



City of Vallejo Economic Development Division

Interview Findings

Site Selectors & Vallejo Business Leaders

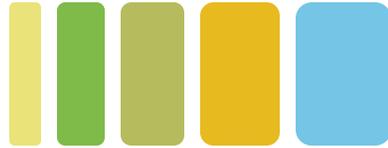




Identifying Economic Development Opportunities and Problems

Methods employed to assess Vallejo's economic development opportunities and problems:

- Interviews with local businesses and organizations (20+ interviews)
- Interviews with Bay Area regional economic development organizations (ABAG, BAC)
- Interviews with professional site-selectors and corporate real estate professionals outside of Vallejo (46 respondents to online survey)
- Observations of the consulting team
- Input from city staff



Identifying Economic Development Opportunities and Problems

Findings from Site-Selector Survey



Site Selector Survey Findings

National Survey of Professional Site Selectors and Corporate Real Estate Professionals

- Purposes of the survey is to measure attitudes toward:
 - Vallejo's business-friendliness
 - How Vallejo is currently positioned in the market
 - The value site selectors place on investment decision criteria
 - Vallejo's strengths and weaknesses.
- 46 professionals completed the survey.



Site Selector Survey Findings

Profile of 46 Professional Site Selection Consultants Participating in the Online Survey

Familiarity with Vallejo

- 20.9% of respondents have visited or lived in Vallejo.
- 60.5% of respondents have heard of Vallejo but not very familiar.
- 18.6% of respondents have never heard of Vallejo

Experience in California

- 76.3% of respondents have worked on site selection projects that considered sites in California in the last three years.

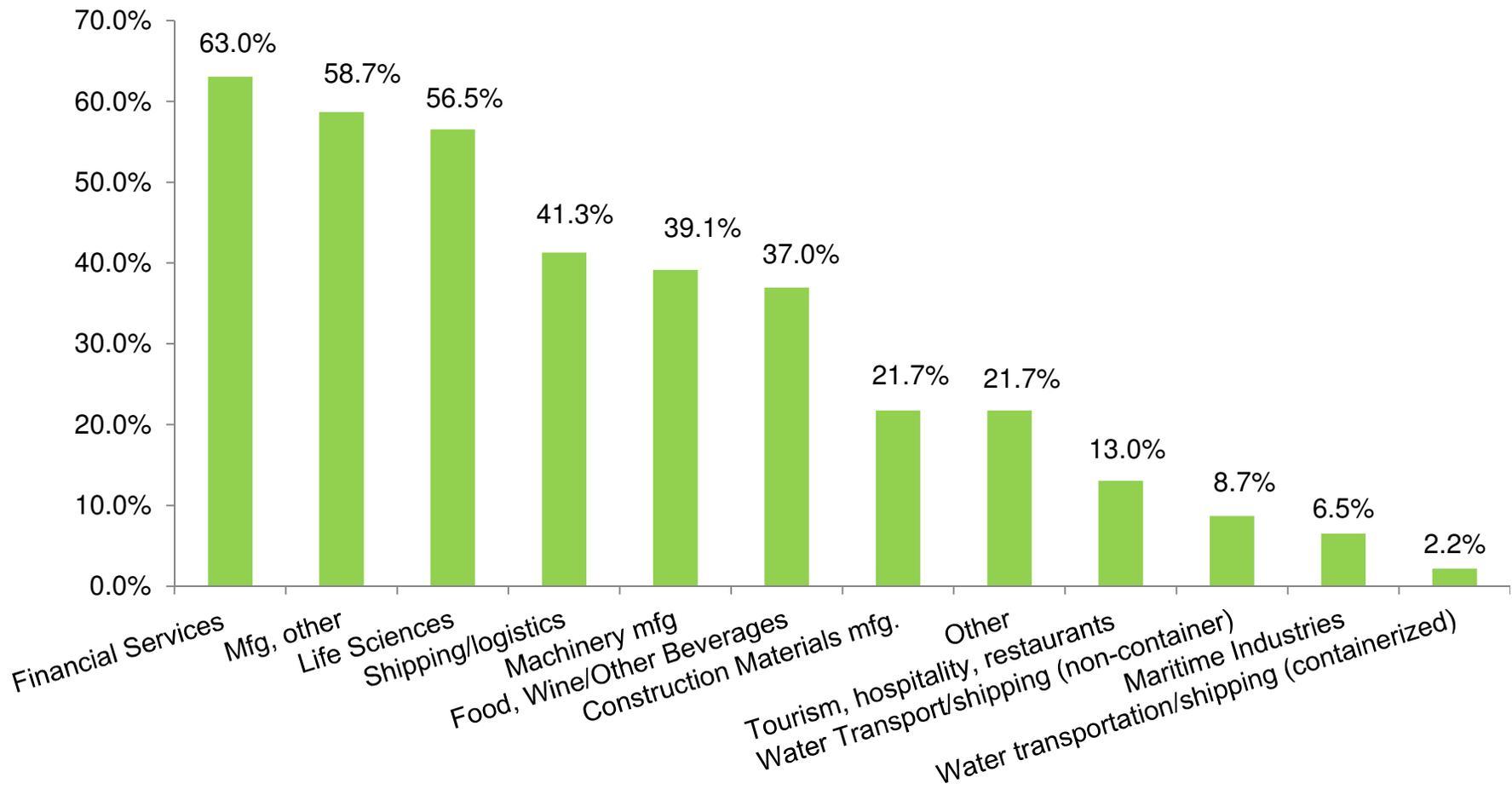
Familiarity with Vallejo's Business Climate

- 49% of respondents "don't know" or are unfamiliar with Vallejo's business climate.



Site Selector Survey Findings

Leading Industries for Site Selectors - Projects Conducted Over Last Three Years

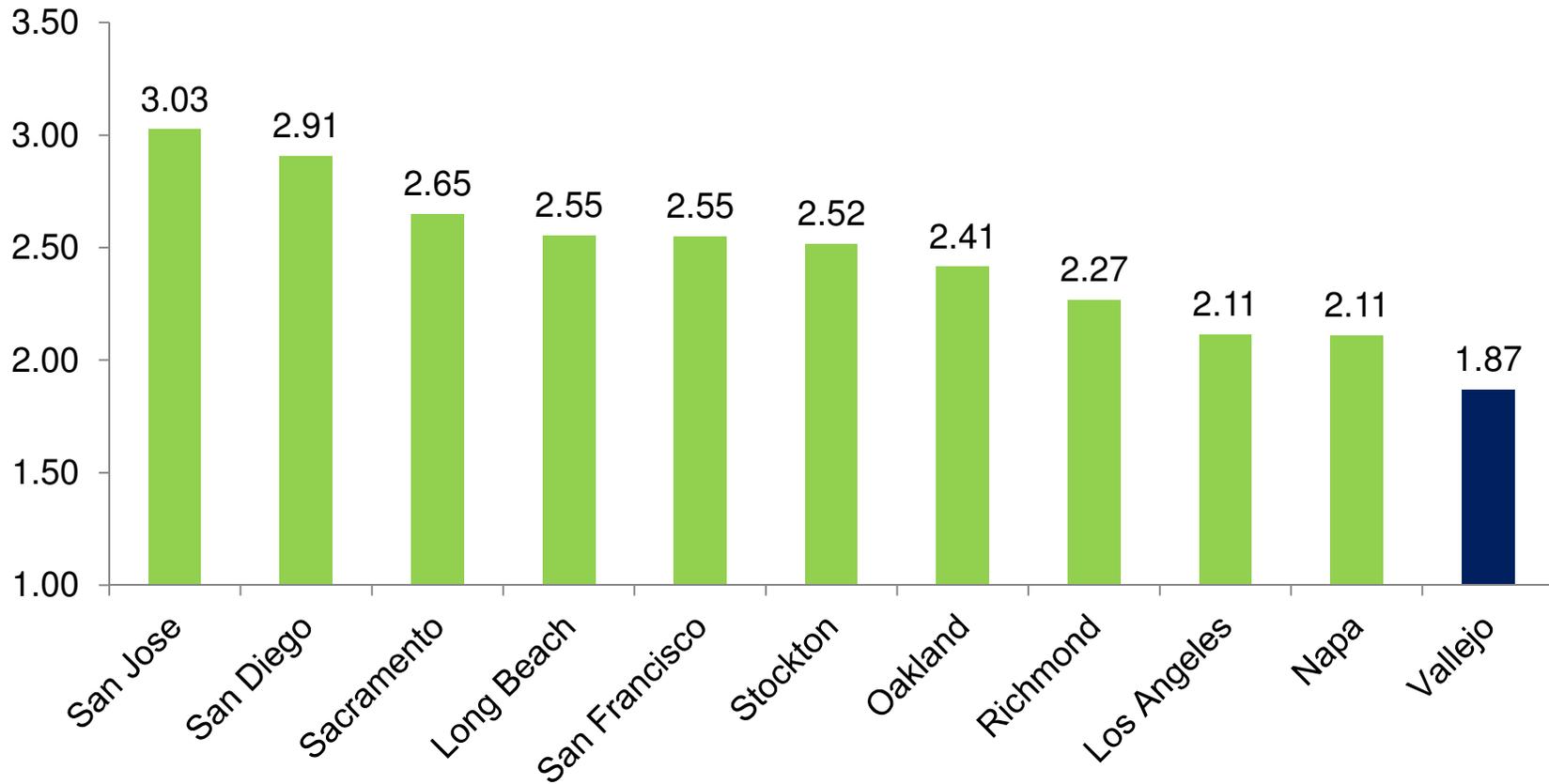




Site Selector Survey Findings

Rating the Perceived Business Climate of Vallejo and Competitor Cities

Ranked on a scale from 5 (excellent) to 1 (poor)





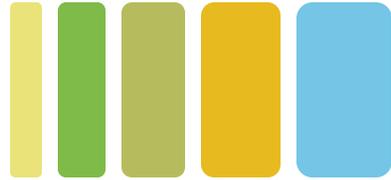
Site Selector Survey Findings: Strengths

What do you see as California's business strengths?

46 survey participants offered up to 3 responses; most common responses include:

50.0%	Workforce/labor supply
34.8%	Location/accessibility
28.3%	Climate/weather
26.1%	Ports
21.7%	Technology cluster/base
19.6%	Market/population size
13.0%	Access to Asian markets/Pacific rim

Others Mentioned: venture capital availability; transportation infrastructure; colleges and universities; quality of life



Site Selector Survey Findings: Weaknesses

What do you see as California's business weaknesses?

46 survey participants offered up to 3 responses; most common responses include:

- 71.7% Overall cost of doing business
- 71.7% Overall business climate and regulation
- 52.2% Taxes
- 21.7% Government and fiscal instability
- 15.2% Lack of incentives

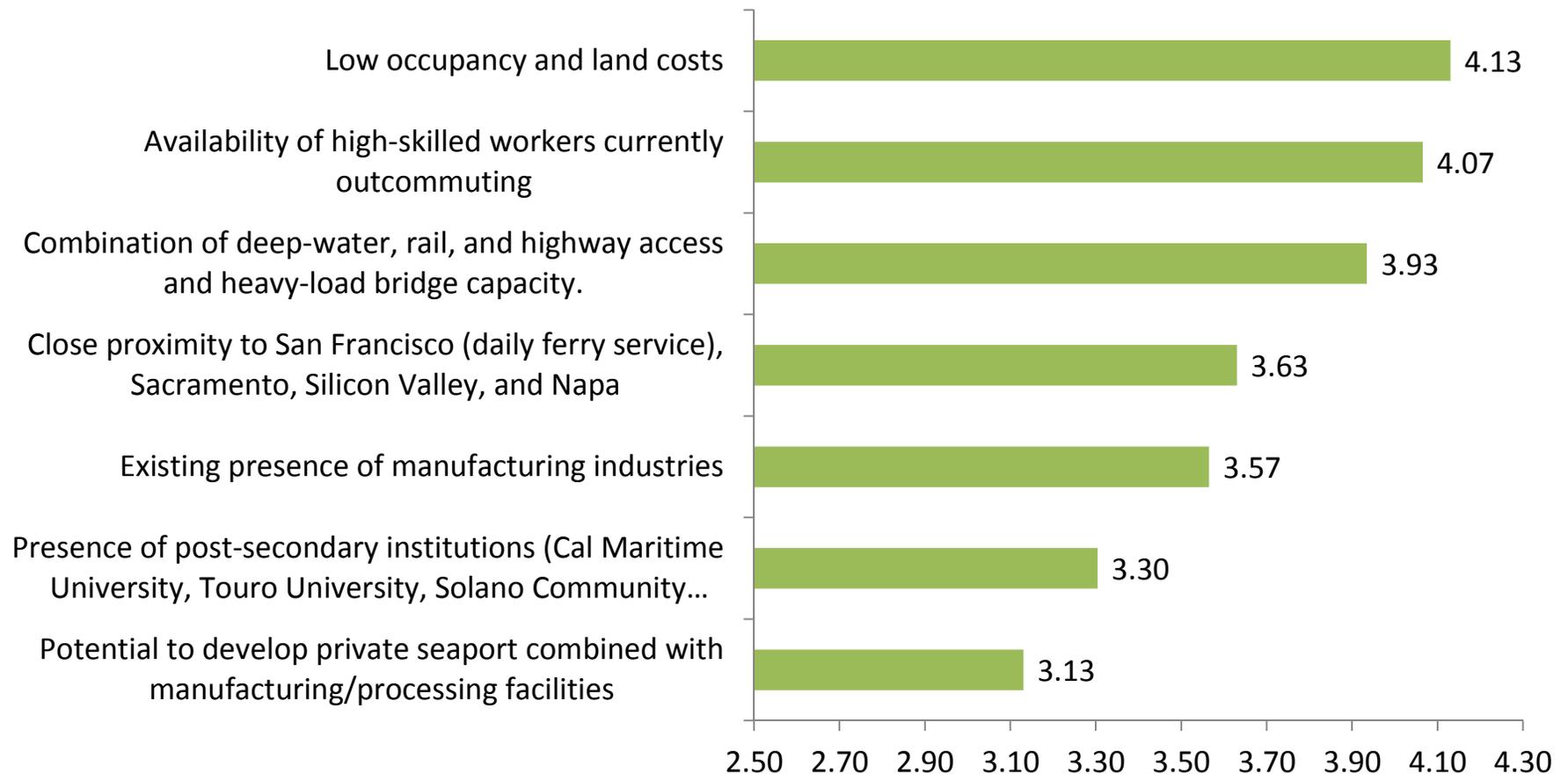
Others Mentioned: congestion, earthquakes, time zone



Site Selector Survey Findings

Ranking of Vallejo's Business Assets

Ranked by mean score on a scale of 1 ("not important") to 5 ("very important")





Site Selector Survey Findings: Weaknesses

Words and Phrases Associated with Vallejo:

46 survey participants offered up to 3 response; most common responses include:

26.1%	Bay Area
15.2%	Bankruptcy
13.0%	Expensive
6.5%	Crime/Dangerous
6.5%	Wine

- Others Mentioned: agriculture; attractive; BART; California; colleges and universities; lower income; Napa; Naval base; port; small
- The most prevalent recent news recalled by respondents involved the city declaring bankruptcy.



Site Selector Survey Findings

Importance of Factors in Selecting a Location

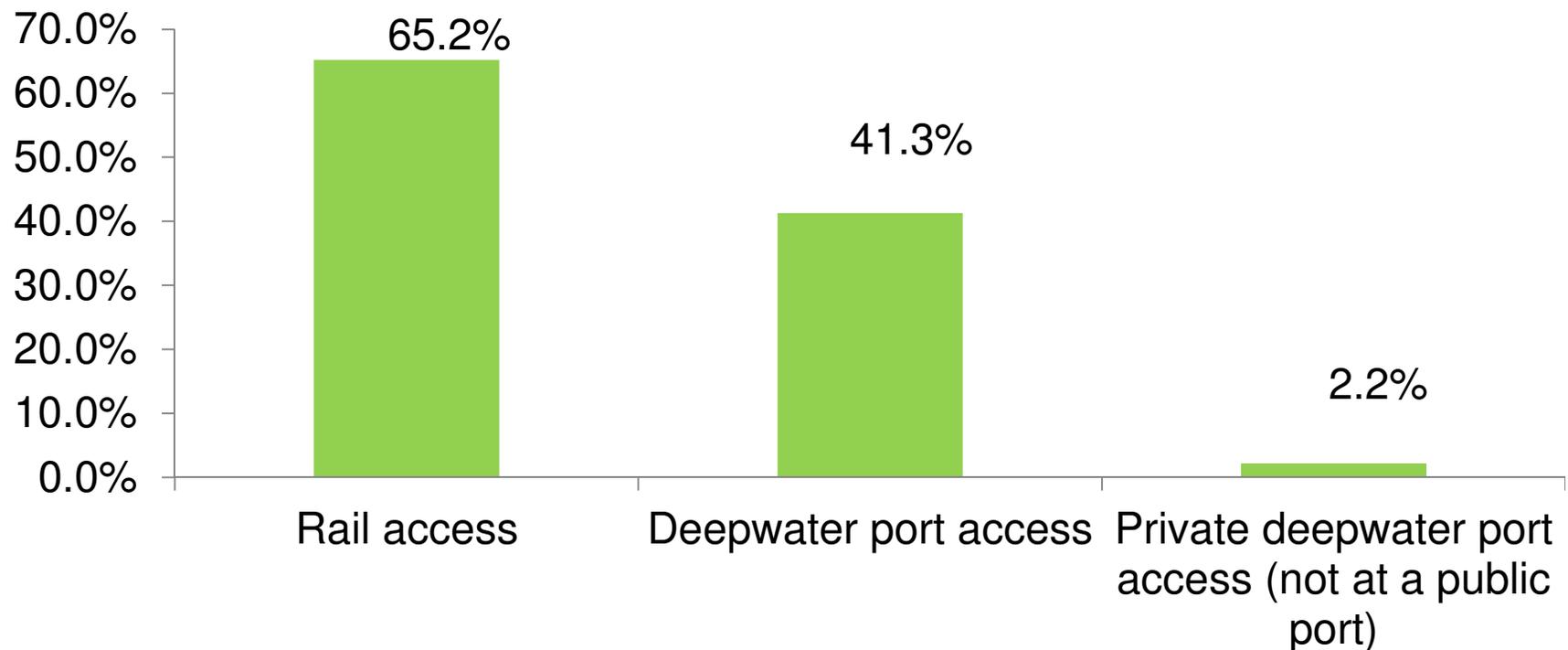
Rank	Factor	Average Score
1.	Availability of skilled labor	4.61
2.	Business-friendly government	4.52
3.	Overall operating costs	4.41
4.	Favorable state & local tax policy/rates	4.35
5.	Competitive incentives/tax exemptions	4.28
6.	Competitive labor costs	4.26
7.	Availability of transportation infrastructure for goods movement/shipping	4.11
8.	Financial health of city, county or state	3.93
9.	Cost-effective and efficient transportation systems	3.74
10.	Occupancy and/or construction costs	3.63
11.	Proximity to customers	3.51
12.	Proximity to suppliers	3.51
13.	Quality of post-secondary educational systems	3.33
14.	Availability of worker training programs	3.22
15.	Quality of K-12 educational systems	3.15
16.	Crime rate/public safety	3.13
17.	Presence of research universities	3.07
18.	Proximity to funding sources/financial markets	2.78



Site Selector Survey Findings

Requirements- Projects Conducted Over Last Three Years

- Rail and deepwater port access are important, but private port is a niche market.





Site Selector Survey Findings

Summary of Findings: Vallejo's Strategic Positioning for Top Investment Criteria

Criteria	Is it a strength or weakness for Vallejo?	Are perceptions aligned with reality?
1. Availability of skilled labor	Strength	No.
2. Business friendliness of government	Weakness	Yes.
3. Overall operating costs	Strength	No.
4. Favorable local tax policy and rates	Neutral	Unknown
5. Competitive incentives/ tax exemptions	Weakness	Yes.
6. Labor costs	Strength	No.
7. Availability of transportation infrastructure for goods movement/shipping	Strength	No.

- Investors are aware of Vallejo's weaknesses.
- Their perceptions of Vallejo's weaknesses are aligned with reality.
- Vallejo is not known for its strengths.



Site Selector Survey Findings

Identity with the Business Community is Mixed

- Nearly 80% of respondents have either never heard of Vallejo or have heard of the city, but are not very familiar with it.
- Vallejo's business proposition is not well known among the site selection community with roughly 50% of respondents unfamiliar with city's business climate.
- Positive Bay Area location associated with city, but negative effects of media's coverage of bankruptcy still linger.
- More than 25% associate Bay Area location with Vallejo.
- The most recent news respondents can recall about Vallejo revolves around the city's recent bankruptcy, likely due to prominent coverage in WSJ article



Site Selector Survey Findings

Competition is Tough

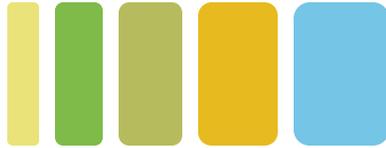
- For companies looking for a location in California, Vallejo is not rated as highly as other locations across the state.
- Because Vallejo does not have a strong identity, site selectors are likely influenced by their overall, sometimes negative, perceptions of California.
 - High cost of doing business
 - Overall business climate and regulations
 - Taxes



Site Selector Survey Findings

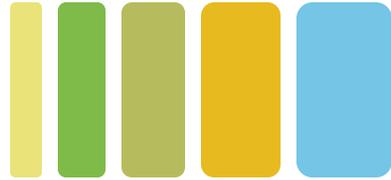
Vallejo's Strengths are Clear

- Vallejo has two of the top three highest rated factors influencing site selection decisions:
 - Skilled labor availability
 - Low occupancy and land costs which contribute to low overall operating costs
- For a company targeting California, Vallejo can be a strong competitor.
- Opportunity lies in elevating profile and altering negative perceptions of the city by location advisors.



Identifying Economic Development Opportunities and Problems

Findings from
Local Interviews



Interview Findings: Vallejo's Strengths

What do you see as Vallejo's greatest advantages and opportunities?

Vallejo Strengths: Top Mentions Out of 22 Interviews

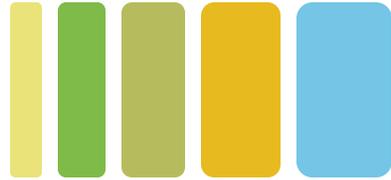
Mentions	Advantage / Strength / Opportunity
15	Ideal location – Access to SF Bay Area market, easy travel via 6 highways, proximity to Napa, Sacramento
10	Low costs of doing business – Affordable Real Estate and other low factor costs (vs. high costs elsewhere nearby)
8	Best Bay Area weather; natural beauty
7	Commuter ferry access
6	Assets on Mare Island: Available land, rail and deepwater access; extensive waterfront; heavy-load bridge
5	Higher education: Touro, Cal Maritime, Solano CC, Sonoma State – and located between UC Davis and Berkley
5	Tourism Assets: Vallejo's heritage/history, presence of Six Flags, the "Gateway to Napa," golf courses, downtown's Arts and Entertainment District
5	Workforce – Easy to find/attract talent; highly skilled
3	Opportunities often arise for new investment / Expressions of interest.
3	Mare Island's shipping opportunity, proximity to ports of Oakland, Stockton, and Sacramento (traffic between these ports goes by Mare Island)
3	Ease of doing business with the City (mentioned mainly by new businesses)
2	Grow Vallejo Fund
2	Diverse population



Interview Findings: Vallejo's Weaknesses

What do you see as Vallejo's biggest problems or challenges?

- A variety of interrelated problems were mentioned in interviews.
- They are grouped into 14 categories.
- Each problem category is rated by the research team on a 5-point scale that indicates the difficulty and probably time required to make significant progress resolving the problem.
- Difficulty Ratings include:
 - 1: Change possible in months
 - 2: Change possible in a year
 - 3: Change possible within a few years
 - 4: Change is difficult, may be unsuccessful
 - 5 :Change is very difficult; high risk of failure



Interview Findings: Vallejo's Weaknesses

What do you see as Vallejo's biggest problems or challenges?

Vallejo Weaknesses: Top Mentions Out of 22 Interviews

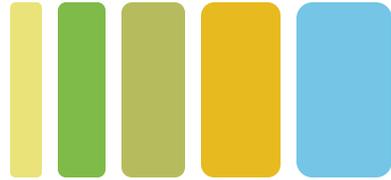
Mentions	Challenge / Problem / Threat	Difficulty
17	Negative attitudes and perceptions toward Vallejo (bankruptcy, drugs, prostitution, crime, and perceptions that the city is not business-friendly); Ineffective PR management (mainly negative news);	3
15	Crime & Public Safety: Concern for safety of employees, customers, and business property, Concern over police staff cuts.	4
15	Critiques of City Government: City is not customer-service oriented; inconsistent leadership; lack of clear plan; difficulties and disputes with planning/building permit; lack of focus for economic development	2
15	Uncertainty linked to Vallejo's Political leadership (businesses are unsure what to expect): Lack of stability in policy and vision for Vallejo. Conflicting visions of Vallejo. Critiques that important issues go neglected or that the priorities of city leadership do not align with that of businesses.	4
14	Slow pace of remediation on Mare Island; Uncertainty as to why it has not been completed; Critiques of City, Navy, Lennar, and critiques of past decisions to build homes on Mare Island.	4
12	Poor quality of secondary education and high drop out rate discourages families from moving to Vallejo and undermines future prosperity.	5

Difficulty Ratings:

1: Change possible in months
2: Change possible in a year

3: Change possible within a few years
4: Change is difficult, may be unsuccessful

5: Change is very difficult;
high risk of failure to change.



Interview Findings: Vallejo's Weaknesses

What do you see as Vallejo's biggest problems or challenges?

Vallejo Weaknesses: Top Mentions Out of 22 Interviews

Mentions	Challenge / Problem / Threat	Difficulty
9	Poor track record closing deals on business investment opportunities	2
5	City communication problems: Lack of information on the city website, poor communication on opportunities, difficulties obtaining information from the city and city staff	1
5	Streets, water, and similar infrastructure in poor condition	3
4	Conflicting visions of Vallejo as a working class or high-end city (Wal-Mart vs. Trader Joes)	3
4	Limited city staff and city resources	4
4	Blighted property, land use problems	4
4	Underutilized workforce, high unemployment	3
3	Prostitution, Drugs	3
3	Redevelopment funding has been cut	5

Difficulty Ratings:

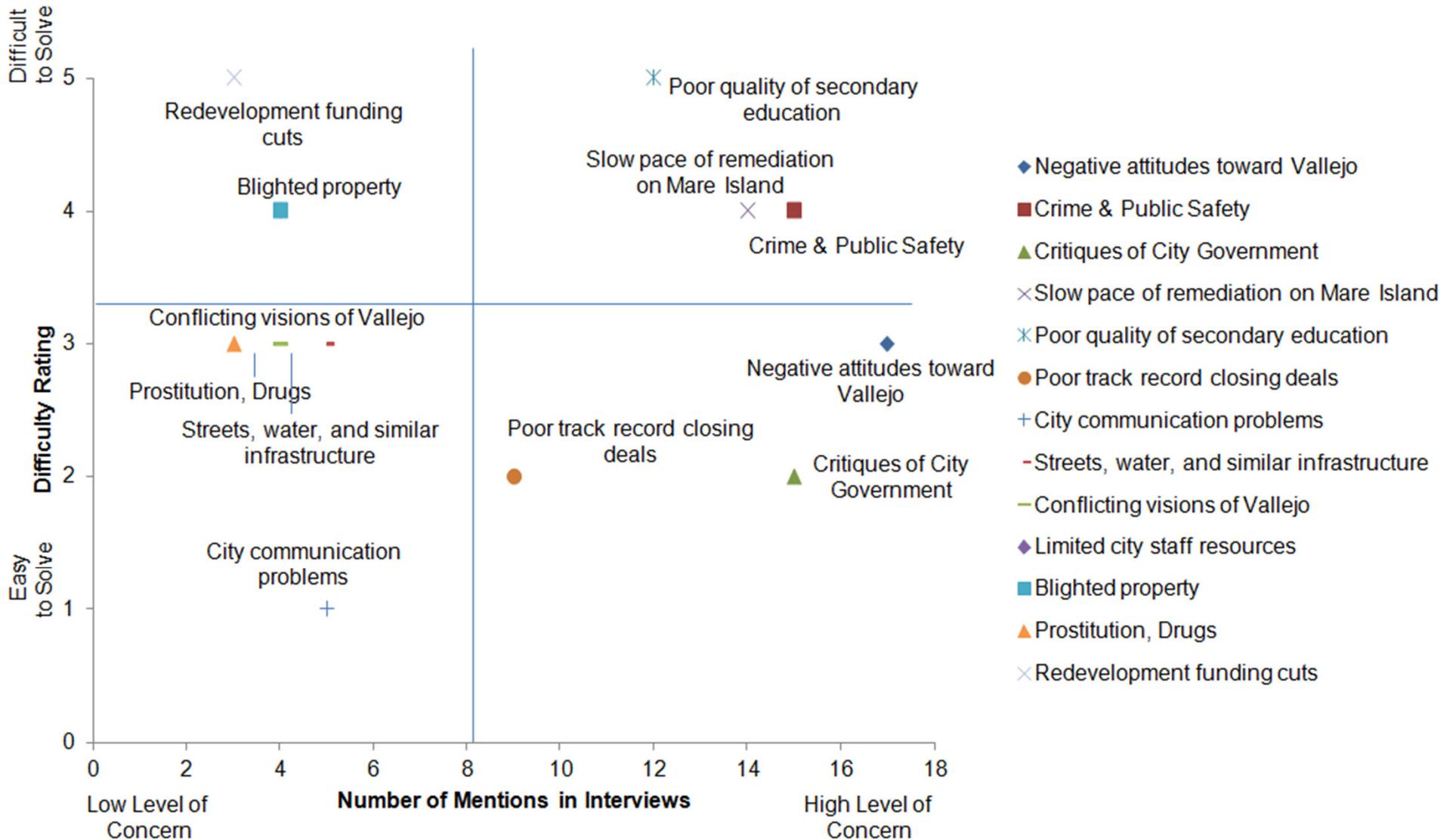
1: Change possible in months
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5: Change is very difficult; high risk of failure to change.



Assessment of Problems Faced by Vallejo



- ◆ Negative attitudes toward Vallejo
- Crime & Public Safety
- ▲ Critiques of City Government
- × Slow pace of remediation on Mare Island
- * Poor quality of secondary education
- Poor track record closing deals
- + City communication problems
- Streets, water, and similar infrastructure
- Conflicting visions of Vallejo
- ◆ Limited city staff resources
- Blighted property
- ▲ Prostitution, Drugs
- × Redevelopment funding cuts



Combined Findings: Site Selector Survey and Local Interviews

Summary of Findings: Vallejo's Top Problems for Economic Development

External Assessment	Local Assessment
<p>1. Negative Attitudes. Vallejo is not known for strengths, but is known for weaknesses.</p>	<p>1. Negative Local Attitudes. Vallejo's position for investors is linked to its weaknesses (crime, bankruptcy, under performing schools, etc.). Media and public relations don't appear to counteract these views and may reinforce them.</p>
<p>2. Under-leveraging Resources. Vallejo's assets are not being leveraged for economic development marketing.</p>	<p>2. Business Friendliness. The city has improved business friendliness, but more can be done. Information online is limited (out of 30 cities reviewed in the Bay Area for permitting costs, Vallejo is the only one we had to phone). City services are not organized around a strategy to grow businesses.</p>
	<p>3. Delays. The pace of development on Mare Island is slow and there is a lack of understanding as to why this is the case.</p>
	<p>4. Crime.</p>
	<p>5. Under-performing schools.</p>