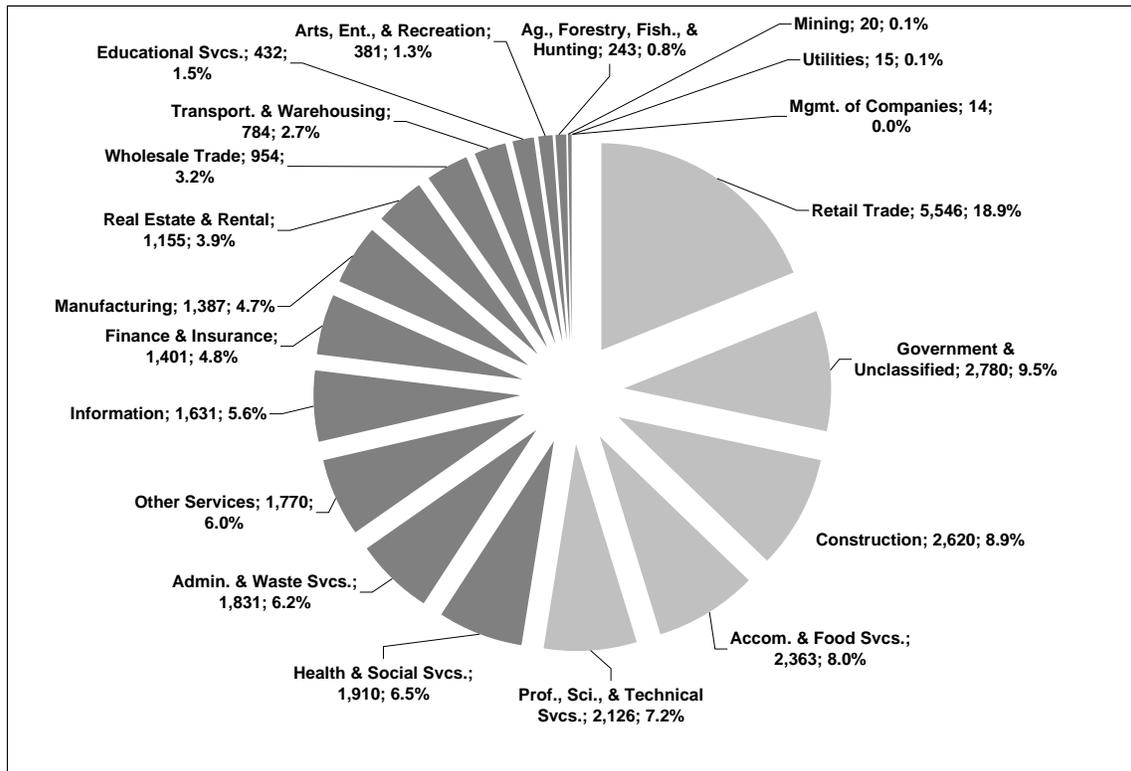
Center for Strategic Economic Research, November 2010
 Data Source: CSER estimates based on National Employment Time Series database; CA Employment Development Department, Employment by Industry Data; and ReferenceUSA information

⁴ Data Sources: CA Employment Development Department and U.S. Bureau of Labor Statistics

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Elk Grove’s economy is much less diversified than the larger Sacramento Region as well as the state.⁵ The City’s industry structure based on employment is shown in Figure 14. Five major sectors make up the majority of the total employment in Elk Grove (approximately 53 percent) including Retail Trade; Government & Unclassified; Construction; Accommodation & Food Services; and Professional, Scientific, & Technical Services. Retail Trade contains the bulk of this employment, alone comprising around 19 percent of the total. The sizes of the remaining sectors are split with half of containing over 1,000 jobs each and the other half with less than 1,000 jobs each.

**FIGURE 14
2008 ELK GROVE INDUSTRY COMPOSITION BY EMPLOYMENT**



Center for Strategic Economic Research, November 2010
 Data Source: CSER estimates based on National Employment Time Series database; CA Employment Development Department, Employment by Industry Data; and ReferenceUSA information

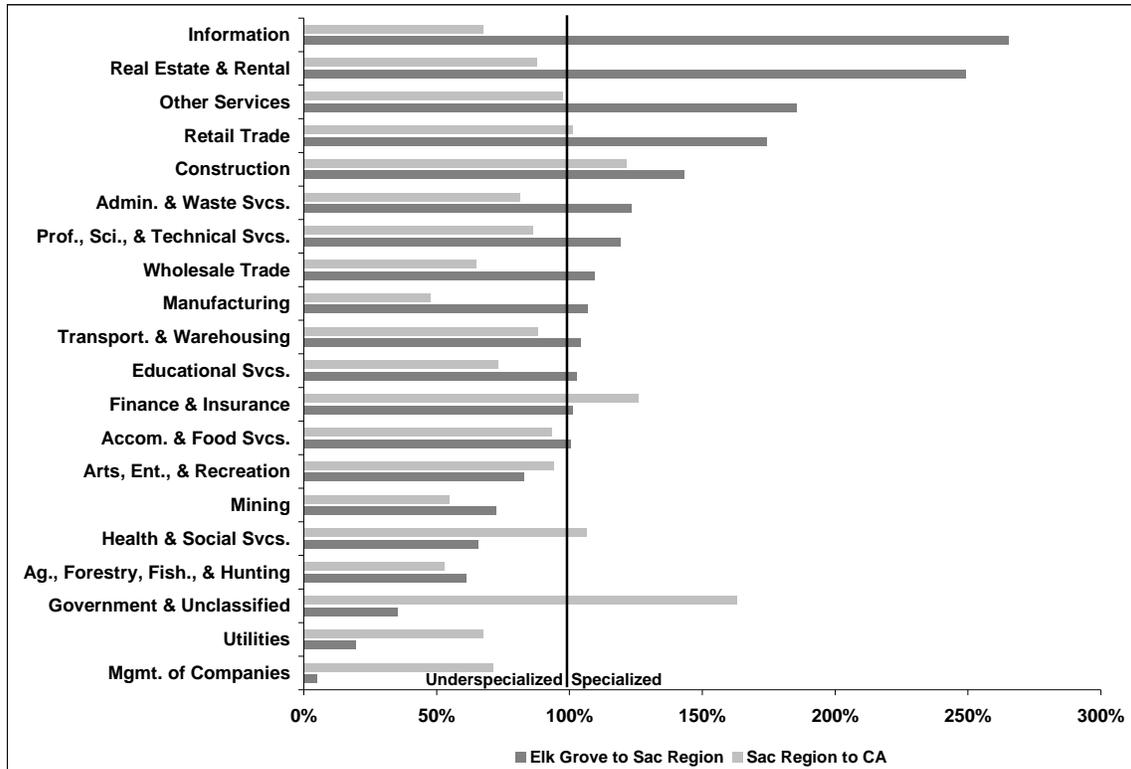
Specialization measures an industry’s share of total employment in one economy relative to its share in the larger regional, statewide, or national economy. Specialized sectors typically indicate current or historical locational advantages, unique operating conditions in a particular area, or activities within that sector that are geared toward export. Figure 15 shows the level of specialization of major sectors within Elk Grove compared to the Sacramento Region and the Region’s specialization relative to California. Elk Grove shows a high degree of specialization in several sectors relative to the Region. The City is around 2.5 times more specialized in Information and Real Estate & Rental than the

⁵ Measured through the Shannon-Weaver Diversity Index as part of IMPLAN, 2008 Coefficients. The City scores 0.60, the Region 0.67, and the state 0.75 with 1.0 reflecting a “perfectly diversified” economy.

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Sacramento Region, two sectors in which the Region is somewhat underspecialized. Other Services; Retail Trade; Construction; and Administrative & Waste Services are additional sectors that are rather highly specialized in Elk Grove compared to the Sacramento Region. Sectors that show the lowest level of specialization in Elk Grove are Management of Companies; Utilities; and Government & Unclassified—in the Region, the two former sectors are also underspecialized while Government is highly specialized.

FIGURE 15
2008 ELK GROVE AND SACRAMENTO REGION INDUSTRY SPECIALIZATION



Center for Strategic Economic Research, November 2010

Data Source: CSER estimates based on:

- National Employment Time Series database
- Moody’s Economy.com
- CA Employment Development Department, Employment by Industry Data
- ReferenceUSA

Note: A measure of 100% means that the local area has the same share of total employment in the industry as the larger area.

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Figure 16 shows that, between 1998 and 2008, total employment in the City grew almost 54 percent compared to 19 percent in the Sacramento Region. Fifteen of the 18 sectors with a presence in Elk Grove greatly outpaced the Sacramento Region’s employment growth rates during this time period. The highest growth rates were seen in the City’s smaller- to medium-sized sectors such as Finance & Insurance; Real Estate & Rental; and Educational Services which posted growth rates between around 160 and 205 percent (rates of growth for these sectors in the Sacramento Region ranged from about 9 percent to 86 percent). Elk Grove’s largest sector, Retail Trade, grew almost 81 percent compared to 15 percent in the Region. The greatest job losses were seen in the City’s second-largest sector, Government & Unclassified (a nearly 32 percent decline), which had 20 percent growth on a regional basis. Manufacturing also suffered losses both in Elk Grove (around -26 percent) and in the Sacramento Region (-17 percent).

FIGURE 16
INDUSTRY EMPLOYMENT GROWTH RATES
(SORTED BY ELK GROVE SECTOR EMPLOYMENT SIZE)

Sector	98-08		03-08	
	Elk Grove	Sac Region	Elk Grove	Sac Region
Retail Trade	80.9%	14.9%	17.6%	0.9%
Government & Unclassified	-31.7%	20.1%	30.1%	5.5%
Construction	63.0%	37.4%	23.9%	-15.3%
Accom. & Food Svcs.	75.9%	31.3%	16.5%	10.5%
Prof., Sci., & Technical Svcs.	149.5%	45.8%	71.9%	18.9%
Health & Social Svcs.	68.1%	50.6%	30.1%	23.8%
Admin. & Waste Svcs.	82.9%	9.7%	34.2%	5.7%
Other Services	92.0%	15.2%	12.7%	3.3%
Information	117.5%	8.0%	-0.4%	-11.8%
Finance & Insurance	205.2%	10.3%	65.8%	-3.0%
Manufacturing	-26.2%	-16.8%	-51.0%	-7.0%
Real Estate & Rental	162.5%	8.6%	79.1%	-3.6%
Wholesale Trade	88.9%	14.8%	16.8%	0.9%
Transport. & Warehousing	105.2%	17.4%	36.1%	14.4%
Educational Svcs.	157.1%	86.0%	45.5%	17.0%
Arts, Ent., & Recreation	23.3%	42.3%	-21.9%	12.4%
Ag., Forestry, Fish., & Hunting	5.7%	-34.3%	-0.8%	-23.4%
Mining	*	11.8%	-4.8%	17.5%
Utilities	66.7%	43.7%	7.1%	14.5%
Mgmt. of Companies	*	-37.9%	*	-17.2%
Total	53.5%	19.2%	17.2%	3.8%

Center for Strategic Economic Research, November 2010

Data Source: CSER estimates based on:

- National Employment Time Series database
- Moody’s Economy.com
- CA Employment Development Department, Employment by Industry Data
- ReferenceUSA

*Note: Growth rate cannot be calculated as start year’s data was zero.

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Nearly \$6 billion in output is created by industries in Elk Grove, as shown in Figure 17. Despite its small size, the Manufacturing sector creates the most output, close to \$1.7 billion or 28 percent of total output, due to the high value activities associated with this sector. In comparison, the City's top three sectors in terms of employment size, Retail Trade; Government & Unclassified; and Construction, together create around 33 percent of Elk Grove's total output. It is interesting to note that one of Elk Grove's smaller-sized and specialized sectors, Real Estate & Rental, creates the third-highest total output (around 9 percent of the total) in the City.

FIGURE 17
2008 ELK GROVE INDUSTRY OUTPUT

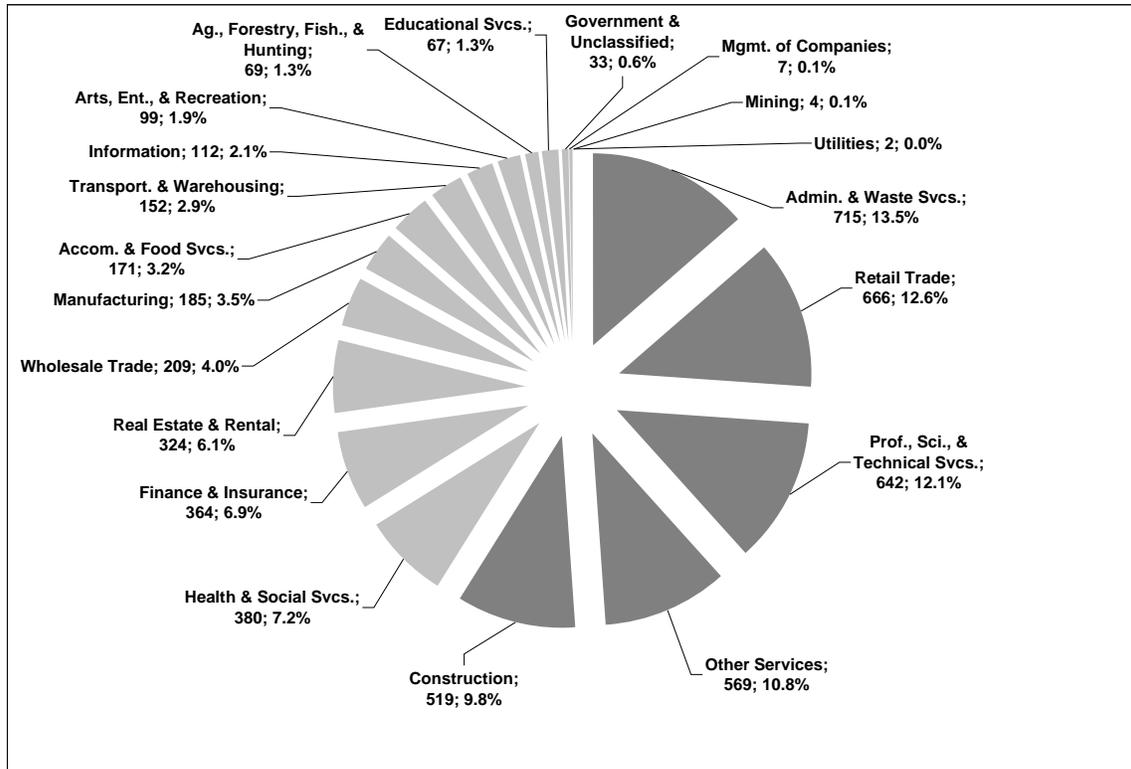
<i>Sector</i>	<i>Output</i>	<i>% of Total</i>
Manufacturing	\$1,658,433,408	27.7%
Government	\$990,836,736	16.5%
Real Estate & Rental	\$557,215,104	9.3%
Retail Trade	\$493,737,696	8.2%
Construction	\$484,430,112	8.1%
Prof., Sci., & Technical Svcs.	\$258,508,752	4.3%
Accom. & Food Svcs.	\$234,901,792	3.9%
Finance & Insurance	\$231,705,488	3.9%
Health & Social Svcs.	\$210,456,608	3.5%
Admin. & Waste Svcs.	\$143,958,448	2.4%
Information	\$134,229,408	2.2%
Other Services	\$132,902,344	2.2%
Mgmt. of Companies	\$106,875,392	1.8%
Wholesale Trade	\$95,249,016	1.6%
Transport. & Warehousing	\$87,474,856	1.5%
Ag., Forestry, Fish., & Hunting	\$77,772,240	1.3%
Educational Svcs.	\$34,158,684	0.6%
Arts, Ent., & Recreation	\$32,785,988	0.5%
Utilities	\$27,646,106	0.5%
Mining	\$0	0.0%
<i>Total</i>	<i>\$5,993,278,178</i>	<i>-</i>

Center for Strategic Economic Research, November 2010
Data Source: IMPLAN 2008 coefficients, Elk Grove Study Area

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Figure 18 shows the industry composition of establishments in Elk Grove. Almost 60 percent of all establishments are within five of the City’s major sectors including Administrative & Waste Services; Retail Trade; Professional, Scientific, & Technical Services; Other Services; and Construction. The majority of these sectors also contain the most jobs in the City; however, one of the largest sectors in terms of employment, Government & Unclassified, contains the second-lowest number of establishments.

FIGURE 18
2008 ELK GROVE INDUSTRY COMPOSITION BY ESTABLISHMENTS



Center for Strategic Economic Research, November 2010
 Data Source: CSER estimates based on National Employment Time Series database; CA Employment Development Department, Employment by Industry Data; and ReferenceUSA information

Analysis of establishment size shows that Elk Grove has a far greater share of businesses with between one and four employees than the state (around 82 percent versus 68 percent, respectively), reflecting a concentrated small business environment and strong level of entrepreneurship in the City.⁶ Additionally, from 1998 to 2008, this business size group grew nearly 169 percent compared to the 141 percent growth of all establishments in Elk Grove. Elk Grove’s level of entrepreneurship is further supported by the nearly 57 percent of all active business licenses within the City for home business owners (spanning a wide variety of activities)—in comparison, licenses for general retail account for only about 4 percent of total licenses.⁷

⁶ Data Source: CSER estimates based on National Employment Time Series database, CA Employment Development Department, U.S. Bureau of Labor Statistics, and ReferenceUSA information
⁷ Source: City of Elk Grove, as of April 2010.

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In 2008, Elk Grove had a total of nearly 5,300 establishments, accounting for almost 7 percent of establishments within the Sacramento Region. Figure 19 shows the total number and growth of Elk Grove establishments by major industry sector. All sectors had notable increases in establishments from 1998 to 2008, but the highest growth rates were seen in Administrative & Waste Services; Finance & Insurance; and Real Estate & Rental ranging from about 245 percent to 326 percent. Management of Companies saw 600 percent growth, but its absolute growth was only six establishments.

FIGURE 19
ELK GROVE ESTABLISHMENT TOTALS AND GROWTH
(SORTED BY SECTOR ESTABLISHMENT SIZE)

Sector	1998	2003	2008	98-08 Growth	03-08 Growth
Admin. & Waste Svcs.	168	383	715	325.6%	86.7%
Retail Trade	350	538	666	90.3%	23.8%
Prof., Sci., & Technical Svcs.	272	477	642	136.0%	34.6%
Other Services	252	453	569	125.8%	25.6%
Construction	259	366	519	100.4%	41.8%
Health & Social Svcs.	152	266	380	150.0%	42.9%
Finance & Insurance	96	179	364	279.2%	103.4%
Real Estate & Rental	94	179	324	244.7%	81.0%
Wholesale Trade	108	150	209	93.5%	39.3%
Manufacturing	85	155	185	117.6%	19.4%
Accom. & Food Svcs.	80	135	171	113.8%	26.7%
Transport. & Warehousing	63	102	152	141.3%	49.0%
Information	54	105	112	107.4%	6.7%
Arts, Ent., & Recreation	40	75	99	147.5%	32.0%
Ag., Forestry, Fish., & Hunting	64	72	69	7.8%	-4.2%
Educational Svcs.	38	57	67	76.3%	17.5%
Government & Unclassified	16	26	33	106.3%	26.9%
Mgmt. of Companies	1	0	7	600.0%	*
Mining	0	2	4	*	100.0%
Utilities	1	2	2	100.0%	0.0%
<i>Total</i>	<i>2,193</i>	<i>3,722</i>	<i>5,289</i>	<i>141.2%</i>	<i>42.1%</i>

Center for Strategic Economic Research, November 2010

Data Source: CSER estimates based on National Employment Time Series database; CA Employment Development Department, Employment by Industry Data; and ReferenceUSA information

*Note: Growth rate cannot be calculated as start year's data was zero.

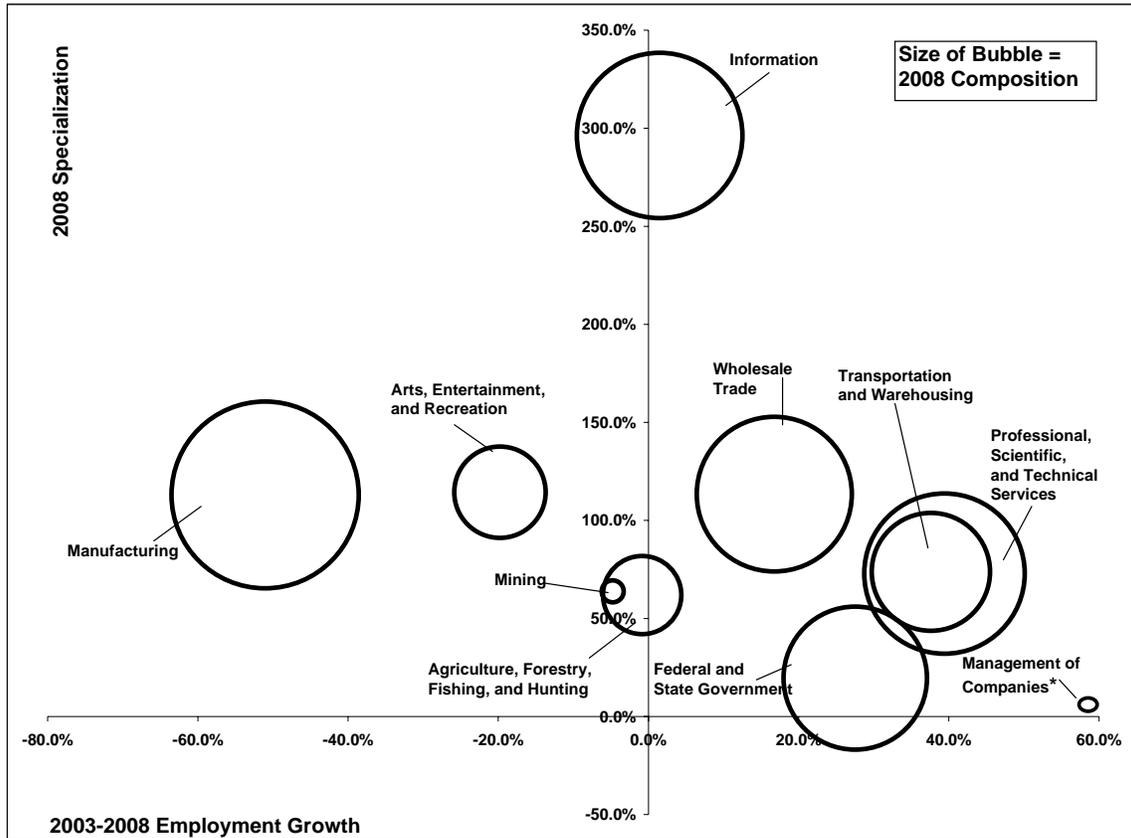
Industry sectors' specific components are generally placed in one of two roles—base activities, which cause changes in the local economic structure and drive development, or local-serving activities which are consequences of local development. Typical characteristics of base activities include the following: they face few geographical constraints, allowing them to operate anywhere deemed attractive; they produce a significant amount of goods and services for export; and they bring net new wealth into an economy. Local-serving components are located to serve a local market's residents or

base sectors and produce goods and services for local consumption which generally moves wealth around a local area. Therefore, base activities are active drivers of economic development and local-serving components are passive participants that respond to economic and demographic growth trends. Five of the 20 major sectors in Elk Grove support a mix of base and local-serving components, five sectors are comprised entirely of base activities, and 10 sectors solely include local-serving components. A detailed listing of specific base and local-serving components within each major sector is provided in the Research Methodology appendix.

Elk Grove's economic base industries and details on the mix of its base and local-serving activities are provided in Figures 20 and 21. Around 22 percent of Elk Grove employment is supported by base activities, a much lower share than in the Sacramento Region (34 percent).⁸ Total base employment has grown at a slower rate than local-serving sector employment over the past 10 years, but in the shorter-term period of five years, it has lost around 10 percent of jobs relative to an increase of about 28 percent of local-serving sector jobs. The base component employment of the Manufacturing; Information; and Professional, Scientific, & Technical Services sectors account for over 54 percent of total 2008 base employment in Elk Grove. Base employment in the former two sectors is specialized relative to the Sacramento Region, while the latter is underspecialized. Manufacturing, though currently somewhat specialized, has been losing jobs and its level of specialization over the past five to 10 years while Information and Professional, Scientific, & Technical Services have been faring better with positive growth rates. From 1998 to 2008, two sectors in each of the base and local-serving components have lost jobs.

⁸ Data Source: CSER estimates based on National Employment Time Series database; Moody's Economy.com; CA Employment Development Department, Employment by Industry Data; IMPLAN, 2008 Coefficients; and ReferenceUSA information

FIGURE 20
2008 ELK GROVE BASE INDUSTRIES



Center for Strategic Economic Research, November 2010

Data Source: CSER estimates based on

- National Employment Time Series database
- Moody's Economy.com
- CA Employment Development Department, Employment by Industry Data
- IMPLAN, 2008 Coefficients
- ReferenceUSA

*Note: Outside chart parameters for growth rate.

ECONOMIC AND DEMOGRAPHIC PROFILE

FIGURE 21
2008 ELK GROVE BASE AND LOCAL SECTORS

Sector	2008 Employment		98-08 Growth		03-08 Growth	
	Base	Local	Base	Local	Base	Local
Ag., Forestry, Fish., & Hunting	243	-	5.7%	-	-0.8%	-
Mining	20	-	*	-	-4.8%	-
Utilities	-	15	-	66.7%	-	7.1%
Construction	-	2,620	-	63.0%	-	23.9%
Manufacturing	1,387	-	-25.2%	-	-51.0%	-
Wholesale Trade	954	-	88.9%	-	16.8%	-
Retail Trade	-	5,546	-	80.9%	-	17.6%
Transport. & Warehousing	556	228	114.7%	91.5%	37.6%	33.7%
Information	1,089	542	194.3%	43.8%	1.5%	-4.2%
Finance & Insurance	-	1,401	-	205.2%	-	65.8%
Real Estate & Rental	-	1,155	-	162.5%	-	79.1%
Prof., Sci., & Technical Svcs.	1,022	1,104	94.3%	238.7%	39.4%	119.0%
Mgmt. of Companies	14	-	*	-	*	-
Admin. & Waste Svcs.	-	1,831	-	82.9%	-	34.2%
Educational Svcs.	-	432	-	157.1%	-	45.5%
Health & Social Svcs.	-	1,910	-	71.0%	-	30.1%
Arts, Ent., & Recreation	333	48	45.4%	-40.0%	-19.8%	-34.2%
Accom. & Food Svcs.	-	2,363	-	75.9%	-	16.5%
Other Services	-	1,770	-	92.0%	-	12.7%
Government & Unclassified	815	1,965	-36.7%	-29.4%	27.6%	31.3%
Total	6,433	22,930	22.2%	65.9%	-10.4%	28.3%
Percent Total	21.9%	78.1%	-	-	-	-

Center for Strategic Economic Research, November 2010

Data Source: CSER estimates based on

- National Employment Time Series database
- Moody's Economy.com
- CA Employment Development Department, Employment by Industry Data
- IMPLAN, 2008 Coefficients
- ReferenceUSA

*Note: Growth rate not calculated because sector had no employment in start year.

ECONOMIC AND DEMOGRAPHIC PROFILE

Figure 22 demonstrates the amount of taxable sales collected in Elk Grove, select competitive areas, and the Sacramento Region. In 2008, Elk Grove saw over \$1.5 billion in taxable sales, nearly 5 percent of the Region’s total. On a per capita basis, Elk Grove’s taxable sales rank notably lower than the Sacramento Region and the state as well as select competitive markets of Folsom, Rancho Cordova, and Roseville. From 2003 to 2008, however, the City saw significantly higher growth in taxable sales (around 32 percent) than the regional and statewide averages (around 9 and 16 percent, respectively), Folsom (around -4 percent), and Roseville (close to 4 percent). Rancho Cordova experienced dramatic growth during this period primarily due to changes in boundaries with incorporation in mid-2003.

FIGURE 22
TAXABLE SALES (IN THOUSANDS)

Area	2003	2008	2008 Per Capita Taxable Sales	03-08 Growth	
				Absolute	% Change
Elk Grove	\$1,158,745	\$1,528,877	\$10,990	\$370,132	31.9%
Folsom	\$1,424,212	\$1,364,172	\$19,340	-\$60,040	-4.2%
Rancho Cordova	\$205,235	\$809,294	\$13,334	\$604,059	294.3%
Roseville	\$3,288,459	\$3,409,792	\$31,158	\$121,333	3.7%
Sacramento Region	\$30,114,878	\$32,903,845	\$14,326	\$2,788,967	9.3%
El Dorado County	\$1,539,071	\$1,787,804	\$9,996	\$248,733	16.2%
Placer County	\$5,973,818	\$6,634,810	\$19,879	\$660,992	11.1%
Sacramento County	\$18,506,466	\$19,331,847	\$13,626	\$825,381	4.5%
Sutter County	\$1,119,886	\$1,287,392	\$13,508	\$167,506	15.0%
Yolo County	\$2,535,066	\$3,347,287	\$16,878	\$812,221	32.0%
Yuba County	\$440,571	\$514,706	\$7,168	\$74,135	16.8%
California	\$460,096,468	\$531,653,540	\$14,034	\$71,557,072	15.6%

Center for Strategic Economic Research, November 2010
 Data Source: CA Board of Equalization, Taxable Sales in California
 Note: Rancho Cordova data reflects changes in boundaries with incorporation.

Elk Grove has relatively high income levels and a local economy highly concentrated in the Retail Trade sector; however, a retail gap still appears to exist. Not only are per capita taxable sales levels below other benchmark areas, but potential retail demand exceeds retail sales by between 13 and 22 percent with a spending leakage out of the local economy in many standard retail categories.⁹

⁹ Data Sources: ESRI Business Analyst Online, 2009 Retail MarketPlace Profile and CBRE Elk Grove Municipal Visioning Study, May 6, 2010. Both sources state that Furniture & Home Furnishings Stores and Clothing and Clothing & Clothing Accessories Stores have the second and third-highest retail leakage. The retail category with the greatest retail leakage varies between the two data sources with Auto Dealers in the CBRE study and Electronics & Appliance Stores in the ESRI report taking the top spot.

Real Estate Overview

This section offers a profile of land use trends in the City of Elk Grove and an evaluation of the City's non-residential marketplace in the context of the Sacramento Region through the use of performance indicators. Performance indicators provide a quantitative comparison of various real estate metrics in the City compared to those for the Region and allow for an evaluation of relative performance and opportunity. Included in this evaluation are residential, industrial, office, and retail characteristics. Most factors include data points for a recent period in 2009 plus some historical comparisons.

Residential Market

As evidenced by robust growth over the last decade, Elk Grove has historically enjoyed a strong presence in the residential real estate marketplace. Well-reputed schools, desirable parks and recreational amenities, and relatively affordable home prices have proven attractive to first-time buyers and family households. With over 48,000 housing units in 2009, Elk Grove contains approximately 5 percent of the residential real estate in the Sacramento Region. Residential growth has primarily occurred in single-family units and early in the decade. Figure 23 shows that the City experienced nearly 9 percent annual average growth from 2001 to 2009. This annual average slowed to just around 6 percent growth in the 2004 to 2009 time period. In comparison, Sacramento County experienced just about 2 percent growth in housing units in both time periods. A portion of Elk Grove's significant growth in housing units early in the decade, however, can be attributed to the annexation of the Laguna West-Lakeside CDP in 2003.

This pattern of growth early in the decade is seen in many residential performance measures. For instance, Figure 24 shows that both average pricing and average home size also follow this pattern. New housing prices peaked at \$519,000 in 2005 and have since fallen to \$359,000 in 2009. Similarly, home sizes peaked at nearly 2,700 square feet in 2005, since falling to 2,400 square feet.

ECONOMIC AND DEMOGRAPHIC PROFILE

**FIGURE 23
HOUSING UNIT PERCENTAGES BY RESIDENTIAL LAND USE CATEGORY**

Area / Housing Type [1]	Housing Units			% of Total Units in Jurisdiction			Average Annual Growth	
	2001	2004	2009	2001	2004	2009	2004-2009	2001-2009
Elk Grove [2]								
Single-Family	22,196	33,903	43,358	88.6%	92.1%	90.3%	5.0%	8.7%
Multifamily [3]	2,588	2,636	4,409	10.3%	7.2%	9.2%	10.8%	6.9%
Other [4]	273	273	273	1.1%	0.7%	0.6%	0.0%	0.0%
Total	25,057	36,812	48,040	100.0%	100.0%	100.0%	5.5%	8.5%
Sacramento County								
Single-Family	301,136	327,441	356,336	62.7%	63.9%	64.3%	1.7%	2.1%
Multifamily [3]	163,829	169,029	181,793	34.1%	33.0%	32.8%	1.5%	1.3%
Other [4]	15,484	15,584	15,787	3.2%	3.0%	2.9%	0.3%	0.2%
Total	480,449	512,054	553,916	100.0%	100.0%	100.0%	1.6%	1.8%

Economic & Planning Systems, November 2010

Data Sources: CA Department of Finance, Demographic Research Unit and EPS.

[1] This table presents estimated housing units per DOF, which may differ from total households.

[2] Elk Grove was incorporated in 2000. As a result, this analysis includes 2001, the first year of City data.

[3] Multifamily includes all attached units plus units located in buildings consisting of 2 or more units (duplex, triplex, apartments, etc.).

[4] "Other" units include Mobile Homes, RVs, Vans, Boats, etc.

**FIGURE 24
HISTORICAL HOME ABSORPTION, PRICES, AND SIZE**

Category / Area	2003	2004	2005	2006	2007	2008	2009	% Change 2003-2009	Average Annual % Change
Average Base Price [1]									
Elk Grove	\$357,990	\$453,445	\$519,240	\$478,900	\$425,990	\$379,490	\$358,990	0.3%	0.0%
Sacramento County	\$345,900	\$445,490	\$444,990	\$412,950	\$364,950	\$320,900	\$329,990	-4.6%	-0.8%
Average Home Size (sq. ft.)									
Elk Grove	2,601	2,639	2,698	2,437	2,477	2,478	2,381	-8.5%	-1.5%
Sacramento County	2,386	2,394	2,121	2,009	2,035	2,090	2,229	-6.6%	-1.1%
Average Lot Size (sq. ft.)									
Elk Grove	9,822	9,159	9,038	11,056	14,699	13,463	5,500	-44.0%	-9.2%
Sacramento County	6,843	6,580	7,142	7,185	7,067	7,981	7,574	10.7%	1.7%
Average Base Price per Building Sq. Ft.									
Elk Grove	\$138	\$172	\$192	\$197	\$172	\$153	\$151	9.5%	1.5%
Sacramento County	\$145	\$186	\$210	\$206	\$179	\$154	\$148	2.1%	0.4%
Average Base Price per Land Sq. Ft.									
Elk Grove	\$36	\$50	\$57	\$43	\$29	\$28	\$65	79.1%	10.2%
Sacramento County	\$51	\$68	\$62	\$57	\$52	\$40	\$44	-13.8%	-2.4%

Economic & Planning Systems, November 2010

Data Sources: The Gregory Group and EPS.

[1] Average base prices have not been adjusted to current dollars and does not account for incentives.

One anomaly is the introduction of large lot housing in the marketplace for 2006 through 2008, followed by a significant drop in 2009. It appears that prices fell despite the introduction of larger lots, leading to a decline in the average cost per land square foot. In 2009, unit sales were dominated by sales of age-restricted product in the Del Webb project, which is likely contributing to the steep drop in average lot size. The proportionately lower decrease in home prices leads to a spike in the average cost per land square foot.

Commercial Market

In terms of non-residential development, the City has captured 2 to 9 percent of the Region's commercial square feet. Inventory, construction, vacancy, net absorption, and asking rent characteristics for the industrial, office, and retail markets are further analyzed in the following section.

Industrial Development

The Region has approximately 170.6 million square feet of leasable industrial space. Figure 25 lists industrial space by submarket ranked by total market size. CB Richard Ellis includes the City in the Elk Grove/Laguna/Galt submarket that contains 6.1 million square feet representing 4 percent of the Region. No submarket, except West Sacramento, has industrial space under construction in the quarter represented. The Elk Grove submarket has 36.9 square feet per capita of industrial development. This is on par with the Folsom/El Dorado Hills submarket (34.8 square feet per capita), but far less than half of the Roseville/Rocklin/Lincoln submarket (96.9) and the total Region (117.2).¹⁰

¹⁰ Data sources for population estimates in the per capita calculations throughout commercial real estate sections: CA Department of Finance, Population Estimates for Cities, Counties and State, 2001-2009. Per capita comparisons are not provided for the Rancho Cordova/Highway 50 submarket since area boundaries do not conform closely enough with standard measured geographies for population estimates.

ECONOMIC AND DEMOGRAPHIC PROFILE

FIGURE 25
INDUSTRIAL MARKET CURRENT AND NEW LEASABLE
SQ. FEET, FOURTH QUARTER 2009

<i>Sacramento Regional Submarket [1]</i>	<i>Leasable Square Feet</i>		<i>Under Construction</i>	
	<i>Total Leasable Sq. Ft.</i>	<i>% of Total</i>	<i>Under Construction</i>	<i>% of Total</i>
Power Inn Area	26,953,569	16%	0	0%
Roseville/Rocklin/Lincoln	20,189,531	12%	0	0%
West Sacramento	19,442,184	11%	54,000	100%
Rancho Cordova/Hwy 50	18,013,134	11%	0	0%
Woodland/Davis	16,449,403	10%	0	0%
Northgate/Natomas	15,334,607	9%	0	0%
I-80/Roseville Road	10,246,234	6%	0	0%
Northeast Sacramento	7,255,890	4%	0	0%
McClellan Park	6,270,705	4%	0	0%
Elk Grove/Laguna/Galt	6,106,971	4%	0	0%
Downtown/Midtown/E. Sac.	6,055,938	4%	0	0%
Richards Boulevard	5,925,294	3%	0	0%
South Sacramento	5,095,885	3%	0	0%
Folsom/El Dorado Hills	4,194,275	2%	0	0%
Auburn/Newcastle	3,023,268	2%	0	0%
<i>Total All Submarkets</i>	<i>170,556,888</i>	<i>100%</i>	<i>54,000</i>	<i>100%</i>

Economic & Planning Systems, November 2010

Data Source: CB Richard Ellis Sacramento Industrial Market View, 4th Quarter 2009.

[1] Includes all properties over 4,000 square feet, excluding government-owned and medical buildings.

ECONOMIC AND DEMOGRAPHIC PROFILE

Vacancy rates are cyclical in nature making direct annual or competitive comparisons difficult. A single large user leasing or vacating a space can have dramatic impact on a submarket’s vacancy rates. However, as shown in Figure 26, the submarket including Elk Grove has generally experienced moderate vacancy rate levels. The submarket’s vacancy rates fall within a range of 7.0 percent to 14.5 percent compared to the Region’s average range of 4.0 percent to 12.0 percent. In 2009, vacancy rates in the Elk Grove submarket were approximately 13.6 percent compared to the regional average of 12.0 percent.

FIGURE 26
HISTORICAL INDUSTRIAL VACANCY RATES
(SORTED BY SUBMARKET SIZE)

<i>Sacramento Regional Submarket</i>	<i>Vacancy %</i>									
	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009 [1]</i>
Power Inn Area	16.7%	11.2%	11.3%	12.0%	15.0%	12.2%	9.1%	8.3%	10.2%	14.1%
Roseville/Rocklin/Lincoln	6.0%	8.7%	13.6%	11.8%	14.3%	12.4%	10.9%	9.7%	10.7%	15.2%
West Sacramento	4.8%	9.3%	11.8%	9.8%	9.5%	8.6%	6.2%	5.3%	4.7%	6.4%
Rancho Cordova/Hwy 50	3.1%	4.6%	6.4%	5.6%	7.1%	6.7%	5.6%	5.5%	5.9%	10.6%
Woodland/Davis	4.1%	5.9%	8.7%	11.3%	12.2%	13.6%	10.3%	11.5%	9.0%	17.5%
Northgate/Natomas	7.8%	5.9%	9.8%	9.1%	6.4%	11.6%	11.5%	11.7%	11.6%	13.7%
I-80/Roseville Rd. [2]	6.7%	33.9%	3.4%	2.6%	2.1%	5.4%	4.6%	3.6%	7.9%	11.1%
Northeast Sacramento	3.4%	2.3%	2.2%	4.4%	4.6%	4.3%	4.6%	4.0%	4.7%	7.7%
McClellan Park	n/a	n/a	74.2%	66.7%	63.7%	52.5%	45.7%	32.9%	13.4%	33.1%
Elk Grove/Laguna/Galt	14.5%	8.8%	10.8%	13.7%	13.0%	11.2%	12.4%	7.0%	9.3%	13.6%
Downtown/Midtown/E. Sac.	1.3%	2.2%	1.1%	1.6%	1.6%	0.8%	1.5%	1.3%	2.5%	3.1%
Richards Boulevard	3.5%	8.3%	9.1%	9.3%	3.3%	3.9%	3.7%	4.5%	6.0%	9.4%
South Sacramento	0.9%	0.9%	0.6%	0.2%	0.3%	0.7%	0.8%	2.3%	2.7%	5.1%
Folsom/El Dorado Hills	4.0%	2.1%	4.3%	7.1%	4.4%	4.5%	2.7%	4.8%	8.2%	8.9%
Auburn/Newcastle	1.7%	1.2%	2.0%	1.9%	3.2%	4.8%	8.3%	7.3%	8.6%	11.9%
<i>Average All Submarkets</i>	<i>4.8%</i>	<i>7.2%</i>	<i>11.3%</i>	<i>11.1%</i>	<i>10.4%</i>	<i>10.1%</i>	<i>9.2%</i>	<i>8.0%</i>	<i>7.5%</i>	<i>12.0%</i>

Economic & Planning Systems, November 2010

Data Source: CB Richard Ellis Sacramento Industrial Market View, 4th Quarter 2000 through 2009.

[1] In 2009, CBRE started including vacant sublease space in its total vacancy statistics.

[2] Referred to as McClellan/I-80 for 2000 and 2001, and referred to as I-80/Roseville Rd. for 2002 through 2008.

ECONOMIC AND DEMOGRAPHIC PROFILE

Net absorption is similar in performance to vacancy. As shown in Figure 27, absorption trends in the Elk Grove submarket tend to be less dramatic than those experienced regionally. For example, in 2004, the Region absorbed over 1 million square feet of industrial space. Despite comprising roughly 4 percent of the regional industrial market, the Elk Grove submarket comprised only 2 percent of this total positive absorption. Conversely, significant negative absorption occurred in the Region in 2009 (over 3.8 million square feet), but this negative absorption was less severe in the Elk Grove submarket than region-wide. Again, the submarket comprised only 2 percent of this total negative absorption. As a result, the submarket averaged higher net absorption than many other submarkets in the Region for the period 2002 to 2009, capturing 9 percent of the Region's net industrial absorption in this time period.

FIGURE 27
HISTORICAL INDUSTRIAL YEAR-TO-DATE NET ABSORPTION
(SORTED BY SUBMARKET SIZE)

Sacramento Regional Submarket	Year-to-Date Net Absorption (Sq. Ft.)								2002-2009	
	2002	2003	2004	2005	2006	2007	2008	2009	Total	Avg. Annual Net Absorption
Power Inn Area	139,138	(47,818)	29,863	343,607	(1,367)	(5,397)	(266,003)	(357,678)	(165,655)	(20,707)
Roseville/Rocklin/Lincoln	(420,954)	(415,076)	139,157	361,750	68,719	270,975	133,802	(970,639)	(832,266)	(104,033)
West Sacramento	187,220	302,387	283,689	75,410	99,569	271,791	159,570	(163,336)	1,216,300	152,038
Rancho Cordova/Hwy 50	112,680	126,161	9,909	(5,137)	25,759	(50,733)	(402,189)	(684,671)	(868,221)	(108,528)
Woodland/Davis	104,320	(266,802)	122,887	313,139	65,204	(155,933)	(71,102)	(410,957)	(299,244)	(37,406)
Northgate/Natomas	(74,393)	311,912	53,858	(7,275)	263,317	433,879	153,808	(167,134)	967,972	120,997
I-80/Roseville Rd.	(26,106)	85,383	33,280	158,595	445	158,738	16,622	(365,054)	61,903	7,738
Northeast Sacramento	4,103	26,963	68,880	(1,291)	(32,406)	21,116	(52,507)	(83,421)	(48,563)	(6,070)
McClellan Park	97,600	245,200	298,879	55,668	150,787	589,000	928,957	(507,851)	1,858,240	232,280
Elk Grove/Laguna/Galt	(6,430)	(19,172)	19,447	100,316	51,428	82,519	15,839	(80,189)	163,758	20,470
Downtown/Midtown/E. Sac.	22,000	(20,190)	4,800	(13,722)	2,700	(19,836)	(89,700)	26,075	(87,873)	(10,984)
Richards Boulevard	(24,160)	80,400	(1,900)	(49,265)	(35,572)	(55,355)	(34,597)	(51,459)	(171,908)	(21,489)
South Sacramento	28,767	(16,150)	(11,570)	(29,992)	(7,800)	10,308	(41,779)	(102,610)	(170,826)	(21,353)
Folsom/El Dorado Hills	(48,686)	39,390	(20)	45,798	31,367	(46,019)	66,733	62,397	150,960	18,870
Auburn/Newcastle	8,929	(7,200)	(1,680)	3,870	(11,560)	95,535	20,610	(5,061)	103,443	12,930
<i>Total All Submarkets</i>	<i>104,028</i>	<i>425,388</i>	<i>1,049,479</i>	<i>1,351,471</i>	<i>670,590</i>	<i>1,600,588</i>	<i>538,064</i>	<i>(3,861,588)</i>	<i>1,878,020</i>	<i>234,753</i>
Elk Grove Share of Total									9%	9%

Economic & Planning Systems, November 2010

Data Source: CB Richard Ellis Sacramento Industrial Market View, 4th Quarter 2002 through 2009

ECONOMIC AND DEMOGRAPHIC PROFILE

CB Richard Ellis does not report average leasing rates for industrial properties. Therefore, Figure 28 presents asking lease rates as reported by Grubb & Ellis. Of note, Grubb & Ellis includes Elk Grove in the South Sacramento submarket. Industrial properties in the Region typically lease in a narrow range centered on \$0.55 per square foot. The City’s submarket was generally leased slightly lower than the Region. However, as newer product has entered the market in recent years, the City’s submarket has experienced a significant growth in lease rates, reflective of the rates required to accommodate the cost structure associated with new construction.

**FIGURE 28
INDUSTRIAL MARKET AVERAGE ASKING RENTS
(SORTED BY SUBMARKET SIZE)**

<i>Sacramento Regional Submarket</i>	<i>Average Asking Rents [1]</i>										<i>Avg. Annual Growth Rate</i>
	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008 [2]</i>	<i>2009 [2]</i>	
Power Inn/South Watt	\$0.36	\$0.44	\$0.46	\$0.47	\$0.55	\$0.53	\$0.53	\$0.59	\$0.57	\$0.51	4.1%
Roseville/Rocklin/Lincoln [3]	\$0.72	\$0.72	\$0.72	\$0.72	\$0.68	\$0.69	\$0.69	\$0.78	\$0.69	\$0.71	-0.1%
West Sacramento	\$0.50	\$0.53	\$0.53	\$0.53	\$0.49	\$0.49	\$0.49	\$0.51	\$0.48	\$0.49	-0.1%
Sunrise/Hwy 50/Mather [4]	\$0.53	\$0.53	\$0.53	\$0.53	\$0.58	\$0.57	\$0.57	\$0.63	\$0.68	\$0.59	1.4%
Woodland	\$0.48	\$0.47	\$0.47	\$0.47	\$0.48	\$0.45	\$0.45	n/a	\$0.30	\$0.24	-7.3%
Northgate/Natomas	\$0.53	\$0.52	\$0.52	\$0.52	\$0.53	\$0.53	\$0.53	\$0.64	\$0.61	\$0.54	0.1%
I-80/McClellan [3]	\$0.53	\$0.44	\$0.44	\$0.46	\$0.52	\$0.52	\$0.52	\$0.58	\$0.53	\$0.59	1.1%
South Sacramento/Elk Grove [3]	\$0.45	\$0.49	\$0.49	\$0.49	\$0.50	\$0.50	\$0.50	\$0.53	\$0.78	\$0.63	3.9%
Downtown	\$0.59	\$0.45	\$0.45	\$0.45	\$0.48	\$0.43	\$0.43	\$0.48	\$0.65	\$0.46	-2.6%
Folsom/El Dorado Hills	\$0.80	\$0.80	\$0.80	\$0.80	\$0.90	\$0.85	\$0.85	\$0.83	\$0.88	\$0.72	-1.2%
<i>Average All Submarkets</i>	<i>\$0.55</i>	<i>\$0.54</i>	<i>\$0.54</i>	<i>\$0.54</i>	<i>\$0.57</i>	<i>\$0.55</i>	<i>\$0.55</i>	<i>\$0.62</i>	<i>\$0.62</i>	<i>\$0.55</i>	<i>0.0%</i>

Economic & Planning Systems, November 2010

Data Source: Grubb & Ellis, Industrial Market Snapshot Reports, 2000-2009

[1] Lease rates for 4th quarter except as noted. Asking average rates includes the average of industrial development subcategories: Warehouse Distribution and R&D/Flex.

[2] From the 3rd Quarter 2008-2009 reports.

[3] Submarket Changes by Grubb & Ellis in 2009 include:

- Roseville/Rocklin/Lincoln Now: Auburn, Lincoln, Roseville, Rocklin
- I-80/McClellan Now: McClellan
- South Sacramento/Elk Grove Now: South Sacramento

[4] The Sunrise/Hwy 50/Mather submarket was separated into two submarkets in 2009 - "Highway 50 Corridor" and "Mather". Rate shown is the average of the warehouse/distribution and R&D rates for the two submarkets.

The quantitative indicators discussed above are somewhat at odds with the perceptions of the industrial market encountered during the qualitative interview process. Elk Grove’s industrial submarket is commonly perceived as somewhat challenged, a hypothesis that is not necessarily borne out by quantitative indicators suggesting moderate vacancy levels, positive absorption trends, and increasing lease rates.

ECONOMIC AND DEMOGRAPHIC PROFILE

Office Development

Currently, the City does not have a major office market when compared to other regional centers. Three submarkets, the Highway 50 Corridor, which includes Rancho Cordova, Downtown Sacramento, and Roseville/Rocklin, represent more than 50 percent of the market. Figure 29 shows the Region’s 52.6 million square feet of office space as reported by CB Richard Ellis. Listed by total size, the City’s current 878,000 square feet makes up only 2 percent of the Region’s total office space and is the area’s third-smallest office sub-market. The Elk Grove submarket offers 6.2 square feet of office space per capita, whereas the Folsom/El Dorado Hills and Roseville/Rocklin submarkets and the total Region indicate approximately 40.0 leasable square feet of office space per capita.¹¹

**FIGURE 29
OFFICE MARKET CURRENT AND NEW LEASABLE
SQUARE FEET, FOURTH QUARTER 2009**

<i>Sacramento Regional Submarket</i>	<i>Leasable Square Feet</i>		<i>Under Construction</i>	
	<i>Total Leasable Sq. Ft. [1]</i>	<i>% of Total</i>	<i>Under Construction</i>	<i>% of Total</i>
Highway 50 Corridor	11,921,108	23%		0%
Downtown	11,190,807	21%		0%
Roseville/Rocklin	6,806,782	13%	53,000	100%
South Natomas	3,115,040	6%		0%
Folsom	2,702,048	5%		0%
Point West	2,492,190	5%		0%
Northgate/Natomas	2,465,142	5%		0%
Midtown	1,953,226	4%		0%
Campus Commons	1,685,661	3%		0%
Howe/Fulton	1,660,015	3%		0%
South Sacramento	1,408,664	3%		0%
Watt Avenue	1,372,490	3%		0%
West Sacramento	1,279,272	2%		0%
Citrus Heights/Orangevale	1,015,088	2%		0%
Elk Grove	877,979	2%		0%
Carmichael/Fair Oaks	374,163	1%		0%
East Sacramento	280,100	1%		0%
<i>Total All Submarkets</i>	<i>52,599,775</i>	<i>100%</i>	<i>53,000</i>	<i>100%</i>

Economic & Planning Systems, November 2010

Data Source: CB Richards Ellis Sacramento Office MarketView, 4th Quarter 2009

[1] Includes all properties over 10,000 square feet, excluding government-owned and medical buildings.

¹¹ CB Richard Ellis includes only properties greater than 10,000 square feet. Therefore, markets that currently contain mostly smaller office buildings will be under-represented in these performance rankings.

ECONOMIC AND DEMOGRAPHIC PROFILE

The relevant range for annual Elk Grove office submarket performance indicators begins in 2004 as shown in Figures 30 and 31. Significant large office building development occurred in the City between 2004 and 2009. While the Elk Grove submarket has experienced a healthy share of the Region's net absorption (16 percent of the Region from 2004 through 2009 as shown in Figure 31), it has experienced high vacancy rates of up to 39 percent (Figure 30). These vacancy levels may be understated as shadow vacancies (underutilized office space that is expected to be vacated upon expiration of the lease) which are a major factor in the Elk Grove office market, as elsewhere in the Region.

FIGURE 30
HISTORICAL OFFICE MARKET VACANCY RATES
(SORTED BY SUBMARKET SIZE)

<i>Sacramento Regional</i>	<i>Vacancy %</i>									
<i>Submarket</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
Highway 50 Corridor	6.2%	6.5%	12.5%	12.8%	13.4%	13.3%	14.0%	10.4%	10.4%	18.6%
Downtown	5.8%	4.6%	6.2%	9.4%	13.5%	13.4%	12.4%	11.5%	12.7%	15.9%
Roseville/Rocklin	8.8%	10.0%	11.9%	7.3%	8.6%	10.3%	15.6%	15.5%	27.3%	33.6%
South Natomas	5.8%	4.0%	7.0%	11.0%	15.2%	14.7%	16.5%	8.5%	8.9%	17.1%
Folsom	3.7%	7.5%	9.7%	17.1%	16.2%	14.1%	8.4%	8.6%	14.4%	22.6%
Point West	6.9%	6.4%	8.8%	10.1%	9.5%	8.7%	15.0%	15.8%	18.5%	27.4%
Northgate/Natomas	9.7%	17.3%	29.3%	29.5%	31.0%	27.4%	15.1%	15.8%	12.3%	23.6%
Midtown	8.2%	0.8%	12.5%	13.9%	16.3%	13.7%	11.5%	12.8%	16.1%	18.0%
Campus Commons	14.3%	3.9%	3.4%	3.8%	9.0%	9.0%	7.1%	11.8%	14.3%	17.4%
Howe/Fulton	9.2%	7.5%	6.8%	6.0%	12.9%	14.7%	12.1%	11.7%	16.7%	18.8%
South Sacramento	4.8%	5.7%	4.4%	1.9%	3.5%	9.3%	14.4%	7.9%	13.0%	14.3%
Watt Avenue	11.6%	3.8%	4.7%	5.7%	5.8%	8.4%	8.5%	9.5%	10.9%	16.3%
West Sacramento	14.6%	10.1%	9.2%	20.9%	24.3%	24.2%	16.1%	19.1%	22.6%	23.4%
Citrus Heights/Orangevale	5.7%	4.3%	3.0%	4.5%	7.1%	8.7%	7.2%	6.7%	15.1%	17.1%
Elk Grove	n/a	n/a	n/a	n/a	29.6%	16.9%	24.2%	31.7%	34.2%	39.1%
Carmichael/Fair Oaks	10.1%	8.7%	6.1%	2.3%	6.8%	3.8%	4.0%	12.9%	13.4%	17.2%
East Sacramento	n/a	7.0%	7.1%	6.9%	6.8%	6.8%	34.0%	31.9%	24.1%	18.3%
<i>Average All Submarkets</i>	<i>8.4%</i>	<i>6.7%</i>	<i>8.9%</i>	<i>10.2%</i>	<i>13.5%</i>	<i>12.8%</i>	<i>13.9%</i>	<i>14.2%</i>	<i>16.8%</i>	<i>21.1%</i>

Economic & Planning Systems, November 2010

Data Source: CB Richard Ellis Sacramento Office Market View, 2nd Quarter 2000 through 2009

ECONOMIC AND DEMOGRAPHIC PROFILE

FIGURE 31
HISTORICAL OFFICE YEAR-TO-DATE NET ABSORPTION
(SORTED BY SUBMARKET SIZE)

Sacramento Regional Submarket	Net Absorption (Year-to-Date) [1]										2004-2009 [2]	
	2000 [3]	2001	2002	2003	2004	2005	2006 [4]	2007	2008	2009	Total	Avg. Annual Net Absorp.
Highway 50 Corridor	723,112	43,354	377,445	(42,443)	45,542	221,381	58,612	(73,303)	(183,004)	(426,586)	(357,358)	(59,560)
Downtown	273,838	74,252	(89,035)	28,118	(163,275)	87,123	(39,535)	290,013	129,628	282,071	586,025	97,671
Roseville/Rocklin	876,379	420,429	386,338	330,560	394,477	409,141	223,405	87,615	(95,766)	(123,818)	895,054	149,176
South Natomas	192,278	75,134	(19,981)	119,776	(32,157)	50,150	121,805	165,746	11,712	(118,737)	198,519	33,087
Folsom	194,935	128,446	93,614	3,671	88,088	78,205	128,139	(16,274)	(17,106)	190,724	451,776	75,296
Point West	33,572	(63,648)	(84,999)	38,747	64,433	29,411	(107,799)	(63,283)	(4,111)	(77,688)	(159,037)	(26,506)
Northgate/Natomas	(62,538)	12,825	(44,248)	35,186	(1,503)	119,916	37,889	37,927	69,279	(16,545)	246,963	41,161
Midtown	175,113	(45,168)	(140,543)	(34,916)	(13,511)	22,872	(104,232)	6,157	(33,831)	134,378	11,833	1,972
Campus Commons	22,963	129,823	22,741	(49,508)	(29,628)	(60)	(25,210)	(8,933)	(43,753)	(142,313)	(249,897)	(41,650)
Howe/Fulton	(6,521)	35,105	(10,817)	(14,401)	(48,246)	22,039	23,413	(56,641)	(88,231)	(11,838)	(159,504)	(26,584)
South Sacramento	129,595	(9,975)	29,643	(19,650)	(41,513)	4,043	(207)	74,080	13,933	(106,495)	(56,159)	(9,360)
Watt Avenue	(11,952)	15,131	16,276	(59,946)	(35,650)	34,304	(32,240)	13,743	(82,071)	(9,822)	(111,736)	(18,623)
West Sacramento	50,174	(3,862)	(49,751)	(28,646)	(25,178)	53,394	97,289	10,821	15,092	(20,793)	130,625	21,771
Citrus Heights/Orangevale	11,963	10,158	(15,173)	(15,558)	(9,532)	(13,498)	(1,558)	(23,120)	(70,776)	5,853	(112,631)	(18,772)
Elk Grove	n/a	n/a	n/a	n/a	84,305	25,352	98,944	67,015	18,787	(26,963)	267,440	44,573
Carmichael/Fair Oaks	25,166	43,577	3,416	(15,372)	14,338	(2,487)	(20,326)	(5,627)	(15,795)	13,095	(16,802)	(2,800)
East Sacramento	22,000	(20,400)	(789)	1,389	37	0	50,592	0	28,949	28,529	108,107	18,018
<i>Total All Submarkets</i>	<i>2,650,077</i>	<i>845,181</i>	<i>474,137</i>	<i>277,007</i>	<i>291,027</i>	<i>1,141,286</i>	<i>508,981</i>	<i>505,936</i>	<i>(347,064)</i>	<i>(426,948)</i>	<i>1,673,218</i>	<i>278,870</i>
Elk Grove Share of Total											16%	16%

Economic & Planning Systems, November 2010

Data Source: CB Richard Ellis Sacramento Office Market View Reports

[1] From CB Richard Ellis, Fourth Quarter Reports unless otherwise noted.

[2] Excludes 2000-2003 because Elk Grove data unavailable.

[3] From CB Richard Ellis, First Quarter Report.

[4] From CB Richard Ellis, Third Quarter Report.

ECONOMIC AND DEMOGRAPHIC PROFILE

Reflecting Elk Grove’s recent office development at the peak of the last business cycle, the City commands asking lease rates higher than the Region. Figure 32 shows asking lease rates for the Region as reported by CB Richard Ellis and Grubb & Ellis (2008 and 2009). In all cases, the City’s listed lease rates are greater than \$2.00 per leasable square foot, significantly above regional averages. Of note, the Elk Grove submarket lease rates are significantly higher than the largest submarket (Highway 50 Corridor) and at or just below the asking rates for the next two largest markets.

FIGURE 32
HISTORICAL OFFICE MARKET AVERAGE ASKING RATES
(SORTED BY SUBMARKET SIZE)

<i>Sacramento Regional</i> Submarket	Average Asking Rate [1]										Avg. Annual Growth Rate
	2000	2001	2002	2003	2004	2005	2006	2007 [2]	2008 [3]	2009 [3]	
Hwy 50 Corridor	\$1.60	\$1.75	\$1.70	\$1.70	\$1.60	\$1.60	\$1.65	\$1.80	\$1.74	\$1.70	0.6%
Downtown	\$2.10	\$2.30	\$2.30	\$2.30	\$2.25	\$2.25	\$2.25	\$2.25	\$2.42	\$2.38	1.4%
Roseville/Rocklin	\$1.85	\$1.95	\$1.90	\$2.00	\$2.00	\$2.10	\$2.10	\$2.15	\$2.11	\$1.97	0.7%
South Natomas	\$1.80	\$1.95	\$1.90	\$1.95	\$1.90	\$1.90	\$1.95	\$2.05	n/a	n/a	1.9%
Folsom	\$1.85	\$1.90	\$1.80	\$1.80	\$1.75	\$1.80	\$1.80	\$2.00	\$2.07	\$1.95	0.6%
Point West	\$1.70	\$1.85	\$1.80	\$1.75	\$1.75	\$1.75	\$1.85	\$1.95	n/a	n/a	0.0%
Northgate/Natomas	\$1.47	\$1.55	\$1.50	\$1.50	\$1.50	\$1.65	\$1.80	\$1.85	\$2.00	\$2.19	4.5%
Midtown	\$1.40	\$1.50	\$1.50	\$1.50	\$1.50	\$1.60	\$1.70	\$1.75	\$2.12	\$2.25	5.4%
Campus Commons	\$1.60	\$1.80	\$1.75	\$1.75	\$1.75	\$1.75	\$1.80	\$1.95	n/a	n/a	0.0%
Howe/Fulton	\$1.33	\$1.55	\$1.55	\$1.55	\$1.50	\$1.50	\$1.50	\$1.55	n/a	n/a	0.0%
South Sacramento	\$1.25	\$1.40	\$1.40	\$1.45	\$1.45	\$1.40	\$1.40	\$1.50	\$1.73	\$1.74	3.7%
Watt Avenue	\$1.37	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.70	n/a	n/a	0.0%
West Sacramento	\$1.36	\$1.45	\$1.45	\$1.45	\$1.45	\$1.45	\$1.50	\$1.65	\$1.49	\$1.50	1.1%
Citrus Heights/Orangevale	\$1.30	\$1.45	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.60	\$1.66	\$1.49	1.5%
Elk Grove	n/a	n/a	n/a	n/a	\$2.00	\$2.00	\$2.10	\$2.10	\$2.16	\$2.18	1.7%
Carmichael/Fair Oaks	\$1.22	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35	\$1.45	\$1.55	\$1.66	\$1.49	2.2%
East Sacramento	n/a	n/a	n/a	n/a	n/a	n/a	\$1.56	\$1.85	n/a	n/a	18.6%
<i>Average All Submarkets</i>	<i>\$1.55</i>	<i>\$1.68</i>	<i>\$1.65</i>	<i>\$1.66</i>	<i>\$1.67</i>	<i>\$1.69</i>	<i>\$1.72</i>	<i>\$1.84</i>	<i>\$1.92</i>	<i>\$1.89</i>	<i>2.3%</i>

Economic & Planning Systems, November 2010

Data Sources: CB Richard Ellis Sacramento Office MarketView 2000-2007 and Grubb & Ellis Office Market Snapshot 2008-2009

[1] From CB Richard Ellis, Fourth Quarter Reports unless otherwise noted.

[2] From CB Richard Ellis, Second Quarter Report.

[3] Class A/B office lease rates from Grubb & Ellis Fourth Quarter Reports.

ECONOMIC AND DEMOGRAPHIC PROFILE

Retail Development

Retail development is typically a function of population. The existing Laguna/Elk Grove submarket is the fourth-largest retail market in the Region with 4.5 million square feet, or 9 percent of the entire market. As shown in Figure 33, together the five largest markets represent more than 50 percent of the Region’s retail market. In terms of square feet of retail development per capita, the Elk Grove submarket ranks much lower (32.1) in comparison to two competitive regional retail markets, Roseville/Rocklin (48.6) and Folsom/El Dorado Hills (43.6), and the Region (41.7). It is important to note that the retail market space identified in Figure 33 excludes the Elk Grove Promenade, for which construction activity was halted. Because the timing of new retail activity at the Elk Grove Promenade remains undetermined, this retail square footage is not accounted for in the City’s existing or pipeline retail inventory.

**FIGURE 33
CURRENT AND NEW RETAIL MARKET LEASABLE
SQUARE FEET, FOURTH QUARTER 2009**

<i>Sacramento Regional Submarket</i>	<i>Leasable Square Feet</i>		<i>Under Construction</i>	
	<i>Total Leasable Sq. Ft. [1]</i>	<i>% of Total</i>	<i>Under Construction</i>	<i>% of Total</i>
Roseville/Rocklin	8,148,275	16%		0%
South Sacramento	5,306,191	11%	49,400	7%
Folsom/El Dorado Hills	5,255,471	11%	670,000	93%
Laguna/Elk Grove	4,540,877	9%		0%
Citrus Heights/Fair Oaks	4,475,076	9%		0%
Arden/Watt/Howe	3,704,967	7%		0%
Downtown/Midtown/East Sac [2]	3,134,035	6%		0%
Hwy 50/Rancho Cordova/Rosemont	3,041,201	6%		0%
West Sacramento/Davis	2,521,826	5%		0%
North Natomas	2,445,323	5%		0%
North Highlands	2,343,536	5%		0%
Carmichael	1,307,952	3%		0%
Auburn/Loomis	1,208,402	2%		0%
Lincoln	1,192,747	2%		0%
South Natomas	617,027	1%		0%
Greenhaven/Pocket	384,888	1%		0%
<i>Total All Submarkets</i>	<i>49,627,794</i>	<i>100%</i>	<i>719,400</i>	<i>100%</i>

Economic & Planning Systems, November 2010

Data Source: CB Richard Ellis Sacramento Retail Market View, 4th Quarter 2009

[1] Includes all properties over 20,000 square feet, excluding malls (defined as enclosed shopping locations in excess of 1 million square feet).

[2] General retail from CoStar year end 2007 report.

ECONOMIC AND DEMOGRAPHIC PROFILE

After years of relatively low vacancy rates, the current economic climate has contributed to significant increases in vacancy region wide. The City had extremely low vacancy rates between 2003 and 2007, when compared to the Region as shown in Figure 34. The City's submarket experienced near-zero vacancy rates in 2003 through 2006. In 2008 and 2009, the Elk Grove submarket experienced dramatically increased vacancy rates—now greater than the regional average. These vacancy rates are very similar to the Roseville/Rocklin submarket and to a lesser degree to the Folsom/El Dorado Hills submarket. In contrast, the Highway 50/Rancho Cordova/Rosemont submarket has historically experienced significantly higher vacancy rates.

FIGURE 34
HISTORICAL RETAIL MARKET VACANCY RATES
(SORTED BY SUBMARKET SIZE)

<i>Sacramento Regional</i>	<i>Vacancy % [1]</i>						
<i>Submarket</i>	2003	2004	2005	2006	2007	2008 [2]	2009 [2]
Roseville/Rocklin	3.0%	2.7%	2.0%	3.4%	7.4%	8.3%	16.7%
South Sacramento	8.2%	4.3%	3.9%	3.9%	4.0%	5.3%	17.2%
Folsom/El Dorado Hills	1.8%	1.2%	1.1%	5.5%	7.8%	6.8%	9.6%
Laguna/Elk Grove	0.5%	0.2%	1.2%	0.2%	3.6%	8.5%	16.3%
Citrus Heights/Fair Oaks	9.3%	9.1%	7.8%	7.7%	6.1%	10.2%	17.4%
Arden/Watt/Howe	9.1%	4.0%	2.0%	3.6%	4.9%	6.0%	9.8%
Hwy 50/Rancho Cordova/Rosemont	13.5%	9.0%	13.8%	15.2%	15.5%	15.8%	25.7%
West Sacramento/Davis	7.9%	5.6%	5.9%	3.2%	2.0%	3.1%	9.4%
Northgate/Natomas [3]	0.0%	0.1%	1.7%	5.8%	5.6%	9.1%	12.7%
North Highlands	7.7%	3.5%	7.0%	10.0%	10.8%	9.2%	11.7%
Carmichael	8.8%	5.0%	4.1%	3.4%	3.3%	11.3%	11.5%
Auburn/Loomis	0.1%	0.8%	1.8%	0.7%	2.1%	2.3%	14.4%
South Natomas	20.1%	16.5%	1.9%	1.0%	11.4%	9.4%	3.2%
Greenhaven/Pocket	2.1%	4.3%	2.1%	2.4%	3.2%	12.2%	16.6%
Average All Submarkets	7.0%	4.4%	3.8%	4.7%	6.3%	8.4%	13.7%

Economic & Planning Systems, November 2010

Data Source: CB Richard Ellis Sacramento Retail Market View Reports

Note: The Downtown/Midtown/East Sac submarket was removed from this table as limited time series data was available.

[1] From CB Richard Ellis 2nd Quarter unless otherwise noted.

[2] From CB Richard Ellis 4th Quarter.

[3] Information for Northgate/Natomas does not include Northgate for 2006-2009.

ECONOMIC AND DEMOGRAPHIC PROFILE

Except for the large positive absorption levels in 2004 (almost 172,000 square feet, 23 percent of the Region), absorption trends are relatively flat for the City's submarket (shown in Figure 35). CB Richard Ellis is in the process of developing a new retail database; as such, no absorption data is available for 2009. Given the jump in retail vacancy region-wide for 2009, absorption is likely negative in 2009.

FIGURE 35
HISTORICAL RETAIL MARKET YEAR-TO-DATE NET ABSORPTION
(SORTED BY SUBMARKET SIZE)

Sacramento Regional Submarket	Net Absorption (Year-to-Date) [1]							Total	Avg. Annual Net Absorption
	2003	2004	2005	2006	2007	2008 [2]	2009 [2,3]		
Roseville/Rocklin	99,515	21,494	112,932	(8,461)	174,531	436,923	n/a	836,934	139,489
South Sacramento	132,912	106,347	8,262	10,758	(14,607)	(43,628)	n/a	200,044	33,341
Folsom/El Dorado Hills	(17,981)	68,039	(3,817)	210,752	826,857	146,411	n/a	1,230,261	205,044
Laguna/Elk Grove	11,199	171,926	(3,183)	7,996	15,461	16,199	n/a	219,598	36,600
Citrus Heights/Fair Oaks	(57,655)	21,661	49,376	26,388	26,255	74,377	n/a	140,402	23,400
Arden/Watt/Howe	210,408	135,424	35,254	(30,429)	(11,376)	(31,308)	n/a	307,973	51,329
Hwy 50/Rancho Cordova/Rosemont	(97,843)	72,438	49,731	(4,802)	29,743	(17,447)	n/a	31,820	5,303
West Sacramento/Davis	3,807	6,500	(3,095)	244,286	316,638	15,327	n/a	583,463	97,244
Northgate/Natomas [4]	2,297	(538)	(13)	92,012	20,405	43,776	n/a	157,939	26,323
North Highlands	12,723	67,024	3,061	15,315	50,197	(22,431)	n/a	125,889	20,982
Carmichael	(41,135)	55,669	(10,333)	30,481	48,558	(76,685)	n/a	6,555	1,093
Auburn/Loomis	8,373	(6,760)	104,393	13,261	0	(6,960)	n/a	112,307	18,718
South Natomas	(19,585)	25,010	21,202	1,527	(36,333)	8,400	n/a	221	37
Greenhaven/Pocket	7,456	(7,649)	5,549	2,711	(780)	(30,736)	n/a	(23,449)	(3,908)
<i>Total All Submarkets</i>	<i>256,293</i>	<i>757,593</i>	<i>439,578</i>	<i>611,795</i>	<i>1,445,549</i>	<i>512,218</i>	<i>n/a</i>	<i>4,023,026</i>	<i>670,504</i>
Elk Grove Share of Total								5%	5%

Economic & Planning Systems, November 2010

Data Source: CB Richard Ellis Sacramento Retail Market View Reports

Note: The Downtown/Midtown/East Sac submarket was removed from this table as limited time series data was available.

[1] From CB Richard Ellis 2nd Quarter unless otherwise noted.

[2] From CB Richard Ellis 4th Quarter.

[3] CBRE established a new database in 2009. Therefore, net absorption not available until 2010 data released.

[4] Information for Northgate/Natomas Submarket does not include Northgate for 2007-2009.

ECONOMIC AND DEMOGRAPHIC PROFILE

The Laguna/Elk Grove retail submarket demands lease rates among the highest in the Region. According to CB Richard Ellis, the City’s submarket has consistently had near-highest lease rates. Figure 36 shows the steady regional increase in lease rates between 2003 and 2007, followed by a sharp decline in 2008 and 2009. The City’s submarket followed a similar path. The submarket’s lease rate peaked at \$2.95 achieved in 2005 and remained stable for 2006 and 2007. Subsequently, the asking lease rates have fallen approximately 33 percent to \$1.95 per square foot in 2009.

FIGURE 36
HISTORICAL RETAIL MARKET AVERAGE ASKING RATES
(SORTED BY SUBMARKET SIZE)

<i>Sacramento Regional Submarket</i>	<i>Average Asking Rate [1]</i>							<i>Avg. Annual Growth Rate</i>
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008 [2]</i>	<i>2009 [2]</i>	
Roseville/Rocklin	\$2.17	\$2.45	\$2.75	\$3.00	\$3.00	\$1.75	\$1.97	-1.6%
South Sacramento	\$1.19	\$1.19	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	3.9%
Folsom/El Dorado Hills	\$2.02	\$2.31	\$2.70	\$2.85	\$2.85	\$2.43	\$1.90	-1.0%
Laguna/Elk Grove	\$2.37	\$2.42	\$2.95	\$2.95	\$2.95	\$2.69	\$1.95	-3.2%
Citrus Heights/Fair Oaks	\$1.61	\$1.61	\$1.80	\$1.81	\$1.81	\$1.67	\$1.59	-0.2%
Arden/Watt/Howe	\$1.93	\$1.93	\$1.93	\$1.93	\$1.93	\$1.84	\$1.75	-1.6%
Hwy 50/Rancho Cordova/Rosemont	\$1.21	\$1.21	\$1.45	\$1.45	\$1.45	\$1.99	\$1.50	3.6%
West Sacramento/Davis	\$1.96	\$1.96	\$1.96	\$2.02	\$2.02	\$2.05	\$1.64	-2.9%
Northgate/Natomas [3]	\$2.13	\$2.25	\$2.75	\$2.95	\$2.95	\$2.10	\$2.00	-1.0%
North Highlands	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.46	\$1.25	-1.9%
Carmichael	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.18	\$1.14	-2.2%
Auburn/Loomis	\$1.72	\$1.72	\$1.72	\$1.72	\$1.72	\$1.52	\$1.75	0.3%
South Natomas	\$2.13	\$2.14	\$2.14	\$2.14	\$2.14	\$2.04	\$1.60	-4.7%
Greenhaven/Pocket	\$1.51	\$1.51	\$1.85	\$1.85	\$1.85	\$1.62	\$1.52	0.1%
<i>Total All Submarkets</i>	<i>\$1.71</i>	<i>\$1.76</i>	<i>\$1.98</i>	<i>\$2.06</i>	<i>\$2.06</i>	<i>\$1.85</i>	<i>\$1.65</i>	<i>-0.6%</i>

Economic & Planning Systems, November 2010

Data Source: CB Richard Ellis Sacramento Office Market View Reports

Note: The Downtown/Midtown/East Sac submarket was removed from this table as limited time series data was available.

[1] From CB Richard Ellis 2nd Quarter unless otherwise noted.

[2] From CB Richard Ellis 4th Quarter.

[3] Information for Northgate/Natomas does not include Northgate for 2006-2009.

As discussed previously, per capita taxable sales in the City are significantly lower than the Sacramento Region and other competitive areas such as Folsom, Rancho Cordova, and Roseville. Data also suggest that there is a retail gap in the City with spending potential exceeding actual sales in many retail categories. These facts, coupled with historically low vacancy rates and low retail square feet per capita, suggest that the City’s retail market may be an underperforming sector, particularly with regard to high sales tax generating regional retail sites.

One of the largest variables in the City’s retail real estate market is the completion of the Elk Grove Promenade, the largest proposed retail project in the City. Conceptualized as a lifestyle center providing 1.1 million square feet of regional retail, development of the Elk Grove Promenade halted in 2008 as the owner of the Project, General Growth

ECONOMIC AND DEMOGRAPHIC PROFILE

Properties, entered bankruptcy reorganization. Once the Elk Grove Promenade is complete, analysts project that the development will catalyze significant other commercial real estate opportunities along the Grant Line Road corridor. Preliminary indications from the property owner indicate that the Elk Grove Promenade will be developed as a retail property, likely phased in over time as market demand warrants.

It should be noted, however, that demand for additional retail in Elk Grove will be tempered by a fundamental shift in the retail market resulting from changes in consumer expenditure patterns. Prior to the most recent real estate market crash, ever increasing home equity and disposable income spurred retail spending and the associated demand for new retail space. Market analysts now project that reduced consumer expenditures and the increasing share of Internet-based shopping will result in a reduction of per capita retail space demand. Completion of the Elk Grove Promenade, therefore, may be contingent on the project's ability to offer innovative retail concepts and attract quality, niche retail tenants in order to succeed in a highly competitive environment.

Competitiveness

Elk Grove operates in a highly competitive environment with other regional, national, and international locations vying for growth and development opportunities and business location and expansion decisions being driven by a combination of factors such as market assets, business climate, and cost of doing business. This section explores Elk Grove's competitiveness based on comparisons to other areas in the state. Other comparisons to regional competitors were discussed in the taxable sales and real estate components of the Economic and Demographic Profile section. The comparative analysis presented in this section not only offers key information on Elk Grove's competitive position, but additional case study work was conducted on the comparison areas to provide context to the discussion and inform the Market Strategies section.

Comparative Analysis

Five other areas in the state were selected for comparative analysis based on findings from stakeholder interviews and document reviews as well as similarity analysis of various comparative economic and demographic data. Three of the selected areas are regional competitors and were identified as potential comparatives in the original request for proposal (RFP) document for the Market Study—Folsom, Rancho Cordova, and Roseville. The other two areas are comparatives in other regions in Northern and Southern California that regularly compete with the Sacramento Region for business location and expansion projects—Pleasanton in the SF Bay Area and Corona in the Inland Empire. The following information provides a high-level profile of the five selected regions.

Roseville, Folsom, and Rancho Cordova are fully-developed edge cities in the Sacramento Region that present the greatest competition to Elk Grove in terms of business attraction and expansion. Additionally, these areas have more self-sufficient economies, civic amenities, and desirable mix of land uses than other areas in the Region. Although only Roseville is comparable to both Elk Grove's population and income levels, all three regional competitors serve as relevant study areas based on their relatively high jobs-housing ratios and low out-commute patterns as well as distance to the Region's core. Selection of the other California comparatives began with an analysis of California cities' population, income, and distance to a major population center similar to Elk Grove's characteristics. This analysis resulted in a listing of around 20 comparative areas. CSER further analyzed geographic, amenity, and development characteristics of potential comparative areas and eliminated those that presented limited similarities to Elk Grove. Additionally, CSER analyzed the areas' jobs-housing ratios and commute patterns and considered those that presented stronger levels than Elk Grove based on the stated desire to build a broader employment base and improve the jobs-housing balance. Pleasanton was one area selected despite its relatively small population and high income levels—its history of development from a bedroom community (similar starting point as Elk Grove) to a city with a strong economic base as well as its location along a highway corridor deemed it an appropriate comparative area. Corona was chosen

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as the second California comparative area due to its similar population and income levels and distance to a major population center in addition to its stronger jobs-housing ratio and employment level.

The presence of Intel has had a significant impact on Folsom's growth and development. Prior to the location of this major campus facility, Folsom was mainly known as a sleepy, prison town. While many of the quality of life amenities for which Folsom is now known likely would have been developed eventually, Intel and its employees' arrival spurred this progress. Intel has also produced spin-off endeavors and signaled to larger firms that Folsom is a good place to do business. Location within the Sacramento Region's Highway 50 Corridor economic node has also played a role in Folsom's success. The City's current emphasis has been on attracting smaller firms since they are approaching build-out and connecting with existing businesses via a focused business retention and expansion program.

Rancho Cordova is unique in the group of comparative areas in that it only recently incorporated. The City's proximity to former Mather Air Force Base as well as its position within the Highway 50 Corridor has driven much of the growth and development in Rancho Cordova. The future Capital SouthEast Connector Corridor will also be a boon to businesses in Rancho Cordova, connecting them to other communities while bypassing the congestion that often plagues Highway 50. The area also boasts cheaper office rates and a variety of office space and is able to draw businesses from more expensive markets like Folsom and Sacramento. As a nascent city, Rancho Cordova is still defining its identity and determining how it wants to work with its strengths to grow a strong job market.

Like in Folsom, the location of a major technology employer was a catalytic event for Roseville's economy. The Hewlett-Packard campus created the impetus for further development of the technology sector in Roseville which now includes a variety of other large and small employers. Roseville attracts a critical mass of highly-educated workers because of its high quality of life and varied job opportunities. There is also a strong healthcare industry in the City which is the result of the area's demographics—the Del Webb retirement community plus young, growing families in a fast-growing region. These industries have created strong clusters in the area. As Roseville grows, though, the City is nearing build-out like other neighboring communities and has redirected its focus to infill projects which will add amenities to the community and efforts to engage young professionals.

The City of Corona benefits greatly from its central location; directly in the middle of Southern California at the junction of State Route 91 and Interstate Highway 15. This location gives businesses accessibility to their workforce and customer base. In addition to its location, Corona's proximity to major population centers drives business growth. Increased congestion along State Route 91 has prompted firms to move from Northern Orange County to be closer to employees in Corona and Riverside. In addition to these outside factors, Corona created Team Corona, a comprehensive economic development

program, which has proven very successful in guiding growth and development in the City.

The defining characteristic of the Pleasanton business community is the Hacienda Business Park. This 854-acre, mixed-use business park is located at the junction of Interstate 580 and Interstate 680. This business park development has helped with business attraction, but firms are also drawn to the area because of Pleasanton's proximity to the SF Bay Area and its large, highly-skilled workforce. In addition, Pleasanton offers a strong and viable downtown district that includes a robust retail hub and sense of community identity. While Pleasanton offers a strong local job base, it also relies heavily on the employment opportunities offered in the greater SF Bay Area. The City of Pleasanton is currently focusing its efforts on keeping costs down for businesses through phased permitting and assisting businesses with its loan fund. Economic development efforts have also focused on connecting with and supporting entrepreneurs.

Figure 37 provides a summary of key characteristics of the comparative areas. In terms of market size, only Corona surpasses Elk Grove's population with about 5 percent more residents. Folsom and Pleasanton have about half the population of Elk Grove and Rancho Cordova is significantly smaller. However, in terms of employment supported by local businesses, all areas except Folsom have a larger economy with Roseville, Corona, and Pleasanton containing roughly double the number of jobs as Elk Grove. This dynamic affects the jobs-household ratio where Elk Grove supports the lowest balance among the comparative areas with considerably fewer jobs than households. Only Folsom maintains a ratio of less than 1.0 with Rancho Cordova, Roseville, and Corona supporting a generally healthy balance and Pleasanton showing an employment-heavy ratio over 2.0.

The jobs-household imbalance is also reflected in worker commute patterns. As discussed in the Economic and Demographic Profile section, over 87 percent of Elk Grove working residents commute outside the City boundaries for work and face commute times significantly above the statewide and regional averages. None of the comparative areas show worker outflow rates as high as Elk Grove, but all are between approximately 76 and 85 percent. When worker inflow is accounted for, all the comparative areas see a greater number of in-commuters than out-commuters with inflow-outflow ratios ranging from about 109 percent in Corona to close to 206 percent in Rancho Cordova. In Elk Grove, only approximately 47 percent of the number of workers that leave the local area for work are replaced by workers coming into the City for jobs—according to one measure of labor and commute sheds, just over 19,000 workers commute into Elk Grove while almost 41,000 leave. This further illustrates the limited employment base in Elk Grove.

Industry structure varies among the comparative areas. Retail Trade in all areas ranks among the top five sectors based on employment. This is partially attributable to the relatively high median household income levels in the comparative areas with all surpassing the statewide average except Rancho Cordova. Professional, Scientific, & Technical Services is also well represented among the areas, ranking among the top five

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in all expect Corona. Of the five comparative areas, Folsom and Roseville present the greatest similarity to Elk Grove's current economic structure. Unlike in Elk Grove, Health & Social Services; Information; Finance & Insurance; Manufacturing; and Wholesale Trade rank among the top five sectors within the competitive and comparative areas. However, as highlighted in the Economic and Demographic Profile section, in all of these sectors, Elk Grove is currently fairly similar or specialized relative to the Sacramento Region. The local-serving dominated economy in Elk Grove leads to lower payroll per employee levels compared to the other areas. The wage distribution among establishments shows that the Elk Grove economy generates a balance across all three wage levels. However, the comparative areas contain more high value activities and are more heavily weighted toward the middle and high levels with Rancho Cordova and Pleasanton supporting the majority of wages in the high level.

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FIGURE 37
COMPARATIVE AREA SUMMARY

<i>Indicator</i>	<i>Elk Grove</i>	<i>Folsom</i>	<i>Rancho</i>		<i>Corona</i>	<i>Pleasanton</i>
			<i>Cordova</i>	<i>Roseville</i>		
Population	141,430	71,018	61,817	112,343	148,597	70,097
Households	47,411	23,903	23,165	43,747	45,569	24,387
Median Household Income	\$85,344	\$92,111	\$50,208	\$79,139	\$76,771	\$118,419
Employment	29,363	19,061	34,009	59,070	62,932	59,684
Industry Structure						
Retail Trade	18.9%	21.9%	9.5%	20.3%	18.1%	15.0%
Government & Unclassified	9.5%	16.4%	17.3%	8.5%	10.2%	5.1%
Construction	8.9%	3.3%	5.9%	6.3%	8.8%	3.5%
Accom. & Food Svcs.	8.0%	12.3%	5.5%	11.5%	6.1%	5.4%
Prof., Sci., & Technical Svcs.	7.2%	8.8%	11.5%	12.3%	6.7%	7.4%
Health & Social Svcs.	6.5%	8.2%	5.8%	11.4%	5.0%	5.5%
Admin. & Waste Svcs.	6.2%	2.1%	2.7%	2.0%	5.2%	3.0%
Other Services	6.0%	5.5%	6.5%	4.4%	4.1%	3.2%
Information	5.6%	0.7%	6.2%	2.1%	0.6%	23.1%
Finance & Insurance	4.8%	5.5%	17.1%	8.7%	2.5%	5.9%
Manufacturing	4.7%	1.9%	2.1%	1.8%	16.0%	13.8%
Real Estate & Rental	3.9%	6.5%	2.3%	4.7%	3.0%	3.8%
Wholesale Trade	3.2%	2.6%	4.7%	3.0%	10.7%	3.2%
Transport. & Warehousing	2.7%	0.3%	1.0%	0.4%	0.6%	0.8%
Educational Svcs.	1.5%	1.3%	1.1%	0.8%	1.2%	0.6%
Arts, Ent., & Recreation	1.3%	2.1%	0.6%	1.6%	1.0%	0.8%
Ag., Forestry, Fish., & Hunting	0.8%	0.0%	0.0%	0.0%	0.2%	0.1%
Mining	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Utilities	0.1%	0.6%	0.0%	0.2%	0.0%	0.1%
Mgmt. of Companies	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%
Payroll per Employee	\$31,069	\$59,970	\$51,415	\$48,415	\$38,045	\$60,244
Wage Distribution						
\$1,250 per month or less	33.7%	27.6%	16.4%	26.8%	24.3%	21.6%
\$1,251 to \$3,333 per month	34.6%	28.8%	33.2%	33.5%	42.6%	28.1%
More than \$3,333 per month	31.7%	43.6%	50.4%	39.7%	33.1%	50.3%
Jobs-Household Ratio	0.62	0.80	1.47	1.35	1.38	2.45
Worker Outflow	87.1%	79.2%	84.5%	76.1%	83.2%	81.2%
Worker Inflow-Outflow Ratio	47.2%	135.4%	205.7%	158.6%	109.2%	192.5%

Center for Strategic Economic Research, November 2010

Data Source: CSER estimates based on:

- CA Department of Finance, Population Estimates for Cities, Counties and State, 2001-2009
- U.S. Census Bureau, 2008 Local Employment Dynamics
- National Employment Time Series database
- ESRI Business Analyst Online, 2009 and 2010 Market Profile
- ESRI Business Analyst Online, 2009 Business Summary Report
- U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages

Note: Rancho Cordova & Pleasanton household and income data reflect 2010 estimates—all others are based on 2009.

Business Vitality Index

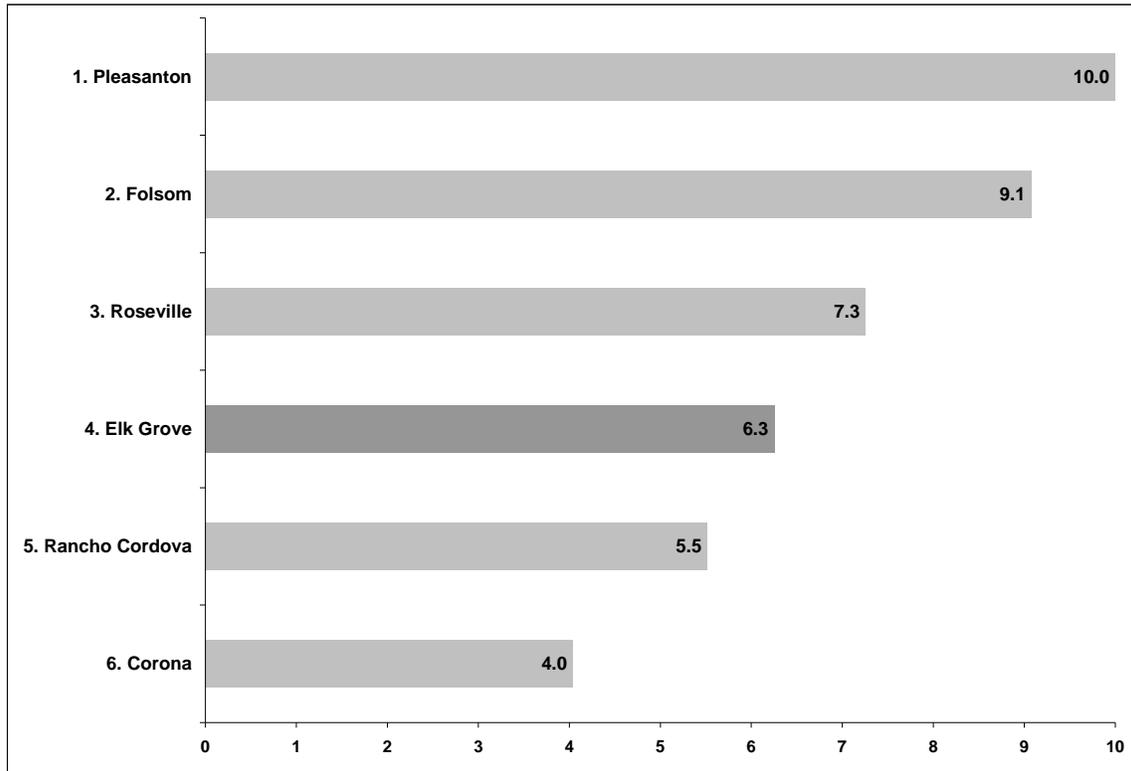
The Business Vitality Index presented in Figures 38 and 39 measures Elk Grove's competitive position relative to the five selected comparative areas. The Index captures performance across 10 factors describing demographic, business, and quality of life characteristics. The measured areas received a score between 0 and 10 on each of the 10 indicators listed in Figure 39 based on relative performance—the best performing area received a score of 10, the lowest received a 0, and all other areas received scores between 0 and 10 based on where measures fell between the two boundaries. All 10 indicator scores were averaged to create the overall Business Vitality Index shown in Figure 38 with the highest average area garnering a score of 10 and all other areas receiving scores based on performance as a percentage of the top area. The indicators were carefully selected to span various elements that can be used to describe an area's business climate and to allow Elk Grove economic development representatives to view changes over time by updating the Index on an annual basis using publicly-available data sets with straightforward calculations. It is important to note that the publicly-available data sets vary to a certain extent from the more detailed proprietary analysis incorporated in other sections of this report.

Elk Grove ranked fourth among the six measured areas on the 2010 Business Vitality Index falling behind only Pleasanton and Folsom. Rancho Cordova and Corona placed below Elk Grove with the latter showing a notable gap in performance versus Elk Grove and the top-performing areas. Overall, the Index suggests that Elk Grove presents a somewhat weak competitive position relative to the five comparative areas—in certain cases, it should be able to compete well with the two areas it outranked and needs to improve its performance and competitive assets to compare favorably with the three areas it fell behind.

Elk Grove received strong scores on the Establishment Growth and Housing Affordability indicators, posting the best performance on the both based on the measured variables. These two factors demonstrate Elk Grove's comparative strengths in the time period captured in the 2010 Business Vitality Index. The Population Growth, Taxable Sales Growth, Unemployment Rate, and Crime Rate indicators in Elk Grove all received moderate scores. Elk Grove posted the lowest score on the Employment Growth and Office Vacancy rate variables while Educational Attainment and SAT Scores also garnered relatively weak scores. For the time period measured, these factors illustrate Elk Grove's comparative weaknesses.

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FIGURE 38
2010 BUSINESS VITALITY INDEX



Center for Strategic Economic Research, November 2010

FIGURE 39
2010 BUSINESS VITALITY INDEX INDICATOR SCORES

<i>Indicator</i>	<i>Elk Grove</i>	<i>Folsom</i>	<i>Rancho Cordova</i>	<i>Roseville</i>	<i>Corona</i>	<i>Pleasanton</i>
Population Growth	5.4	0.0	6.3	10.0	2.6	1.2
Educational Attainment	2.8	5.4	0.4	3.2	0.0	10.0
Employment Growth	0.0	7.9	6.6	9.4	0.9	10.0
Establishment Growth	10.0	7.0	0.0	7.7	3.2	7.0
Office Vacancy	0.0	9.5	10.0	1.9	4.4	4.9
Taxable Sales Growth	5.8	0.0	10.0	4.7	2.4	7.7
Unemployment Rate	4.9	10.0	0.0	3.1	3.8	9.7
Crime Rate	4.8	8.2	0.0	0.5	6.2	10.0
Housing Affordability	10.0	7.4	1.7	5.3	4.9	0.0
SAT Scores	0.5	8.6	3.8	5.4	0.0	10.0

Center for Strategic Economic Research, November 2010

Data Source: CSER index calculations based on the following:

- CA Department of Finance, Population Estimates for Cities, Counties and State, 2001-2010
- U.S. Census Bureau, 2008 American Community Survey
- U.S. Census Bureau, County Business Patterns, 2007 and 2008
- Grubb & Ellis, Office Trends Report, Q2 2010
- CA Board of Equalization, Taxable Sales in California, 2007 and 2008
- CA Employment Development Department, Monthly Labor Force Data for Cities and Census Designated Places, 2009
- DQ News/California Association of Realtors, California Home Sale Activity by City 2008-2009
- Federal Bureau of Investigation, Offenses Known to Law Enforcement by State by City, 2009
- CA Department of Education, Dataquest 2008-2009 school year

Note: Presented scores reflect relative performance scored between 0 and 10.

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Elk Grove actual performance on the measured indicators is described below (based on the data sources noted in Figure 39). The variation between scores shown in Figure 39 for each indicator illustrates the magnitude of difference between Elk Grove's performance.

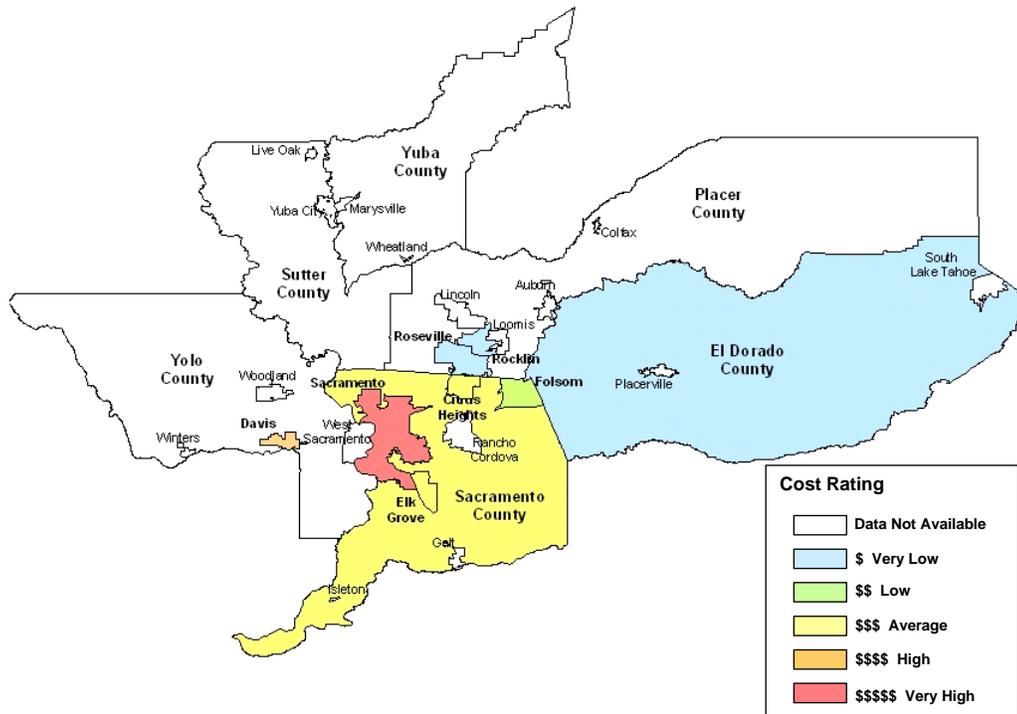
- From 2009 to 2010, Elk Grove's population grew 1.7 percent.
- Approximately 41 percent of Elk Grove's population aged 25 and over in 2008 held a postsecondary degree (associate degree and above).
- Employment in Elk Grove declined 9 percent between 2007 and 2008.
- Between 2007 and 2008, Elk Grove experienced a 2.3 percent increase in its number of establishments.
- The real estate submarket containing Elk Grove had 33.5 percent office vacancy in the second quarter of 2010.
- Taxable sales declined over 10 percent in Elk Grove from 2007 to 2008.
- Elk Grove's 2009 unemployment rate was 9.2 percent.
- In 2009, Elk Grove experienced around 2,882 crimes (including violent and property crimes) per 100,000 residents.
- With a \$270,000 median home sale price value and \$79,946 median household income, Elk Grove's price to income affordability ratio was 3.4 in 2008.
- Around 41 percent of students in Elk Grove's high schools that took the SAT test in the 2008-2009 school year received a score of 1500 or greater.

Cost of Doing Business

Elk Grove ranks as an "average" cost area for doing business compared to over 400 other jurisdictions in the country (with more than half in California) according to the *2009 Cost of Doing Business Survey*, which takes taxes, fees, and economic development programs into consideration. As depicted in Figure 40, of the measured areas in the Sacramento Region, Elk Grove is one of three that are classified as average cost areas (along with Citrus Heights and unincorporated Sacramento County). Four other areas in the Region rank as low or very low cost areas including Folsom, Rocklin, Roseville, and unincorporated El Dorado County with the latter two listed among the ten least expensive areas in California. Two others are classified as high or very high cost areas, Davis and Sacramento. Outside the Sacramento Region, Pleasanton is also considered an average cost area while Corona ranks as one of the state's low cost areas.

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FIGURE 40
SACRAMENTO REGION COST OF DOING BUSINESS MAP



Center for Strategic Economic Research, November 2010
 Data Source: Kosmont-Rose Institute, 2009 Cost of Doing Business Survey

Further analysis of taxes, fees, and incentives in Elk Grove and its regional competitors supports the conclusion that the City presents an average cost of doing business. Because real estate decisions for businesses primarily focus on determining a location within a specific region, this portion of the competitiveness analysis focuses on the regional comparatives that actually compete with the City of Elk Grove to attract businesses and does not include the statewide comparable jurisdictions. The impact of tax and fee policies on the cost of doing business in Elk Grove was evaluated on a comparative basis using several factors including sales tax rates, utility users tax rates, and business license fees.

The state sales tax applies to all retail sales of goods and merchandise except those sales that are specifically exempted by law. The sales and use tax rate varies by local jurisdiction in California, as counties, cities, or special taxing jurisdictions or districts may enact optional sales tax measures subject to voter approval. Local sales taxes proposed to fund general services require majority voter approval, while sales tax proposals designated to a specific purpose requires a two-thirds majority voter approval. The base sales tax rate in California is 8.25 percent. On a statewide basis, optional sales taxes enacted by local jurisdictions range from 0 to 1.5 percent, resulting in total sales tax rates ranging from 8.25 percent to 9.75 percent. Elk Grove, Folsom, and Rancho

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Cordova all have adopted local sales tax measures totaling 0.5 percent for a total sales tax rate of 8.75 percent. Roseville currently charges the base sales tax rate of 8.25 percent.

The utility user tax may be imposed by a local jurisdiction on the consumption of utility services, including electricity, gas, water, sewer, telephone, sanitation, and cable television. Used by local governments to fund a wide variety of services, the tax rates vary by jurisdiction. Levying a new or increased utility user tax requires voter approval—a two-thirds majority is required for a special tax dedicated to a specific purpose while a majority vote is necessary to approve a general purpose tax. Figure 41 illustrates the utility user tax rates in effect in the City of Elk Grove and each of the regional comparatives. Both Elk Grove and Rancho Cordova levy a utility user tax on a broad array of utility services, while neither Folsom nor Roseville have enacted these taxes. Voters in Elk Grove and the City of Rancho Cordova recently approved ballot measures expanding the utility user tax to other communication technologies, including wireless communications and voice over Internet services. Elk Grove’s tax rate is set at 2.25 percent, whereas the Rancho Cordova rate is slightly higher at 2.5 percent.

FIGURE 41
UTILITY USER TAX RATE COMPARISON—COMMERCIAL SERVICES

<i>Jurisdiction</i>	<i>Telephone</i>			<i>Wireless &</i>		<i>Cable</i>		
	<i>Intra State</i>	<i>Inter State</i>	<i>International</i>	<i>Other [1]</i>	<i>Electricity</i>	<i>Gas</i>	<i>Television</i>	<i>Sewer</i>
Elk Grove [2]	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Folsom	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rancho Cordova [2]	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Roseville	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Economic & Planning Systems, November 2010

Data Source: California Local Government Finance Almanac, as of June 2010

[1] Other includes private communication service (T-1), paging and voice over Internet (VoIP) and other anticipated technologies.

[2] Reflects updated utility user tax rates and applications resulting from November 2010 election.

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Local jurisdictions in California have varying policies regarding fees charged to businesses as part of the business license application process. In some jurisdictions, fees collected as part of the annual business license renewal process are used to fund general city services, while in other jurisdictions, associated fees represent cost recovery for administration of the business license program. Figure 42 summarizes the business license fee practices of Elk Grove and the three regional comparatives. Elk Grove business license fees are fairly competitive relative to the selected comparables in the Region.

**FIGURE 42
BUSINESS LICENSE FEE COMPARISON**

<i>Jurisdiction</i>	<i>Fee</i>	<i>Basis</i>	<i>Notes</i>
Elk Grove	\$55	per license annually	\$110 fee payable every other year funds cost recovery for administration of business license program. City currently in process of updating business license fee ordinance - may result in changes to timing and amount of payment.
Folsom	\$125	annually for business with gross receipts between \$100,000 and \$899,000 (most common range within City)	Ranges from \$40 to \$1,000 based on gross receipts for businesses grossing up to \$25,099,999 in revenue annually. For businesses earning more than \$25,099,999, business license fee is calculated as \$100 + \$0.05/\$1,000 gross receipts. Funds cost recovery for administration of the program as well as General Fund services.
Rancho Cordova	\$99	per license annually	Funds cost recovery for administration of business license program.
Roseville	\$72	per license annually (average)	Ranges from \$15 to \$250 annually, depending on size and type of business. Funds business license program administration and City services.

Economic & Planning Systems, November 2010

Data Source: Listed jurisdictions, as of October 2010

The relative competitiveness of local jurisdictions can also be evaluated by comparing backbone infrastructure and public facility costs. The following analysis compares the standard City, County, and Special Plan Area development impact fees, building permit fees, special district fees, and estimated bond debt of special taxes and assessments for the following land use categories:

- Single-family
- Multi-family
- Retail
- Office
- Industrial

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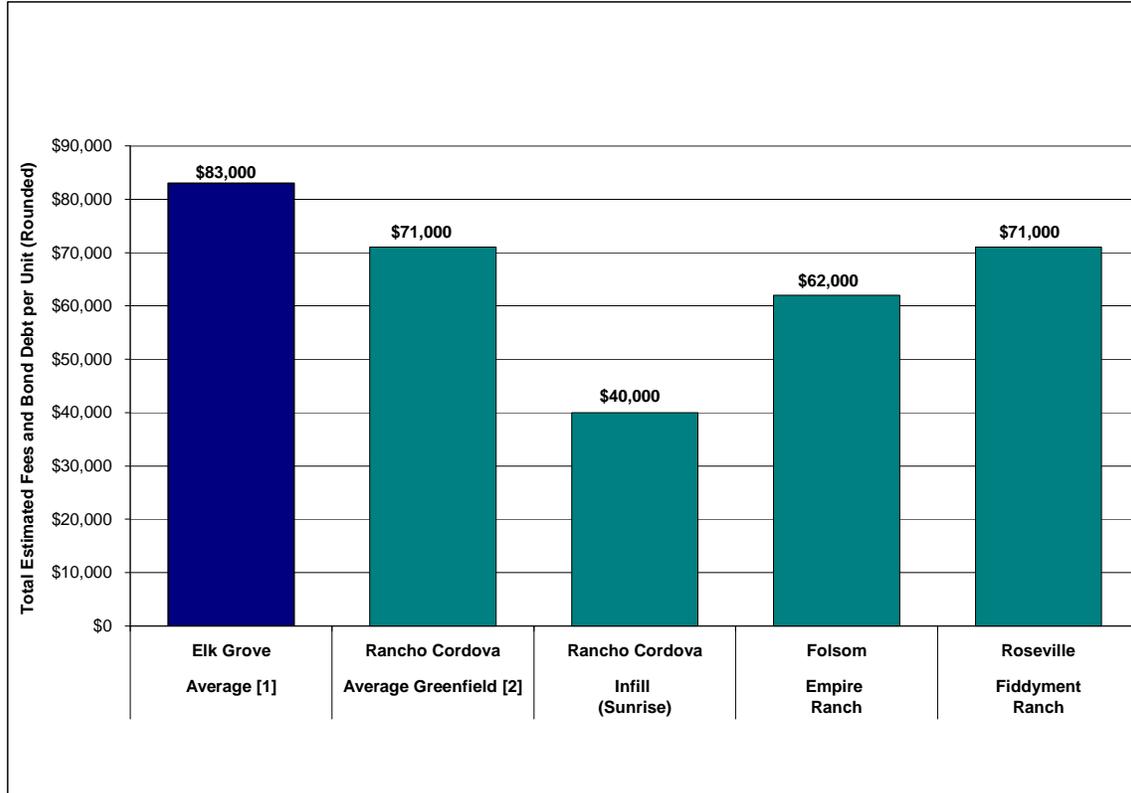
The overall infrastructure burden is evaluated for Elk Grove and each of the competitive areas. Within each competitive area, for purposes of the infrastructure cost burden comparison, specific plan areas representing the major growth areas in that jurisdiction were selected. The plan areas are representative of where development opportunities are available or where the development is likely to occur. In certain cases, where multiple plan areas are active within a jurisdiction, the infrastructure burdens were averaged across the plan areas to provide a general evaluation of the overall fee levels for new development in that jurisdiction. Only the land use categories associated with each plan area are shown.

Caution should be exercised in using these comparisons because the infrastructure items paid for by these fees and special taxes may be different for the various projects. Moreover, these costs represent estimates only meant to be used for general planning and comparison purposes. Actual fees and assessments are likely to be different for specific parcels. In some projects, a portion of the infrastructure costs are privately funded, rather than being funded through fees and assessments. The amount of privately funded infrastructure is not included in any of these comparisons. Land prices will be affected not only by the amount of fees and assessments on a parcel but also the amount of privately funded infrastructure required. These cost comparisons are current as of October 2010. Fees are constantly being changed that will affect the comparison results over time.

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A comparison of infrastructure burden costs for single-family development is shown in Figure 43. Elk Grove is the least competitive, with the highest fee cost per unit. Elk Grove is significantly higher than Rancho Cordova infill development and Folsom in general. Greenfield Rancho Cordova development and Roseville overall are about \$10,000 per unit lower than Elk Grove.

FIGURE 43
SINGLE-FAMILY PER UNIT INFRASTRUCTURE BURDEN COMPARISON
(2,200 SQUARE FOOT UNIT AND FIVE UNITS PER ACRE)



Economic & Planning Systems, November 2010

Data Source: Listed jurisdictions, as of October 2010

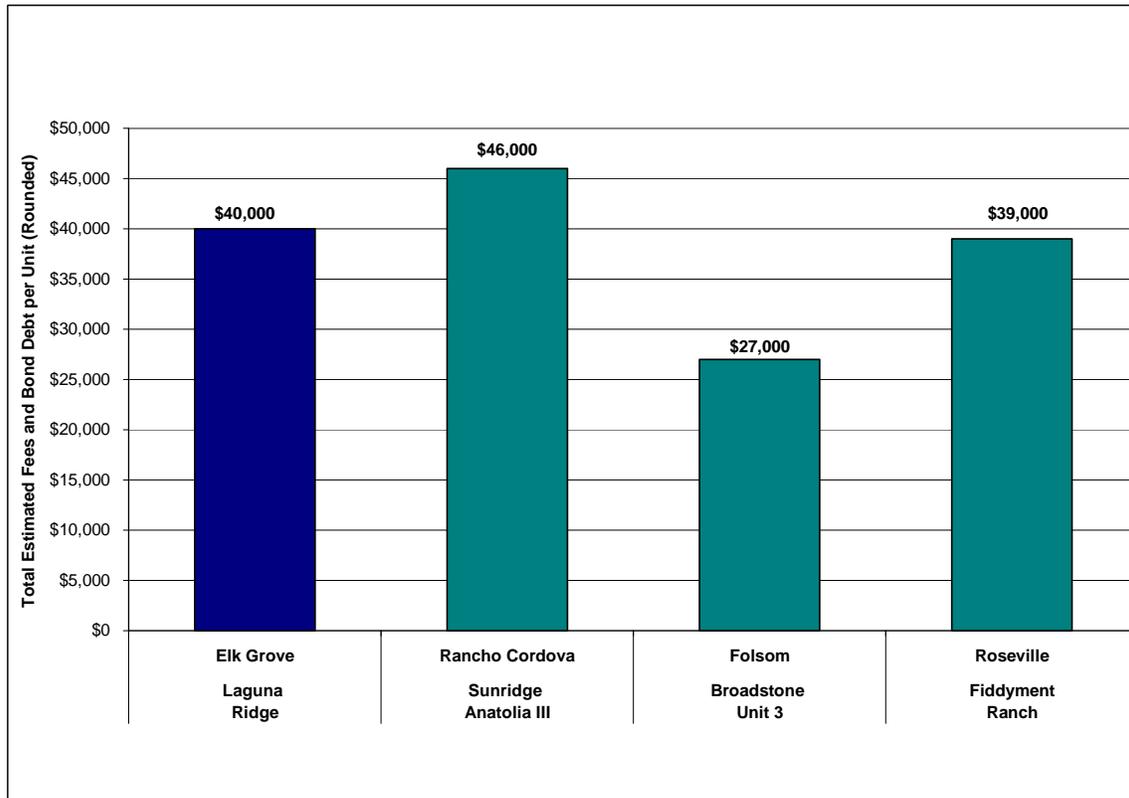
[1] Average fees and bond debt for Laguna Ridge and Franklin Crossing.

[2] Average fees and bond debt for Sunridge Anatolia II, Sunridge Park (Phase 2), and Capital Village.

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Figure 44 shows the comparison of infrastructure burden costs for multi-family development. Elk Grove is more competitive than Rancho Cordova, which has the highest fee cost per unit. Elk Grove and Roseville have similar fee cost per unit while Folsom is significantly more competitive than the other measured jurisdictions.

FIGURE 44
MULTI-FAMILY PER UNIT INFRASTRUCTURE BURDEN COMPARISON
(1,000 SQUARE FOOT UNIT AND 20 UNITS PER ACRE)

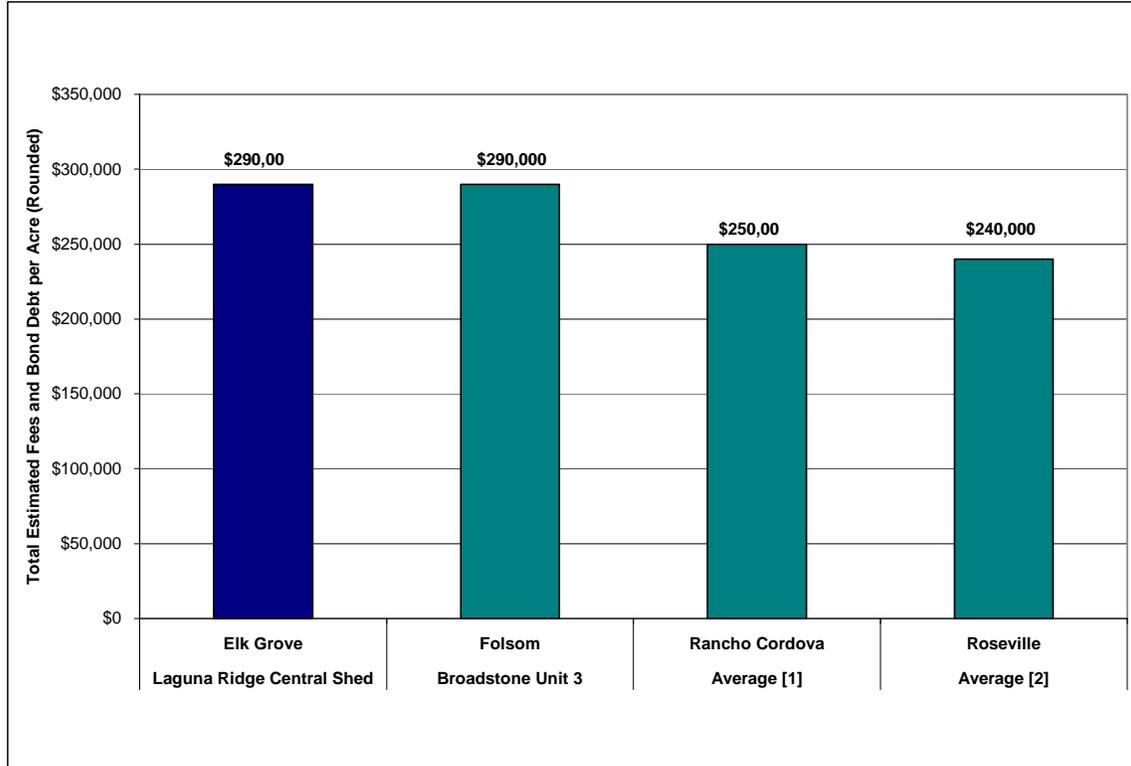


Economic & Planning Systems, November 2010
Data Source: Listed jurisdictions, as of October 2010

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Infrastructure burden costs for retail development are compared in Figure 45. The retail development impact fees for Elk Grove are similar to the other jurisdictions on a per acre basis. Elk Grove and Folsom have the highest fee cost per acre with Rancho Cordova and Roseville showing somewhat lower costs making them more competitive for larger projects.

FIGURE 45
RETAIL PER ACRE INFRASTRUCTURE BURDEN COMPARISON
(109,125 SQUARE FEET AND 10-ACRE SITE)



Economic & Planning Systems, November 2010

Data Source: Listed jurisdictions, as of October 2010

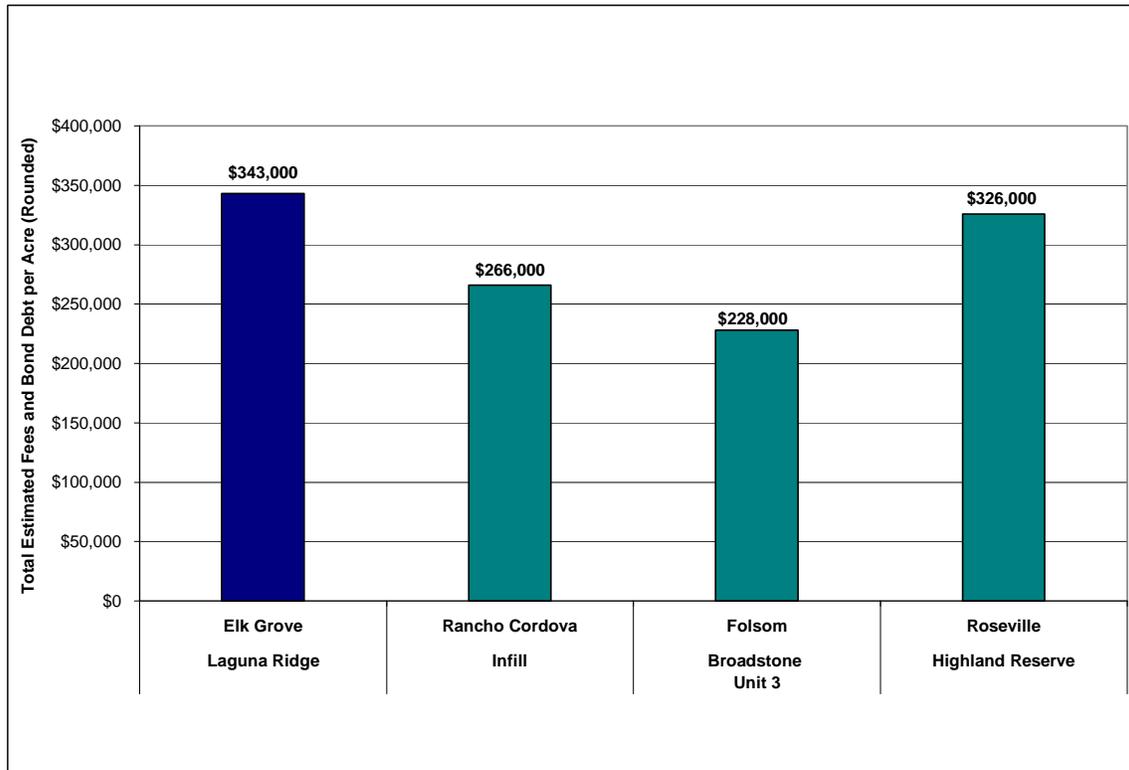
[1] Average city/county fees, plan area fees, and bond debt for Sunridge Anatolia II and Capital Village.

[2] Average city/county fees, plan area fees, and bond debt for WRSP South and Highland Reserve SP Phase 1.

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Figure 46 compares Elk Grove's infrastructure burden costs for office development to the other selected jurisdictions. Elk Grove and Roseville have the highest fee cost per acre. Rancho Cordova is in the mid-range of fee cost per acre while Folsom has the lowest fee cost per acre.

FIGURE 46
OFFICE PER ACRE INFRASTRUCTURE BURDEN COMPARISON
(75,000 SQUARE FEET AND 5-ACRE SITE)

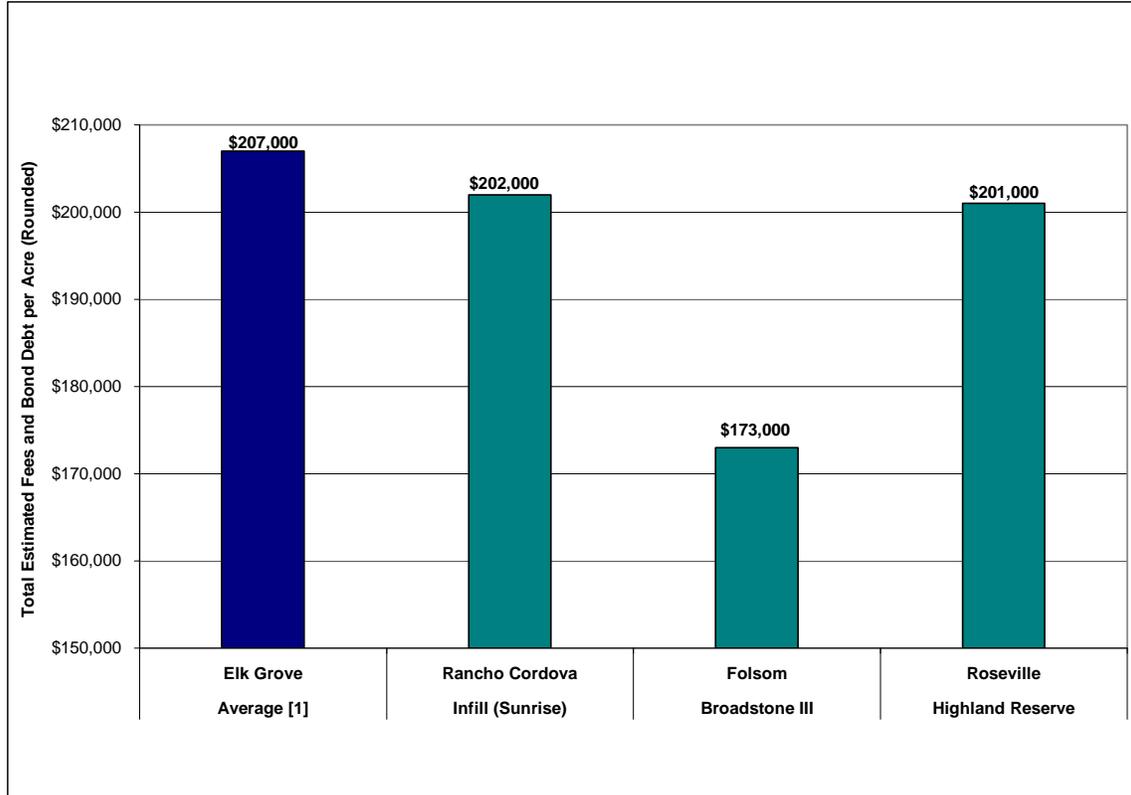


Economic & Planning Systems, November 2010
Data Source: Listed jurisdictions, as of October 2010

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Figure 47 shows Elk Grove’s infrastructure burden costs for industrial development compared to the other regional competitors. Elk Grove, Roseville, and Rancho Cordova, while demonstrating higher fee costs per acre than Folsom, are very similar. Folsom is significantly more competitive with the lowest cost among the selected comparative areas in the Region.

FIGURE 47
INDUSTRIAL PER ACRE INFRASTRUCTURE BURDEN COMPARISON
(348,500 SQUARE FEET AND 20-ACRE SITE)



Economic & Planning Systems, November 2010
 Data Source: Listed jurisdictions, as of October 2010
 [1] Average fees and bond debt for Laguna West and Grant Line Road.

Each of the competitive areas has taken actions to implement fee deferral programs in an effort to incentivize new development activity by reducing the up front costs associated with new development. Specifics of each jurisdiction’s policies vary, but the fee deferral programs generally delay the development impact fee payments, effectively spreading the costs of development over time. Generally, the regional impact of fee deferral programs has been minimal in terms of incentivizing new development that otherwise would not have proceeded. Unlike the other competitive jurisdictions, however, the City of Elk Grove has initiated a number of other actions to seek to reduce the overall impact fee burden for new development. City actions include updating several development impact fee programs and creating a deferral program for capital facilities, affordable housing, very low income housing trust fund, and citywide roadway fees. As a part of the fee

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program updates, the City reviewed design standards and facility requirements and ultimately implemented fee levels less than the maximum justifiable fees. In addition, the City's economic development program offers an incentive for development impact fee reductions based upon the unique qualifications of the project and its overall contribution to the community. The City also initiated a multi-agency effort to review infrastructure cost burden levels and explore options to reduce the impact fee levels on new development. While the fee levels in Elk Grove remain somewhat high as compared to the competitive jurisdictions, the City's initiatives to reduce fee burdens provide a sound basis for future efforts to reduce the perceived high cost of doing business in Elk Grove.

Economic Development Potential

The potential for growth and development in Elk Grove is driven by a combination of internal assets and characteristics, external factors, economic performance, and perceptions of the community. This section summarizes many of the key aspects defining economic development potential and offers various perspectives to inform economic development efforts. Specifically, the City's strengths, weaknesses, opportunities, and threats will be discussed, potential viable sectors and clusters will be presented, and business factor perceptions will be summarized.

SWOT Analysis

Figure 48 summarizes the strengths, weaknesses, opportunities, and threats related to economic development in Elk Grove based on a combination of technical analysis, professional experience, and input from local and regional businesses and leaders. Each of the four internally- and externally-focused elements of the analysis includes 10 key factors. Elk Grove presents a number of internal strengths that enhance its economic development potential and point to its key local assets. Rapid population growth in Elk Grove over the past decade has generated a large consumer base with income levels notably higher than the regional, statewide, and national averages. The community is generally viewed as offering a high quality of life with well-reputed schools, desirable parks and recreational amenities, relative housing affordability, and a mix of suburban, agricultural, and rural characteristics. Elk Grove has a highly-educated workforce demonstrated by the percentage of residents with a postsecondary degree that is well above the regional, statewide, and national levels. Cost of doing business surveys rate Elk Grove as an average cost area compared to hundreds of other communities in the country. The location between two major north-south transportation corridors provides options for people and goods movement and practical access to other markets. Entrepreneurial activity is evident in the size of the small and home-based business segment in Elk Grove that benefits from access to various small business programs and technical assistance. As part of the SMUD territory, Elk Grove has access to some of the most affordable electricity rates in the state and a number of beneficial programs for residents and businesses. With much of the internal development occurring in the past decade, infill opportunities in the community benefit from available infrastructure that is likely in adequate condition as well as the City's commitment to developing cultural and civic uses in key interior areas.

Elk Grove also suffers from several inherent weaknesses that diminish its economic development potential. With a recognized jobs-housing imbalance, a considerably large portion of Elk Grove's labor force commutes outside the City for work and the minimal in-commute reduces daytime market size. Workers and residents have relatively limited access to public transit options (e.g. no direct light rail access and recent bus service adjustments) to connect to other parts of the Region, creating a reliance on automobile transportation. The community does not offer high-end executive housing as seen in other major economic nodes within the Region. Elk Grove is also on the low end of per

capita levels for office and industrial space and available commercial real estate generally maintains relatively high asking rents. With economic development programs focused primarily on business attraction, existing businesses receive limited attention. Resident ratings of the City's business-related services and community economic stability fall below similar communities.¹ Relative to the Region and state, Elk Grove shows limited economic diversity with a dominance of local-serving sectors. There is minimal land use cohesion within existing development in the City and no true community core. The City also demands relatively high up-front development costs for entitlement and infrastructure.

In terms of external factors that create opportunities for Elk Grove, simply the momentum created by growth and development in proximate established and emerging regions (including Sacramento, Stockton, and the SF Bay Area) buoys economic development potential. A large share of future growth is anticipated within the state's inland regions like Sacramento and Stockton, which offer lower cost alternatives to the established coastal regions in the state. The Sacramento Region's successful collaborative initiatives (Blueprint and Partnership for Prosperity) and visibility as a Clean Energy Technology industry leader brings attention to the broader region and opportunities for communities within it. The regional smart growth focus also targets future development on core population centers like Elk Grove and supports initiatives that create a stronger balance of jobs and housing catering to a diverse cross-section of employees. Elk Grove's educational system has a strong reputation across the Region and the nearby Cosumnes River College adds to the educational system and creates opportunities for economic and workforce development partnerships. The presence of large healthcare facilities adjacent to Elk Grove enhances its quality of life and links to the growing medical cluster in the area. Elk Grove also benefits from its visibility from the high levels of motorist activity on the two bordering freeways. Additional major transportation infrastructure is expected in the future with the Capital SouthEast Connector Corridor that will create more convenient regional access (especially to the Highway 50 Corridor economic node) and potential development viability in adjacent areas.

External threats to economic development in Elk Grove are in large part generated by broad macro issues, regional competition, and perceptions of the City. The negative effects resulting from the ongoing recession and government budget deficits as well as perceptions of California as an unfriendly place to do business dampen economic development potential for all communities in the state. Competition from other more recognized areas in the Region is one of the most prominent threats to Elk Grove—many of the other large jurisdictions have distinguishing regional amenities, are part of an established economic node, have adopted aggressive economic development efforts and competitive incentives, offer available sites and existing space for all types of commercial real estate, and are also viewed as having strong high-tech and entrepreneurial climates. Elk Grove also has an image problem generated by a lack of external awareness of City amenities and advantages as well as the existing perception of Elk Grove as a bedroom community with an unfriendly business climate. Congestion at

¹ Source: National Research Center, The National Citizen Survey, City of Elk Grove, CA, 2009.

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peak travel times on the major transportation corridors creates relatively long commutes and access issues. Future development potential in the large Sphere of Influence area is complicated by typical issues related to annexation, habitat conservation plan processes, and extending infrastructure facilities to greenfield development that confront all of the major annexations actively considered in the Region.

**FIGURE 48
ELK GROVE ECONOMIC DEVELOPMENT SWOT ANALYSIS**

STRENGTHS (internal)	OPPORTUNITIES (external)
<ul style="list-style-type: none"> • High educational attainment • Ranked as average business cost area • Local quality of life • Strong population growth in past decade creating large market size • High income levels • Freeway access • Housing affordability • Entrepreneurial activity • SMUD territory • Infill infrastructure 	<ul style="list-style-type: none"> • Proximity to large established and emerging Sacramento, SF Bay Area, and Central Valley regions • Strong reputation of local K-12 educational system • Cosumnes River College programs and partnerships • Successful regional collaboration • Coastal-inland cost gap • Presence of surrounding medical facilities • Regional clean tech development • Alignment of Capital SouthEast Connector Corridor • Regional smart growth focus • Potential visibility from high levels of motorist activity on adjacent highways
WEAKNESSES (internal)	THREATS (external)
<ul style="list-style-type: none"> • Large labor force and daytime population leakages • Limited office and industrial space and relatively high commercial real estate costs • Greater share of residents than jobs • Limited transit access • Lack of executive housing • Restricted scope of local economic development programs • Limited economic diversity • Relatively high up-front costs of entitlement and infrastructure • No existing City core and limited land use cohesion • Low opinions of City's business-related services 	<ul style="list-style-type: none"> • Transportation congestion and commutes • Effects of recession and government budgets • Negative perceptions of California business climate • Lack of external understanding of City amenities and advantages • Attraction efforts and incentives from other locations in Region • External perception of bedroom community and unfriendly business climate • Available sites in other competitive areas of the Region • Limited distinguishing regional amenities and not part of established economic node in the Region • Other areas of the Region viewed as having strong high-tech and entrepreneurial potential • Sphere of Influence HCP and infrastructure issues

Center for Strategic Economic Research and Economic & Planning Systems, November 2010

Viabile Industries and Clusters

Evaluating the trends and characteristics of specific economic activities in Elk Grove helps reveal opportunities for focused business creation, retention, expansion, and attraction efforts. Economic activities can be analyzed both in terms of major groupings of establishments according to similarity in the processes used to produce goods or services (industries or sectors) or concentration of establishments within related and supporting industries (clusters). Figure 49 provides a summary of key economic factors for Elk Grove's major sectors. A few sectors in particular (bolded in the figure) should pique the interest of economic development efforts based on unique characteristics:

- **Construction** is the City's third-largest sector and presents a high degree of specialization and above average share of regional employment. Growth in the sector was moderate over the past decade primarily as a result of the economic downturn in the latter part of the period. The multiplier effect associated with this sector is one of the strongest among all sectors in Elk Grove.
- **Wholesale Trade** is made up exclusively of economic base activities and has experienced above average growth in the past decade. This sector also generates a robust multiplier effect relative to other sectors in the local economy.
- **Retail Trade** is the largest sector in the Elk Grove economy and also shows a high degree of specialization and above average share of regional employment. Despite its dominance in the local economy, its rate of growth over the past 10 years was below average. Consumer spending analysis demonstrates a retail leakage in Elk Grove where demand exceeds local sales.
- **Information** is in the middle of the pack of sectors based on size, but has the largest share of regional employment and is the most specialized. This sector experienced the fourth-highest rate of growth in the past decade out of all major sectors.
- **Real Estate and Rental** grew the fastest among all major sectors between 1998 and 2008 and is currently one of the most specialized sectors with a relatively large share of regional employment.
- **Professional, Scientific, & Technical Services** is one of the City's largest sectors with an above average share of regional employment. It was the third-fastest growing sector in Elk Grove over the last decade.

FIGURE 49
ELK GROVE MAJOR SECTOR SUMMARY

Sector	98-08 Growth	2008 Composition	2008 Specialization	Percent Base	Share Region
Ag., Forestry, Fish., & Hunting	5.7%	0.8%	61.4%	100.0%	1.9%
Mining	-	0.1%	72.5%	100.0%	2.3%
Utilities	66.7%	0.1%	19.8%	0.0%	0.6%
Construction	63.0%	8.9%	143.3%	0.0%	4.5%
Manufacturing	-26.2%	4.7%	106.8%	100.0%	3.4%
Wholesale Trade	88.9%	3.2%	109.5%	100.0%	3.4%
Retail Trade	80.9%	18.9%	174.3%	0.0%	5.5%
Transport. & Warehousing	105.2%	2.7%	104.4%	71.1%	3.3%
Information	117.5%	5.6%	265.4%	67.3%	8.3%
Finance & Insurance	205.2%	4.8%	101.2%	0.0%	3.2%
Real Estate & Rental	162.5%	3.9%	249.4%	0.0%	7.8%
Prof., Sci., & Technical Svcs.	149.5%	7.2%	119.2%	48.1%	3.7%
Mgmt. of Companies	-	0.0%	5.0%	100.0%	0.2%
Admin. & Waste Svcs.	82.9%	6.2%	123.5%	0.0%	3.9%
Educational Svcs.	157.1%	1.5%	102.7%	0.0%	3.2%
Health & Social Svcs.	68.1%	6.5%	65.9%	0.0%	2.1%
Arts, Ent., & Recreation	23.3%	1.3%	82.9%	87.4%	2.6%
Accom. & Food Svcs.	75.9%	8.0%	100.5%	0.0%	3.2%
Other Services	92.0%	6.0%	185.7%	0.0%	5.8%
Government & Unclassified	-31.7%	9.5%	35.4%	54.6%	1.1%

Center for Strategic Economic Research, November 2010

Data Source: CSER estimates based on

- National Employment Time Series database
- Moody's Economy.com
- CA Employment Development Department, Employment by Industry Data
- IMPLAN, 2008 Coefficients
- ReferenceUSA

For those sectors that have seen healthy conditions in the past decade, economic development efforts can help build upon this growth by mitigating barriers and looking for unique opportunities to take advantage of emerging business trends in the Sacramento Region such as green building, clean energy technology, sustainability, and healthcare information management. In the case of slow or negative growth in the past decade, economic development efforts must be sensitive to addressing these challenges with focused retention and layoff aversion as well as identifying specific high value opportunities in Agriculture and Manufacturing that will likely present themselves despite the overall decline in these sectors.

Another perspective on economic development can be gained by taking a more in-depth look at the dynamics within the local economy. By breaking apart major sectors into their more narrowly-defined components, specific business activities can be arranged into industry clusters or groupings of interrelated firms. While, like many cities, Elk Grove does not necessarily possess fully-integrated industry clusters, there are certainly core activities within the local economy that already play a role in or can be networked into larger clusters that have a regional presence or are more broadly geographically dispersed. Figure 50 summarizes nine clusters that present economic development potential in Elk Grove based principally on economic performance within the core activities grouped into the clusters as well as input from local leaders. All of the core activities associated with the nine clusters, listed in Figure 51, fall within (or just under in some cases) the top quartile of approximately 225 detailed activities ranked on indexed economic performance across six key factors including historical employment growth,

current composition, historical shift in composition, current specialization, and historical change in specialization. In addition, there were several distinct groupings of home-based businesses that fit within the identified clusters (listed as miscellaneous home businesses in Figure 51). Overall, the clusters range in current size from around 260 jobs (Food) to nearly 4,600 jobs (Real Estate).

While economic development potential for all of the clusters appears viable based on healthy economic performance, many of the core activities also present characteristics that further establish opportunities and generate unique benefits in the City. Many of the core activities typically act as main suppliers to the largest sectors in the Sacramento Region and Elk Grove or heavily use the products and services of the large sectors as inputs (shown as regional linkages, RL, in Figure 51). Additionally, some of the core activities generally create a relatively large multiplier effect in the economy accounting for the combination of direct employment, jobs generated by demand created on suppliers of goods and services, and employee spending (identified as employment multiplier, EM, in Figure 51). A number of the core activities also create commodities that are largely imported into the City and have a presence in the regional economy (noted as commodity imports, CI, in Figure 51). The typical employment structure supported by several of the core activities makes use of occupations with a strong presence amongst the local resident workforce (listed as occupation match, OM, in Figure 51). Finally, quite a few of the core cluster components are base activities and generate net new wealth in the City (identified as base activity, BA, in Figure 51). Additionally, many of the core activities were cited in interviews with local and regional businesses and leaders as having strong growth potential in the local economy either directly or as part of a broader sector. Further cluster details are provided in the Research Methodology appendix. Certain core activities present a number of these benefits like Grocery and Related Product Merchant Wholesalers within the Food cluster while others have none or just one like Civic and Social Organizations under the Local Services cluster. Moreover, the core activities within many of these clusters play to the City’s internal strengths and external opportunities.

**FIGURE 50
ELK GROVE POTENTIAL VIABLE CLUSTER SUMMARY**

Cluster	2008 Employment	Percent of Core Competencies					
		Regional Linkages	Employment Multiplier	Commodity Imports	Occupation Match	Base	Cited in Interviews
Business Services	2,036	13%	38%	0%	50%	20%	13%
Creative	1,323	10%	40%	10%	10%	50%	50%
Finance & Insurance	1,376	29%	86%	57%	14%	0%	0%
Food	259	20%	40%	20%	20%	67%	80%
Government	2,777	0%	0%	0%	100%	0%	100%
Medical	928	0%	60%	20%	0%	17%	67%
Real Estate	4,570	0%	42%	58%	0%	29%	37%
Local Services	835	0%	0%	20%	40%	0%	0%
Transportation	2,307	0%	15%	0%	15%	20%	23%

Center for Strategic Economic Research, November 2010
Data Source: CSER estimates based on:

- National Employment Time Series database
- IMPLAN, 2008 Coefficients
- U.S. Census Bureau, 2006-2008 American Community Survey
- Moody’s Economy.com information

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**FIGURE 51
ELK GROVE POTENTIAL VIABLE CLUSTER CORE COMPETENCIES**

Real Estate (4,570 jobs)	Transportation (2,307 jobs)
<ul style="list-style-type: none"> ✓ Nonmetallic Mineral Mining & Quarrying—BA ✓ Residential Building Construction—EM, CI ✓ Utility System Construction—EM, CI ✓ Land Subdivision—EM, CI ✓ Building Equipment Contractors—EM, CI ✓ Building Finishing Contractors—EM, CI ✓ Ventilation, Heating, Air-Conditioning, & Commercial Refrigeration Equip. Manufacturing—BA ✓ Office Furniture (including Fixtures) Manufacturing—BA ✓ Furniture & Home Furnishing Merchant Wholesalers—EM, CI, BA ✓ Lumber & Other Construction Materials Merchant Wholesalers—EM, CA, BA ✓ Furniture Stores ✓ Building Material & Supplies Dealers ✓ Lawn & Garden Equipment & Supplies Stores ✓ Lessors of Real Estate—CI ✓ Offices of Real Estate Agents & Brokers—CI ✓ Architectural, Engineering, & Related Services—CI ✓ Foundation, Structure, & Building Exterior Contractors—EM, CI ✓ Veneer, Plywood, & Engineered Wood Product Manufacturing ✓ Other Wood Product Manufacturing—BA ✓ <i>Miscellaneous Home Business</i> 	<ul style="list-style-type: none"> ✓ Other Transportation Equipment Manufacturing—BA ✓ Automobile Dealers ✓ Other Motor Vehicle Dealers ✓ General Freight Trucking—EM, OM, BA ✓ Specialized Freight Trucking—EM, OM, BA ✓ Urban Transit Systems ✓ Taxi & Limousine Service ✓ Support Activities for Rail Transportation ✓ Freight Transportation Arrangement ✓ Other Support Activities for Transportation ✓ Automotive Repair & Maintenance ✓ Other Transit & Ground Passenger Transportation ✓ Automotive Equipment Rental & Leasing ✓ <i>Miscellaneous Home Business</i>
Finance & Insurance (1,376 jobs)	Medical (928 jobs)
<ul style="list-style-type: none"> ✓ Nondepository Credit Intermediation—EM, CI ✓ Other Financial Investment Activities—EM ✓ Insurance Carriers—RL, EM, CI ✓ Activities Related to Credit Intermediation—EM, CI ✓ Agencies, Brokerages, & Other Insurance Related Activities—EM ✓ Other Investment Pools & Funds—RL ✓ Depository Credit Intermediation—EM, CI, OM 	<ul style="list-style-type: none"> ✓ Other Chemical Product & Preparation Manufacturing ✓ Drugs & Druggists' Sundries Merchant Wholesalers—EM, CI ✓ Offices of Dentists—EM ✓ Offices of Other Health Practitioners—EM ✓ Death Care Services
Business Services (2,036 jobs)	Creative (1,323 jobs)
<ul style="list-style-type: none"> ✓ Office Supplies, Stationery, & Gift Stores ✓ Legal Services—EM, OM ✓ Accounting, Tax Preparation, Bookkeeping, & Payroll Services—EM, OM ✓ Management, Scientific, & Technical Consulting Services—OM, BA ✓ Other Professional, Scientific, & Technical Services—RL, EM, BA ✓ Travel Arrangement & Reservation Services ✓ Services to Buildings & Dwellings—OM ✓ Local Messengers & Local Delivery ✓ <i>Miscellaneous Home Business</i> 	<ul style="list-style-type: none"> ✓ Fabric Mills—BA ✓ Textile & Fabric Finishing & Fabric Coating Mills—BA ✓ Printing & Related Support Activities—EM, BA ✓ Paper & Paper Product Merchant Wholesalers—EM, CI, BA ✓ Specialized Design Services ✓ Other Support Services ✓ Other Textile Product Mills—BA ✓ Software Publishers—RL, EM, OM ✓ Motion Picture & Video Industries—EM ✓ Performing Arts Companies—BA ✓ <i>Miscellaneous Home Business</i>
Food (259 jobs)	Local Services (835 jobs)
<ul style="list-style-type: none"> ✓ Bakeries & Tortilla Manufacturing—BA ✓ Beverage Manufacturing—RL, BA ✓ Specialty Food Stores ✓ Fruit & Vegetable Preserving & Specialty Food Manufacturing—EM, BA ✓ Grocery & Related Product Merchant Wholesalers—EM, CI, OM, BA 	<ul style="list-style-type: none"> ✓ Elementary & Secondary Schools ✓ Individual & Family Services—OM ✓ Child Day Care Services—OM ✓ Civic & Social Organizations ✓ Technical & Trade Schools—CI
	Government (2,777 jobs)—OM
<p>LEGEND: RL = regional linkages • EM = employment multiplier • CI = commodity imports • OM = occupation match • BA = base activity</p>	

Center for Strategic Economic Research, November 2010

Data Source: CSER estimates based on National Employment Time Series database, IMPLAN, 2008 Coefficients, U.S. Census Bureau, 2006-2008 American Community Survey, and Moody's Economy.com information

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The Business Services cluster includes a mix of professional and administrative services as well as linked suppliers and various related home-based businesses. This cluster supports over 2,000 jobs and offers four of the five additional assessed benefits including regional linkages, employment multiplier, occupation match, and base activities. The core activities in this cluster typically require office or retail space.

With more than 1,300 jobs, the Creative cluster includes a combination of specialized services and suppliers as well as high value production and entertainment activities and a wide range of home-based businesses. This cluster offers all five of the analyzed benefits and many of the core competencies are associated with high-tech and manufacturing, which were frequently cited in interviews with local and regional businesses and leaders as presenting strong economic development potential. Most of the core activities in this cluster generally require industrial space with a few utilizing office space.

The Finance & Insurance cluster contains close to 1,400 jobs spread across a variety of financial activities. With the exception of base activities, this cluster offers all of the measured additional benefits. The core activities in this sector mostly require office space with some demand for retail space. While the broader sectors represented in this cluster have been affected by the fallout from the housing downturn, it has been recovering recently.

The Food cluster is small with roughly 260 jobs, but it contains a core grouping of primarily manufacturing- and wholesale-related activities, which offer all five of the measured supplemental benefits and support the desire for manufacturing activities in the City cited in interviews with local and regional businesses and leaders. This cluster has the potential to tie into local agricultural activities in an effort to integrate sustainability trends.

Government as a broad activity ranked among the top quartile of economic performance based on analysis of detailed clusters. While public sector activities are normally not a focus for economic development efforts, state government activities were frequently cited as a target in interviews with local and regional businesses and leaders and there is a considerably large portion of the Elk Grove population that works in the public sector. The concept of economic development potential calls for office space to attract a large state government operation.

Approximately 930 jobs are supported by the core competencies in the Medical cluster, which contains a mix of healthcare, manufacturing, and wholesale activities that generally demand industrial and office space. Medical was frequently identified as a desirable activity for the Elk Grove economy in interviews with local and regional businesses and leaders and it offers opportunities to realize strong multiplier effects and import substitution benefits as well as build the base component of the local economy.

Real Estate is the largest of all the identified clusters with nearly 4,600 jobs. This cluster contains a wide range of activities that include building construction, suppliers to the building industry, and real estate transactions. There are also a multitude of home-based

businesses that can be integrated into this cluster. All types of commercial real estate are utilized by this cluster. While elements of this cluster have been suffering in the ongoing recession, it presents a unique niche for Elk Grove considering the economic structure, local characteristics, opportunity to integrate with local trends in green building, and plans for the new Institute of Architecture and Construction Technology at the nearby Cosumnes River College campus. Moreover, the core competencies present employment multiplier, commodity import, and base activities benefits.

A blend of private educational, social, and civic services is integrated into the Local Services cluster, which supports close to 840 jobs. Core activities in this cluster present opportunities for commodity import substitution and greater use of the local workforce. In addition, these activities add to the local quality of life and can be integrated into workforce development efforts. Most of these activities require retail or office space.

The Transportation cluster is large with more than 2,300 jobs and shows the potential to generate employment multiplier, occupation match, and base activity benefits. This cluster contains core competencies focused on various transportation activities as well as related retail and support services. In general, the core activities primarily make use of industrial space with some office and retail space requirements. Similar to other clusters, the manufacturing component of this cluster aligns with comments made in interviews with local and regional businesses and leaders related to economic development potential. Elk Grove's major freeway access and proximity to large markets lends to the growth potential in this cluster.

Business Factor Perceptions

There are a handful of commonly-recognized factors that point to a specific area's economic development potential related to business creation, retention, expansion, and attraction across nearly all major sectors and clusters. Figure 52 lists and summarizes the general perceptions of these factors within Elk Grove based on technical analysis, discussion with local and regional businesses and leaders, and professional experience. Among the nine factors, only three elicit perceptions that tip the scale into positive territory including workforce size and quality, consumer base size and quality, and access to markets. There are four factors that sit in neutral territory. Development infrastructure is generally suitable, but transportation congestion is a factor limiting further development of households oriented to outside employment centers. In addition, capacity for future development is likely to become a limiting issue within the next decade, assuming a return to modest growth rates. Cost of doing business in the City is fairly competitive on standard ratings but high up-front costs of entitlement and infrastructure are burdens. Local quality of life is generally viewed as positive; however, residents have limited access to local employment opportunities and must commute on typically congested corridors. There appears to be a strong presence of entrepreneurship in the City and support programs are now available, but the clustering in various segments is fairly disjointed and the community is not viewed externally as supporting strong entrepreneurial potential relative to other locations. Factors on the negative side relate to

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the relatively modest availability of modern office and R&D space with connectivity to housing and retail amenities. There are also widespread regional perceptions of a poor business climate with burdensome regulations and limited economic diversity. With six of the nine key factors in neutral or negative territory, there are clearly some real issues affecting economic development potential in the City.

FIGURE 52
PERCEPTIONS OF KEY ECONOMIC DEVELOPMENT FACTORS

Factor	Positive	Neutral	Negative
Suitability of commercial real estate			X
Suitability of infrastructure		X	
Workforce size and quality	X		
Consumer base size and quality	X		
Cost of doing business		X	
Business climate			X
Access to markets	X		
Quality of life		X	
Entrepreneurial environment		X	

Center for Strategic Economic Research, November 2010

Development Scenarios

Elk Grove will continue to benefit from population and employment growth over the next 20 years and beyond. In planning for the future, it will be important for the City to consider the potential magnitude of growth and how it relates to demand for existing facilities and undeveloped land within the City. More importantly, the City must take into account the gap between land supply and future demand to determine how and if growth can be accommodated in the current plans and boundaries. This section provides a discussion of potential real estate prototypes that could be viable in the community moving forward, highlights the results of two local growth scenarios through 2029, offers estimates of existing land supply and possible demand based on the growth scenarios, and presents an overview of the jobs-housing balance concept.

Current Conditions

Growth prospects for all areas of the Sacramento Region will be dampened by the effects of the ongoing recession where regional recovery has been lagging the state and nation. In fact, Sacramento is currently one of the weakest regions in the state and forecasts show continued weakness through at least the next year with limited growth following. As a result, long-term economic trends will be influenced by a period of slow recovery at the front end and a lengthy process of building back up from losses across all major sectors. Those areas of the Region with strong competitive assets and a healthy business climate will likely recover much more rapidly than fringe markets with a vulnerable economic base.

Current economic circumstances have also contributed to a major decline in residential and commercial building activity, transaction volumes, and related prices throughout the Sacramento Region. Commercial real estate, in particular, is currently undergoing a severe correction that is unlikely to stabilize for two to four years. Significant levels of bank-owned properties are on the market, resulting in acquisition costs that are lower than the replacement value of the buildings. Commercial real estate market conditions will exacerbate current vacancy levels, driving lease rates and net absorption down. Given these market conditions, speculative commercial real estate development activity is likely to be extremely low until the market experiences a significant recovery.

The residential real estate market in the Region has also seen a severe decline over the last several years. Specifically, median home prices in Elk Grove have fallen dramatically since the peak of the market in 2005—estimates for median home price reductions range from 30 to 50 percent declines from the market peak in 2005. Market analysts generally posit that the residential real estate market has reached the bottom, but submit that recovery will remain slow and contingent on employment gains and income growth, with near-term prospects including apartments and less expensive attached for-sale product.

Real Estate Prototypes

The following section defines and describes the predominant real estate prototypes that are expected to represent future growth patterns within Elk Grove based both on historical patterns and broad trends in residential and commercial real estate development that are expected to influence future development within the Sacramento Region generally and the City specifically.

Single-Family Residential (SFR)

Since incorporation, residential development in the City has been dominated by greenfield development with a primary focus on single-family residential development. Single-family residential development has comprised 90 percent of all units developed within the City over the last decade. Historical lot sizes for single-family development have been very large, averaging approximately 10,000 square feet per lot from 2003 through 2008. More recent data indicate a trend towards smaller lot sizes and a smaller (though still dominant) share of single-family residential development among all residential prototypes. In 2009, the average single-family lot size was approximately 5,000 square feet; however, these data likely reflect that age-restricted single-family housing has dominated home sales and construction within the City over the last several years.

Recent market influences suggest that in the short-term (i.e. the next 2 to 5 years), developers may prefer to return to more traditional single-family development prototypes as falling home prices drive consumers to demand more traditional real estate products, as opposed to high-density products. Significant levels of development of single-family products with densities greater than 7 units per acre are not currently planned. This trend is somewhat offset by the market's return to smaller-sized units in order to offer products that are affordable to the typical homebuyer income profile given more restrictive lending standards and less available income for ongoing energy and maintenance.

Because Elk Grove currently does not offer a sufficient stock of executive level housing to attract major business users, however, there may be some limited demand for this type of product. Executive housing may take the form of traditional, large lot single-family development with amenities such as open space/habitat or water amenities. Current market demand for this type of executive housing necessitates close linkages to open space and recreational amenities, provided in the form of bike and hiking trails or other similar outdoor activities. Alternatively, in key infill or transit-oriented nodes, higher density, more urbane executive housing products could be provided as part of the mixed use/MFR and infill prototypes discussed below. As part of a highly amenitized, walkable urban community, these types of executive housing products appeal to certain market demographics seeking close linkages to a variety of urban entertainment options.

Broader trends and policies in land use planning and development, however, suggest that over the longer-term, residential development will trend towards more compact, higher-

density development. Planning initiatives such as the SACOG Blueprint Transportation & Land Use Plan encourage communities to adopt and implement more sustainable land use plans and growth patterns reflecting diversified real estate products, higher density development, and a greater focus on mass transit modes of travel. Enforcement of state legislation to reduce greenhouse gases (SB 375 and AB 32) will similarly influence land use planning as local jurisdictions seek to develop greener communities. Finally, as trends in land use planning promote quality community design and livability for a range of demographics, planners are seeking to design communities that promote "aging in place," offering services, amenities and housing products that permit residents to remain in the community as they age and their needs change. To the extent possible, these prototypes should be integrated with other neighborhoods promoting a diverse and vital cross section of ages and incomes. These land use and policy trends will likely lead to not only more compact single-family development, but a greater reliance on multi-family residential development as a share of the overall housing stock.

Multi-Family Residential (MFR)

Over the last decade, very little multi-family development has transpired in Elk Grove, particularly when compared to the share of residential development comprised by multi-family products throughout the Sacramento Region. As discussed above, however, long-term trends in development patterns suggest that these products will play an increasing role in future residential development patterns. As the City seeks to expand its economic development potential, it will need to offer a diversified housing stock offering the full range of housing types and levels of affordability.

Townhome products with lot sizes as small as 1,400 square feet, and the potential for alley vehicular access to single-car garages, can achieve densities of 24 units per acre or more, depending on the amount of private or collective open space. This product type has been developed successfully with 3-bedroom, 2-bath, 1,450-square-foot configurations in transitional communities throughout California, such as Hercules, North Natomas, and West Sacramento.

Mixed Use MFR

Mixed use products positioned near urban amenities such as the Civic Center with quality retail development will appeal to certain demographics including the emerging "new millennial" generation and baby boomers interested in trading down. Offering excellent opportunities to accommodate below-market-rate affordable housing, these products can be offered in a horizontal or vertical mixed use setting and can be suitable in both greenfield and infill locations, depending on the amenities offered.

Unit sizes and configurations for these product types can vary widely, but typically average about 1,000 to 1,200 gross square feet, and are characterized by densities between 20 and 60 residential units per acre. The provision of necessary, small-scale

neighborhood retail and services will activate the streetscape contributing to a more vibrant community required of successful mixed use development. Retail development in these settings must be fundamentally sound, as the lending community will discount or ignore projected revenue without a proven market and pre-leased space.

Retail/Commercial Space

Elk Grove will clearly require additional retail centers to support its growing population and employment base as the City develops and matures in the coming decades. Future retail development will include regional retail “Power Centers” as well as smaller neighborhood-serving shopping centers. Retail development trends are currently dominated by the development of open-air lifestyle centers that incorporate a broad range of shopping options, small format grocers serving niche, local markets, and development in a vertical or horizontal mixed use context. As retailers trend towards smaller, more efficient formats and consumer spending adjusts to more sustainable levels, overall retail inventory per capita is expected to decline.

Typical retail development is characterized by floor to area (FAR) ratios of 20 percent to 25 percent. The provision of structured parking permits higher FARs, but significantly increases vertical development costs. For this reason, it is not expected that retail development in the City will utilize structured parking opportunities unless the site is severely space constrained and positioned well enough to achieve lease premiums sufficient to overcome increased development costs.

Office Space

Future office development within the City will likely cater to users focused on business services, finance and insurance, real estate, and general administrative activities and will be typified by low-density office development in accordance with past development patterns, but may also include some medium- or high-density office development.

Low-density office development is broadly characterized by one- to two-story structures with ample parking. Typical FARs for these types of development range from 25 percent to 35 percent with employment densities expected to approximate 300 square feet per employee. Because it offers flexibility, is relatively inexpensive to construct and accommodates a wide variety of office users, this type of office development is expected to comprise the vast majority of future office development in Elk Grove.

A modest amount of medium- or high-density office development (FARs of 35 percent to 50 percent), however, may be suitable in Elk Grove in certain locations (e.g. infill or mixed use contexts). The high costs of construction presents challenges for development feasibility, but development of this prototype can be facilitated by the extension of mass transit opportunities (particularly light rail). This type of office development generally favors proximity to regional Central Business Districts, such as the Point West and

Natomas developments near Downtown Sacramento. This prototype, however, is recently becoming more frequent in second ring suburbs or “edge cities,” including near the BART stations in Pleasanton and Walnut Creek and parts of Folsom and Roseville.

Industrial Space

Future industrial development in Elk Grove will likely be characterized by a combination of light industrial/flex and warehouse/distribution uses.

“Flex uses” refer to land use designations that permit a mixture of certain complementary industrial and commercial/office uses. Flex land use designations permit accommodation of modern industry shifts in industrial uses and related sectors, allowing development of light industrial or research and development uses in combination with related commercial activities. Permitting maximum flexibility can attract a broad range of users, promoting job generation, spinoff entrepreneurial activities, and economic development activities.

The typical light industrial/flex development has an FAR approximating 30 percent and employment densities ranging from 500 to 800 square feet per employee. Because these uses tend to serve specialized users, are not highly amenitized and therefore command lower lease rates, and may require linkage to heavier warehouse/distribution uses, the most successful developments tend to be in outlying locations with inexpensive land.

At the upper end, this prototype can be very similar to office space, requiring dining and other amenities, with linkages to transit and other large “anchor” uses (e.g. medical centers, higher education, etc.).

The warehouse/distribution category of industrial development is associated with large storage facilities which generally feature open floor plans, high ceilings, and roll-up doors for loading and unloading freight. Warehouse/distribution space is typically used for storage and is characterized by docks or grade doors, minimal tenant improvements, and adequate access to rail or roadway transportation networks. These uses typically have an FAR of up to 40 percent and employment density as low as 10,000 square feet per employee.

Given its proximity to Interstate-5 and Highway 99 and historical sector growth trends, Elk Grove is well-positioned to capture some warehouse/distribution uses. However, the low assessed value and limited job prospects (i.e. low employment densities) cause it to be less desirable than other uses. To mitigate such drawbacks, the City should seek value added functions, assembly, and other components of this sector having higher than average employment densities and secured and unsecured assessed values.

Growth Scenarios

For purposes of comparing the supply of vacant land within Elk Grove to the demand generated by population and employment growth over the next 20 years, two separate growth scenarios were created through 2029. These two population and employment growth projections inform the analysis of anticipated land use demand in Elk Grove and represent the potential range of low and high demand based on the incorporated growth levels.

Population projections were derived based on the application of annualized SACOG population growth projections used for the 2035 MTP to the estimated 2009 population levels. Figure 53 summarizes the population and household change anticipated to occur between 2009 and 2029. Both growth scenarios utilize the same population projections, but incorporate varying densities of land use for the demand analysis. These projections show an increase of over 52,000 residents and 19,000 households between 2009 and 2029.

**FIGURE 53
ELK GROVE POPULATION AND
HOUSEHOLD PROJECTIONS**

<i>Factor</i>	<i>2009</i>	<i>2029</i>	<i>Change</i>	<i>Ann. Avg. Growth</i>
Population	141,430	193,783	52,353	1.6%
Households	48,259	67,316	19,057	1.7%
Single-Family	44,961	59,885	14,924	1.4%
Standard Single-Family	43,634	55,850	12,216	1.2%
Small Lot/Townhome	1,327	4,035	2,708	5.7%
Multi-Family	3,298	7,431	4,133	4.1%

Economic & Planning Systems, November 2010
 Data Source: EPS estimates based on CA Department of Finance, Population Estimates for Cities, Counties, and State and SACOG 2035 MTP information

Two employment growth scenarios are contemplated: a low land use consumption scenario and a high land use consumption scenario, which are discussed further below and summarized in Figure 54 by major sector.

- Scenario 1: Low Land Use Consumption.** The employment projections incorporated in the low land use consumption scenario assume similar industry employment trends, internal competitive dynamics, and relationships between the local and regional economies will continue through 2029. These projections are based on analysis of annual economic performance through 2008, which captures the early effects on the economic downturn in the Region. This scenario projects that employment growth in Elk Grove will generate approximately 13,600 new jobs from 2009 to 2029.

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- Scenario 2: High Land Use Consumption.** The high land use consumption scenario utilizes projections from SACOG’s 2035 MTP. Employment estimates for this scenario are based on longer-term trends and were developed prior to the onset of the economic downturn. However, based on discussions with SACOG staff working on the update to the MTP, the 2009 and 2029 estimates utilized for the high land use consumption scenario are still reasonable for Elk Grove. The MTP demonstrates what SACOG considers a desirable growth and development pattern for Elk Grove focused on job-centered growth. Under this scenario, new job growth is anticipated to create approximately 20,900 jobs through 2029.

FIGURE 54
ELK GROVE EMPLOYMENT PROJECTIONS

Sector	2009	2029	Change [1]	Ann. Avg. Growth
<u>Scenario 1: Low Land Use Consumption</u>				
Agriculture/Mining	247	247	0	0.0%
Construction	1,740	2,454	714	1.7%
Manufacturing	305	396	91	1.3%
TPU	687	784	97	0.7%
Wholesale Trade	649	845	197	1.3%
Retail Trade	3,850	6,282	2,431	2.5%
FIRE	1,523	3,736	2,213	4.6%
Services	12,207	20,071	7,864	2.5%
Government	2,154	1,745	0	0.0%
<i>Total Employment</i>	<i>23,363</i>	<i>36,560</i>	<i>13,607</i>	<i>2.3%</i>
<u>Scenario 2: High Land Use Consumption</u>				
Agriculture/Mining	0	0	0	0.0%
Construction	3,131	4,181	1,050	1.5%
Manufacturing	505	674	169	1.5%
TPU	655	811	156	1.1%
Wholesale Trade	1,078	1,440	361	1.5%
Retail Trade	7,086	11,488	4,401	2.4%
FIRE	1,462	3,895	2,433	5.0%
Services	13,476	24,684	11,208	3.1%
Government	683	1,819	1,136	5.0%
<i>Total Employment</i>	<i>28,078</i>	<i>48,992</i>	<i>20,915</i>	<i>2.8%</i>

Economic & Planning Systems and Center for Strategic Economic Research, November 2010

Data Source: CSER estimates based on:

- National Employment Time Series database
- Moody’s Economy.com
- Woods & Poole Economics
- CA Employment Development Department, Employment by Industry Data
- ReferenceUSA
- SACOG 2035 MTP

[1] Employment losses zeroed out for analytical purposes.

Elk Grove currently contains about 6 percent of the Sacramento Region’s population and 3.1 percent of all payroll jobs. The development scenarios show Elk Grove reaching

between 6.2 percent and 6.5 percent of the Region's population by 2029 based on California Department of Transportation and SACOG projections for the six counties within the Region. Under the low land use consumption scenario, Elk Grove could support approximately 2.7 percent of all employment in the Region in 2029 according to the regional growth scenarios driving the employment projections. The high land use consumption scenario shows the regional employment share at 3.4 percent in 2029 based on SACOG regional projections in the MTP.

Land Supply and Demand

A comparison of the existing land supply within the City of Elk Grove to the demand for new development generated by employment and population growth provides an estimate of the gap between existing land supply and anticipated levels of future demand. The purpose of the land supply and demand analysis is to provide a bracketed range of the City's growth requirements and is therefore based on two alternative land use consumption scenarios.

Figure 55 summarizes the results of the land supply and demand comparison. Total estimated supply under each scenario is approximately 3,100 acres. Under Scenario 1, the projected demand for developable land totals approximately 3,300 acres, when including a 20 percent land use demand contingency. Land demand contingency is included to ensure avoidance of supply depletion, which would contribute to a dysfunctional local market with rapid price escalation. Scenario 2 projects greater levels of demand for developable land uses based on lower residential density assumptions and a higher employment projection scenario. Under this scenario, demand for developable land is estimated to total approximately 4,500 acres by 2029. Overall, the results of the land supply and demand analysis support the need for an additional 200 to 1,400 acres of additional land to accommodate projected 2029 levels of demand. This suggests that the SOI area will be needed for the City to capture this excess demand. The discussion below offers additional detail regarding the approach used to derive total supply and demand levels. Further details are provided in the Research Methodology appendix.

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**FIGURE 55
ELK GROVE VACANT LAND USE SUPPLY AND
PROJECTED FUTURE DEMAND COMPARISON**

<i>Land Use Category</i>	<i>Vacant Acres [1]</i>	<i>Scenario 1: Low Land Use Consump.</i>		<i>Scenario 2: High Land Use Consump.</i>	
		<i>Projected Demand 2009-2029</i>	<i>Supply-Demand Difference</i>	<i>Projected Demand 2009-2029</i>	<i>Supply-Demand Difference</i>
		Residential [2,3]	2,065.9	2,108.5	-42.6
Retail [2]	554.5	96.1	458.4	168.3	386.3
Office [2]	201.8	45.8	156.1	71.3	130.5
Industrial/Flex	214.9	183.5	31.4	283.0	-68.1
Other [4]	39.8	296.5	-256.7	306.0	-266.2
<i>Subtotal</i>	<i>3,076.9</i>	<i>2,730.4</i>	<i>346.5</i>	<i>3,749.0</i>	<i>-672.2</i>
20% Demand Contingency	n/a	546.1	-546.1	749.8	-749.8
<i>Total</i>	<i>3,076.9</i>	<i>3,276.5</i>	<i>-199.6</i>	<i>4,498.8</i>	<i>-1,422.0</i>

Economic & Planning Systems, November 2010

Data Source: EPS estimates based on City of Elk Grove; CB Richard Ellis information; and scenario outcomes

[1] Accounts for undeveloped land as well as constructed vacant space.

[2] Assumes Commercial/Office/Multifamily is distributed evenly between the three categories.

Similarly, Office/Multifamily is distributed evenly across the two categories.

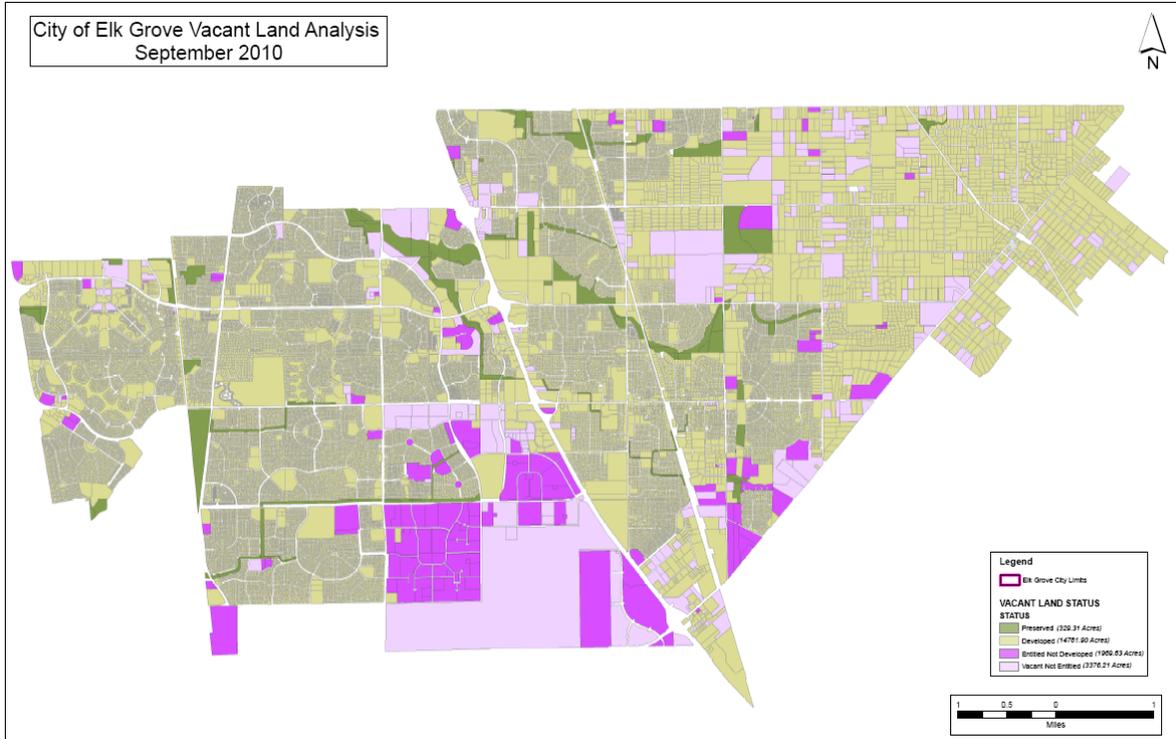
[3] Assumes EGTPA area is entirely estate residential.

[4] Includes institutions and schools.

Land Use Supply Analysis

City of Elk Grove staff provided estimates of the vacant land use supply within the City. Vacant land uses were provided by land use category and acreage and were divided into two categories—parcels that are entitled, but not developed and parcels that are vacant with no existing entitlements. Figure 56 identifies the distribution of entitled and unentitled vacant uses.

**FIGURE 56
ELK GROVE VACANT LAND SUPPLY MAP**



Source: City of Elk Grove

The vacant land supply data provided by the City is based on an evaluation of vacant parcels that could accommodate additional development given General Plan land use designations and allowable development densities. Development potential, however, and the likelihood that a parcel will actually develop to the maximum densities allowed under the General Plan, relies on a number of additional factors. For vacant parcels to develop, the subject property must be of sufficient size and scale to accommodate a reasonably-sized development project. Environmental issues, access, circulation and other infrastructure constraints, and undesirable land use adjacencies can further limit the development potential of vacant parcels that would otherwise be permitted to develop under the General Plan.

In order to account for the variance between the total supply of vacant parcels within Elk Grove and the total supply of land that is likely to develop, several adjustment factors

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were applied to the land use supply data provided by the City. These adjustments are detailed in Figures 57 and 58 and discussed in further detail below.

FIGURE 57

SUMMARY OF VACANT LAND USES BY LAND USE CATEGORY

<i>Developable Land Use Category</i>	<i>Residential [2,3]</i>	<i>Retail [2]</i>	<i>Office [2]</i>	<i>Industrial/Flex</i>	<i>Total</i>
Vacant Net Developable Acres	2,065.9	492.0	181.1	164.8	2,903.7
Average FAR Assumption	n/a	0.25	0.35	0.35	n/a
Undeveloped Square Feet	n/a	5,357,701.8	2,761,253.1	2,511,812.2	n/a
Plus Estimated Vacant Built Space [1]	n/a	680,949.9	315,826.6	764,104.2	n/a
Total Vacant Building Square Feet	n/a	6,038,651.7	3,077,079.7	3,275,916.4	n/a
Total Vacant Acres	2,065.9	554.5	201.8	214.9	3,037.1

Economic & Planning Systems, November 2010

Data Source: EPS estimates based on City of Elk Grove and CB Richard Ellis information

[1] Reflects current vacancy levels. Vacant square footage estimated based on 2009 data from CB Richard Ellis regarding total leasable square feet and vacancy rates. Vacant square footage adjusted to reflect an 8 percent frictional vacancy rate.

[2] Assumes Commercial/Office/Multi-Family is distributed evenly between the three categories. Similarly, Office/Multifamily is distributed evenly across the two categories.

[3] Assumes EGTPA area is entirely estate residential.

FIGURE 58

UNDEVELOPED LAND USES BY ZONING DESIGNATION

<i>Zoning Category</i>	<i>Description</i>	<i>Vacant Entitled Parcels</i>	<i>Vacant Unentitled In SPA</i>	<i>Vacant Acres No SPA</i>	<i>Adjustment Factor [1]</i>	<i>Subtotal Vacant Unentitled No SPA</i>	<i>Total Vacant Acres</i>	<i>Net Developable Acres [2]</i>	<i>Southeast Policy Area [3]</i>	<i>Total Net Developable Acres</i>
		A	B	C		D	E = C * D	F = A + B + E	G = F * 85%	H
<i>Residential</i>		1,257.4	315.0	1,239.9		97.1	1,669.6	1,419.1	539.9	1,959.0
RR	Rural Res.	53.3	159.1	959.9	0.0	0.0	212.4	180.5	0.0	180.5
ER	Estate Res.	138.1	0.0	85.8	0.0	0.0	138.1	117.4	0.0	117.4
EGTPA	Triangle Policy Area	44.8	1.0	0.0	n/a	0.0	45.8	39.0	0.0	39.0
TRI	Triangle	0.0	110.6	0.0	n/a	0.0	110.6	94.0	0.0	94.0
LDR	Low Density Res.	871.7	10.8	112.7	0.5	56.4	938.9	798.1	242.6	1,040.7
MDR	Med. Density Res.	59.9	17.4	18.7	0.5	9.3	86.7	73.7	245.5	319.2
HDR	High Density Res.	89.6	16.1	62.9	0.5	31.4	137.1	116.5	51.8	168.3
<i>Residential/Commercial Mixed Use</i>		76.4	68.3	57.4		28.7	173.5	147.4	146.2	285.4
C/O/MF	Comm./Office/Multi-fam.	43.8	41.0	31.1	0.5	15.5	100.4	85.3	146.2	231.5
OF/MF	Office/Multi-fam.	32.7	27.3	6.9	0.5	3.4	63.4	53.9	0.0	53.9
C/O/MF TOD	Transit Oriented Dev.	0.0	0.0	19.5	0.5	9.7	9.7	8.3	0.0	8.3
<i>Commercial</i>		338.9	123.3	352.9		176.5	638.7	542.9	108.2	651.1
C/O	Comm./Office	26.1	0.0	23.4	0.5	11.7	37.8	32.2	108.2	140.4
C	Comm.	204.6	123.3	148.6	0.5	74.3	402.2	341.9	0.0	341.9
OF	Office	0.0	0.0	9.6	0.5	4.8	4.8	4.1	0.0	4.1
LI	Light Ind.	81.5	0.0	90.1	0.5	45.1	126.6	107.6	0.0	107.6
HI	Heavy Ind.	26.7	0.0	81.2	0.5	40.6	67.3	57.2	0.0	57.2
<i>Other</i>		296.9	0.0	41.9		20.9	317.8	n/a	242.9	n/a
P/QP	Public/Quasi-Public	5.5	0.0	19.3	0.5	9.7	15.1	n/a	3.5	n/a
PRIOS/REC	Private Open Space/ Rec.	0.0	0.0	1.6	0.5	0.8	0.8	n/a	25.6	n/a
PS	Public Schools	19.6	0.0	10.0	0.5	5.0	24.6	n/a	40.0	n/a
PP	Public Parks	225.1	0.0	1.8	0.5	0.9	226.0	n/a	87.6	n/a
PUBOS/	Public Open Space/ Rec.	46.7	0.0	9.2	0.5	4.6	51.3	n/a	86.2	n/a
<i>Total</i>		1,969.6	506.6	1,692.2	n/a	323.2	2,799.5	2,109.4	1,037.2	2,903.7

Economic & Planning Systems, November 2010

Data Source: EPS estimates based on City of Elk Grove information

[1] Adjustment factor used to account for vacant space that is not expected to fully develop over the analysis timeframe. Adjustment factors determined by EPS in consultation with City planning staff based on an evaluation of vacant parcels within the City and the likelihood of further development as supported by City Council policy determinations or other planning policy documents.

[2] Adjusted to reflect portion of gross acreage that would be dedicated to public uses such as roadways, landscape corridors, parks and parkways.

[3] SEPA land uses based on preliminary concept plan. Preliminary concept plan reports net developable acres.

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Vacant, Entitled Parcels

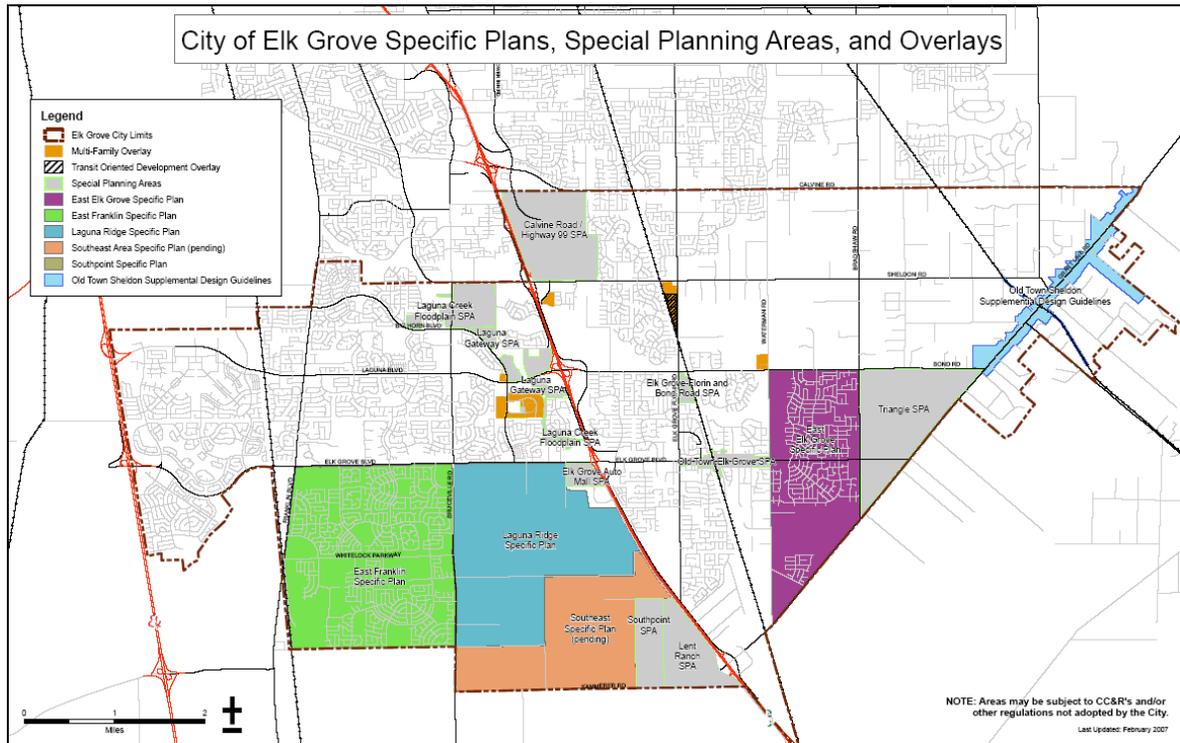
Vacant entitled parcels reflect those land uses within an existing Specific Plan or holding other land use approvals such as a tentative map or final map. Because these parcels have existing entitlements, the land supply analysis assumes that they will fully develop.

Vacant, Unentitled Parcels

Since these parcels do not have specific entitlements which increase the likelihood of development, this category of vacant land supply was further divided into two categories—parcels within an existing Special Planning Area (SPA) and parcels outside an SPA.

SPA's are those areas (identified in Figure 59) for which the City has identified specific development and design standards intended to preserve and protect certain City resources. Because the SPA designation is designed to facilitate development by providing relief from General Plan development standards and permitting zoning flexibility, the land use supply analysis assumes that vacant, unentitled parcels located within an SPA will develop to their full potential.

FIGURE 59
ELK GROVE SPECIAL PLANNING AREAS MAP



Source: City of Elk Grove

Adjustment factors were applied for those vacant, unentitled parcels outside of an SPA, assuming that only a portion of these vacant land uses would actually develop. The adjustment factors relate to the specific land use categories listed in Figure 58. Because the more rural Sheldon Area located in the eastern portion of the City is unlikely to densify further, the land supply analysis assumes that all vacant rural and estate residential parcels in this category will not develop. A 50 percent reduction factor is applied to all other land use categories to reflect the assumption that not all vacant parcels will develop to their full potential given the potential site constraints outlined previously.

An additional adjustment was applied to account for the difference between gross developable and net developable acres. In consultation with City planning staff, the land supply analysis assumes that only 85 percent of the vacant acres included will be net developable acres, in order to account for the provision of public uses such as roadways, landscape corridors, parks, and parkways.

The City's land supply data did not account for the Southeast Policy Area (SEPA), located in the southern portion of Elk Grove, southeast of the existing Laguna Ridge Specific Plan. Encompassing over 1,000 acres, the SEPA represents the only remaining large expanse of unplanned land within the City boundaries. Because a previous application for Specific Plan entitlements was withdrawn by the applicant, no current or proposed land use plan for the SEPA exists. Since this is such a large area of vacant supply within the City limits, however, the vacant land use supply analysis must consider the development potential associated with this site. Therefore, conceptual land use plan totals were applied that were developed as part of the previously submitted Specific Plan application.

As previously discussed, the condition of the commercial real estate market has contributed to significant vacancy levels for commercial real estate products. The land supply analysis takes the existing inventory of vacant built space into consideration. Total vacant square footage for retail, office, and industrial/flex space is estimated based on 2009 data from CB Richard Ellis reporting overall vacancy levels and total leasable square feet, as identified in Figure 57. It should be noted, however, that much of the vacant built space (particularly industrial/flex uses) may be unsuitable for future development given shifting trends in land use and technology. Much of this space may require repositioning in order to be usable. In order to account for existing space that may remain vacant, the total supply of vacant built space was reduced by 8 percent, which is reflective of the anticipated ongoing vacancy levels for existing vacant built space.

Land Use Demand Analysis

The supply of vacant land is compared to the demand for residential and commercial land uses based on the population and employment growth projections discussed above. Two scenarios for land use demand were evaluated—a low land use consumption scenario and a high land use consumption scenario. Figure 60 summarizes the total estimated space

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demand by land use category and scenario. As discussed further below, household and population projections provide the basis for estimated residential, retail, and schools space demand, while demand for office, industrial/ flex, and institutional uses are based on projected employment levels.

FIGURE 60
SUMMARY OF SPACE
DEMAND BY SCENARIO

<i>Land Use Category</i>	<i>Units/ Square Feet</i>	<i>Net Developable Acres</i>
<u>Scenario 1: Low Land Use Consumption</u>		
<i>Residential Units [1]</i>	16,349	2,108.5
Single-Family	12,216	1,970.7
Multi-Family	4,133	137.8
<i>Nonresidential SF</i>	4,357,978	621.9
Retail [2]	1,047,054	96.1
Office	697,818	45.8
Industrial/ Flex	2,397,430	183.5
Institutions	215,676	16.5
Schools [3]	n/a	280.0
<i>Total</i>	n/a	2,730.4
<u>Scenario 2: High Land Use Consumption</u>		
<i>Residential Units [1]</i>	16,349	2,920.6
Single-Family	12,216	2,713.9
Multi-Family	4,133	206.7
<i>Nonresidential SF</i>	6,956,070	828.5
Retail [2]	1,832,345	168.3
Office	1,086,905	71.3
Industrial/ Flex	3,697,675	283.0
Institutions	339,144	26.0
Schools [3]	n/a	280.0
<i>Total</i>	n/a	3,749.0

Economic & Planning Systems, November 2010

Data Source: EPS estimates

[1] Residential land demand derived from population projections based on CA Department of Finance and SACTO 2035 MTP information.

[2] Scenario 1 assumes 20 square feet of retail per capita, estimated based on existing retail space per capita and nationwide trends related to the provision of retail space. Scenario 2 assumes 35 square feet of retail per capita, based on CBRE retail sales leakage analysis.

Both scenarios assume an FAR of 0.25.

[3] School acreage requirement estimated based on relationship between school facility requirements and total units in a sample new growth area.

Residential Demand

The demand for residential land uses is estimated based on the projected growth in population and households through 2029. Household growth was apportioned to detached single-family, townhome/small lot development and multi-family development based on historical patterns of tenancy and residential real estate market trends. The analysis assumes a slight increase in the overall share of new households residing in townhome/small lot and multi-family products in accordance with the trends in residential real estate previously discussed.

The population and household growth assumptions are held constant across both land use consumption scenarios. Development densities, however, do vary between the two scenarios. Scenario 1, the low land use consumption scenario, assumes residential densities ranging from 7 dwelling units an acre for detached single-family units to 30 units per acre for multi-family products. Scenario 2, the high land use consumption scenario, assumes lower development densities, ranging from 5 units per acre for detached single-family products to 20 units per acre for multi-family products. Figure 61 details the total demand for residential land uses under each land use consumption scenario.

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FIGURE 61
ESTIMATED DEMAND FOR RESIDENTIAL LAND

Factor	Formula	Single-Family			Multi-Family	Total
		Detached	Townhome/ Small Lot	Subtotal		
<u>Scenario 1: Low Land Use Consumption</u>						
2009 Households	A	43,634	1,327	44,961	3,298	48,259
2029 Households	B	55,850	4,035	59,885	7,431	67,316
Change in Households	C = A - B	12,216	2,708	14,924	4,133	19,057
Percent of Total Growth		64.1%	14.2%	78.3%	21.7%	100.0%
Estimated Lot Size	D	5,000	n/a	n/a	n/a	n/a
Assumed Units per Net Developable Acre [1]	E	7.0	12.0	7.6	30.0	9.0
Estimated Net Developable Acreage Required	F = C / E	1,745.1	225.7	1,970.7	137.8	2,108.5
<u>Scenario 2: High Land Use Consumption</u>						
2009 Households	A	43,634	1,327	44,961	3,298	48,259
2029 Households	B	55,850	4,035	59,885	7,431	67,316
Change in Households	C = A - B	12,216	2,708	14,924	4,133	19,057
Percent of Total Growth		64.1%	14.2%	78.3%	21.7%	100.0%
Estimated Lot Size	D	7,500	n/a	n/a	n/a	n/a
Assumed Units per Net Developable Acre [1]	E	5.0	10.0	5.5	20.0	6.5
Estimated Net Developable Acreage Required	F = C / E	2,443.1	270.8	2,713.9	206.7	2,920.6

Economic & Planning Systems, November 2010

Data Source: EPS estimates based on CA Department of Finance, Population Estimates for Cities, Counties, and State and SACOG 2035 MTP information

[1] Assumes 85 percent of a gross acreage is developable.

Retail Demand

Demand for retail space is estimated based on a retail sales leakage analysis commissioned by the City and completed by CB Richard Ellis dated May 2010. Figure 62 details the estimated citywide demand for retail square feet on a per capita basis, taking into account retail sales leakage levels, average retail sales per square foot, and existing vacant retail square feet. Based on these calculations, the total demand for retail is estimated at 38 square feet per capita. This calculation informs assumptions for retail space demand included for each land use consumption scenario in Figure 8. Scenario 1, the low land use consumption scenario, assumes a significant decline in the demand for retail space per capita—20 square feet per capita, which comports with national trends. Scenario 2 assumes that current demand for retail space will remain relatively stable at 35 square feet per capita.

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FIGURE 62
ESTIMATED 2009 RETAIL SPACE DEMAND

<i>Item</i>	<i>Formula</i>	<i>Amount</i>
2009 Retail Sales Leakage [1]		
Auto Dealers		\$270,305,665
Furniture and Home Furnishings Stores		\$37,658,072
Electronic and Appliance Stores		\$18,531,299
Building Material, Garden Equip Stores		\$66,546,760
Food and Beverage Stores [2]		\$0
Health and Personal Care Stores		\$42,595,299
Gasoline Stations [2]		\$0
Clothing and Clothing Accessories Stores		\$65,972,546
Sporting Goods, Hobby, Book, Music Stores		\$11,129,569
General Merchandise Stores		\$149,372,353
Miscellaneous Store Retailers		\$15,994,985
Foodservice and Drinking Places [2]		\$0
Total 2009 Retail Sales Leakage	A	\$678,106,548
Assumed Average Sales per Square Foot	<i>B</i>	\$350
Estimated 2009 Demand for Additional Retail Square Feet	C = A / B	1,937,447
Assumed Capture	D = C * 80%	1,549,958
<hr/>		
Existing City of Elk Grove Retail Square Feet [3]	<i>E</i>	4,540,877
Less Vacant Retail Square Feet [3]	<i>F</i>	(740,163)
Occupied City of Elk Grove Retail Square Feet	G = E + F	3,800,714
<hr/>		
Total 2009 City of Elk Grove Demand for Retail Square Feet	H = D + G	5,350,672
Estimated 2009 Population [4]	<i>I</i>	141,430
Total 2009 Retail Square Feet Demand Per Capita	J = H / I	38

Economic & Planning Systems, November 2010

Data Source: EPS estimates based on CB Richard Ellis information and Urban Land Institute, Dollars and Cents of Shopping Centers, 2008

[1] Based on CBRE market analysis dated May 6, 2010 which evaluated current retail conditions and retail sales opportunities within the City of Elk Grove.

[2] Retail surpluses in these categories (indicated by an excess of supply over consumer demand) zeroed out for purposes of this analysis. Assumes that the City will continue to be a net exporter of certain retail goods and services.

[3] Estimated based on 2009 data from CB Richard Ellis regarding total leasable square feet and vacancy rates.

[4] 2009 population projections from CA Department of Finance

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Office, Industrial/Flex, and Institutions Demand

The demand for future office, industrial/flex, and institution space was estimated based on the employment projections for each land use consumption scenario. As discussed previously, two employment projection scenarios are used to estimate demand generated by the low and high land use consumption scenarios. Space demand for these land use categories is calculated based on empirical research which assigns employment growth among various sectors to specific land use categories (described in further detail in the Research Methodology appendix). The estimated space demand for each category is summarized for Scenarios 1 and 2 in Figure 63.

FIGURE 63
SUMMARY OF ESTIMATED EMPLOYMENT
DRIVEN SUPPORTABLE SPACE

<i>Land Use Category</i>	<i>New Jobs Using Space</i>	<i>Estimated Building Square Footage</i>	<i>Estimated Net Developable Acres</i>
<u>Scenario 1: Low Land Use Consumption</u>			
Office	2,326	697,818	45.8
Industrial/Flex	1,598	2,397,430	183.5
Institutions	719	215,676	16.5
<i>Total</i>	<i>2,317</i>	<i>2,613,106</i>	<i>245.7</i>
<u>Scenario 2: High Land Use Consumption</u>			
Office	3,623	1,086,905	71.3
Industrial/ Flex	2,465	3,697,675	283.0
Institutions	1,130	339,144	26.0
<i>Total</i>	<i>3,596</i>	<i>4,036,820</i>	<i>380.2</i>

Economic & Planning Systems, November 2010

Data Source: EPS estimates using CSER estimates based on:

- National Employment Time Series database
- Moody's Economy.com
- Woods & Poole Economics
- CA Employment Development Department, Employment by Industry Data
- ReferenceUSA
- SACOG 2035 MTP

The estimated demand for school space is based on the relationship between school facility requirements and the number of households in a sample new growth area in Elk Grove. Not expected to vary based on density, the estimated school space demand remains constant across both land use consumption scenarios.

Jobs-Housing Balance

The concept of a jobs-housing balance is, at its simplest, the ratio of jobs to occupied housing units or households in a given region. For a number of years, researchers and planning officials have been using the concept of a jobs-housing balance as a means to address a number of issues from affordable housing to air pollution to traffic congestion. While there is no consensus on what exact ratio constitutes the “ideal” jobs-housing balance, many research studies and communities advocate ratios of around 1.5:1 as widely applicable “ideal” ratio. While the calculated ratio serves as an important indicator of community balance, the goal of this type of analysis is to gain an understanding of the reason for imbalance and develop specific actions and policies targeting those reasons. Significant differences in the standard ratio between specific jurisdictions typically exist even in regions that maintain an ideal balance due to variations in employment and housing patterns, location in a larger complex urban area, access to transportation, wide demographic ranges, and competitive assets.

Deviations from the ideal ratio point to a dearth or overstock of either jobs or households. Unbalanced areas face a number of internal issues such as overcrowding or undesirably large household sizes, over-appreciation of real estate, and residents making long commutes to jobs outside of their community or economic region. In California, several trends have generated ratios far outside the boundaries of the ideal balance. The creation of affordable housing has not considered the need for accessibility between housing options and job centers. Mixed-use development has not fully taken advantage of infill and contiguous development arranged for pedestrian, and bicycle traffic and served by transit to reduce vehicles trips for work and non-work purposes. Correspondingly, the use of transportation systems has not been effectively optimized with appropriate densities to support transit for commuting purposes. In addition land use policies and public finance dynamics have not supported housing and employment facilities that are integrated in favor of taxable sales-generating uses where the integration is less likely.

It is important to note that areas with a close to ideal balance do not necessarily realize the full benefits encompassed in the concept. Frequently these areas still see heavy in- and out-commuting and surrounding congestion for several reasons (Pleasanton, for example, as shown in the Competitiveness section). On the worker side, there might be a mismatch between resident skills and local employment opportunities, earning potential might be higher in other areas, and residents could have employer preference or preexisting employment relationships outside the local area. From the business perspective, the area might not support the assets needed for a diverse economy, skill requirements might not match local residents, and wage structures might not fit the local workforce. In addition, the housing stock might not be suitable or affordable to attract the types of workers needed to fit local employment opportunities. It is often quite difficult for local jurisdictions to match jobs, housing, and workers because land use and transportation planning efforts vary at the local and regional levels. Therefore, analysts regularly push the discussion of jobs-housing balance to the regional or commute-shed level and focus on other planning principles at the local jurisdiction level.

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As discussed in the Competitiveness section, Elk Grove currently has a jobs-household ratio of 0.62. The average ratio across the five comparative areas is 1.5 (coincidentally close to the ideal balance) with a low of 0.8 (Folsom). Both growth scenarios assume roughly 67,000 households in 2029 with a jobs-household ratio of 0.54 in the low land use consumption scenario and 0.72 in the high land use consumption scenario. In order to reach the low ratio of 0.8 from the comparative areas, Elk Grove would need nearly 54,000 jobs in 2029, about 10 percent higher than the more aggressive jobs level incorporated in the high land use consumption scenario. To realize the average ratio across the comparative areas of 1.5, Elk Grove would need close to 101,000 jobs in 2029, which is about 106 percent higher than the high land use consumption scenario jobs projection. Considering that the high land use consumption scenario reflects the potential upper end of growth through 2029, it is highly unlikely that Elk Grove will reach these jobs-household ratio benchmarks in this period. Building up to the ideal balance will be a long-term proposition for Elk Grove that will require aggressive job creation over the coming decades. In moving toward the balance, it will be important to understand that worker flows could still be significant and that the concept calls for addressing specific issues creating the imbalance at the local level.

Market Strategy

Elk Grove has the potential to experience a future with more desirable outcomes and a stronger business climate than what it has historically experienced. However, fundamental building blocks need to be put in place in order to do so. First and foremost, there is a recognized need for additional physical assets in the community in order to create a stronger competitive position and build economic vitality (e.g. competitive industrial space, business park campus, and Civic Center). The planning and development horizon associated with building long-term physical assets can be lengthy. Therefore, while the planning and development processes are underway, Elk Grove should take the opportunity to expand the narrowly-focused economic development program and implement more strategic approaches to maximize the economic growth potential based on its current competitive position.

The Market Strategy presented below is intended to cover a roughly five-year period with core action items compacted toward the front end of the period and ongoing execution expected toward the back end. A broad vision and two guiding principles overlay a set of six strategies split equally between real estate and land use and economic development topics. The strategies presented represent critically necessary steps to moving beyond the narrow structure that is in place for economic development within Elk Grove and ultimately realizing an alternative future with enhanced competitive assets and a stronger economy.

Vision

The following vision for the Market Strategy was developed based on interviews with local and regional businesses and leaders, discussions with the Market Study Steering Committee, and a review of City reports. The vision reflects the broad community values and desired outcomes that direct the set of guiding principles and strategies.

Vision: Enhance economic well-being and quality of life, improve the job-housing balance, create employment opportunities for residents, and build economic stability by facilitating **job creation and economic diversification**

Guiding Principles

Guiding Principle 1: Attract investment by **simplifying and reducing up-front costs** of entitlement and infrastructure while delivering prioritized, high-quality facilities

Attraction of business investment and new development in the City of Elk Grove will rely on creating a development climate that minimizes development uncertainty and risk. Developing simplified and streamlined entitlement procedures that provide clear channels of access to the requisite City departments, clearly outline design standards, and involves

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City staff early in the technical planning process (i.e. during the preparation of submittal documents) would offer developers a greater degree of confidence.

The City has implemented several measures to reduce up-front infrastructure costs, including reviewing and updating development impact fee programs, updating design standards, convening an interagency forum to review approaches to reducing infrastructure burdens, and implementing reduced development impact fee levels. The City should continue these efforts to reduce the up-front costs of development through a review of policies regarding infrastructure construction and phasing and should seek to develop policies to provide reimbursement mechanisms for developer-constructed infrastructure benefitting other parties that would provide more certainty for early phases of project development. Additionally, the City should establish clear and transparent guidelines and timelines for the review of planning submittals, which would provide developers with clear expectations regarding the expected duration of the permit and entitlement process.

Success in developing a streamlined entitlement process with clearly defined entitlement procedures and expectations can be evaluated based on continued close coordination with the development community through a continuation of City and development community working group activities or other approaches. In order to ensure that the City is continuing to provide high quality infrastructure facilities coordinated with development activity, a feedback process for residents and community advocates should be established. The City should also establish internal monitoring procedures to identify whether targeted timelines for the processing of permits and other planning documents are being met, and to identify any limitations on the City's ability to meet those timeframes.

Guiding Principle 2: Structure economic development investments around a **performance-based system** to encourage strong leadership and effective use of funds

Economic development performance success is built on three factors: 1) economic outcomes/benefits; 2) organizational efficiency/effectiveness; and 3) customer/stakeholder satisfaction. Investments in Elk Grove's current economic development program appear to be evaluated primarily based on economic outcomes/benefits while restrained by the assumption that the outcomes of economic development take a long time to materialize. This limited system of measuring performance can lead to unnecessarily low and confined standards for performance and does not permit the type of comprehensive program evaluation that is called for when public and private funds are invested in an effort of this nature.

The City should implement a system to regularly monitor and evaluate all investments, programs, processes, and response times that are related to economic development. This system should utilize realistic and agreed-upon metrics and goals that address all three performance success factors. In addition, related to organizational efficiency/effectiveness, the system should include mechanisms to ensure that feasible

recommendations from commissioned consultant studies are implemented and include appropriate performance measurement elements.

In order to provide oversight of a performance-based system and offer ongoing strategic direction, the City should consider creating a new appointed standing commission focused on economic development. The Market Study Steering Commission could serve as a pool of potential commission members that have been educated and engaged throughout the study process. The commission and other stakeholders should receive monthly summaries of economic development activities and outcomes in order to inform the monitoring and evaluation process and build accountability.

Strategies

Strategy 1: Create a **process for long-term planning** including the Sphere of Influence, area surrounding the mall, and other major assets to proactively shape the future around economic vitality

Responsible Party: **City of Elk Grove**

Development outcomes meeting the City's expectations and economic development objectives will require a rigorous, long-term planning process that ensures a programmatic, strategic approach to growth in the City.

As identified in the Development Scenarios section, utilization of lands currently included in the SOI will be necessary to meet future land use demands based on employment and population growth. In addition, the catalytic economic development potential of sites within the City are somewhat constrained in terms of access, circulation and visibility (i.e. limited by lack of proximate access to a major freeway). The SOI is the only location that can accommodate a major large scale project offering immediate freeway access and the potential for surrounding development of complementary uses.

Given these conclusions, it is recommended that the City move forward assertively with the master planning process for a portion of the SOI. The SOI provides an opportunity for expansion and offers the City the ability to respond quickly to market forces, but the City's ability to respond to market opportunities will be limited by the duration of annexation and entitlement proceedings. The action items identified below are designed to initiate the long-term planning process in preparation for and in concert with the annexation application process. Because the annexation and subsequent entitlement process can be extremely lengthy (five years or more) commencing this process at this time is advised in order to facilitate the annexation process and position the City to successfully compete for regional demand.

In addition to the SOI, the planning process should also focus on other core elements of the City's growth strategy including the Elk Grove Promenade site and other major assets such as the proposed Civic Center site. Sites such as these offer the most potential for catalytic economic development initiatives, attraction of new business investment, and

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creation of new employment generators due to their location, size and the unique development opportunities they present.

Initiating a long-term planning process for these areas in the immediate term will ensure that the land use program is informed and driven by the appropriate City objectives for economic development and the balanced provision of employment opportunities and housing appealing to a diverse set of consumers and income levels.

Action 1.1: Conduct a strategic planning retreat to identify prioritized City objectives for long term development outcomes

Timeline: Immediate

The first step to implement a long-term planning process for the City's major assets will be to establish an internal working group process through which the City will identify their primary objectives for development in these areas and the targeted areas most likely to fulfill those objectives. The working group should, at a minimum, include the City Planning, Economic Development (and the external Economic Development Corporation), Finance, Public Works, City Attorney and other critical departments, as well as outside legal (redevelopment) and economic expertise as appropriate.

The initial task for the working group would be to establish the agreed-upon criteria that will provide the basis for prioritization of development initiatives and their inclusion in the long term-planning process. Criteria could include the potential for development initiatives to facilitate a greater concept of community identity, achieve greater economic diversity, and establish a more balanced community. Potential major development initiatives (such as the Elk Grove Promenade, SOI, and Civic Center site) would then be identified and evaluated according to their ability to fulfill the identified and prioritized criteria established.

The outcomes of the initial planning summit would be to: 1) identify the major City assets on which the long-term planning process will focus; 2) identify the primary objectives that new growth in these areas would be designed to fulfill and the criteria by which growth opportunities should be evaluated, leading to; 3) a narrowed range of development prospects and alternatives for the identified areas.

Action 1.2: Conduct technical opportunities and constraints analysis identifying the costs and benefits of specific development priorities

Timeline: Year 1

Based on the initial outcomes of the strategy session, the City should conduct follow-up opportunities and constraints evaluations to help finalize the priority ranking of the conceptual development alternatives. The development alternatives would be evaluated based on a weighted set of criteria determined by the City, which could include such items as the fiscal outcome associated with each scenario, the potential economic development contribution of development alternatives, and the degree to which each alternative would help Elk Grove achieve a greater sense of community balance. Another

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critical step would include verification of the legal, environmental, and infrastructure viability of each alternative, as well as the likelihood of market success. This analysis will serve as a preliminary screening of the viability of each development alternative. Upon review of the opportunities and constraints analysis, the City working group would further refine the list of development prospects to provide baseline alternatives and analysis for purposes of a public visioning process.

Action 1.3: Conduct public visioning process through a series of workshops to further identify, refine, and solidify priority development actions undertaken by the City
Timeline: Year 2

The third step of the long term planning process will be to engage the public in a series of workshops to refine the development concepts developed through the City working group process. The public visioning process would take into consideration community priorities and should rely on resident survey and focus group data to solicit input regarding the community's planning objectives. The outcome of this step will be a conceptual development strategy for each selected area that is informed both by City objectives for new growth and the priorities identified by the community.

Action 1.4: Utilize case by case technical analysis to implement the conceptual development strategy resulting from the public visioning process
Timeline: Year 2

Implementation of the conceptual development strategy created through the City working group and community outreach process will require additional technical analysis to determine the type and amount of development that can reasonably be supported by current and future market conditions. Focused market and feasibility analysis will assist the City and the development community to determine a more precise mix of residential and commercial development as well as more detailed land use characteristics that comport with the conceptual development strategy and planning objectives identified.

As part of this action item, the City should also identify the roles and responsibilities for both the public and private sector for each priority development alternative. For example, if the Elk Grove Promenade is identified as a priority site, the City's role would be to develop a redevelopment and reuse strategy, which would likely rely on the private sector for implementation. Funding of redevelopment could potentially be a shared responsibility, based on the developer's assessment of feasibility. Identification of these roles and responsibilities will offer clarity regarding expectations and identify necessary partnerships with the development community in order to implement the priority development initiatives.

At this stage in the planning process, the City should also conduct a more thorough review of the financial aspects of development that might impact development feasibility. This review should include aspects such as an assessment of whether major infrastructure constraints exist and what the impact of service level standards might be on the infrastructure burden borne by new development.

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Action 1.5: Create and implement a streamlined entitlement process

Timeline: Year 1, ongoing

The evaluation of development feasibility should inform the City's development of a more streamlined entitlement process with specific provisions and elements for each targeted growth area as appropriate. As discussed previously, a streamlined development process can incentivize new development and investment in the community by minimizing development uncertainty and risk.

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Strategy 2: Activate and intensify primary TOD and other high profile **infill and redevelopment sites**, creating close proximity between residential, employment, entertainment, and recreational uses

Responsible Party: **City of Elk Grove**

A primary goal of this strategy is creating development opportunities that enhance the community's sense of identity and facilitate development of a central city core. Currently, the City suffers from its reputation as a suburban bedroom community lacking a distinct "sense of place," which is partly a function of the absence of a central city core providing character and identity. Such investments are critical to the City's core economic development goals, inasmuch as business location decisions factor in quality of life considerations for executive level as well as rank and file employees. The creation of a vibrant community offering a diverse range of entertainment, recreation, and cultural amenities would be a distinct competitive advantage for the City as it competes for its share of regional economic growth. The City can begin to address this competitive disadvantage and create a sense of community identity by capitalizing on key infill, redevelopment, and transit oriented development (TOD) opportunities.

Extension of mass transit options into the City will create ideal infill development opportunities for the small-lot single-family development, horizontal and/or vertical mixed use prototypes described in the Development Scenarios section. Infill development presents significant challenges, including parcel assembly, infrastructure retrofits, potential conflicts with adjacent existing land uses, environmental issues, and development risks such as product acceptance uncertainty and zoning issues. Therefore, if the City wishes to capitalize on these opportunities, it must begin to think strategically and implement a process to plan for key infill and redevelopment sites.

Action 2.1: Strategically implement redevelopment initiatives

Timeline: Year 1

Redevelopment areas within the existing City offer unique opportunities to create a more vibrant community center and access additional financing mechanisms to help achieve the City's goals. Within the existing Redevelopment Agency (RDA), the City should identify the highest priority sites that will, through their development, catalyze additional redevelopment opportunities. Existing landowners should be engaged early in the process to ensure stakeholder buy-in to the City's vision for priority redevelopment sites. In order to streamline the redevelopment process of publicly owned land, the City might consider a master developer approach to implementing redevelopment concepts.

Where land is owned by private sector entities, the City can take an active role in "selling" the redevelopment area vision by making property owners aware of market opportunities. Redevelopment activities can also be encouraged through the provision or facilitation of key infrastructure well as implementation of fast-track entitlements and appropriate zoning. Where projects are included in Redevelopment Project Areas, the redevelopment agency can enter into Owner Participation Agreements (OPAs) with land

owners and development interests in order to provide tax increment to assist with project funding gaps.

Specifically, the City might consider an expansion of the Old Town planning area to gain “critical mass.” Currently redevelopment in the existing Old Town area is somewhat limited, and parking and transportation issues limit access. Expansion of this area could permit improvements to circulation as well as development of additional uses that would attract a broader range of visitors.

It is important to note that development within a redevelopment area has some implications for development feasibility, such as prevailing wage triggers and affordable housing requirements. These potential costs should be evaluated in terms of development feasibility and available redevelopment funds (i.e. tax increment) should be selectively utilized to mitigate such potential constraints on redevelopment activities. Redevelopment funds should be prioritized to: 1) fund high priority infrastructure improvements (i.e. those that will create upgraded access, circulation, and parking facilities) and 2) provide gap funding as needed to implement infill projects, where project needs are documented.

Action 2.2: Identify and prioritize viable TOD/infill sites
Timeline: Year 1

The City will need to identify and prioritize viable TOD sites taking into consideration the various light rail alignment alternatives and the City’s currently adopted light rail alignment. Other transit system amenities should also be considered, including bus rapid transit routes. The proposed Civic Center site offers a unique opportunity to develop a project intended to function as a central node within the City, and would therefore be a highly recommended priority TOD project. A longer-term TOD prospect that should be considered would be development in proximity to the proposed Capital SouthEast Connector project, currently proposed to be located along the Grant Line Road corridor.

The ideal mix of land uses for the identified sites will vary based on several factors, including the location of the priority sites, adjacent land uses, and proximity of major employment centers. Generally, however, successful TOD developments must achieve significant levels of development density. Specific resident and employee densities will vary depending on the modes of transit offered. In order to facilitate the necessary development densities, the City will need to examine and adjust traffic standards as appropriate around transit sites.

Given the aggressive density levels necessary for effective TOD sites (e.g. 40 units per acre or greater), it is important that the site design offer desirable amenities that appeal to a broad spectrum of potential residents. The City should ensure that a broad mix of housing opportunities (affordable to high end) are available in proximity to transit sites—while the demographic profile of transit riders can vary widely, the core of the ridership is often represented by lower-income users.

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In addition, the mix of land uses along the entire transit corridor should be carefully considered. Ideally, a well functioning transit system will offer a variety of residential, employment, shopping and entertainment uses along the transit corridor, permitting the TOD resident to access multiple nodes via mass transit.

Action 2.3: Conduct technical analysis to ensure viability of development options
Timeline: Year 2

Strategic and focused analysis of development feasibility from a financing and marketing standpoint will help refine the City's site design standards and potentially identify other City policies that may need review in order to facilitate the development of these high priority sites. In particular, retail development must be shown to be viable in the absence of transit facilities, as such development must be market driven, as opposed to transit driven. Transit facilities may complement retail uses, but cannot be relied on to create a retail market.

Informed by the development feasibility analysis, the City may consider if the Redevelopment Area should be expanded to include any of the identified priority infill/TOD sites. While development within a redevelopment area poses certain limitations, should implementation of an infill site be constrained by feasibility issues, the inclusion of the site within a redevelopment area may offer the opportunity to provide supplemental infrastructure funding and/or gap project funding as appropriate.

Strategy 3: Improve Elk Grove’s competitive position for regional growth by facilitating and supporting private investment in a **major, high profile new business park**, targeted to office, R&D, light industrial, heavy industrial warehouse/distribution, and campus users

Responsible Parties: **City of Elk Grove and Private Landowners/Developers**

The City currently has limited highly-visible real estate assets to market to major businesses. Facilitating the creation of a new business park, ideally located and positioned to attract major outside users could change the competitive dynamic of Elk Grove altogether. The site would be positioned to respond to market demand and thereby attract new business investment in the City. Based on the expressed interest of major property owners, the City would facilitate the creation of a large scale Business Park that is specifically designed to attract large users and could be marketed to businesses evaluating location opportunities within the Region. The goal would be to design a site that integrates a variety of highly desirable and complementary land uses with quality transportation and other infrastructure.

Action 3.1: Identify appropriate site for a project of sufficient scale to attract major new users.

Timeline: Year 1

Through a review of available development sites and property owner interest within both the City and the SOI, the City should work with property owners and other potential stakeholders to identify an appropriate location for a project of this scale. Although the specifics of such projects can vary widely, it is generally anticipated that the project site would be between 200 and 400 acres, a scale that would be sufficient to accommodate the targeted variety of office, R&D, industrial and distribution uses and attractive to the targeted larger scale campus users. Location factors should be a major consideration—proximate access to a major freeway and avoidance of sensitive habitat areas should be highly prioritized. In addition to these access considerations, the City’s site selection process should consider a variety of issues including infrastructure constraints, land use adjacencies, visibility, and opportunities for mass transit connections, among others. Given these considerations, it is likely that the ideal location for this site will be within the SOI as few contiguous development opportunities of sufficient scale with the requisite immediate freeway access are available. However, other potential sites (e.g. the adaptive reuse of the Elk Grove Promenade site) may merit consideration, and should be evaluated as part of this assessment.

Action 3.2: Develop preliminary site design

Timeline: Year 1

Following selection of a potential site, the City should develop a preliminary and conceptual site design, focused on creating site amenities that would be attractive to businesses considering locating within the City. The site design should incorporate a land use approach that offers a strategic vision for the site and provides sufficient

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flexibility to allow development to respond to changing market dynamics. Priorities for the site design should include providing high quality access, image, and landscaping improvements. Land use conflicts should be avoided through a development strategy that offers a strategic separation of land uses (e.g. heavy and light industrial access to the site should be separate from that of office and retail). The site should offer a wide variety of different product types so that marketing to different segments can move forward simultaneously to achieve maximum project absorption. For example, high end office and warehouse uses could be developed and marketed simultaneously to either separate market segments or to a single user with integrated operations that may require multiple building types.

Action 3.3: Conduct additional, detailed market analysis to determine the appropriate mix of office, R&D, industrial, and other uses for the selected site

Timeline: Year 2

To refine development concepts for the selected site, the City and/or private landowners/developers should conduct market due diligence analysis to determine the appropriate type and amount of development, anticipated absorption rates, and desirable land use characteristics. The market study should acknowledge the economic development objectives of the site and develop specific land use strategies, given various market considerations that would facilitate the attraction of catalyst users. In addition to consideration of local, regional, and national development trends, the market study should consider emerging technologies and industry sectors for whom specialized site characteristics and amenities may be attractive.

Action 3.4: Determine development and disposition strategies

Timeline: Year 2, ongoing

As part of the development and disposition strategies for the site, and in conformance with the entitlement processes discussed previously, the City should establish a clear and efficient entitlement process that includes a well developed set of design guidelines and standards. Conforming project proposals would then be eligible for an expedited approval process. If the preferred site involves substantial use of public land or resides in a redevelopment project area, the City (through its RDA) could participate in the evaluation and selection of one or more master developers to carry out the vision, as well as participate in the potential application of tax increment to fund infrastructure.

Strategy 4: Develop a **business retention and expansion program** to enhance the local business climate and job creation

Responsible Party: **City of Elk Grove**

It is commonly recognized that between 65 and 80 percent of all new jobs are created by existing businesses in a community. Therefore, business retention and expansion has become the primary focus of many local economic development efforts. Generally, these programs are organized around four main objectives: 1) keep existing businesses from relocating to other communities, 2) assist existing businesses to expand in the community, 3) help existing businesses survive and become more competitive, and 4) address common business concerns to improve the overall business climate. Business outreach with targeted assistance is the primary mechanism for accomplishing these objectives. An effective and responsive business retention and expansion program can also help build a community's reputation as a good place to do business, which often enhances the success of other economic development efforts such as business attraction and entrepreneurial and small business development.

Currently, Elk Grove does not have a formal business retention and expansion program. The Elk Grove Economic Development Corporation has been reaching out to major employers in the City and was involved with a major local expansion of one of these major employers, ALLDATA (supporting an estimated 400 jobs). However, the major employers represent only a small number of existing businesses in Elk Grove, many of which are high value companies with strong growth potential. Analysis of local firm dynamics shows that more than 200 firms moved out of Elk Grove to relocate in other communities between 2003 and 2008, supporting nearly 1,100 jobs at the time of move—25 of these firms had more than 10 employees and 5 were headquarter locations. During this same time period, there were hundreds of other firms that either closed a local branch location or ceased operating altogether. Although many of these firm relocations and closures might have been inevitable, this represents just one example of opportunities where a business retention and expansion program could have been helpful. Due to City staffs' immediate access to departments and agencies that regularly interact with and maintain information on local businesses as well as the established partnership with the Economic Development Corporation and Chamber of Commerce, the City appears to be the most reasonable place to house a formal business retention and expansion program.

Action 4.1: Determine the most appropriate program structure

Timeline: Immediate

The first step the City will need to undertake in developing a business retention and expansion program is to determine the most appropriate structure. While there are several different models, the most effective structure for a local program typically involves a combination of site visits conducted by an economic development representative and electronic surveys. The site visits generally target specific types of businesses or locations whereas the electronic surveys often focus on a broader range of businesses. Other variations include primarily utilizing surveys and organizing volunteers for site visits.

The Sacramento Metro Chamber hosts a regional business retention and expansion program called Metro Pulse. This program offers a common platform for communicating and tracking information, a business walk outreach model, and connected regional resource providers and support agencies. The City should evaluate this existing regional option and determine if the program is a good fit for local business retention and expansion efforts prior to assessing other internal options.

Action 4.2: Establish follow-up protocols

Timeline: Year 1

After identifying the appropriate structure, the City will need to establish strict follow-up protocols to ensure that business expectations are effectively addressed and a feedback loop is in place. The protocols should be organized around four timeframes. Within the first week, the City should review site visit notes and survey responses to identify red flags indicating potential service needs. Within two weeks, company records should be entered into the tracking system, a thank you correspondence should be issued, and referrals should be made to appropriate service providers. Within one month, the City should check in with the referred service providers to ensure they have responded and the company should be contacted to gauge satisfaction with the response and services provided. This process should continue until the business concerns have been sufficiently addressed. Finally, on an annual basis, the City should update all visited and surveyed businesses on business climate issues commonly identified and the progress in dealing with those issues.

Action 4.3: Obtain service provider commitments

Timeline: Year 1

Since a business retention and expansion program relies on the ability to connect businesses with services that can address their needs, early in the process, the City will need to get buy-in and commitment from local and regional service providers (i.e. the Economic Development Corporation, Chamber of Commerce, Small Business Development Center, utility providers, etc.) as well as internal departments and related agencies. All providers should understand and support the program, commit to professional and results-oriented service for all referrals, and define the scope of services to be provided and related pricing policies. Once commitments have been made, the City will need to create a referral system for specific business needs.

It is likely that feedback obtained from businesses will point to issues that will require local, regional, and statewide advocacy in order to create the changes needed to improve the business climate. Therefore, in addition to those entities that could provide services directly to businesses, the City should also garner support from partners that can assist with addressing the broader business climate issues (e.g. Interagency Forum, Elk Grove Chamber of Commerce, and Sacramento Metro Chamber).

Action 4.4: Select targets for site visits

Timeline: Year 1, annually

Based on the program structure the City chooses to move forward with, specific business targets will need to be established on an annual basis. Initially a four-tiered system could be developed for site visits. The first tier should pull the major employers into the formal system. The second tier should establish a select set of companies that are deemed valuable and have strong growth potential in the community. For instance, analysis of local firm dynamics reveals that there were almost 350 companies that posted employment growth over 20 percent between 2003 and 2008, many of which are in high value sectors. A third tier could align retention efforts with businesses in the same sectors as are being targeted in business attraction efforts. The final tier could focus on a specific geographic area, such as Old Elk Grove, which could function similar to the broader business walk the Economic Development Corporation organized in the spring of 2010. Electronic surveys should be made available to all companies throughout the City in coordination with the Economic Development Corporation and Chamber of Commerce.

Action 4.5: Create instruments and tracking mechanisms

Timeline: Year 1, annually

If the City chooses not to participate in the regional Metro Pulse program, it will need to create questionnaires for the site visits and electronic surveys. There are several example instruments available from other economic development programs that the City can review in creating its own questionnaires. Topics covered in the questionnaires typically include company background and future plans, opportunities for growth, barriers to growth, workforce needs, regulatory issues, supplier relationships, business climate perceptions, and satisfaction with community services. The site visit questionnaire should be structured as an open-ended interview with several guiding topics, aligned with those adopted in the electronic survey, which can be completed in less than one hour. For the electronic survey, the questionnaire should be designed with standard questions in a web-based format that can be completed in less than 15 minutes. In both cases, the instruments should be field tested before deploying in the outreach process. In addition, red flag responses should be identified for most or all questions included in the questionnaires. There are four broad types of red flags that should be considered including company-specific factors, broader industry factors, regulatory factors, and attitudinal factors. It is important to note that red flags should be used to identify both issues that call for assistance focused on retention as well as indicators suggesting the potential for expansion. This process should be revisited on an annual basis.

The City will also need to identify an effective tracking mechanism for the site visit and electronic survey responses. Anticipating future growth of the program and a potential to field a relatively large number of responses through the electronic surveys, the City should consider purchasing or developing an electronic database system to store, organize, and analyze responses. From the onset, the business retention and expansion database system should be linked to information in the City's business license database to

create a more comprehensive company record. Access to the retention and expansion database should be limited to ensure confidentiality of specific company responses.

Action 4.6: Outreach schedule and execution

Timeline: Year 2, ongoing

Once the program has been designed, the City should create a schedule for the site visits on an annual basis and notify companies of planned visits ahead of time. In addition, key opportunities to publicize the program and availability of the electronic survey should be identified. Execution of the site visits generally involves four main steps. First, the economic development representative should gather as much company background information as possible prior to the visit. Second, at the beginning of the visit the representative should provide basic information about the program, outline confidentiality protocols, and ask for a tour at the conclusion of the meeting. Third, the representative should conduct the open-ended interview using the questionnaire as the guide. Fourth, during the site tour, the representative should assess the facility from an objective business viewpoint to identify other potential red flags or opportunities. Program execution also involves analyzing the results and briefing partners on an annual basis as appropriate.

Action 4.7: Program evaluation

Timeline: Year 2, annually

Upon the conclusion of the first year of the program and annually thereafter, the City should be prepared to undertake an evaluation of effectiveness and outcomes. Based on the findings of the evaluation, the City should consider whether adjustments to the program are necessary for the following year. As appropriate, the results of the evaluation should be shared with elected officials and partners along with any planned adjustments to the program.

Since the program structure has not been identified, specific performance goals cannot be suggested at this point. As part of the program planning process and after a baseline has been established, specific performance measures should be incorporated in the program evaluation. There are several performance measures the City could track to evaluate the business retention and expansion program including:

- Number of targeted companies and percent visited
- Number of companies completing electronic survey
- Number and percent of companies with red flags
- Number and percent of companies referred for assistance
- Number of employees at companies referred for assistance
- Breakdown of types of assistance and providers for referred companies
- Number and percent of companies referred for assistance still operating within one year
- Residence location of assisted company employees

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- Total and change in the number of employees at companies referred for assistance still operating within one year
- Percent of companies referred for assistance satisfied with response and services
- Type and amount of incentives provided to companies referred for assistance
- Number and types of business climate issues identified
- Percent of business climate issues addressed

In order to begin to track direct program outcomes, the two primary performance measures that the City should set goals for are companies visited and companies referred for assistance. In collaboration with service providers, goals should also be established for issues addressed and satisfaction levels. As the program matures, additional goals for various performance measures will also need to be established.

Strategy 5: Create strategic groupings of **targeted industries for business attraction** efforts to diversify the economy and grow the economic base

Responsible Party: **Elk Grove Economic Development Corporation**

In communities that have a significant imbalance in the jobs-housing ratio and a local economy dominated by demographically-driven sectors, business attraction is one of the most widely used programs to create opportunities for new jobs and greater economic diversity. Since economic development resources are limited and communities cannot effectively compete for every type of business, industry targeting strategies are a necessary component of a business attraction program. The selection of targeted industries is generally based on an in-depth understanding of local competitive advantages and capabilities, regional assets, and community goals. While the recession necessitates some adjustments to targeted industry analysis, indicators at the regional and statewide levels suggest that business location prospect activity is considerably robust with more active prospects than in pre-recession periods.

The Elk Grove Economic Development Corporation has been focused on business attraction since its inception in 2007 and currently appears to be targeting four types of opportunities including medical, retail, clean tech, and state government offices. Any major successes that arise out of the business attraction program can help enhance local growth beyond the levels anticipated in the development scenarios. *The Case for Investment: Elk Grove's Community First Initiative* proposal for the Economic Development Corporation set a goal of 1,500 jobs in a five year period split among eight targeted industries including Semiconductor & Related Devices Manufacturing; Electromedical Devices Manufacturing; Analytical Laboratory Instruments Manufacturing; Pharmaceutical & Medicines Manufacturing; Architectural, Engineering, & Related Services; Headquarters & Business Services; Finance & Insurance; and Ambulatory Health Services. The Economic Development Corporation has realigned the targeted opportunities and has emphasized new business recruitment in its work program, but outcomes have been well below the established goals (one success resulting in 70 new retail jobs has been identified). A more strategic approach to targeted industries could create additional opportunities, enhance effectiveness, and align more closely with community goals.

Action 5.1: Select groupings of targeted industries

Timeline: Immediate and Year 3

Expanding the Economic Development Corporation's set of four targets could enhance outcomes and better address immediate and long-term community needs. There are three groupings of targeted industries that the Economic Development Corporation should consider in refining its business attraction efforts moving forward.

1. Viable clusters and industries—businesses that are part of the core competencies within the nine clusters and the six sectors with unique characteristics as

- identified in the Economic Development Potential section.¹ This group presents the most potential based on economic performance in the local economy and the prospect of generating additional desirable benefits.
2. Catalytic opportunities—site locations that could significantly change Elk Grove such as higher education institutions, large state government operations, significant corporate headquarters, opportunities to cluster and integrate existing small businesses, or regional recreation and entertainment offerings beyond what has been proposed for the Civic Center. These opportunities are likely not as immediately viable as the first group, but can play a critical role in the future quality of life and development in Elk Grove.
 3. Business climate enhancement—companies within any industry that can make use of existing vacant retail and office space and have historically employed Elk Grove residents such as those highlighted in the Economic and Demographic Profile section. High commercial vacancy rates and unemployment have a negative effect on the business climate—directing some immediate attention to these types of companies creates the potential to alleviate these issues.

The Economic Development Corporation will need to assess the most effective way to divide its efforts across the selected groupings, but attention should be given to all in order to maximize opportunities. In addition, the Economic Development Corporation should continue to coordinate with SACTO for all other opportunities, recognizing that sites for large industrial users will be limited until new assets are built.

The targeted industries should be reevaluated every three years to account for economic restructuring, economic development successes, broader business climate factors, and firm dynamics in the local and regional economies. Additionally, any new assets that are built in Elk Grove could generate competitive advantages and opportunities for other types of industries that currently do not appear viable.

Action 5.2: Create messaging and supplemental materials

Timeline: Immediate

After the groupings of targeted industries have been selected, the Economic Development Corporation will need to craft appropriate messaging that positions Elk Grove as an attractive location for related companies and references regional assets and advantages. This messaging should be integrated with relevant data to expand the series of “Data Sheets” that the Economic Development Corporation currently uses as supplemental materials in its marketing packages, on its web site, and within targeted e-mail blasts.

¹ Clusters include Business Services; Creative; Finance & Insurance; Food; Government; Medical; Real Estate; Local Services; and Transportation. Sectors include Construction; Wholesale Trade; Retail Trade; Information; Real Estate & Rental; and Professional, Scientific, & Technical Services.

Action 5.3: Identify prospects and opportunities within the groupings

Timeline: Year 1, ongoing

On an ongoing basis, lists of qualified leads and viable company prospects will need to be maintained for potential direct marketing and outreach. In addition to mining the various company databases available on the market (e.g. Dun & Bradstreet and Infogroup), the Economic Development Corporation should utilize its existing relationship with ROI to identify a broader set of prospects across the groupings of targeted industries. Other opportunities such as industry-focused trade shows, industry associations, and site selection consultants focused on the targeted industries should also be identified for possible supplemental marketing and outreach.

Action 5.4: Prospect outreach

Timeline: Year 1, ongoing

The Economic Development Corporation will need to expand its ongoing targeted outreach efforts to include the prospects and other opportunities within the selected groupings of targeted industries. All viable prospects should receive personal outreach in addition to receiving the existing broader newsletter and targeted e-mail blasts tactics. Considering limited resources, other opportunities should be carefully considered for personal outreach (e.g. trade shows, regional events, site visits, etc.) based on factors such as size, market focus, industry niche, inclusion of viable prospects, and cost. Other marketing tactics should be considered for those opportunities not receiving personal outreach—these could include distribution of the newsletters and targeted e-mail blasts, advertisements, and SACTO and Team California coordination.

Action 5.5: Program evaluation

Timeline: Year 2, annually

After the first full year of prospect outreach and annually from then on, the Economic Development Corporation should evaluate the outcomes of the expanded targeting approach and the effectiveness of its outreach efforts. Due to the generally long lead time in business attraction, significant adjustments to the targeted industries should only be considered if major issues are noted in the evaluation; otherwise, these revisions should only be taken into account every three years. Where appropriate, modifications to outreach efforts should be assessed annually based on the results of the program evaluation. The results of the evaluation should be shared with the Board of Directors and investors along with any planned revisions to the targets or outreach efforts.

The Economic Development Corporation could utilize a variety of performance measures to evaluate the effectiveness of the targeted industry approach:

- Number of viable prospects and percent receiving personal outreach
- Distribution of targeted marketing materials
- Number of located companies
- Percent of located companies within targeted industries

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- Total number of jobs at located companies
- Total capital investment of located companies
- Total square feet occupied by located companies
- Type and amount of incentives provided to located companies
- Number, type, location, and origin of prospects
- Origin of located companies
- Percent of located companies still operating
- Change in number of employees at companies still operating
- Change in square feet of companies still operating
- Residence location of located company employees
- Number of site visits
- Percent of site visits from companies within targeted industries
- Reasons for no-locate decisions

In order to capture both program effectiveness and outcomes, the two primary performance measures should be the number of viable prospects and total number of jobs at the located companies. The Economic Development Corporation should set a standard of an average of 30 viable and active prospects on an annual average basis. A viable prospect can be defined as a company actively seeking sites in areas where Elk Grove closely matches the basic company criteria—the ability to reach the suggested goal for viable prospect depends in large part on the approach taken to identify qualified leads. The jobs goals established in *The Case for Investment: Elk Grove's Community First Initiative* proposal seem too aggressive for the existing business attraction program and a community with the characteristics of Elk Grove. A more realistic goal for the Economic Development Corporation would be 200 jobs per year. This reflects the location of three moderate-sized or two large companies annually and equates to a little less than 40 percent of the projected annual employment growth under business-as-usual conditions. The Economic Development Corporation should also begin to track and establish baselines and benchmarks for other performance measures that can be incorporated in program evaluation efforts moving forward.

Strategy 6: Develop a **comprehensive economic development marketing plan** to build visibility for the community, local businesses, and programs.

Responsible Parties: **Elk Grove Economic Development Corporation and City of Elk Grove**

Economic development relies heavily on marketing as a tool to reach established goals. Marketing efforts in economic development generally focus on three main objectives: 1) build awareness of the community and its competitive attributes to attract, retain, and expand businesses; 2) improve or change the image of the community among internal and external audiences; and 3) promote existing economic development programs and incentives to increase utilization. Due to the importance of this tool, marketing takes a prominent place in the budgets of most economic development programs, generally equating to a little less than one dollar per capita for moderate-sized cities. In order to be successful, sufficient resources need to be allocated and a plan must be developed to utilize the resources available in the most effective manner. Every community is different, but there are specific tactics that have been established as the most effective in meeting each of the three main objectives of economic development marketing.

Both the Economic Development Corporation and City have utilized various marketing tactics in their economic development efforts. The Economic Development Corporation creates a marketing plan annually with a budget of between \$50,000 and \$60,000. While this is a rather lean budget, the Economic Development Corporation has been able to incorporate six main tactics including an electronic newsletter, targeted e-mail blasts with industry bulletins, regional and statewide advertisements, targeted trade shows, partnerships with regional and statewide groups, and core materials such as its web site, Data Sheets, and brochure. In addition, the Economic Development Corporation has coordinated a few local events including the Innovation Showcase and Experience Elk Grove. The City maintains a separate economic development web site, maintains other marketing materials, places different advertisements in regional publications, and coordinates with the Chamber of Commerce on specific campaigns (such as the recent Think-Shop-Live Elk Grove program). These efforts have primarily focused on the first objective of economic development marketing in order to build awareness of the community and its competitive attributes. This has left some critical gaps in image building and promotion of programs both of which have the potential to generate desired outcomes in the community and help the Economic Development Corporation and City reach established goals. Creating a comprehensive and coordinated marketing plan could generate a more effective use of limited resources and meet a broader set of objectives. The action items below provide the basic steps and considerations in putting together a local plan.

Action 6.1: Refine the local marketing image

Timeline: Year 1

Interviews with local, regional, and statewide businesses and leaders highlight the fact that the common image of Elk Grove is not positive for economic development purposes. The Economic Development Corporation has put together a branding effort for Elk

Grove—“Northern California’s Address of Success”—that it has incorporated throughout its marketing focused on a variety of audiences. While this branding is successful in geographically placing Elk Grove (an important factor for a relatively unknown location outside the Sacramento Region), it does not necessarily directly portray the unique image that the community would like to project moving forward. Interviews with local and regional businesses and leaders and discussions with the Steering Committee demonstrate a strong desire to balance the community’s unique heritage, quality of life, and business opportunities. Creating an image that incorporates these common elements and creates a unique economic development brand can be difficult, but a number of similar communities have been successful in developing creative branding and image-building.

The City has recently undertaken a separate awareness-building campaign—“Open Up to Elk Grove”—that is intended to penetrate regional audiences and stress the message that the City has become more business-friendly. Although this campaign was designed for a completely different purpose than the Economic Development Corporation efforts (regional awareness-building versus wide-ranging branding and image-building), the message has been integrated into the City’s web site and various collateral materials and, therefore, has the potential to compete with the Economic Development Corporation’s messaging. Considering that a strong image is difficult to develop and exceptionally slow to change, the separate campaigns could dilute the branding message and combined potential to commonly influence what others view as the image of Elk Grove.

A primary component of the marketing plan should be to create a new, broadly accepted branding message for Elk Grove that reflects the community vision and acts as the core component allowing economic developers to influence what others are saying about the community moving forward. After the core has been developed, a number of different campaigns targeting varying audiences (i.e. internal, regional, and external) can be built off of it. This leverages marketing resources for the important strategy of image-building.

Action 6.2: Identify target audiences
Timeline: Year 1

The marketing plan will also need to clearly identify priority target audiences through the life of the plan. With the limited marketing resources available in Elk Grove, the focus should be on a combination of internal and external (outside the region) audiences. The most obvious targets are those identified as part of the business attraction, retention, and expansion programs. Considering the relatively large number of small and home-based businesses in Elk Grove and the fact that a large share of new jobs are created by companies less than five years old, this audience should also be considered as a priority target. Less attention should be given to the regional audience since general regional engagement and partnerships can penetrate this audience and it is the least likely to directly lead to desired outcomes. Therefore, marketing efforts focused on the regional audience should wind down in the first year and resources should be redirected to the internal and external audiences.

Action 6.3: Evaluate marketing tactics

Timeline: Year 1

Once the priority target audiences have been selected, the menu of marketing tactics should be assessed for the greatest potential to reach the audiences within the available budget. Personal outreach (e.g. prospecting, trade shows, events, and marketing missions) is typically expensive, but should be used to the greatest extent possible due to the ability to directly interact with members of the target audience and deliver a customized message. All other tactics should be considered as a means to supplement or create opportunities for personal outreach. The four other traditional tactics that will need to be assessed include promotional materials, direct mail (hard and soft), publicity, and advertising. Opportunities for coordinated efforts with the Chamber of Commerce should also be explored when evaluating specific tactics, especially for components aimed at the internal audience. In addition, opportunities to leverage existing relationships of the Elk Grove business community should be explored.

Two necessary tactics for any economic development program serving a community the size of Elk Grove are a comprehensive web site and use of social media. Upwards of 80 percent of all initial site selection now occurs online, illustrating the need for a well designed web site incorporating basic information such as an economic and demographic profile, information on real estate and incentives, and regional context as well as enhanced features like GIS mapping and targeted industry-specific information to build the potential for company interest. The three core social media tools (Facebook, Twitter, and LinkedIn) are increasingly being used in economic development due to the presence of target audiences and the potential to build networks for a relatively low cost. The most important considerations for social media are the ability to remain active and put out content that is interesting for the target audiences.

In the process of evaluating marketing tactics, cost-effectiveness and available resources will need to be an important consideration. Many of the tactical decisions made will likely require outside contractors to execute on aspects such as content development and design. It is possible that resource availability will require incremental steps in building specific components of the marketing program; therefore, necessitating discussions of priorities in the evaluation of marketing tactics.

Action 6.4: Create content and promotional materials

Timeline: Year 2

Once key decisions on branding, audience, and tactics have been made, new content and promotional materials can be created. All content and materials will need to incorporate the new consistent branding including those that are incorporated within the business attraction, retention, and expansion programs. To the greatest extent possible, existing content that places Elk Grove in the context of the Sacramento Region should be utilized as the foundation for promotional materials. Based on feedback from local leaders, one of the most salient informational pieces that will need to be developed and distributed is a compendium of local programs available to existing businesses (e.g. Chamber of

Commerce, Small Business Development Center, City incentives) as well as key regional and state incentives. This piece is critical for the internal audience, but can also serve as a tool for other targets that are part of the business attraction, retention, and expansion programs. It will be important to ensure that consistent messaging and branding is used for all economic development programs—the Economic Development Corporation and City should focus on marketing congruity moving forward. In order to create this additional consistency, the City should also consider eliminating the Economic Development section of their web site and link it directly to the Economic Development Corporation. All of the City’s unique content and contact information should be migrated over to the Economic Development Corporation site and linked back to the City where necessary (e.g. finance, licensing, and permitting). At the same time, the Elk Grove Economic Development Corporation should build enhancements into its web site including expanded property listings with GIS mapping capabilities. There are several GIS programs on the market that can be easily integrated into the web site as well as social media pages.

Action 6.5: Recruit local and regional champions

Timeline: Year 2

In addition to regional engagement and strategic partnerships, after messaging and materials have been developed, the Economic Development Corporation and City should recruit key local and regional champions for both general and specific purposes. For general purposes, these champions can act as ambassadors for the community within the region and their own individual networks and help promote a positive image of Elk Grove. This provides the opportunity to carry on the regional awareness-building efforts with the key talking points from the current City business-friendly campaign. In addition, these champions can be used for strategic interactions with companies as part of the business attraction, retention, and expansion programs. Correspondingly, different sets of champions can be used for specific initiatives such as the catalytic opportunities related to higher education institutions and large state government operations to supplement the Economic Development Corporation’s efforts and build relationships within key networks. It will be necessary to equip the recruited champions with key talking points and promotional materials to maintain consistent messaging.

Action 6.6: Marketing schedule and execution

Timeline: Year 2, ongoing

After the comprehensive plan has been developed, a marketing schedule should be created on an annual basis including distribution cycles, planned events, content update processes, and other key execution timelines as well as strategic partner and champion outreach and activities. The schedule should allow for appropriate flexibility for personal outreach opportunities that arise as a result of other marketing and economic development efforts. Once the schedule has been developed, the Economic Development Corporation and City should begin executing on the plan on an ongoing basis. It will likely take a year to complete all necessary background work, so execution should begin in the second year.

Action 6.7: Program evaluation

Timeline: Year 2, annually

A program evaluation element should be built into the marketing plan based specifically on selected audiences and tactics. Ultimately, the primary performance measures of the program should focus on target audience exposure and desired outcomes such as inquiries or use of programs. Specific goals should be incorporated in the plan for these primary performance measures and goals for other measures should be added on an annual basis based on planned tactics and targets. The evaluation should allow the Economic Development Corporation and City to determine if adjusted targets or tactics will be needed for the next year. In addition, the evaluation process should allow for refined targets and tactics as attraction, retention, and expansion programs change. Similar to other elements of the economic development program, results of the evaluation should be shared with investors and elected officials.

There are various performance measures that can be built into the plan to evaluate the effectiveness of the marketing efforts including:

- Amount and target of materials distributed
- Target audience exposure
- Number of company inquiries
- Number of placements
- Earned media levels
- Degree of coordination and consistency
- Web site visitors overall and for specific content
- Social media affiliates
- Utilization rates of programs and incentives by company type
- Perceptions and awareness of Elk Grove

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Figure 64 summarizes the timelines for the action items under all six strategies. The bolded areas represent the ideal timelines for action item completion while the other timelines indicate ongoing implementation or annual evaluation.

FIGURE 64
ACTION ITEM MATRIX

Action Item	Immed.	Year 1	Year 2	Year 3	Year 4	Year 5
1.1 planning retreat	X					
1.2 technical analysis		X				
1.3 public visioning			X			
1.4 conceptual strategy			X			
1.5 streamlined process		X	x	x	x	x
2.1 redevelopment initiatives		X				
2.2 identify sites		X				
2.3 technical analysis			X			
3.1 identify site		X				
3.2 site design		X				
3.3 market analysis			X			
3.4 development strategy			X	x	x	x
4.1 program structure	X					
4.2 follow-up protocols		X				
4.3 provider commitments		X				
4.4 select targets		X	x	x	x	x
4.5 tracking mechanisms		X	x	x	x	x
4.6 outreach schedule			X			
4.7 program evaluation			X	x	x	x
5.1 select industries	X			X		
5.2 create materials	X					
5.3 identify prospects		X	x	x	x	x
5.4 prospect outreach		X	x	x	x	x
5.5 program evaluation			X	x	x	x
6.1 marketing image		X				
6.2 identify targets		X				
6.3 marketing tactics		X				
6.4 promotional materials			X			
6.5 recruit champions			X			
6.6 marketing schedule			X	x	x	x
6.7 program evaluation			X	x	x	x

Center for Strategic Economic Research and Economic & Planning Systems, November 2010

Appendix A—Research Methodology

The data, analysis, and figures presented throughout this report were developed using the cited sources. Qualitative factors were incorporated through document reviews and completed interviews with roughly 30 regional and local businesses and leaders including Steering Committee members, economic development entities, chambers of commerce, technical assistance providers, real estate brokers, government representatives, planning professionals, and major employers. Additionally, case studies of the five areas selected for comparative analysis were completed using document reviews, program assessments, and interviews with local economic development entities. CSER and EPS created internal estimates and detailed analysis for several of the quantitative components in this study. A description of the methodology employed in producing these components is provided in this section.

Industry and Cluster Data

In order to create an employment time series with industry sector detail for the City of Elk Grove, CSER acquired the sub-set of the National Employment Time Series (NETS) database for the area of Sacramento County including and surrounding Elk Grove. The NETS database was developed by Walls & Associates using the Dunn & Bradstreet (D&B) business database for each year from 1990 to the most current update, 2008. The full database will be available for City use upon conclusion of this study—the structure is outlined in the NETS appendix. D&B records provide specific company level information including establishment employment levels, industry sector classification, and physical location. CSER used a four-step process to create the City of Elk Grove data set. First, all records outside the area that roughly conforms to Elk Grove boundaries were removed using address, city, and eight-digit zip code filtering. Second, records were spot checked to ensure that known large companies in the City of Elk Grove were accounted for and added using data from the ReferenceUSA database if necessary. Third, another spot check was performed to identify erroneous records—questionable records were researched further to confirm inclusion. Fourth, records were aggregated by industry sector based on four-digit North American Industry Classification System (NAICS) codes. Many records reflected NAICS codes that changed in various years as a result of D&B information. To create a consistent time series where noise due to invalid classifications was reduced, CSER confirmed the correct industry classification for the largest 20 companies and kept the 2008 classification for the remaining records. In the end, a data set with annual four-digit NAICS employment from 1990 to 2008 for the City of Elk Grove was available for analysis. Approximately 5,300 establishments are accounted for in the data set. It is important to note that CSER believes this data set provides a reasonable accounting of the Elk Grove economy, but since no other comprehensive detailed data sets are available for the City and the NETS database is based on D&B-generated business records, the accuracy cannot be fully verified.

Regional four-digit NAICS employment information was obtained from Moody's Economy.com for the Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area

(MSA—El Dorado, Placer, Sacramento, and Yolo Counties) and Yuba City MSA (Sutter and Yuba Counties). The two MSA databases were aggregated to create the Sacramento Region data set for analysis. The Moody’s Economy.com data includes annual historical employment from 1970 to 2008 as well as projections for 2009 to 2039. The historical data are created using official government-provided estimates of employment by industry. Additional projections were obtained from Woods & Poole Economics, Inc. for the same two MSAs and aggregated to create a similar projection data set for the Sacramento Region to serve as a cross-check to the Moody’s projections. Moody’s Economy.com and Woods & Poole projections are developed using a proprietary econometric model and are highly-regarded by researchers throughout the country, including CSER. It is important to note that the current estimates for Elk Grove and the Region were created at a point in time when the economy is in the middle of a severe recession.

The split of base and local-serving activities was created using a three-step process. First, CSER identified export-oriented sectors in Elk Grove using regional sales coefficient data from IMPLAN for the Elk Grove Study Area (2008 Coefficient series). Sectors where less than 90 percent of the value of goods and services produced was absorbed locally (i.e. more than 10 percent of production was exported domestically and internationally) were identified. Second, CSER determined whether those identified sectors were typically considered base within the Sacramento Region according to the California Regional Economies Project 2004 *Greater Sacramento Region Economic Base Report*. In cases where the sectors did not meet this screen, additional analysis was performed to determine whether unique attributes exist within the City to classify the activity as base. Third, the base activities were matched to four-digit NAICS employment data for Elk Grove. This information was then aggregated back to the two-digit NAICS level, reflecting the split between base and local-serving employment for major sectors in the City. Figure A-1 on the following pages shows the specific activities defined as base within each of the major sectors.

FIGURE A-1
BASE ACTIVITIES

NAICS	Major Sector/Base Activity
11	Agriculture, Forestry, Fishing, and Hunting
11	Agriculture
21	Mining
2123	Nonmetallic Mineral Mining and Quarrying
2131	Support Activities for Mining
31-33	Manufacturing
3111	Animal Food Manufacturing
3114	Fruit and Vegetable Preserving and Specialty Food Manufacturing
3115	Dairy Product Manufacturing
3116	Animal Slaughtering and Processing
3118	Bakeries and Tortilla Manufacturing
3119	Other Food Manufacturing
3121	Beverage Manufacturing
3132	Fabric Mills
3133	Textile and Fabric Finishing and Fabric Coating Mills
3141	Textile Furnishings Mills
3149	Other Textile Product Mills
3151	Apparel Knitting Mills
3152	Cut and Sew Apparel Manufacturing

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NAICS	Major Sector/Base Activity
3169	Other Leather and Allied Product Manufacturing
3212	Veneer, Plywood, and Engineered Wood Product Manufacturing
3219	Other Wood Product Manufacturing
3222	Converted Paper Product Manufacturing
3231	Printing and Related Support Activities
3241	Petroleum and Coal Products Manufacturing
3251	Basic Chemical Manufacturing
3252	Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing
3254	Pharmaceutical and Medicine Manufacturing
3256	Soap, Cleaning Compound, and Toilet Preparation Manufacturing
3259	Other Chemical Product and Preparation Manufacturing
3261	Plastics Product Manufacturing
3262	Rubber Product Manufacturing
3272	Glass and Glass Product Manufacturing
3273	Cement and Concrete Product Manufacturing
3279	Other Nonmetallic Mineral Product Manufacturing
3313	Alumina and Aluminum Production and Processing
3322	Cutlery and Handtool Manufacturing
3323	Architectural and Structural Metals Manufacturing
3325	Hardware Manufacturing
3327	Machine Shops, Turned Product, and Screw, Nut, and Bolt Manufacturing
3329	Other Fabricated Metal Product Manufacturing
3332	Industrial Machinery Manufacturing
3333	Commercial and Service Industry Machinery Manufacturing
3334	Ventilation, Heating, Air-Conditioning, and Commercial Refrigeration Equipment Manufacturing
3335	Metalworking Machinery Manufacturing
3339	Other General Purpose Machinery Manufacturing
3341	Computer and Peripheral Equipment Manufacturing
3342	Communications Equipment Manufacturing
3343	Audio and Video Equipment Manufacturing
3344	Semiconductor and Other Electronic Component Manufacturing
3345	Navigational, Measuring, Electromedical, and Control Instruments Manufacturing
3346	Manufacturing and Reproducing Magnetic and Optical Media
3351	Electric Lighting Equipment Manufacturing
3353	Electrical Equipment Manufacturing
3362	Motor Vehicle Body and Trailer Manufacturing
3363	Motor Vehicle Parts Manufacturing
3369	Other Transportation Equipment Manufacturing
3371	Household and Institutional Furniture and Kitchen Cabinet Manufacturing
3372	Office Furniture (including Fixtures) Manufacturing
3379	Other Furniture Related Product Manufacturing
3391	Medical Equipment and Supplies Manufacturing
3399	Other Miscellaneous Manufacturing
42	Wholesale Trade
4231	Motor Vehicle and Motor Vehicle Parts and Supplies Merchant Wholesalers
4232	Furniture and Home Furnishing Merchant Wholesalers
4233	Lumber and Other Construction Materials Merchant Wholesalers
4234	Professional and Commercial Equipment and Supplies Merchant Wholesalers
4235	Metal and Mineral (except Petroleum) Merchant Wholesalers
4236	Electrical and Electronic Goods Merchant Wholesalers
42	Wholesale Trade (continued)
4237	Hardware, and Plumbing and Heating Equipment and Supplies Merchant Wholesalers
4238	Machinery, Equipment, and Supplies Merchant Wholesalers
4239	Miscellaneous Durable Goods Merchant Wholesalers
4241	Paper and Paper Product Merchant Wholesalers
4242	Drugs and Druggists' Sundries Merchant Wholesalers
4243	Apparel, Piece Goods, and Notions Merchant Wholesalers
4244	Grocery and Related Product Merchant Wholesalers
4245	Farm Product Raw Material Merchant Wholesalers
4246	Chemical and Allied Products Merchant Wholesalers
4247	Petroleum and Petroleum Products Merchant Wholesalers
4248	Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers
4249	Miscellaneous Nondurable Goods Merchant Wholesalers
48-49	Transportation and Warehousing
4821	Rail Transportation
4841	General Freight Trucking
4842	Specialized Freight Trucking

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NAICS	Major Sector/Base Activity
51	Information
5122	Sound Recording Industries
5151	Radio and Television Broadcasting
5152	Cable and Other Subscription Programming
5171	Wired Telecommunications Carriers
5172	Wireless Telecommunications Carriers (except Satellite)
5179	Other Telecommunications
5182	Data Processing, Hosting, and Related Services
5191	Other Information Services
54	Professional, Scientific, and Technical Svcs
5415	Computer Systems Design and Related Services
5416	Management, Scientific, and Technical Consulting Services
5417	Scientific Research and Development Services
5419	Other Professional, Scientific, and Technical Services
55	Management of Companies and Enterprises
5511	Management of Companies and Enterprises
71	Arts, Entertainment, and Recreation
7111	Performing Arts Companies
7112	Spectator Sports
7115	Independent Artists, Writers, and Performers
7139	Other Amusement and Recreation Industries
92	Government
	Federal Government
	State Government

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The set of potential viable clusters was created primarily based on an index of economic performance. The index utilized five factors for all four-digit NAICS sectors in the Elk Grove economy (approximately 225):

1. Historical employment growth rate, 2003-2008
2. Composition (percent of total in Elk Grove), 2008
3. Shift in composition, 2003-2008
4. Specialization (percent of total in Elk Grove compared to percent of total in the Sacramento Region), 2008
5. Change in specialization, 2003-2008

Every sector received an index score on each of the five factors based on performance relative to all other sectors. For each sector, the five index scores were averaged, reindexed, and then ranked. Sectors within the top quartile of economic performance (about 70) were identified. Groupings of nine potential cluster activities were then created based on CSER professional experience. CSER then searched for sectors just below the top quartile that also fit within the identified clusters as well as groupings of home-based businesses within the City’s business license database. The groupings of clusters were presented to the Steering Committee for feedback. Six other factors were also analyzed within each cluster to demonstrate further opportunities and benefits as well as help screen for viable activities:

1. Regional Linkages—reflects sectors that use goods and services from the largest sectors in Elk Grove and the Sacramento Region as inputs (forward linkages) or

- acts as suppliers of goods and services to the largest sectors in Elk Grove and the Sacramento Region (backward linkages). This factor relied on regional use data for forward linkages and social accounts matrix industry by industry information for backward linkages, both from IMPLAN (2008 Coefficient series). The top two forward linkage and top two backward linkage sectors were identified based on value of goods and services for each of the five largest sectors in Elk Grove and the Sacramento Region based on employment. The core cluster activities were then matched to this list of 40 regional linkage sectors.
2. **Employment Multiplier**—demonstrates the ripple effect created by direct, indirect (linked suppliers of goods and services), and induced (employee spending) employment within specific sectors. This factor utilized the employment multiplier information from IMPLAN (2008 Coefficient series). The top 40 employment multiplier sectors in Elk Grove were identified and matched to the list of core cluster activities.
 3. **Commodity Imports**—shows sectors from which Elk Grove imports relatively high values of goods and services and have an existing presence in the Sacramento Region. Commodity trade data from IMPLAN (2008 Coefficient series) were used to determine the sectors with high import activity and screened against those sectors in the Sacramento Region with higher than median employment based on IMPLAN data. The top 40 import sectors that met the Sacramento Region employment screen were selected and compared to the list of core cluster activities.
 4. **Occupation Match**—determines specific sectors that heavily utilized occupations currently held by Elk Grove residents. The top 20 detailed occupations in Elk Grove were identified through U.S. Census Bureau 2006-2008 American Community Survey data. Then the two sectors with the greatest level of employment in each of these occupations were selected based on the California Employment Development Department’s statewide industry-occupation matrix (2006-2016 update). The core cluster activities were compared to the resulting 40 sectors with occupational matches.
 5. **Base Activity**—illustrates if the core cluster activity can be considered base according to the base analysis completed in other areas of this study.
 6. **Cited in Interviews**—reflects whether the sector or broad activity was mentioned regularly (in two or more instances) as an area presenting growth and development opportunities in the City based on discussions with local and regional businesses and leaders.

Figure A-2 on the following pages summarizes the potential viable clusters and core activities including the five factors described above plus those top-performing activities which were not categorized into a cluster. It is important to note that the cluster potential reflects only those core activities presented, not necessarily a fully-integrated cluster.

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FIGURE A-2
POTENTIAL VIABLE CLUSTER CORE ACTIVITY DETAIL

Potential Cluster / Activities	2008 Employment	Screens					Screen Tally	Screen Base	Cited in Interviews	NAICS Code
		Regional Linkages	Employment Multiplier	Commodity Imports	Occupation Match					
Real Estate										
Core Top Performing Activities										
Nonmetallic Mineral Mining and Quarrying	4	No	No	No	No	0	Yes	No	2123	
Residential Building Construction	530	No	Yes	Yes	No	2	No	No	2361	
Utility System Construction	767	No	Yes	Yes	No	2	No	No	2371	
Land Subdivision	29	No	Yes	Yes	No	2	No	No	2372	
Building Equipment Contractors	370	No	Yes	Yes	No	2	No	No	2382	
Building Finishing Contractors	285	No	Yes	Yes	No	2	No	No	2383	
Ventilation, Heating, Air-Conditioning, and Commercial Refrigeration Equip. Manufacturing	1	No	No	No	No	0	Yes	Yes - Mfg. / CET	3334	
Office Furniture (including Fixtures) Manufacturing	144	No	No	No	No	0	Yes	Yes - Mfg.	3372	
Furniture and Home Furnishing Merchant Wholesalers	34	No	Yes	Yes	No	2	Yes	No	4232	
Lumber and Other Construction Materials Merchant Wholesalers	152	No	Yes	Yes	No	2	Yes	No	4233	
Furniture Stores	51	No	No	No	No	0	No	Yes - Retail	4421	
Building Material and Supplies Dealers	568	No	No	No	No	0	No	Yes - Retail	4441	
Lawn and Garden Equipment and Supplies Stores	100	No	No	No	No	0	No	Yes - Retail	4442	
Lessors of Real Estate	228	No	No	Yes	No	1	No	No	5311	
Offices of Real Estate Agents and Brokers	670	No	No	Yes	No	1	No	No	5312	
Architectural, Engineering, and Related Services	356	No	No	Yes	No	1	No	No	5413	
Other Activities										
Foundation, Structure, and Building Exterior Contractors	279	No	Yes	Yes	No	2	No	No	2381	
Veneer, Plywood, and Engineered Wood Product Manufacturing	1	No	No	No	No	0	No	Yes - Mfg.	3212	
Other Wood Product Manufacturing	1	No	No	No	No	0	Yes	Yes - Mfg.	3219	
<i>Miscellaneous Home Business</i>										
Transportation										
Core Top Performing Activities										
Other Transportation Equipment Manufacturing	4	No	No	No	No	0	Yes	Yes - Mfg.	3369	
Automobile Dealers	1,058	No	No	No	No	0	No	Yes - Retail	4411	
Other Motor Vehicle Dealers	85	No	No	No	No	0	No	Yes - Retail	4412	
General Freight Trucking	507	No	Yes	No	Yes	2	Yes	No	4841	
Specialized Freight Trucking	48	No	Yes	No	Yes	2	Yes	No	4842	
Urban Transit Systems	12	No	No	No	No	0	No	No	4851	
Taxi and Limousine Service	21	No	No	No	No	0	No	No	4853	
Support Activities for Rail Transportation	5	No	No	No	No	0	No	No	4882	
Freight Transportation Arrangement	41	No	No	No	No	0	No	No	4885	
Other Support Activities for Transportation	53	No	No	No	No	0	No	No	4889	
Automotive Repair and Maintenance	407	No	No	No	No	0	No	No	8111	
Other Activities										
Other Transit and Ground Passenger Transportation	10	No	No	No	No	0	No	No	4859	
Automotive Equipment Rental and Leasing	56	No	No	No	No	0	No	No	5321	
<i>Miscellaneous Home Business</i>										

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<i>Potential Cluster / Activities</i>	2008 Employment	Screens				Screen		Cited in Interviews	NAICS Code
		Regional Linkages	Employment Multiplier	Commodity Imports	Occupation Match	Tally	Base		
Business Services									
<i>Core Top Performing Activities</i>									
Office Supplies, Stationery, and Gift Stores	197	No	No	No	No	0	No	Yes - Retail	4532
Legal Services	193	No	Yes	No	Yes	2	No	No	5411
Accounting, Tax Preparation, Bookkeeping, and Payroll Services	406	No	Yes	No	Yes	2	No	No	5412
Management, Scientific, and Technical Consulting Services	428	No	No	No	Yes	1	Yes	No	5416
Other Professional, Scientific, and Technical Services	341	Yes	Yes	No	No	2	Yes	No	5419
Travel Arrangement and Reservation Services	64	No	No	No	No	0	No	No	5615
Services to Buildings and Dwellings	395	No	No	No	Yes	1	No	No	5617
<i>Other Activities</i>									
Local Messengers and Local Delivery	12	No	No	No	No	0	No	No	4922
<i>Miscellaneous Home Business</i>									
Food									
<i>Core Top Performing Activities</i>									
Bakeries and Tortilla Manufacturing	28	No	No	No	No	0	Yes	Yes - Mfg.	3118
Beverage Manufacturing	74	Yes	No	No	No	1	Yes	Yes - Mfg.	3121
Specialty Food Stores	61	No	No	No	No	0	No	Yes - Retail	4452
<i>Other Activities</i>									
Fruit and Vegetable Preserving and Specialty Food Manufacturing	45	No	Yes	No	No	1	Yes	Yes - Mfg.	3114
Grocery and Related Product Merchant Wholesalers	51	No	Yes	Yes	Yes	3	Yes	No	4244
Creative									
<i>Core Top Performing Activities</i>									
Fabric Mills	22	No	No	No	No	0	Yes	Yes - Mfg.	3132
Textile and Fabric Finishing and Fabric Coating Mills	10	No	No	No	No	0	Yes	Yes - Mfg.	3133
Printing and Related Support Activities	1	No	Yes	No	No	1	Yes	Yes - Mfg.	3231
Paper and Paper Product Merchant Wholesalers	19	No	Yes	Yes	No	2	Yes	No	4241
Specialized Design Services	86	No	No	No	No	0	No	No	5414
Other Support Services	683	No	No	No	No	0	No	No	5619
<i>Other Activities</i>									
Other Textile Product Mills	8	No	No	No	No	0	Yes	Yes - Mfg.	3149
Software Publishers	442	Yes	Yes	No	Yes	3	No	Yes - High Tech	5112
Motion Picture and Video Industries	33	No	Yes	No	No	1	No	No	5121
Performing Arts Companies	19	No	No	No	No	0	Yes	No	7111
<i>Miscellaneous Home Business</i>									
Medical									
<i>Core Top Performing Activities</i>									
Other Chemical Product and Preparation Manufacturing	1	No	No	No	No	0	No	Yes - Mfg./Med.	3259
Drugs and Druggists' Sundries Merchant Wholesalers	202	No	Yes	Yes	No	2	Yes	Yes - Med.	4242
Offices of Dentists	508	No	Yes	No	No	1	No	Yes - Med.	6212
Offices of Other Health Practitioners	198	No	Yes	No	No	1	No	Yes - Med.	6213
<i>Other Activities</i>									
Death Care Services	19	No	No	No	No	0	No	No	8122

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<i>Potential Cluster / Activities</i>	2008 Employment	<i>Screens</i>				<i>Screen</i>		<i>Cited in Interviews</i>	<i>NAICS Code</i>
		<i>Regional Linkages</i>	<i>Employment Multiplier</i>	<i>Commodity Imports</i>	<i>Occupation Match</i>	<i>Tally</i>	<i>Base</i>		
Social Services									
<i>Core Top Performing Activities</i>									
Elementary and Secondary Schools	212	No	No	No	No	0	No	No	6111
Individual and Family Services	191	No	No	No	Yes	1	No	No	6241
Child Day Care Services	316	No	No	No	Yes	1	No	No	6244
Civic and Social Organizations	101	No	No	No	No	0	No	No	8134
<i>Other Activities</i>									
Technical and Trade Schools	15	No	No	Yes	No	1	No	No	6115
Government									
<i>Core Top Performing Activities</i>									
Government	2,777	No	No	No	Yes	1	No	Yes - State Govt.	92
Finance & Insurance									
<i>Core Top Performing Activities</i>									
Nondepository Credit Intermediation	206	No	Yes	Yes	No	2	No	No	5222
Other Financial Investment Activities	293	No	Yes	No	No	1	No	No	5239
Insurance Carriers	71	Yes	Yes	Yes	No	3	No	No	5241
Activities Related to Credit Intermediation	150	No	Yes	Yes	No	2	No	No	5223
Agencies, Brokerages, and Other Insurance Related Activities	204	No	Yes	No	No	1	No	No	5242
Other Investment Pools and Funds	38	Yes	No	No	No	1	No	No	5259
<i>Other Activities</i>									
Depository Credit Intermediation	414	No	Yes	Yes	Yes	3	No	No	5221
<i>Remaining Top Performing Activities</i>									
Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing	1	Yes	No	No	No	1	Yes	Yes - Mfg.	3252
Hardware Manufacturing	1	No	No	No	No	0	Yes	Yes - Mfg.	3325
Machinery, Equipment, and Supplies Merchant Wholesalers	70	No	Yes	Yes	No	2	Yes	No	4238
Miscellaneous Durable Goods Merchant Wholesalers	44	No	Yes	Yes	No	2	Yes	No	4239
Miscellaneous Nondurable Goods Merchant Wholesalers	146	No	Yes	Yes	No	2	Yes	No	4249
Sporting Goods, Hobby, and Musical Instrument Stores	211	No	No	No	No	0	No	Yes - Retail	4511
Cable and Other Subscription Programming	285	No	No	No	No	0	Yes	No	5152
Wireless Telecommunications Carriers (except Satellite)	47	Yes	No	No	No	1	Yes	No	5172
Consumer Goods Rental	113	No	No	No	No	0	No	No	5322
Limited-Service Eating Places	842	No	Yes	No	No	1	No	No	7222
Personal Care Services	496	No	No	No	Yes	1	No	No	8121
Drycleaning and Laundry Services	111	No	No	No	No	0	No	No	8123

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Data Source: CSER estimates based on National Employment Time Series database, IMPLAN, 2008 Coefficients, U.S. Census Bureau, 2006-2008 American Community Survey, and Moody's Economy.com information

Business Vitality Index

The Business Vitality Index measures relative performance across the 10 selected factors for Elk Grove and the five comparative areas. The measured areas received a score between 0 and 10 on each individual factor based on relative performance—the best performing area received a score of 10, the lowest received a 0, and all other areas received scores between 0 and 10 based on where measures fell between the two boundaries (score = $[(\text{area performance} - \text{worst performance}) / (\text{best performance} - \text{worst performance})] * 10$). In the case of the Office Vacancy, Unemployment Rate, and Crime Rate factors, higher percentages were considered poor performance. All 10 indicator scores were averaged to create the overall Business Vitality Index with the highest average area garnering a score of 10 and all other areas receiving scores based on performance as a percentage of the top area (index = $[\text{area average score} / \text{best average score}] * 10$).

Growth Scenarios

The growth scenarios used in the quantitative analysis of land supply and demand relied on two employment projection alternatives and one population growth projection.

The employment projections for Scenario 1, the low land consumption scenario, used historical NETS data for Elk Grove and a combination of Moody's Economy.com and Woods & Poole Economics projections for the Sacramento Region. The two sources utilize differing historical data series and projection models. Scenario 1 uses employment best fit trend line analysis for Elk Grove and the Sacramento Region from 1990 to 2008 ($y = m_1x_1 + m_2x_2 + \dots + b$) and assumes the trend relationship between the local and regional economies continues through 2029. The choice of Moody's Economy.com and Woods & Poole projection sets was based on regression results for the historical period—Woods & Poole projections were utilized for all two-digit NAICS sectors except Agriculture, Forestry, Fishing, and Hunting; Utilities; Wholesale Trade; and Government where the Moody's Economy.com data showed the best historical fit. Total employment was calculated as the aggregate of all two-digit NAICS sectors for the projection period. Figure A-3 shows detailed employment projections for the low land use consumption scenario.

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FIGURE A-3
LOW LAND USE CONSUMPTION SCENARIO
EMPLOYMENT PROJECTIONS BY INDUSTRY (2009-2020)

Industry	Number of Employees											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture/Mining	247	247	247	247	247	247	247	247	247	247	247	247
Construction	1,740	1,856	1,884	1,913	1,942	1,971	2,001	2,031	2,062	2,092	2,123	2,155
Manufacturing	305	419	419	420	420	421	420	420	419	418	417	416
TPU	687	703	709	714	719	724	729	734	738	743	747	751
Wholesale Trade	649	661	692	734	766	784	789	792	795	797	799	800
Retail Trade	3,850	4,214	4,323	4,433	4,543	4,653	4,763	4,873	4,982	5,092	5,201	5,310
FIRE	1,523	1,635	1,730	1,826	1,925	2,025	2,126	2,230	2,335	2,442	2,550	2,660
Services	12,207	12,646	12,986	13,332	13,683	14,039	14,400	14,767	15,139	15,517	15,901	16,291
Government	2,154	2,294	2,328	2,201	2,058	1,927	1,875	1,849	1,819	1,793	1,766	1,739
Unclassified	2	2	2	2	2	2	2	2	2	2	2	2
Total Employment	23,365	24,677	25,322	25,823	26,306	26,793	27,353	27,944	28,538	29,143	29,753	30,371
Total Jobs per Household	0.48	0.49	0.49	0.48	0.47	0.47	0.47	0.47	0.48	0.48	0.48	0.49

FIGURE A-3 (CONTINUED)
LOW LAND USE CONSUMPTION SCENARIO
EMPLOYMENT PROJECTIONS BY INDUSTRY (2021-2029)

Industry	Number of Employees										Projected Employment Change (2009-2029)	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	Number	Avg. Annual Growth	
Agriculture/Mining	247	247	247	247	247	247	247	247	247	0	0.0%	
Construction	2,187	2,219	2,251	2,284	2,318	2,351	2,385	2,420	2,454	714	1.7%	
Manufacturing	415	413	411	409	407	405	402	399	396	91	1.3%	
TPU	755	759	763	767	771	774	778	781	784	97	0.7%	
Wholesale Trade	802	803	804	806	809	816	824	834	845	197	1.3%	
Retail Trade	5,419	5,528	5,636	5,744	5,852	5,960	6,068	6,175	6,282	2,431	2.5%	
FIRE	2,773	2,886	3,002	3,120	3,239	3,360	3,484	3,609	3,736	2,213	4.6%	
Services	16,686	17,087	17,495	17,908	18,328	18,754	19,186	19,625	20,071	7,864	2.5%	
Government	1,718	1,703	1,695	1,694	1,699	1,706	1,715	1,729	1,745	0	0.0%	
Unclassified	2	2	2	2	2	2	2	2	2	0	0.0%	
Total Employment	31,002	31,648	32,307	32,981	33,672	34,375	35,090	35,820	36,562	13,607	2.3%	
Total Jobs per Household	0.49	0.50	0.50	0.51	0.52	0.52	0.53	0.53	0.54			

Economic & Planning Systems and Center for Strategic Economic Research, November 2010

Data Source: CSER estimates based on National Employment Time Series database; Moody's Economy.com; Woods & Poole Economics, CA Employment Development Department, Employment by Industry Data; and ReferenceUSA

Scenario 2, the high land use consumption scenario used the projection series from SACOG's 2035 Metropolitan Transportation Plan (MTP). SACOG staff noted that the series was based on draft 2005 modeling estimates specifically for four points in time including 2005, 2013, 2018, and 2035. To match other timeframes presented in this report, CSER annualized the SACOG data to create points between the provided years. It is important to note that the draft SACOG series is based on a point several years before the current recession hit. In addition, SACOG is in the process of creating a new series with a 2008 base year—at the time of this study, the new data was not officially available. However, discussion with SACOG staff regarding the preliminary 2008 base year estimates revealed that the annualized 2009 data set is fairly close to the new estimates for Elk Grove. Figure A-4 shows the detailed employment projection used for the high land use consumption scenario.

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FIGURE A-4
HIGH LAND USE CONSUMPTION SCENARIO
EMPLOYMENT PROJECTIONS BY INDUSTRY (2009-2020)

Industry	SACOG Category	Percent of SACOG Category	Number of Employees												
			2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Agriculture/Mining	Other	100%	0	0	0	0	0	0	0	0	0	0	0	0	
Construction	Industrial	66%	3,131	3,211	3,290	3,370	3,449	3,449	3,449	3,449	3,449	3,449	3,516	3,582	
Manufacturing	Industrial	11%	505	518	531	544	556	556	556	556	556	556	567	578	
Wholesale Trade	Industrial	23%	1,078	1,106	1,133	1,160	1,188	1,188	1,188	1,188	1,188	1,188	1,211	1,234	
TPU	Public	14%	655	690	725	760	795	795	795	795	795	795	796	798	
Services															
Information	Office	10%	650	684	719	753	788	857	926	995	1,064	1,132	1,187	1,241	
Professional Services and Management of Companies & Enterprises	Office	26%	1,638	1,726	1,813	1,900	1,987	2,161	2,334	2,508	2,682	2,855	2,993	3,130	
Administrative, Support, Waste Management & Remediation Services	Office	11%	699	736	773	810	847	922	996	1,070	1,144	1,218	1,276	1,335	
Educational Services	Public	20%	894	942	989	1,037	1,085	1,085	1,085	1,085	1,085	1,085	1,087	1,089	
Health Care & Social Assistance	Public	66%	2,982	3,140	3,298	3,457	3,615	3,615	3,616	3,616	3,616	3,617	3,623	3,630	
Arts, Entertainment & Recreation	Retail	6%	810	832	855	877	899	931	963	995	1,027	1,059	1,082	1,105	
Accommodation & Food Services	Retail	37%	4,641	4,769	4,897	5,025	5,153	5,336	5,520	5,703	5,886	6,070	6,202	6,334	
Other Services	Office	18%	1,162	1,224	1,285	1,347	1,409	1,532	1,655	1,778	1,902	2,025	2,122	2,219	
Subtotal Services			13,476	14,053	14,629	15,206	15,783	16,439	17,094	17,750	18,405	19,061	19,572	20,083	
Retail Trade	Retail	57%	7,086	7,282	7,477	7,673	7,869	8,148	8,428	8,708	8,988	9,268	9,470	9,672	
FIRE	Office	23%	1,462	1,540	1,618	1,696	1,773	1,928	2,084	2,239	2,394	2,549	2,671	2,794	
Government	Office	11%	683	719	756	792	828	901	973	1,045	1,118	1,190	1,247	1,304	
Total Employment			28,078	29,118	30,159	31,200	32,241	33,404	34,567	35,730	36,893	38,056	39,050	40,044	
Jobs per Household			0.58	0.58	0.58	0.58	0.58	0.59	0.60	0.61	0.62	0.62	0.63	0.64	

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FIGURE A-4 (CONTINUED)
 HIGH LAND USE CONSUMPTION SCENARIO
 EMPLOYMENT PROJECTIONS BY INDUSTRY (2021-2029)

Industry	SACOG Category	Percent of SACOG Category	Number of Employees										Projected Employment Change (2009-2029)	
			2021	2022	2023	2024	2025	2026	2027	2028	2029	Number	Avg. Annual Growth	
Agriculture/Mining	Other	100%	0	0	0	0	0	0	0	0	0	0	0	0.0%
Construction	Industrial	66%	3,649	3,715	3,782	3,848	3,915	3,981	4,048	4,115	4,181	1,050	1.5%	
Manufacturing	Industrial	11%	589	599	610	621	632	642	653	664	674	169	1.5%	
Wholesale Trade	Industrial	23%	1,256	1,279	1,302	1,325	1,348	1,371	1,394	1,417	1,440	361	1.5%	
TPU	Public	14%	799	801	802	804	805	807	808	809	811	156	1.1%	
Services														
Information	Office	10%	1,296	1,350	1,404	1,459	1,513	1,568	1,622	1,676	1,731	1,081	5.0%	
Professional Services and Management of Companies & Enterprises	Office	26%	3,267	3,404	3,541	3,678	3,816	3,953	4,090	4,227	4,364	2,726	5.0%	
Administrative, Support, Waste Management & Remediation Services	Office	11%	1,393	1,452	1,510	1,569	1,627	1,686	1,744	1,803	1,861	1,163	5.0%	
Educational Services	Public	20%	1,091	1,093	1,095	1,097	1,099	1,101	1,103	1,105	1,107	212	1.1%	
Health Care & Social Assistance	Public	66%	3,637	3,643	3,650	3,657	3,663	3,670	3,677	3,683	3,690	708	1.1%	
Arts, Entertainment & Recreation	Retail	6%	1,128	1,151	1,174	1,198	1,221	1,244	1,267	1,290	1,313	503	2.4%	
Accommodation & Food Services	Retail	37%	6,466	6,598	6,730	6,863	6,995	7,127	7,259	7,391	7,523	2,883	2.4%	
Other Services	Office	18%	2,317	2,414	2,511	2,608	2,706	2,803	2,900	2,997	3,095	1,933	5.0%	
Subtotal Services			20,595	21,106	21,617	22,128	22,639	23,150	23,662	24,173	24,684	11,208	3.1%	
Retail Trade	Retail	57%	9,873	10,075	10,277	10,479	10,681	10,882	11,084	11,286	11,488	4,401	2.4%	
FIRE	Office	23%	2,916	3,038	3,161	3,283	3,406	3,528	3,651	3,773	3,895	2,433	5.0%	
Government	Office	11%	1,362	1,419	1,476	1,533	1,590	1,647	1,705	1,762	1,819	1,136	5.0%	
Total Employment			41,039	42,033	43,027	44,021	45,016	46,010	47,004	47,998	48,992	20,915	2.8%	
Jobs per Household			0.65	0.66	0.67	0.68	0.69	0.70	0.71	0.72	0.72			

Economic & Planning Systems and Center for Strategic Economic Research, November 2010
 Data Source: CSER estimates based on SACOG 2035 MTP information

Both presented growth scenarios use the same population projection, summarized in Figure A-5. The population projections were derived based on a combination of current data from the California Department of Finance (DOF) and projections based on SACOG's 2035 MTP. The 2009 population estimates were derived based on DOF data. SACOG population projections for 2005, 2013, 2018, and 2035 were annualized, and the absolute growth anticipated on an annual basis was applied from 2009 through 2029.

It is important to note that both scenarios reflect mathematical calculations based on the stated assumptions about future conditions. The projections are developed simply to provide varying estimates of future growth potential and are not meant to incorporate judgments about the likelihood of the projection results or embedded assumptions.

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**FIGURE A-5
PROJECTED ELK GROVE POPULATION AND HOUSEHOLDS (2009-2020)**

<i>Item</i>	<i>Assumptions</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Population [1]		141,430	146,458	151,486	156,513	161,541	164,569	167,596	170,624	173,651	176,679	178,234	179,789
Distribution of Household Types	<i>Percent Distribution of Population Growth</i>												
Single Family Households													
Detached	70.0%	89.9%	89.5%	89.2%	88.8%	88.5%	88.1%	87.7%	87.4%	87.0%	86.6%	86.3%	85.9%
Small Lot/ Townhome	15.0%	2.7%	2.9%	3.1%	3.2%	3.4%	3.5%	3.7%	3.9%	4.0%	4.2%	4.4%	4.5%
Multifamily Household Percentage	15.0%	6.8%	7.0%	7.2%	7.4%	7.6%	7.8%	8.1%	8.3%	8.5%	8.7%	8.9%	9.1%
Other Household Type Percentage [2]	0.0%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Total Distribution of Household Types	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Number of Households	<i>Percent of Total Household Growth</i>												
Single Family Households													
Detached	64%	3.00	43,634	45,040	46,434	47,818	49,192	49,949	50,698	51,442	52,179	52,910	53,476
Small Lot/ Townhome	14%	2.90	1,327	1,457	1,592	1,733	1,881	2,009	2,141	2,277	2,416	2,559	2,810
Multifamily Households	22%	1.90	3,298	3,524	3,757	3,998	4,246	4,448	4,655	4,867	5,083	5,304	5,668
Other Household Types [2]	0%	1.50	273	279	285	290	295	296	298	299	299	300	298
Total Households	100%		48,532	50,299	52,068	53,840	55,614	56,703	57,793	58,884	59,978	61,073	62,249

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FIGURE A-5 (CONTINUED)
PROJECTED ELK GROVE POPULATION AND HOUSEHOLDS (2021-2029)

Item	Assumptions	2021	2022	2023	2024	2025	2026	2027	2028	2029	Projected Change (2009-2029)		
											Number	Avg. Annual Growth	
Total Population [1]		181,344	182,899	184,453	186,008	187,563	189,118	190,673	192,228	193,783	52,353	1.59%	
Distribution of Household Types	<i>Percent Distribution of Population Growth</i>												
Single Family Households													
Detached	70.0%	85.5%	85.2%	84.8%	84.5%	84.1%	83.7%	83.4%	83.0%	82.6%	-7.3%	-0.42%	
Small Lot/ Townhome	15.0%	4.7%	4.8%	5.0%	5.2%	5.3%	5.5%	5.6%	5.8%	6.0%	3.2%	3.98%	
Multifamily Household Percentage	15.0%	9.3%	9.5%	9.7%	9.9%	10.2%	10.4%	10.6%	10.8%	11.0%	4.2%	2.43%	
Other Household Type Percentage [2]	0.0%	0.5%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	-0.2%	-1.64%	
Total Distribution of Household Types	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.00%	
Number of Households	<i>Percent of Total Household Growth</i>	<i>Persons Per Household</i>											
Single Family Households													
Detached	64%	3.00	53,754	54,028	54,299	54,566	54,830	55,091	55,348	55,601	55,850	12,216	1.24%
Small Lot/ Townhome	14%	2.90	2,938	3,068	3,200	3,335	3,471	3,609	3,749	3,891	4,035	2,708	5.72%
Multifamily Households	22%	1.90	5,853	6,042	6,232	6,426	6,622	6,820	7,021	7,225	7,431	4,133	4.15%
Other Household Types [2]	0%	1.50	294	291	289	287	284	281	279	276	273	0	0.00%
Total Households	100%		62,839	63,429	64,021	64,613	65,207	65,801	66,396	66,993	67,589	19,057	1.67%

Economic & Planning Systems, November 2010

Data Source: EPS estimates based on CA Department of Finance and SACOG 2035 MTP information

[1] 2009 Population based on figures provided by CSER. SACOG absolute growth rate then applied on an annual basis.

[2] Other includes Mobile Homes, RVs, Vans, Boats, etc.

Land Supply and Demand

City of Elk Grove staff provided estimates of the vacant land use supply within the City based on a GIS evaluation of vacant parcels that could accommodate additional development given General Plan land use designations and allowable development densities. The City's land supply data did not account for the Southeast Policy Area (SEPA)—EPS utilized conceptual land use plan totals that were developed as part of the previously submitted Specific Plan application to account for this additional supply.

Demand for land uses was informed by the employment and population projections summarized above. Household growth provided the basis for residential and school land use demand. Figure A-5, on the previous page, summarizes the household growth projections derived from projected population growth. The total 2009 population was converted into total households based on the distribution of housing product types between single family, multifamily, and other housing products reported by DOF and assumptions regarding persons per household by housing product type. EPS then projected the total household and population growth by developing assumptions regarding the share of population growth each housing product type would comprise. These assumptions were developed based on a review of housing market trends and the distribution of housing product types observed in comparative areas. Because single-family residential development has comprised a larger share of residential housing product than is typical of comparative communities, EPS assumed that the share of single-family development would decline slightly over time, shifting to small lot and multi-family products.

APPENDIX A—RESEARCH METHODOLOGY

Demand for certain non-residential land use categories (office, industrial, and institutions) was based on empirical research apportioning employment growth by sector to various land use categories. Figure A-6 summarizes the distribution of land use demand by employees and industry. These data were based on the “Employment Density Study” released by the Southern California Association of Governments (SCAG) in October 2001. This study utilized SCAG land use data and various employment data sources (including Dun & Bradstreet, ABI, and the California Employment Development Department) to derive employee per acre factors and to assign those employment categories to 22 land use categories.

**FIGURE A-6
DISTRIBUTION OF LAND USE DEMAND BY EMPLOYEES AND INDUSTRY**

<i>Land Use Category</i>	<i>Mining</i>	<i>Construction</i>	<i>Manufacturing</i>	<i>TPU</i>	<i>Wholesale Trade</i>	<i>Retail Trade</i>	<i>FIRE</i>	<i>Services</i>	<i>Government</i>
Office Uses									
Low-Rise Office	10.1%	6.3%	4.8%	7.7%	8.8%	5.5%	19.4%	11.2%	11.0%
High-Rise Office	23.5%	2.2%	1.7%	3.1%	2.4%	1.6%	11.1%	4.9%	2.8%
Government Offices	0.3%	0.7%	0.7%	6.1%	0.2%	0.3%	0.7%	1.0%	25.4%
	33.9%	9.2%	7.2%	16.9%	11.4%	7.4%	31.2%	17.1%	39.2%
Industrial Uses									
R&D/Flex Space	0.7%	1.4%	2.1%	0.6%	1.9%	0.5%	0.6%	0.7%	0.3%
Light Manufacturing	13.3%	26.7%	50.3%	22.2%	36.9%	6.8%	4.9%	9.4%	5.6%
Misc. Industrial	5.8%	1.8%	1.4%	2.4%	1.5%	0.4%	0.4%	0.4%	0.5%
Heavy Manufacturing	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Warehouse	0.9%	1.0%	4.8%	4.8%	5.0%	0.8%	0.2%	0.5%	0.3%
	20.7%	30.9%	58.9%	30.0%	45.3%	8.5%	6.1%	11.0%	6.7%
Retail Uses									
Regional Retail	0.1%	0.1%	0.1%	0.2%	0.2%	4.0%	1.3%	0.5%	0.0%
Other Retail/Services	10.6%	13.8%	8.2%	14.4%	13.8%	49.2%	26.5%	22.3%	10.7%
Misc. Commercial	0.0%	0.7%	0.3%	1.6%	1.3%	0.6%	0.9%	1.2%	3.1%
Hotel/Motel	1.0%	0.3%	0.4%	2.3%	0.7%	1.2%	2.3%	1.5%	0.4%
	11.7%	14.9%	9.0%	18.5%	16.0%	55.0%	31.0%	25.5%	14.2%
Schools									
Primary/Secondary School	0.6%	0.6%	0.4%	0.3%	0.4%	0.6%	0.4%	4.3%	0.5%
Colleges & Universities	0.1%	0.1%	0.1%	0.1%	0.1%	0.3%	0.2%	1.3%	0.7%
	0.7%	0.7%	0.5%	0.4%	0.5%	0.9%	0.6%	5.6%	1.2%
Institutions									
Utilities	0.3%	0.5%	0.5%	0.8%	0.5%	0.3%	1.1%	0.3%	1.0%
Hospitals	0.0%	0.1%	0.1%	0.4%	0.1%	0.3%	0.5%	3.7%	0.3%
Other Institutional	0.5%	0.7%	0.4%	0.8%	0.5%	0.9%	1.4%	2.4%	7.0%
Transportation	0.7%	1.0%	1.6%	8.9%	1.3%	0.7%	0.3%	0.7%	0.8%
	1.5%	2.3%	2.6%	10.9%	2.4%	2.2%	3.3%	7.1%	9.1%
Other									
Agriculture	2.7%	1.2%	2.0%	0.8%	1.7%	0.7%	0.6%	1.0%	0.6%
Open Space	5.4%	5.9%	5.1%	5.3%	5.5%	5.2%	5.2%	6.1%	4.9%
All Other	9.1%	3.1%	4.0%	4.3%	3.4%	3.8%	4.4%	3.9%	11.4%
Subtotal Excluding Residential	17.2%	10.2%	11.1%	10.4%	10.6%	9.7%	10.2%	11.0%	16.9%
Residential	14.2%	31.6%	10.7%	12.8%	13.9%	16.0%	17.7%	22.8%	12.9%
	31.4%	41.8%	21.8%	23.2%	24.5%	25.7%	27.9%	33.8%	29.8%

Economic & Planning Systems, November 2010

Data Source: SCAG Employment Density Study 2001 by the Natelson Company

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To compute the estimated employment driven demand for space, for each scenario, EPS applied the total employment growth from 2009 through 2029 to the percentage distribution of employees using the subject category of space, derived from Figure A-6. This provided an estimate of the total growth in employees requiring additional space by land use category. The application of identified employment densities and FAR assumptions provided the total space demand in terms of net developable acreage. Model assumptions and inputs were calibrated through a review of historical employment data and space utilization. Figures A-7 through A-12 show the methodology applied for the applicable land use categories and both land use consumption scenarios.

FIGURE A-7
ESTIMATED OFFICE SPACE DEMAND 2009-2029 – SCENARIO 1
LOW LAND USE CONSUMPTION

<i>Industry</i>	<i>Estimated Total Employment Growth (2009-2029)</i>	<i>Percentage of Employees Using Office Commercial Space</i>	<i>Number of Employees Using Office Commercial Space</i>	<i>Estimated Gross Space Demand (2009-2029)</i>	
				<i>Sq. ft.</i>	<i>Acres [1]</i>
<i>Assumptions</i>				<i>300 sq. ft./employee</i>	<i>0.35 FAR</i>
Agriculture/Mining	0	33.9%	0	0	0.00
Construction	714	9.2%	66	19,718	1.29
Manufacturing	91	7.2%	7	1,967	0.13
TPU	97	16.9%	16	4,916	0.32
Wholesale Trade	197	11.4%	22	6,722	0.44
Retail Trade	2,431	7.4%	180	53,975	3.54
FIRE	2,213	31.2%	690	207,111	13.58
Services	7,864	17.1%	1,345	403,409	26.46
Government	0	39.2%	0	0	0.00
Total Adjusted Market Area (Rounded)	13,607	17.1%	2,326	697,818	45.77

Economic & Planning Systems, November 2010

Data Sources: SCAG, CSER and EPS.

[1] Reflects net developable acreage, with an FAR of 0.35.

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FIGURE A-8
ESTIMATED INDUSTRIAL SPACE DEMAND 2009-2029 – SCENARIO 1
LOW LAND USE CONSUMPTION

<i>Industry</i>	<i>Estimated Total Employment Growth (2009-2029)</i>	<i>Percentage of Employees Using Industrial Space</i>	<i>Number of Employees Using Industrial Space</i>	<i>Estimated Gross Space Demand (2009-2029)</i>	
				<i>Sq. ft.</i>	<i>Acres [1]</i>
<i>Assumptions</i>				<i>1,500 sq. ft./employee</i>	<i>0.30 FAR</i>
Agriculture/Mining	0	20.7%	0	0	0.00
Construction	714	30.9%	221	331,142	25.34
Manufacturing	91	58.9%	54	80,447	6.16
TPU	97	30.0%	29	43,637	3.34
Wholesale Trade	197	45.3%	89	133,565	10.22
Retail Trade	2,431	8.5%	207	309,990	23.72
FIRE	2,213	6.1%	134	201,136	15.39
Services	7,864	11.0%	865	1,297,513	99.29
Government	0	6.7%	0	0	0.00
Total Adjusted Market Area (Rounded)	13,607	11.7%	1,598	2,397,430	183.46

Economic & Planning Systems, November 2010

Data Sources: SCAG, CSER and EPS.

[1] Reflects net developable acreage, with an FAR of 0.30.

FIGURE A-9
ESTIMATED INSTITUTIONS SPACE DEMAND 2009-2029 – SCENARIO 1
LOW LAND USE CONSUMPTION

<i>Industry</i>	<i>Estimated Total Employment Growth (2009-2029)</i>	<i>Percentage of Employees Using Institution Space</i>	<i>Number of Employees Using Institution Space</i>	<i>Estimated Gross Space Demand (2009-2029)</i>	
				<i>Sq. ft.</i>	<i>Acres [1]</i>
<i>Assumptions</i>				<i>300 sq. ft./employee</i>	<i>0.30 FAR</i>
Agriculture/Mining	0	1.5%	0	0	0.00
Construction	714	2.3%	16	4,930	0.38
Manufacturing	91	2.6%	2	710	0.05
TPU	97	10.9%	11	3,171	0.24
Wholesale Trade	197	2.4%	5	1,415	0.11
Retail Trade	2,431	2.2%	53	16,047	1.23
FIRE	2,213	3.3%	73	21,906	1.68
Services	7,864	7.1%	558	167,497	12.82
Government	0	9.1%	0	0	0.00
Total Adjusted Market Area (Rounded)	13,607	5.3%	719	215,676	16.50

Economic & Planning Systems, November 2010

Data Sources: SCAG, CSER and EPS.

[1] Reflects net developable acreage, with an FAR of 0.30.

APPENDIX A—RESEARCH METHODOLOGY

**FIGURE A-10
ESTIMATED OFFICE SPACE DEMAND 2009-2029 – SCENARIO 2
HIGH LAND USE CONSUMPTION**

<i>Industry</i>	<i>Estimated Total Employment Growth (2009-2029)</i>	<i>Percentage of Employees Using Office Commercial Space</i>	<i>Number of Employees Using Office Commercial Space</i>	<i>Estimated Gross Space Demand (2009-2029)</i>	
				<i>Sq. ft.</i>	<i>Acres [1]</i>
<i>Assumptions</i>				<i>300 sq. ft./employee</i>	<i>0.35 FAR</i>
Agriculture/Mining	0	33.9%	0	0	0.00
Construction	1,050	9.2%	97	28,971	1.90
Manufacturing	169	7.2%	12	3,657	0.24
TPU	156	16.9%	26	7,893	0.52
Wholesale Trade	361	11.4%	41	12,362	0.81
Retail Trade	4,401	7.4%	326	97,713	6.41
FIRE	2,433	31.2%	759	227,720	14.94
Services	11,208	17.1%	1,917	574,988	37.71
Government	1,136	39.2%	445	133,601	8.76
Total Adjusted Market Area (Rounded)	20,915	17.3%	3,623	1,086,905	71.29

Economic & Planning Systems, November 2010

Data Sources: SCAG, SACOG and EPS.

[1] Reflects net developable acreage, with an FAR of 0.35.

**FIGURE A-11
ESTIMATED INDUSTRIAL SPACE DEMAND 2009-2029 – SCENARIO 2
HIGH LAND USE CONSUMPTION**

<i>Industry</i>	<i>Estimated Total Employment Growth (2009-2029)</i>	<i>Percentage of Employees Using Industrial Space</i>	<i>Number of Employees Using Industrial Space</i>	<i>Estimated Gross Space Demand (2009-2029)</i>	
				<i>Sq. ft.</i>	<i>Acres [1]</i>
<i>Assumptions</i>				<i>1,500 sq. ft./employee</i>	<i>0.30 FAR</i>
Agriculture/Mining	0	20.7%	0	0	0.00
Construction	1,050	30.9%	324	486,526	37.23
Manufacturing	169	58.9%	100	149,595	11.45
TPU	156	30.0%	47	70,053	5.36
Wholesale Trade	361	45.3%	164	245,610	18.79
Retail Trade	4,401	8.5%	374	561,189	42.94
FIRE	2,433	6.1%	147	221,151	16.92
Services	11,208	11.0%	1,233	1,849,377	141.52
Government	1,136	6.7%	76	114,175	8.74
Total Adjusted Market Area (Rounded)	20,915	11.8%	2,465	3,697,675	282.96

Economic & Planning Systems, November 2010

Data Sources: SCAG, SACOG and EPS.

[1] Reflects net developable acreage, with an FAR of 0.30.

APPENDIX A—RESEARCH METHODOLOGY

FIGURE A-12
ESTIMATED INSTITUTIONS SPACE DEMAND 2009-2029 – SCENARIO 2
HIGH LAND USE CONSUMPTION

<i>Industry</i>	<i>Estimated Total Employment Growth (2009-2029)</i>	<i>Percentage of Employees Using Institution Space</i>	<i>Number of Employees Using Institution Space</i>	<i>Estimated Gross Space Demand (2009-2029)</i>	
				<i>Sq. ft.</i>	<i>Acres [1]</i>
<i>Assumptions</i>				<i>300 sq. ft./employee</i>	<i>0.30 FAR</i>
Agriculture/Mining	0	1.5%	0	0	0.00
Construction	1,050	2.3%	24	7,243	0.55
Manufacturing	169	2.6%	4	1,321	0.10
TPU	156	10.9%	17	5,091	0.39
Wholesale Trade	361	2.4%	9	2,602	0.20
Retail Trade	4,401	2.2%	97	29,050	2.22
FIRE	2,433	3.3%	80	24,086	1.84
Services	11,208	7.1%	796	238,738	18.27
Government	1,136	9.1%	103	31,015	2.37
Total Adjusted Market Area (Rounded)	20,915	5.4%	1,130	339,144	25.95

Economic & Planning Systems, November 2010

Data Sources: SCAG, SACOG and EPS.

[1] Reflects net developable acreage, with an FAR of 0.30.

Appendix B—Market Study Steering Committee Roster

Jim Alves—Sacramento Municipal Utility District
Dennis Barksdale—Claybar Engineering
Jim Cline—Frontier Communications
John Costa—North State Building Industry Association
Steve Czarnecki—Elk Grove Economic Development Corporation
Leo Fassler—Community Member
John Ferguson—CT Waterman Park, LLC
Marcela Iglesias—DeVry University
Regina Lugani—County of Sacramento
Gregg Mason—Jackson Properties
Charlotte Mitchell—Sacramento County Farm Bureau
Tim Moran—Methodist Hospital of Sacramento
David O'Donnell—Niemi Capital Partners LLC
John Pappas—Pappas Investments
Angela Perry—Elk Grove Chamber of Commerce
Rob Pierce—Elk Grove Unified School District
Darren Suen—Residential Development
Jack Williams—Smog 'N Go
Ardie Zahedani—RCH Group

City of Elk Grove Representatives:

Taro Echiburu—Planning Director
Laura Gill—City Manager
Gerald Park—Senior Planner
Heather Ross—Economic Development Coordinator

**National Establishment
Time-Series (NETS) Database:
2008 Database Description**

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National Establishment Time-Series (NETS) Database

To develop a database that better described the *dynamics* of the U.S. economy, Walls & Associates teamed up with Dun and Bradstreet (D&B) to convert their archival establishment data into a *time-series database* of establishment information, the *National Establishment Time-Series (NETS) Database*. This was accomplished by taking *nineteen annual snapshots* of the full Duns Marketing Information (DMI) file that followed over 36.5 million establishments between 1990 and 2008. These snapshots actually used the DMI file to determine which establishments were active in January of each year in question. Other archival files (e.g., the Credit Rating file) were utilized to provide annual raw establishment data that allowed us to create time-series information (328 fields) in the following categories:

- Business name,¹ address and contact information (including officer, title, phone number, FIPS codes and longitude and latitude).
- Headquarters linkages (including the D-U-N-S Number of the topmost domestic firm in a "Family Tree" of companies, as well as the parent company and headquarters, the location of the establishment within the corporate hierarchy, and whether the ownership has changed 1990-present).
- Number of related² establishments in the same state.
- Years when business was active ("1989" is earliest year in Database and, currently, "2008" is the latest year) and year business started.
- Industry classification (primary SIC and up to five secondary SICs; whether the primary 3-digit SIC changed 1990-present).
- Type of establishment (Single location, headquarters, or branch; public or private; legal status: proprietorship, partnership, corporation or non-profit and "cottage" businesses).
- Employment at location and job growth relative to peers (3-digit SIC).
- Estimated annual sales³ at the establishment and its sales growth relative to peers.
- D&B credit ratings and PayDex Scores⁴ (January, minimum and maximum for previous year).
- Special indicators: foreign-owned,⁵ import/export,⁶ government contracts,⁷ minority-owned, women-owned, and gender of officer.

¹ Includes legal business name and, if different, trade name (usually more commonly known name).

² *Related establishments* include those who have the same Ultimate D-U-N-S Number (topmost domestic firm in a "Family Tree" of companies). We also track the number of

³ Sales are reported at the firm level; so a standalone establishment would generally report its sales. For other establishments, firm-level or, when unavailable, industry sales per employee are used to estimate the establishment sales. In many cases, there are no sales at the establishment because it is an intermediate production or distribution facility. However the estimated sales are reported to indicate the level of economic activity at that facility.

⁴ A 100 point indexing system that represents trade experiences reported to D&B, compares payment to terms of sale, and scores the overall manner of payment. The index is dollar-weighted by high credit. A PayDex Score of 80 indicates that, on average, the business pays its bills in a "Prompt" manner.

⁵ This code indicates whether a controlling interest of the outstanding stock in this business is held by a party or parties outside of the United States.

⁶ Indicator that shows whether the business imports, exports, does both, or neither.

⁷ Indicates whether or not this business has government contracts or grants.

- Relocation information (origin and destination of *significant moves*,⁸ employment and sales in move year, origin and destination latitude-longitudes, and whether the establishment moved more than once 1990-2007).

A full list of the *NETS Database* fields is included in the Appendix. Each Summer the *NETS Database* is updated with another year of establishment information. No establishments are ever deleted from the *Database*; but their “LastYear” is indicated, so one can explore the dynamics of “births” and “deaths” of establishments.⁹ Walls & Associates maintains the *NETS Database* and continues to update and improve estimates before the next annual update. Walls & Associates uses the *NETS Database* in the conduct of its own consulting business and licenses the *Database* to other researchers and analysts.

Copyright Protection: As close to February 28th as practical each year, Dun and Bradstreet assembles a snapshot of their archival establishment data for January of that year. The first such delivery was in July-December 2000. The Dun and Bradstreet data is proprietary to D&B and comprises: (1) works of original authorship, including compiled information containing the D&B’s selection, arrangement and coordination and expression of such information or pre-existing material it has created, gathered or assembled; (2) confidential and trade secret information; and (3) information that has been created, developed and maintained by D&B at its expense such that misappropriation or unauthorized use by others for commercial gain would harm D&B. The *NETS Database* is created from the D&B data by Walls & Associates from (1) works of original authorship, including computer programming; code; text; and other protectable expression; (2) confidential and trade secret information; and (3) information and works of authorship that have been created, developed and maintained by Walls & Associates at its expense such that misappropriation or unauthorized use by others for commercial gain would harm Walls & Associates. No user of the *NETS Database* shall commit, or knowingly assist any third party to commit any act or omission that would impair Walls & Associates or Dun and Bradstreet’s rights in the original data or the *NETS Database*.

⁸ A *significant move* is one in which *both* the establishment’s 5-digit ZIP Code and their physical address change between years. In addition, if the establishment “returns” to the same address in future snapshots, then the address change is assumed not to be a significant move (either because the changes were clerical or because the move was “temporary”).

⁹ While there is no legal requirement for establishments to report to Dun and Bradstreet, there is a financial incentive for those activities that wish to get lines-of-credit with suppliers or financial institutions. In addition, Dun and Bradstreet—even without the help of the establishment themselves—has independent sources of information that allow it to develop relatively complete business lists. Nonetheless, one has to examine the *NETS Database* with the understanding that, while consistently reported, some establishments may avoid detection.

Appendix

National Establishment Time-Series (NETS) Database Description

National Time-Series Establishment Database Description (Data Compiled Annually 1990-Current Year)

<u>Field Name</u>	<u>Data Type</u>	<u>Size</u>	<u>Description</u>
DunsNumber	Text	9	D-U-N-S® Establishment Number
Company	Text	50	Business Name
TradeName	Text	50	Trade Name
Address	Text	50	Street Address (Not available in NETS historical extracts) ¹⁰
City	Text	30	City Name
State	Text	2	State Postal Abbreviation
ZipCode	Text	5	5-Digit Postal ZIP Code
ZIP+4	Text	4	4-Digit ZIP Code Extension
Officer	Text	30	Officer (Not available in NETS historical extracts)
Title	Text	30	Officer Title (Not available in NETS historical extracts)
Area	Text	3	Telephone Area Code (Not available in NETS historical extracts)
Phone	Text	7	Telephone Number (Not available in NETS historical extracts)
Region	Text	50	Metropolitan Area
HQDuns	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported)
HQCompany	Text	50	Headquarters Business Name
HQTradeName	Text	50	Headquarters Trade Name
HQAddress	Text	50	Headquarters Street Address (Not available in NETS historical extracts)
HQCity	Text	30	Headquarters City Name
HQState	Text	2	Headquarters 2-digit Postal State Abbreviation
HQZipCode	Text	5	Headquarters 5-Digit Postal ZIP Code
HQZIP+4	Text	4	Headquarters 4-Digit ZIP Code Extension
HQOfficer	Text	30	Headquarters Officer (Not available in NETS historical extracts)
HQTitle	Text	30	Headquarters Officer Title (Not available in NETS historical extracts)
HQArea	Text	3	Headquarters Telephone Area Code (Not available in NETS historical extracts)
HQPhone	Text	7	Headquarters Telephone Number (Not available in NETS historical extracts)
Related	Integer	5	Number of Establishments with Same HQDuns in 2008 or LastYear
Kids	Integer	5	Number of Establishments with This Establishment as HQDuns in 2008 or LastYear
FipsMSA	Text	4	Establishment FIPS MSA Code
FipsCounty	Text	5	Establishment FIPS County Code
CityCode	Text	6	Dun & Bradstreet City Code
Latitude	Decimal (8,4)	8	Establishment Latitude
Longitude	Decimal (8,4)	8	Establishment Longitude
LevelCode	Text	1	Level at which latitude/longitude provided (D = Block Face, B = Block Group, T = Census Tract Centroid, Z = ZIP Code Centroid, N = Not Coded, S = Street Level)
EstCat	Text	15	Last Type of Location (Single Location, Headquarters, Branch, Division)

¹⁰ In order to keep research data as cost-effective as possible, contact information is not provided in historical extracts. It is, however, part of the NETS Database and available for all years for a 25% subscription surcharge if the client agrees to use the address information for "research purposes only".

APPENDIX C—NETS DATABASE STRUCTURE

Field Name	Data Type	Size	Description
Emp90	Long Integer	5	Establishment Employment at Location in 1990
EmpC90	Text	1	Employees Here Code 1990 (0 = Actual Figure, 1 = Bottom of Range, 2 = D&B Estimate, 3 = Walls Estimate)
Emp91	Long Integer	5	Establishment Employment at Location in 1991
EmpC91	Text	1	Employees Here Code 1991 (see EmpC90 for definitions)
Emp92	Long Integer	5	Establishment Employment at Location in 1992
EmpC92	Text	1	Employees Here Code 1992 (see EmpC90 for definitions)
Emp93	Long Integer	5	Establishment Employment at Location in 1993
EmpC93	Text	1	Employees Here Code 1993 (see EmpC90 for definitions)
Emp94	Long Integer	5	Establishment Employment at Location in 1994
EmpC94	Text	1	Employees Here Code 1994 (see EmpC90 for definitions)
Emp95	Long Integer	5	Establishment Employment at Location in 1995
EmpC95	Text	1	Employees Here Code 1995 (see EmpC90 for definitions)
Emp96	Long Integer	5	Establishment Employment at Location in 1996
EmpC96	Text	1	Employees Here Code 1996 (see EmpC90 for definitions)
Emp97	Long Integer	5	Establishment Employment at Location in 1997
EmpC97	Text	1	Employees Here Code 1997 (see EmpC90 for definitions)
Emp98	Long Integer	5	Establishment Employment at Location in 1998
EmpC98	Text	1	Employees Here Code 1998 (see EmpC90 for definitions)
Emp99	Long Integer	5	Establishment Employment at Location in 1999
EmpC99	Text	1	Employees Here Code 1999 (see EmpC90 for definitions)
Emp00	Long Integer	5	Establishment Employment at Location in 2000
EmpC00	Text	1	Employees Here Code 2000 (see EmpC90 for definitions)
Emp01	Long Integer	5	Establishment Employment at Location in 2001
EmpC01	Text	1	Employees Here Code 2001 (see EmpC90 for definitions)
Emp02	Long Integer	5	Establishment Employment at Location in 2002
EmpC02	Text	1	Employees Here Code 2002 (see EmpC90 for definitions)
Emp03	Long Integer	5	Establishment Employment at Location in 2003
EmpC03	Text	1	Employees Here Code 2003 (see EmpC90 for definitions)
Emp04	Long Integer	5	Establishment Employment at Location in 2004
EmpC04	Text	1	Employees Here Code 2004 (see EmpC90 for definitions)
Emp05	Long Integer	5	Establishment Employment at Location in 2005
EmpC05	Text	1	Employees Here Code 2005 (see EmpC90 for definitions)
Emp06	Long Integer	5	Establishment Employment at Location in 2006
EmpC06	Text	1	Employees Here Code 2006 (see EmpC90 for definitions)
Emp07	Long Integer	5	Establishment Employment at Location in 2007
EmpC07	Text	1	Employees Here Code 2007 (see EmpC90 for definitions)
Emp08	Long Integer	5	Establishment Employment at Location in 2008
EmpC08	Text	1	Employees Here Code 2008 (see EmpC90 for definitions)
EmpHere	Long Integer	5	Establishment Employment at Location (Last Year)
EmpHereC	Text	1	Employees Here (Last Year) Code (see EmpC90 for definitions)
SizeCat	Text	50	Employment Size Category (Last Year)
SIC2	Text	2	Last Primary Standard Industrial Classification (SIC) Code – 2-digits
SIC3	Text	3	Last Primary Standard Industrial Classification (SIC) Code – 3-digits
SIC4	Text	4	Last Primary Standard Industrial Classification (SIC) Code – 4-digits
SIC6	Text	6	Last Primary Standard Industrial Classification (SIC) Code – 6-digits
SIC8	Text	8	Last Primary Standard Industrial Classification (SIC) Code – 8-digits
SIC8_2	Text	8	Last Secondary Standard Industrial Classification (SIC) Code – 8-digits
SIC8_3	Text	8	Last Tertiary Standard Industrial Classification (SIC) Code – 8-digits
SICChange	Text	3	Change in 3-digit SIC between 1990-2008 (“Yes” Or “No”)
SIC90	Text	8	Primary Standard Industrial Classification (SIC) Code – 8-digits (1990)
SIC91	Text	8	Primary Standard Industrial Classification (SIC) Code – 8-digits (1991)

APPENDIX C—NETS DATABASE STRUCTURE

Field Name	Data Type	Size	Description
SIC92	Text	8	Primary Standard Industrial Classification (SIC) Code – 8-digits (1992)
SIC93	Text	8	Primary Standard Industrial Classification (SIC) Code – 8-digits (1993)
SIC94	Text	8	Primary Standard Industrial Classification (SIC) Code – 8-digits (1994)
SIC95	Text	8	Primary Standard Industrial Classification (SIC) Code – 8-digits (1995)
SIC96	Text	8	Primary Standard Industrial Classification (SIC) Code – 8-digits (1996)
SIC97	Text	8	Primary Standard Industrial Classification (SIC) Code – 8-digits (1997)
SIC98	Text	8	Primary Standard Industrial Classification (SIC) Code – 8-digits (1998)
SIC99	Text	8	Primary Standard Industrial Classification (SIC) Code – 8-digits (1999)
SIC00	Text	8	Primary Standard Industrial Classification (SIC) Code – 8-digits (2000)
SIC01	Text	8	Primary Standard Industrial Classification (SIC) Code – 8-digits (2001)
SIC02	Text	8	Primary Standard Industrial Classification (SIC) Code -- 8-digits (2002)
SIC03	Text	8	Primary Standard Industrial Classification (SIC) Code -- 8-digits (2003)
SIC04	Text	8	Primary Standard Industrial Classification (SIC) Code -- 8-digits (2004)
SIC05	Text	8	Primary Standard Industrial Classification (SIC) Code -- 8-digits (2005)
SIC06	Text	8	Primary Standard Industrial Classification (SIC) Code -- 8-digits (2006)
SIC07	Text	8	Primary Standard Industrial Classification (SIC) Code -- 8-digits (2007)
SIC08	Text	8	Primary Standard Industrial Classification (SIC) Code -- 8-digits (2008)
Industry	Text	70	Primary SIC Industry Name in Last Year
IndustryGroup	Text	50	Primary 3-digit SIC Industry Name in Last Year
HQDuns90	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 1990
HQDuns91	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 1991
HQDuns92	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 1992
HQDuns93	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 1993
HQDuns94	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 1994
HQDuns95	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 1995
HQDuns96	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 1996
HQDuns97	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 1997
HQDuns98	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 1998
HQDuns99	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 1999
HQDuns00	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 2000
HQDuns01	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 2001
HQDuns02	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 2002
HQDuns03	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 2003
HQDuns04	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 2004
HQDuns05	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 2005
HQDuns06	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 2006
HQDuns07	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 2007
HQDuns08	Text	9	Ultimate/Parent/HQ D-U-N-S® Number (highest reported) in 2008
HQDunsChange	Text	1	HQ Change Indicator (Yes = Headquarters changed 1990-2008, No = No change in headquarters)
FIPS90	Text	5	5-Digit Postal ZIP Code in January 1990
FIPS91	Text	5	5-Digit Postal ZIP Code in January 1991
FIPS92	Text	5	5-Digit Postal ZIP Code in January 1992
FIPS93	Text	5	5-Digit Postal ZIP Code in January 1993
FIPS94	Text	5	5-Digit Postal ZIP Code in January 1994
FIPS95	Text	5	5-Digit Postal ZIP Code in January 1995
FIPS96	Text	5	5-Digit Postal ZIP Code in January 1996
FIPS97	Text	5	5-Digit Postal ZIP Code in January 1997
FIPS98	Text	5	5-Digit Postal ZIP Code in January 1998

APPENDIX C—NETS DATABASE STRUCTURE

Field Name	Data Type	Size	Description
FIPS99	Text	5	5-Digit Postal ZIP Code in January 1999
FIPS00	Text	5	5-Digit Postal ZIP Code in January 2000
FIPS01	Text	5	5-Digit Postal ZIP Code in January 2001
FIPS02	Text	5	5-Digit Postal ZIP Code in January 2002
FIPS03	Text	5	5-Digit Postal ZIP Code in January 2003
FIPS04	Text	5	5-Digit Postal ZIP Code in January 2004
FIPS05	Text	5	5-Digit Postal ZIP Code in January 2005
FIPS06	Text	5	5-Digit Postal ZIP Code in January 2006
FIPS07	Text	5	5-Digit Postal ZIP Code in January 2007
FIPS08	Text	5	5-Digit Postal ZIP Code in January 2008
FipsChange	Text	3	Yes = County changed 1990-2008, No = No change in county
OutofBis	Text	4	Year of Out-of-Business Indicator (may be estimated)
YearStart	Text	4	Year Start Reported by Establishment
PayDexMin90	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '89 - Jan '90 ¹¹
PayDexMax90	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '89 - Jan '90
PayDexMin91	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '90 - Jan '91
PayDexMax91	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '90 - Jan '91
PayDexMin92	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '91 - Jan '92
PayDexMax92	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '91 - Jan '92
PayDexMin93	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '92 - Jan '93
PayDexMax93	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '92 - Jan '93
PayDexMin94	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '93 - Jan '94
PayDexMax94	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '93 - Jan '94
PayDexMin95	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '94 - Jan '95
PayDexMax95	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '94 - Jan '95
PayDexMin96	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '95 - Jan '96
PayDexMax96	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '95 - Jan '96
PayDexMin97	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '96 - Jan '97
PayDexMax97	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '96 - Jan '97
PayDexMin98	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '97 - Jan '98
PayDexMax98	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '97 - Jan '98
PayDexMin99	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '98 - Jan '99
PayDexMax99	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '98 - Jan '99
PayDexMin00	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '99 - Jan '00
PayDexMax00	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '99 - Jan '00
PayDexMin01	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '00 - Jan '01
PayDexMax01	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '00 - Jan '01
PayDexMin02	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '01 - Jan '02
PayDexMax02	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '01 - Jan '02
PayDexMin03	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '02 - Jan '03
PayDexMax03	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '02 - Jan '03
PayDexMin04	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '03 - Jan '04
PayDexMax04	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '03 - Jan '04
PayDexMin05	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '04 - Jan '05
PayDexMax05	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '04 - Jan '05
PayDexMin06	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '05 - Jan '06
PayDexMax06	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '05 - Jan '06
PayDexMin07	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '06 - Jan '07
PayDexMax07	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '06 - Jan '07
PayDexMin08	Text	3	Minimum Dun & Bradstreet PayDex Score for Jan '07 - Jan '08
PayDexMax08	Text	3	Maximum Dun & Bradstreet PayDex Score for Jan '07 - Jan '08

¹¹ See <http://smallbusiness.dnb.com/glossary.asp> for more information on PayDex Scores and D&B Ratings.

APPENDIX C—NETS DATABASE STRUCTURE

Field Name	Data Type	Size	Description
D&Brating90	Text	3	Dun & Bradstreet Rating in 1990
D&Brating91	Text	3	Dun & Bradstreet Rating in 1991
D&Brating92	Text	3	Dun & Bradstreet Rating in 1992
D&Brating93	Text	3	Dun & Bradstreet Rating in 1993
D&Brating94	Text	3	Dun & Bradstreet Rating in 1994
D&Brating95	Text	3	Dun & Bradstreet Rating in 1995
D&Brating96	Text	3	Dun & Bradstreet Rating in 1996
D&Brating97	Text	3	Dun & Bradstreet Rating in 1997
D&Brating98	Text	3	Dun & Bradstreet Rating in 1998
D&Brating99	Text	3	Dun & Bradstreet Rating in 1999
D&Brating00	Text	3	Dun & Bradstreet Rating in 2000
D&Brating01	Text	3	Dun & Bradstreet Rating in 2001
D&Brating02	Text	3	Dun & Bradstreet Rating in 2002
D&Brating03	Text	3	Dun & Bradstreet Rating in 2003
D&Brating04	Text	3	Dun & Bradstreet Rating in 2004
D&Brating05	Text	3	Dun & Bradstreet Rating in 2005
D&Brating06	Text	3	Dun & Bradstreet Rating in 2006
D&Brating07	Text	3	Dun & Bradstreet Rating in 2007
D&Brating08	Text	3	Dun & Bradstreet Rating in 2008
Sales90	Currency	12	Establishment Sales 1990 (\$)
SalesC90	Text	1	Establishment Sales Code 1990 (0 = Actual, 1 = Bottom of Range, 2 = D&B Estimate, 3 = Walls Estimate)
Sales91	Currency	12	Establishment Sales 1991 (\$)
SalesC91	Text	1	Establishment Sales Code 1991 (See SalesC90 for Definitions)
Sales92	Currency	12	Establishment Sales 1992 (\$)
SalesC92	Text	1	Establishment Sales Code 1992 (See SalesC90 for Definitions)
Sales93	Currency	12	Establishment Sales 1993 (\$)
SalesC94	Text	1	Establishment Sales Code 1993 (See SalesC90 for Definitions)
Sales94	Currency	12	Establishment Sales 1994 (\$)
SalesC94	Text	1	Establishment Sales Code 1994 (See SalesC90 for Definitions)
Sales95	Currency	12	Establishment Sales 1995 (\$)
SalesC95	Text	1	Establishment Sales Code 1995 (See SalesC90 for Definitions)
Sales96	Currency	12	Establishment Sales 1996 (\$)
SalesC96	Text	1	Establishment Sales Code 1996 (See SalesC90 for Definitions)
Sales97	Currency	12	Establishment Sales 1997 (\$)
SalesC97	Text	1	Establishment Sales Code 1997 (See SalesC90 for Definitions)
Sales98	Currency	12	Establishment Sales 1998 (\$)
SalesC98	Text	1	Establishment Sales Code 1998 (See SalesC90 for Definitions)
Sales99	Currency	12	Establishment Sales 1999 (\$)
SalesC99	Text	1	Establishment Sales Code 1999 (See SalesC90 for Definitions)
Sales00	Currency	12	Establishment Sales 2000 (\$)
SalesC00	Text	1	Establishment Sales Code 2000 (See SalesC90 for Definitions)
Sales01	Currency	12	Establishment Sales 2001 (\$)
SalesC01	Text	1	Establishment Sales Code 2001 (See SalesC90 for Definitions)
Sales02	Currency	12	Establishment Sales 2002 (\$)
SalesC02	Text	1	Establishment Sales Code 2002 (See SalesC90 for Definitions)
Sales03	Currency	12	Establishment Sales 2003 (\$)
SalesC03	Text	1	Establishment Sales Code 2003 (See SalesC90 for Definitions)
Sales04	Currency	12	Establishment Sales 2004 (\$)
SalesC04	Text	1	Establishment Sales Code 2004 (See SalesC90 for Definitions)

APPENDIX C—NETS DATABASE STRUCTURE

Field Name	Data Type	Size	Description
Sales05	Currency	12	Establishment Sales 2005 (\$)
SalesC05	Text	1	Establishment Sales Code 2005 (See SalesC90 for Definitions)
Sales06	Currency	12	Establishment Sales 2006 (\$)
SalesC06	Text	1	Establishment Sales Code 2006 (See SalesC90 for Definitions)
Sales07	Currency	12	Establishment Sales 2007 (\$)
SalesC07	Text	1	Establishment Sales Code 2007 (See SalesC90 for Definitions)
Sales08	Currency	12	Establishment Sales 2008 (\$)
SalesC08	Text	1	Establishment Sales Code 2008 (See SalesC90 for Definitions)
SalesHere	Currency	12	Establishment Sales (Last Year, \$)
SalesHereC	Text	1	Establishment Sales (Last Year) Code (See SalesC90 for Definitions)
SalesGrowth	Integer	1	Quartile of Last 3-yr Sales Growth (1=fastest growth, 4=slowest, 2=middle 50%)
SalesGrowthPeer	Integer	1	Quartile of Last 3-yr Sales Growth Relative to 3-digit SIC Peers (1=fastest growth, 4=slowest, 2=middle 50%)
MoveYears	Text	35	Year(s) of Establishment Move(s)
LastMove	Text	4	Year of Last Move
MoveSIC4	Text	4	Primary Standard Industrial Classification (SIC) Code -- 4-digits (in Move Year)
OriginCity	Text	50	Origin City Name
OriginState	Text	2	Origin State Abbreviation
OriginZIP	Text	5	Origin 5-Digit Postal ZIP Code
DestinationCity	Text	50	Destination City Name
DestinationState	Text	2	Destination State Abbreviation
DestinationZIP	Text	5	Destination 5-Digit Postal ZIP Code
MoveEmp	Long Integer	5	Establishment Employment (Here) in Move Year
EmpC	Text	1	Employees Here Code in Move Year (0 = Actual Figure, 1 = Bottom of Range, 2 = D&B Estimate, 3 = Walls Estimate)
MoveSales	Currency	12	Establishment Sales Estimate in Move Year (\$)
MoveSalesC	Text	1	Establishment Sales Code in Move Year (See EmpC for Definitions)
PubPriv	Text	1	Public/Private Indicator-Last (Y = Public, N = Private or Government)
LegalStat	Text	1	Legal Status-Last (G = Proprietorship, H = Partnership, I = Corporation, J = Non-Profit, Blank = NA)
ForeignOwn	Text	1	Foreign Owned-Last (1991 & after: Y = Yes, Space = No)
ImpExpInd	Text	1	Import/Export Indicator-Last (B = Both, E = Export, I = Import, Space = Neither)
GovtContra	Text	1	Government Contracts/Grants Indicator-Last (1998 & after: Y=Yes, N= No)
Minority	Text	1	Minority Owned Indicator-Last (1991 & after: Y = Minority Owned, N = Not Minority Owned)
GenderCEO	Text	1	Gender of executive in record-Last (2000 & after: M = Male, F = Female, B = Either, Blank = Unknown)
WomenOwned	Text	1	Controlling interest in firm held by woman-Last (1998 & after: Y = Yes, N = No)
Relocate	Text	1	Move Indicator (0=Never, 1=At least Once 1990-2002, 2=At least Once 2003-05, or 3=Moved in 2006-07)
MoveOften	Text	1	Moved More Than Once 1990-2007 (Y=Yes, N= No)
Cottage	Text	1	Cottage Indicator-Last (2001 & after: C = Yes) Indicates private business in residence with less than 3 employees and <u>not</u> in SICs 40, 43-46, 60, 84, 86 or 91-97.

APPENDIX C—NETS DATABASE STRUCTURE

<u>Field Name</u>	<u>Data Type</u>	<u>Size</u>	<u>Description</u>
FirstYear	Text	4	First Year Establishment Was Active (1989=Existed BEFORE 1990)
LastYear	Text	4	Last Year Establishment Was Active (2008 = Present)
Address_First	Text	50	Street Address in First Year (Not available in NETS historical extracts)
City_First	Text	30	City Name in First Year (Upper & lower case)
State_First	Text	2	State Postal Abbreviation in First Year
ZipCode_First	Text	5	5-Digit Postal ZIP Code in First Year
FipsMSA_First	Text	4	Establishment FIPS MSA Code in First Year
FipsCounty_First	Text	5	Establishment FIPS County Code in First Year
CityCode_First	Text	6	Dun & Bradstreet City Code in First Year
<u>North American Industry Classification Sytem (NAICS) Translation</u>			
DunsNumber	Text	9	D-U-N-S® Establishment Number
NAICS90	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (1990)
NAICS91	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (1991)
NAICS92	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (1992)
NAICS93	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (1993)
NAICS94	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (1994)
NAICS95	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (1995)
NAICS96	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (1996)
NAICS97	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (1997)
NAICS98	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (1998)
NAICS99	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (1999)
NAICS00	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (2000)
NAICS01	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (2001)
NAICS02	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (2002)
NAICS03	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (2003)
NAICS04	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (2004)
NAICS05	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (2005)
NAICS06	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (2006)
NAICS07	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (2007)
NAICS08	Text	6	Primary Industrial Classification (NAISC) Code – 6-digits (2008)

**National Establishment Year-of-Move Database
(Data Compiled Annually 1990-2007)¹²**

Field Name	Data Type	Size	Description
DunsNumber	Text	9	D-U-N-S® Establishment Number (Movers Only)
MoveYear	Text	4	Year of Move
Company	Text	50	Business Name
TradeName	Text	50	Trade Name
MoveSIC	Text	4	Primary Standard Industrial Classification (SIC) Code -- 8-digits (in Move Year)
OriginAddress	Text	50	Origin Street Address (Not available in NETS historical extracts) ¹³
OriginCity	Text	30	Origin City Name
OriginState	Text	2	Origin State 2-digit Postal Abbreviation
OriginZip	Text	5	Origin 5-Digit Postal ZIP Code
OriginFIPSCounty	Text	5	Origin County FIPS Code
OriginCounty	Text	50	Origin County Name
DestAddress	Text	50	Destination Street Address (Not available in NETS historical extracts)
DestCity	Text	30	Destination City Name
DestState	Text	2	Destination State 2-digit Postal Abbreviation
DestZIP	Text	5	Destination 5-Digit Postal ZIP Code
DestFIPSCounty	Text	5	Destination County FIPS Code
DestCounty	Text	50	Destination County Name
MoveEmp	Long Integer	5	Establishment Employment (Here) in Move Year
EmpC	Text	1	Employees Here Code in Move Year (0 = Actual Figure, 1 = Bottom of Range, 2 = D&B Estimate, 3 = Walls Estimate)
MoveSales	Currency	12	Establishment Sales Estimate in Move Year
MoveSalesC	Text	1	Establishment Sales Code in Move Year (0 = Actual, 1 = Bottom of Range, 2 = D&B Estimate, 3 = Walls Estimate)
MoveOften	Text	3	Moved More Than Once 1990-2007 ("Yes" or "No")
Active	Text	3	Establishment Status in 2008 ("Yes" = In business, "No" = out-of-business)
SizeCat	Text	10	Employment Size Category in Move Year
EstCat	Text	15	Last Type of Location (Single Location, Headquarters, Branch, Division)
OriginLatitude	Decimal (8,4)	8	Latitude of Move Origin
OriginLongitude	Decimal (8,4)	8	Longitude of Move Origin
OriginLevelCode	Text	1	Level at which origin latitude/longitude provided (D = Block Face, B = Block Group, T = Census Tract Centroid, Z = ZIP Code Centroid, N = Not Coded, S = Street Level)
DestLatitude	Decimal (8,4)	8	Latitude of Move Destination
DestLongitude	Decimal (8,4)	8	Longitude of Move Destination
DestLevelCode	Text	1	Level at which destination latitude/longitude provided (D = Block Face, B = Block Group, T = Census Tract Centroid, Z = ZIP Code Centroid, N = Not Coded, S = Street Level)

¹² Note: The Year-of-Move Database always has one less year than the National Establishment Database because we only know about relocation when we can *compare* one year to the next to determine if the establishment's address has changed. Since we are looking at January data, we presume that the move occurred in the previous year.

¹³ Street address information is not provided in historical extracts. It is, however, part of the NETS Database and available for a 25% subscription surcharge if the client agrees to use the address information for "research purposes only".

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The Economics of Land Use



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