SACRAMENTO METRO REGION

A CALIFORNIA 100 REPORT

CALIFORNIA

VISION & STRATEGY FOR THE NEXT CENTURY
ABOUT CALIFORNIA 100

The California 100 Initiative envisions a future that is innovative, sustainable, and equitable for all. Our mission is to strengthen California’s ability to collectively solve problems and shape our long-term future over the next 100 years.

California 100 is organized around 5 policy themes and 5 core values, and driven by interrelated stages of work: research, policy innovation, and engagement with Californians. California 100’s work is guided by an expert and intergenerational Commission.

Through various projects and activities, California 100 seeks to move California towards an aspirational vision—changing policies and practices, attitudes and mindsets, to inspire a more vibrant future. This Regional Analysis was produced as part of California 100’s research stream of work.

The California 100 initiative is incubated through the University of California and Stanford.

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The largest cities within each of the counties in the Sacramento Metro Region include:

- Sacramento (Sacramento County, 525,041)
- Elk Grove (Sacramento County, 178,997)
- Roseville (Placer County, 151,901)
- Yuba City (Sutter County, 69,536)
- Davis (Yolo County, 66,799)
- South Lake Tahoe (El Dorado County,* 21,414)

*El Dorado Hills in El Dorado County was home to 50,547 residents in the 2020 decennial census. El Dorado Hills is a Census-Designated Place (CDP)—a statistical geography representing closely settled, unincorporated communities that are locally recognized and identified by name.
The Sacramento Metro region is geographically diverse, falling squarely between the Sierra Nevada mountain range to the east, the San Joaquin Valley to the south, the Bay Area to the west, and the Far North regions of California. El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba counties comprise the Sacramento Metro region. The region spans roughly 4 percent of California’s total land area with about 6,000 square miles and contains more than 2.5 million residents—about 6 percent of the state’s total population.

About 2.5 million people live in the six Sacramento Metro counties, roughly 4 percent of California’s total area and about 6 percent of its population. The Sacramento Metro comprises El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba counties.

Much of the population is concentrated near the city of Sacramento, with significant populations in Placer and Yolo counties, while the rest of the region is predominantly rural. Much of El Dorado and Placer Counties comprise three U.S. National Forests: Eldorado National Forest, Tahoe National Forest, and the Lake Tahoe Basin Management Unit surrounding Lake Tahoe. Sacramento County, up through Sutter County, includes a significant amount of protected land in the North Central Valley Wildlife Management Area managed by the Fish and Wildlife Service.
The Sacramento Metro Region Has A Large Older Population of Predominantly White Residents, While Its Younger Residents are More Diverse

**Figure 1**

**Source:** U.S. Census Data, 2020
The Sacramento Metro Region has More White Residents Than the Rest of the State, Particularly in El Dorado and Placer Counties

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**SOURCE:** U.S. Census Data, 2020
Compared to the Rest of California, the Sacramento Metro Region has a Much Higher Rate of Republican Voters, Particularly in its More Rural Counties

Figure 3

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SOURCE: California Secretary of State, September 9, 2022 Report of Registration.
HISTORY OF THE REGION

EARLY ERA THROUGH GOLD RUSH

Many Indigenous groups occupied the region before Spanish and Mexican settlement in the mid-19th century. The land of the Sacramento Metro region is the ancestral home to Nisenan, Southern Maidu, the Valley and Plains Miwok, Patwin-Wintun, and Washoe people. These tribes were generally hunter-gatherers, foraging nuts, berries, and fish rather than generating food through agricultural means.

Unlike much of California, it wasn’t until the 19th century that Spanish colonizers arrived permanently in the Sacramento Valley. Early explorers had rejected the region as having little agricultural value and mostly left the indigenous communities and land untouched until 1839. However, in 1839, Mexico’s governor provided a large swath of land to John Sutter, a new Mexican citizen who offered to establish Mexico’s presence in the Sacramento Valley on the governor’s behalf. John Sutter built and colonized “Sutter Fort” and ruled the region with absolute power using a private army of Native Americans. The fort experienced years of prosperity with herds of livestock and small economies building up in the surrounding areas, mainly serving as a waystation for travelers from the East. For example, the infamous Donner Party named Sutter Fort its destination before crossing the Sierra Nevada mountain range during the winter of 1846.
In 1848, a new sawmill at Sutter Fort would be the site of the first discovery of gold in the region. Soon after, hopeful miners flooded the Sacramento Valley and nearby Tahoe foothills with hopes of riches. Before long, the region transformed into a bustling area swarming with new settlers. Beginning in 1848, an estimated 300,000 people came to the state in one of the largest migrations in United States history.

The Gold Rush brought a range of diverse cultural and ethnic groups to California. The population boomed from 26,000 in 1849—excluding Native Americans and California Indians—to 224,435 by 1852. Latino miners and other groups from Central and South America were some of the first to work in the gold fields. By the 19th century, the region was home to many African American, Chinese, Italian, Mexican, Filipino and Portuguese immigrants.

The Chinese were the largest group of foreign-born residents in California by 1860 by far. More than 35,000 Chinese people were recorded in California during the 1860 census, making up nearly one-tenth of the total population of the state. Throughout the 1860s and 1870s, the number of Chinese immigrants stayed constant. Since most Chinese immigrants were young, they made up a large portion of the labor force in California. Chinese miners worked claims on almost all the rivers and streams of the area, including along the American River.

Emigrants from the east coast and worldwide quickly outnumbered the Native American
populations, who were tragically impacted. Estimates following European and American settlement indicate a precipitous decline in the populations of the Native tribes. In the Sacramento Valley, tribal populations dropped by more than two-thirds of their original size.\textsuperscript{14} Many members of the Nisenan tribe were forced into one reservation area just outside Nevada City.\textsuperscript{15}

This rapid influx of settlers and immigrants into the region helped expedite California’s statehood as the need for government emerged among its new residents. With the Treaty of Guadalupe Hidalgo ending the Mexican-American War in 1848, California came under U.S. control and moved toward statehood.\textsuperscript{16}

By 1852, Sacramento had outgrown its boom-town status from the Gold Rush and became a stable and lasting community with diverse industries, particularly around agriculture. Companies began to farm for fish in the American and Sacramento rivers. Wheat surpluses originating in the Sacramento area were often shipped to foreign countries.\textsuperscript{17} Sacramento became the official state capital of California in 1854, where it has remained since.\textsuperscript{18}
RAILROADS

Railroads played a key role in connecting California to the rest of the United States, and the Sacramento region was strategically located at the intersection of several major rail lines. The first transcontinental railroad, the Central Pacific, was completed in 1869, connecting Sacramento to the East Coast. This line made Sacramento a major transportation hub and helped to fuel the region’s economic growth.

The Sacramento Valley Railroad, which was incorporated in 1855, was one of the first railroads in California and ran from Sacramento to Folsom, connecting the city to the gold mines in the Sierra Nevada. This line was later acquired by the Central Pacific and was an important link in the transcontinental railway.

The Southern Pacific, another major railroad company in California, also had a significant presence in the Sacramento region. They completed a line connecting Sacramento to San Francisco in 1876, which greatly increased the region’s accessibility and made it an important center for trade and commerce. The Southern Pacific also built several other lines in the region, connecting Sacramento to other cities and towns, such as Stockton, Marysville and Roseville.
EARLY WATER INFRASTRUCTURE AND AGRICULTURE

Although the Sacramento-San Joaquin Delta served as a fishing and foraging site for Native Americans, its purpose and structure shifted based on the immediate needs of each leading social group. When the Gold Rush began, it became a transportation system for explorers and settlers. As these incoming settlers required food and goods, the Delta became the region’s primary water supply system for agriculture. Central to these transformations was the conversion of vast areas of tidal wetlands into islands of farmland surrounded by levees.22

California’s agricultural landscape is a direct product of levee and ditch building across major inland rivers such as the Sacramento Delta.23 Floods and fires in the early days of Sacramento’s cityhood in the 1850s caused the region to establish early levees and dams to protect against future storms.

The Gold Rush pushed new settlers to focus on redirecting lands along the Sacramento-San Joaquin Delta for agricultural uses. Almost immediately upon arrival in the Valley, many miners shifted their attention towards agriculture as their way to make a fortune.24 Many of these lands are on the natural levees of the main waterways or higher ground near streams close to heavily traveled trails.25 By the early 1850s, these farmers focused their plans on diking and draining flooded Delta lands.

The tremendous population growth from the Gold Rush required the entire state to shift towards growing enough food to feed the new settlers.26 As farmers expanded their crops and
growth along the Delta, farmers in Southern California turned towards expanding their cattle farms to provide enough meat for the miners. Wheat production also flourished to support mining operations and new settlers. Following the end of the peak mining era in 1852, agriculture was no longer constantly competing for land and water resources with the “boom and bust” of metal extraction. In regions where mining claims had been active, mining infrastructure was repurposed into water and transport infrastructure. The ditches that brought snowpack down from the Sierra connecting snowpack from the High Sierras to mining sites were repurposed for agricultural irrigation uses in the Sierra foothills.

In response to some Gold Rush immigrants bringing vintner expertise from Europe and introducing new grape varietals to the region, Viticulture—grapes grown for wine—was launched as a commercial enterprise in the 1850s and 1860s. In 1872, the first seedless grape was propagated in Sutter County, a product that revolutionized the raisin industry. By 1866, El Dorado County had more bearing vines—over 1.4 million—than any other foothill county. Only four years later, in 1870, El Dorado County claimed the title of third-largest wine producer in the state after Los Angeles and Sonoma Counties. Most locals believed that making money by selling wine was a better investment than searching for gold.
From the earliest days of the Gold Rush, anti-immigrant sentiment plagued the region, primarily due to the reliance on immigrant labor to build levees and railroads and maintain high levels of agricultural production. The region both needed and hated immigrants and experienced this tension for decades before key legislation legally restricted immigrants’ rights. For example, Placer County partially became an agricultural hub due to the farms owned by many Chinese immigrants before 1882.31

The federal Chinese Exclusion Act of 1882 reduced the number of Chinese immigrants in the region, despite the previous reliance on these workers throughout the mining era.32 This Act resulted in more than 10,000 Japanese settlers coming to the Sacramento region in place of Chinese immigrants by 1900.33 Ultimately, the California Alien Land Law was passed in 1913 to keep Japanese immigrants from owning property.34 These policies demonstrated the ramping up of state-sanctioned racism that would ultimately result in Japanese internment during World War II.
As the U.S. joined World War I in 1917, California was a substantial producer of aircraft and military equipment. In Sacramento, the government opened Mather Air Force Base, which produced significant economic value for the region throughout the war by producing biplanes. For example, farmers in the region began using planes to seed their crops aerially with great success.

When the federal government enacted the New Deal to combat the Great Depression, Sacramento benefited from many projects funded by the Works Progress Administration (WPA). The WPA funded and built Sacramento’s Tower Bridge in 1935 to accommodate railroad and automobile traffic from the city’s downtown across the Sacramento River. The WPA also constructed 220 miles of highway, 46 public buildings, and new runways at local airports.

Built in 1935, McClellan Air Force Base (formerly known as the Pacific Air Depot) was a logistics and maintenance facility for various military aircraft, equipment, and supplies that provided another economic boost for Sacramento. In Yuba County, Camp Beale opened in October 1942 as a training site for the U.S. Army. During World War II, Camp Beale’s 86,000 acres were home to more than 60,000 soldiers, a prisoner-of-war encampment, and a 1,000-bed hospital. In 1948, the camp transferred from the Army to the Air Force.

On the eve of World War II, thousands of Japanese immigrants lived in the Sacramento region. These individuals and families had been farm owners and merchants following their immigration to the region in the late 19th century. In Yolo County, for instance, of the 27,000 residents reported in the 1940 census,
1,100 were of Japanese ancestry. When the president signed Executive Order 9066 in February 1942 following the Japanese attack on Pearl Harbor, locals immediately moved to arrest their Japanese neighbors as Sacramento was named a military zone.

In Placer County, where more than 2,000 Japanese immigrants lived, the local officials quickly passed a resolution asking that all "all enemy aliens be removed from Placer County." Placer County officially began removing Japanese community members in early May 1942, ordering them to report to waystations in Loomis. Across the west coast, from March to August 1942, approximately 120,000 Japanese immigrants were interned, first at often unfinished “assembly centers” and ultimately at long-term relocation centers. The Japanese from Placer County were first housed at the Marysville Assembly Center before they were moved again to Tule Lake Relocation Center for the remainder of the war.

Nearly 70,000 internees were American citizens without recourse to recoup their property and freedom following the war. After the war ended and Japanese internment camps closed, only 59 percent of the roughly 7,000 Japanese American residents returned to the region. Despite this mass exodus from the community, many farmers in Yolo county today are still of Japanese descent.
The government expanded its footprint in the Sacramento region following World War II through significant federal investments and the reactivation of both McClellan Air Force Base and Mather Field. These military bases brought high-paying federal contracting jobs and federal troops who stimulated the local economy by buying homes and starting families nearby. The federal government also funded vital infrastructure projects throughout the region, including the levee system and federal highways. As a result, there was a hiring boom to build new infrastructure, requiring significant expansion of local housing to shelter the region’s new and growing workforce.

In the post-war period, higher education institutions popped up throughout the area to serve the growing young population and those returning from war with GI Bill benefits for educational expenses. Sacramento’s pre-eminent university, California State University, Sacramento (Sacramento State), was founded in 1947. While the UC Davis campus was originally founded in 1905 as the University of California’s university farm, it was formally
renamed to UC Davis in 1959 to become the seventh campus in the University of California system.54

Although it took two decades to establish, the Sacramento Municipal Utility District (SMUD) has been providing electricity to the region for more than 75 years. Citizens approved the formation of SMUD in 1923 as a locally owned, nonprofit provider of electricity. The California Supreme Court rejected PG&E’s final request to block the sale in March 1946. The lengthy acquisition process had resulted in an outdated electric distribution system, with some components dating as far back as 1895. It was a mishmash of rival systems that had been combined into PG&E. In order to comply with the voter mandate from two decades prior, SMUD started supplying electricity to Sacramento on December 31, 1946.55

The California state legislature transitioned to become a full-time legislature in 1966.56 This change meant that staffing soon increased in the capital city, and state governments expanded through the creation of other agencies and entities soon followed. Key legislative changes that followed, such as the 1970 California Emergency Services Act, created new state agencies such as the California Office of
Emergency Services.\textsuperscript{57} Within a few decades, the mostly rural capital region had transformed into a bustling big city with a robust economy and infrastructure.

In 1980, the population of the Sacramento Metro Region was approximately 1.4 million people. This number has steadily increased over the years, reaching 2.4 million people in 2020.\textsuperscript{58} This represents a population growth of approximately 71 percent over the last four decades.

The population growth in the Sacramento Metro Region was driven by a number of factors, including the region’s strong economy, which has attracted new residents to the area. Additionally, the region’s relatively mild climate and proximity to major cities like San Francisco have made it an attractive place to live.

Only a few vacation homes were built near Lake Tahoe during the first half of the 20th century.\textsuperscript{59} The construction of casinos in the Nevada portion of the basin during the middle of the 1950s and the completion of the interstate highway links in time for the 1960 Winter Olympics held at “Squaw Valley” all contributed to a dramatic rise in development within the basin following the post-World War II population and building boom.\textsuperscript{60} The number of people living there permanently rose from 10,000 to more than 50,000 between 1960 and 1980, while the number of people visiting during the summer increased from 10,000 to about 90,000. After the nearby Washoe tribe highlighted “squaw” as a historically derogatory term, the area was renamed to “Palisades Tahoe” in 2021.\textsuperscript{61}

Proximity to the capitol has also inspired the establishment of multiple state museums, such as the Crocker Art Museum—the oldest art museum in the Western U.S., opened in 1885—which “features the world’s foremost display of California art and is renowned for its holdings of European master drawings and international ceramics,”\textsuperscript{62} as well as the California State Library.\textsuperscript{63} In addition, UC Davis houses the Manetti Shrem Museum of Art and its Mondavi Center for the Performing Arts.\textsuperscript{64} To further solidify its position as a small hub for arts and culture, Sacramento also hosts an annual festival celebrating the more than 650 murals within the city through Wide Open Walls.\textsuperscript{65} The region is also home to many Gold Rush memorials and museums depicting the different experiences of settlers in various counties in the region.

The Sacramento Kings NBA basketball franchise moved to Sacramento in 1985 and is currently Sacramento’s only major professional sports team.\textsuperscript{66} However, the city is also home to two professional minor league franchises, Sacramento Republic FC (soccer)\textsuperscript{67} and the San Francisco Giants’ minor league affiliate, the Sacramento River Cats (baseball).\textsuperscript{68}
Regional Drivers

Hope to Diversify Its Economy Beyond Government

Perhaps not surprisingly, as the State Capitol, the Sacramento Metro region relies heavily on government for employment and its economy. In fact, as of December 2022, nearly one-quarter of jobs available in the region are within government services, according to the U.S. Bureau of Labor Statistics. The state government is the largest employer in the region, and many businesses and organizations in the area provide goods and services to the government. Additionally, the area has a strong healthcare and education sector, which are also closely tied to government funding.

The Sacramento Metro relies more heavily on the government sector than other comparable metropolitan areas. The government employs nearly three in every 10 local, state, or federal workers. Even in Sutter County, more than 40 miles away from the city of Sacramento, government jobs are the leading job opportunities in the region.
However, Sacramento has struggled to produce economic growth through *tradable industries*. Tradable industries of a region’s economy are made up of the industry sectors whose output in terms of goods and services are traded outside of the immediate region. Most commonly, tradable industries consist mainly of manufacturing sectors, as opposed to non-tradable industries, which consist of locally-rendered services, such as health, education, retail, and construction. These industries are critical for economic growth and competitiveness in a global economy. These are firms that sell beyond its region, and bring wealth back to it, making the area more competitive and productive.

The Sacramento region’s tradable employment base includes advanced manufacturing, food and agriculture, and business and technical services. However, growth in these industries has proven difficult for the Sacramento Metro due to the large government sector that is not considered tradable.

The Sacramento region’s employment is spatially concentrated in 14 job hubs, primarily containing the region’s tradable industries. The Sacramento Area Council of Governments (SACOG) identified 14 employment hubs across the Sacramento region, which comprise 41 percent of the region’s jobs but only 6.7 percent of the region’s population.

While spread across the region, the *health and life sciences* cluster concentrates most in East Sacramento with the UC Davis Medical Center and along the I-80 corridor with the Mercy San Juan Medical Center. The *food and agriculture* sector has a different geography,
clustering near Sacramento’s core, Woodland, and Yuba City. Advanced manufacturing has a large footprint in Roseville (Hewlett Packard) and Folsom (Intel), while clean technology gravitates more toward the central core. The growth of innovation clusters is also expected to expand with the construction of the Aggie Square Innovation Hub at the UC Davis Sacramento campus.\(^8^0\)

The region’s economy maintains a silver lining: the large government sector buffers the impact of the economic downturn. During the COVID-19 pandemic, the Sacramento Metro did better than other regions in the state. In March 2021, the unemployment rate in the region was 6.9 percent, compared to the 8.2 percent statewide rate.\(^8^1\)

### THE NEXT BIG TECH HUB FOR CALIFORNIA?

In recent years, there has been a push to diversify the region’s economy and make it a hub for technology and innovation. The Sacramento region has a highly educated workforce and a growing startup community, and there have been efforts to attract technology companies and entrepreneurs to the area. Additionally, the city of Sacramento has invested in infrastructure and programs to support the tech industry, such as co-working spaces, incubators, and accelerator programs. Despite the reliance on government, the Sacramento region is working to become a more diverse and resilient economy by also becoming a tech hub.

The city of Sacramento has developed several infrastructure and programs to support the tech industry. Previous Mayor Kevin Johnson assisted with the region’s emergence as a power player in the innovation ecosystem by creating the Mayor’s Innovation and Growth fund in 2016.\(^8^2\) Sacramento has also supported the development of incubators and accelerator programs, such as the Greater Sacramento Area Economic Council, which launched in 2015 as the successor to the Sacramento Area Regional Technology Alliance.\(^8^3\) According to its website, the Greater Sacramento Area Economic Council is on track to meet its job attraction and retention goals, while managing hundreds of active projects, most of which are in high-tech sectors like semiconductors, bio/life sciences and food/AgTech.\(^8^4\)

The Greater Sacramento Area Economic Council boasts that Sacramento is the only California city that made the U-Haul Growth Index of top 25 growth cities across the U.S. in 2022.\(^8^5\) At the same time, Forbes listed Sacramento as the best place to live in California based on home affordability, healthy employment, and population growth. Forbes noted that the Sacramento Metro region’s unemployment rate is among the lowest in the state because government, healthcare, and technology serve as core industries.\(^8^6\)

Sacramento has also attracted venture capital firms, such as the Sacramento Angels, to invest in local startups. In 2021, companies in the Sacramento Metro region received $1.6 billion in venture capital and private equity investments, totaling more than the previous four years combined.\(^8^7\) In recent years, the Sacramento metropolitan area has emerged
as a hub of activity for startups. PowerSchool, an education technology company headquartered in Folsom, is an example of this strength. The company employs nearly 3,000 people and had the largest initial public offering (IPO) for a K-12 education technology company in July of 2021 at more than $700 million.88

Though the region holds excellent innovation assets in terms of an educated workforce, excellent research universities, and quality of life, its reliance on the government sector and slow industry growth hold it back. Investments in workforce development and retention are imperative to fulfill the region’s potential to catch up to other metro areas. Nevertheless, the region’s distinctive local strengths with its strong agricultural heritage and UC Davis, as an innovator in agricultural processes and products, provide it with a unique opportunity to be a leader in agriculture and to expand its leadership across diverse industries.

**STRONG UNIVERSITIES IN SACRAMENTO METRO PROVIDE PIPELINE OF TALENT FOR STRONG AGRICULTURE AND TECH OPPORTUNITIES**

Sacramento is surrounded by agriculture and wildlife. Between its natural resources and its focus on state government, the region has become the incubator for universities to produce world-class research driven by local issues and opportunities. Outside the strong government sector, the local, regional economy thrives at the intersection of food and agriculture. UC Davis is the top agricultural research campus in the nation and a global leader in plant science and biological engineering. The campus also plays a pivotal role in California’s wine industry. Due to UC Davis’ innovations and growth, Yolo County has a $635 million agricultural economy.89
Through UC Davis, new research spans Agriculture Technology–AgTech—which relates to the front-end process of growing food, and FoodTech—the production of food products, including alternatives to animal-based proteins. These innovations demonstrate the region’s capabilities for accelerating new industries and growth. However, bringing these innovations to market in a way that will change the region’s economy will require more vibrant and robust AgTech and FoodTech investors and companies in the region.

UC Davis’s world-class research centers expressly innovate in and study Sacramento’s local agricultural industry and ecosystem. The Sacramento region generated higher average levels of university R&D than all but three other regions between 2011 and 2016, led by the University of California Davis’ (UC Davis) average of $672 million per year and California State University, Sacramento’s $15 million per year. At UC Davis, health sciences (26 percent), biological and biomedical sciences (25 percent), and agricultural sciences (19 percent)—generate over 70 percent of all R&D. UC Davis accounts for 4.3 percent of the nation’s agricultural sciences R&D and 1.4 percent of its R&D in biological and biomedical sciences.90

Despite this great asset, the region still needs to fully translate this work into an environment that sustains new firms and long-term job growth. Continued local, state, and federal investment and development of Sacramento State and UC Davis will be critical in driving their international research reputation and workforce development by attracting top student and research talent to the region. The federal government remains the largest funding provider at $514 million in 2021.91 Innovations, particularly at the local level, will drive the region’s community development and agricultural productivity.
The Sacramento region has experienced steady growth throughout the last two decades. The population growth in the Sacramento Metro Region has also been driven by the expansion of housing developments in traditionally rural areas, as well as by the construction of new homes and apartment buildings within the existing urban areas.

**NEW HOUSING EXPANDS INTO REGION’S RURAL AREAS, INCREASING WILDFIRE RISKS**

**Figure 4** New Housing Development Has Mostly Occurred in the Region’s Suburban Areas

*Source:* Parilla, J., Liu, S., Gootman, M. April 2018. Charting a Course to the Sacramento Region’s Future Economic Prosperity. Figure 24. Metropolitan Policy Program at Brookings.
As a result of this population growth, the Sacramento Metro Region has experienced a number of changes, such as increased traffic, urban sprawl, and a strain on infrastructure and public services. To address these challenges, regional government, and municipalities have implemented a number of policies and programs, such as urban growth boundaries, which limit the expansion of urban areas into rural land, and smart growth policies, which promote more sustainable and compact development within existing urban areas.92

Like the rest of the state, the region needs to build more housing to keep up with demand. According to recent estimates, the Sacramento Metro Region is experiencing a housing shortfall of around 50,000 units. This shortfall is driven by a number of factors, such as population growth, job growth, and rising housing prices. Each year the region underproduces housing, adding to the cumulative impact of the housing shortage.

The region’s housing development has been unable to keep up with its growing population. Since 2001, the region has added approximately 460,000 new people. The most significant supply of new housing development has occurred in Roseville and Lincoln to the north-east, the communities southeast of Folsom Lake to the East, Elk Grove to the south, and
the northwest corner of the city of Sacramento. Most of these units, however, continue to be single-family homes, and since then, median housing sales prices across all types of homes have increased by 51 percent between 2015 and 2023. Rents have also increased from $1,026 per month for a 2-bedroom in 2016 to $1,756 in 2023.93

The housing shortfall has led to a number of challenges for the region, such as high housing costs, a lack of affordable housing, and a scarcity of available rental units. This has made it difficult for many residents, particularly low- and moderate-income households, to find affordable housing. In the Sacramento Metro, for example, a person would need to work 65 hours a week to afford a one-bedroom apartment based on the statewide minimum wage.94 Not surprisingly, Sacramento has high levels of homelessness and large numbers of people living on its streets.95

WILDFIRE RISKS FOR HOUSING IN THE REGION

The risk of wildfire for houses in the wildland-urban interface (WUI) in the Sacramento Metro region is significant. The WUI is defined as the area where human development and wildland vegetation meet or intermingle, and it is often characterized by a high density of homes and other structures surrounded by natural vegetation.96 This area is vulnerable to wildfire because the wildland vegetation can act as a fuel source, and the proximity of homes and other structures increases the risk of damage or loss in the event of a wildfire. Sacramento County has the second highest
percentage of WUI in the state, which accounts for 33.6 percent of its land area.\textsuperscript{97,98,99}

According to data from the California Department of Forestry and Fire Protection (Cal Fire), the Sacramento metro region has seen an increase in the number of wildfires in recent years, with an average of around 500 wildfires per year. These fires have burned an average of around 80,000 acres per year, and have destroyed an average of around 200 structures per year.\textsuperscript{100}

\textbf{NOTE:} Map shows wildfires over 1,000 acres that burned from 1990 to 2020.

In the Sacramento Metro region, the cities of Cameron Park, El Dorado Hills, Pollock Pines, Lincoln, Loomis, Newcastle and parts of Folsom and Roseville—all in Placer and El Dorado Counties—are among areas with a “severe” community wildfire risk factor. In the suburbs outside of Sacramento, Folsom and Roseville as a whole are classified as at “major” wildfire risk—a step below severe. Between 75 and 90 percent of houses in Roseville and Folsom “have some risk of being affected by wildfire over the next 30 years.”

Over the past few decades, wildfires throughout the western U.S. have threatened significantly more homes and families, including throughout California. In the 1990s, fewer than 31,000 homes were threatened by wildfires. However, since 2010, the U.S. Forest Service estimates that at least 136,000 homes were at risk of wildfire damage in California, Oregon, Nevada, and Arizona. This quadrupling increase of homes at risk may be due to the fact that these fires are significantly larger than historic wildfires. However, a quarter of the homes threatened by wildfires over the past 10 years did not exist in the 1990s, indicating that the increase in housing in wildfire-prone areas was a major contributor to the increase in fire danger. Since the Sacramento Metro region sits in the heart of the largest and most devastating wildfires in recent California history, and as housing expansion spills into rural areas, the Sacramento Metro will continue to be at the highest risk of wildfire threat.
Fighting over the best way to deal with the yearly wildfire threats has put rural communities in Placer and El Dorado counties in a precarious situation: do they rebuild their communities or move to areas with lower fire risks? School children, whose education has already been severely restricted by COVID-19 restrictions, face uncertainty after their schools are burned down. Road closures are common due to rock and mudslides caused by soil erosion brought on by wildfires, which affects local communities more than tourists. The debates over insurance coverage for fire and other natural disasters at the state and local levels have made the choice that rural communities in the Sacramento Metro region must make even more difficult.
WATER SCARCITY AND THE ADVERSE EFFECTS OF AGING INFRASTRUCTURE

Once a vast wetland, the Sacramento-San Joaquin Delta is the state’s most crucial water and ecological resource. Farms, fishery water projects, hydraulic pumping plants, and recreation are amongst the many uses for it. As a primary water source, the Delta is at the heart of California’s $50 billion agricultural economy and the source of drinking water for about 30 million Californians. Today, the Delta faces a tricky balancing act maintaining its wildlife while sustaining the state’s agricultural and drinking needs. However, the Delta has been stretched thin, caught between high demand for water and depleting supplies. A declining snowpack augments this conundrum amidst rising water temperatures and an aging water infrastructure.

The state has overallocated annual river flows and major reservoirs by 500 percent from sources such as Lake Oroville in Butte County. As such, farmers have turned to divert water from watersheds to maintain their crops. However, farmers have received warnings from the state against this, with warnings that demand exceeds available supply. In December 2021, the state announced that 29 public water agencies serving communities and agricultural lands would receive no water from the State Water Project because all water was needed for instream flows in the Sacramento-San Joaquin River Delta and as a backstop for city drinking water and regional fire fighting water.

Water scarcity puts thousands of farmers in a tight spot. Business operations are disrupted as farmers must reconsider what crops to plant, avoiding ones that require lots of water. The restrictions have forced some farmers to turn to water source alternatives like groundwater wells.

Nevertheless, even groundwater has been pumped at unsustainable rates to meet demands that are about three times the available supply for the Sacramento watershed. The water crisis has long been controlled by roughly 230 federal, state, and local actors, with their interests and conflicting priorities. With many competing agendas, stakeholders have had many lawsuits that have engendered distrust, resulting in inefficient management coordination and slow decision-making. Considering a multifaceted approach in hand with better coordination could be a helpful step towards mending these relationships and optimizing the Delta’s management.

Ecologically, the Delta is the largest freshwater tidal estuary in the West and home to more than 750 species of plants and animals. However, human demand, pumping operations, and drought have significantly damaged its ecosystem. Drought has particularly impacted the livelihood of winter-run Chinook juvenile salmon, which need cool water to spawn. In 2021, 75 percent of eggs did not survive, with only 1 to 2 percent surviving.
This low level of remaining salmon during the current drought is significantly lower than the 3 to 5 percent survival rate in earlier years. These record-breaking numbers have sounded alarms of the potential permanent collapse of the already-endangered species. In the summer of 2021, the state’s conservation efforts included cultivating wild salmon in temperature-controlled waters during heat waves. Cultivated wild salmon were only released after improved weather conditions to prevent the fish from cooking in natural river water. It has led to regional restrictions in the commercial fishing industry and delayed commercial fishing of Dungeness crab.

The complexities affecting the Delta highlight the fraught balance between its roles as a rich ecosystem, a thriving agricultural community in the region, and major water source for the entire state.

AGING INFRASTRUCTURE: A BIG DAM PROBLEM

The Sacramento Metro region has a number of aging dams that are in need of repairs or upgrades. These dams provide important functions such as flood control, irrigation, and
hydroelectric power generation, but as they age, they may become less reliable and more prone to failure.

One example of an aging dam in the Sacramento Metro region is the Folsom Dam, which is located on the American River in Sacramento County. The dam is over 60 years old and is considered to be at a high risk for failure during a large earthquake. The U.S. Army Corps of Engineers, which operates the dam, has been working on a project to upgrade the dam’s safety features and improve its ability to withstand earthquakes.

Another example of an aging dam in the region is the Oroville Dam—the U.S.’ tallest dam and the critical barrier for the state’s second-largest reservoir, Lake Oroville—located on the Feather River in Butte County. The dam’s spillway failed in 2017, which led to the evacuation of over 180,000 people downstream and significant damage to the spillway. Despite earlier requests to improve and expand the emergency spillway in 2005 due to climate change and outdated emergency plans, the Oroville Dam had not been significantly updated in preparation for emergency flow since its opening in 1968. The 2017 Oroville
Dam incident was one of the most significant dam incidents in U.S. history and came at an expected cost of $1.1 billion in damages and decreased economic growth. The California Department of Water Resources is currently working on repairs and upgrades to the dam’s spillway and emergency spillway.

FEMA guidance, first issued in 1998 and updated in 2004, specifies that all dam owners should have Emergency Action Plans so long as the potential for emergency harm exists, including whenever people live in an area that could be flooded by the operation or failure of a dam. FEMA explains that Emergency Action Plans are formal documents that preemptively identify potential emergency conditions at a dam and specify pre-planned actions to minimize property damage and loss of life.

Of the 1,526 dams in California, 83 percent are considered to have high hazard potential in 2022. At least 1,000 are central to California’s water storage, and 55 can hold 100,000 acre-feet or more water. Thirty-six reservoirs can contain at least 200,000 acre-feet, and 11 can hold 1 million or more. Moreover, 19 are currently rated as poor condition, with 84 others in fair condition, according to the National Inventory of Dams. Two of the dams in poor condition exist in the Sacramento Metro region: private dams, one in Placer County and one in El Dorado County. Despite their poor condition, neither of these high-risk dams have Emergency Action Plans.

The Sacramento Metro region houses two significant federally-managed dams as part of the Central Valley Project, the Folsom and Nimbus Dams, along the American River. For Placer, Sacramento, and El Dorado counties, which all share Folsom Lake, Folsom and its reservoir provide flood control, hydroelectricity, irrigation, and municipal water supply. In 2017, following the Oroville Dam Spillway emergency, the U.S. Corps of Engineers completed construction on an auxiliary spillway at the Folsom Dam to prevent the lake level from exceeding the height of the dam gates. The Lake Natomas reservoir, located further along the American River, was created by the smaller Nimbus Dam. Emergency Action Plans for both dams are current.

In addition to the Folsom and Oroville dams, there are several other aging dams in the Sacramento Metro region, such as the Nimbus Dam, which is near the American River, and the Camanche Dam, which is on the Mokelumne River, that also need repairs and upgrades. The state of California and the federal government are working to address the issues of aging infrastructure and ensuring that the region’s dams are up to date with modern safety standards.

The aging infrastructure of the dams in the Sacramento Metro region not only poses a threat to public safety, but also to the economy and the environment. Dam failure can cause severe flooding, loss of property, and loss of life. It can also impact the water supply for irrigation, municipal, and industrial uses. The repair and upgrade of aging dams is a costly and time-consuming process, but it is necessary to ensure the continued safety and reliability of these important infrastructure assets.
The **Sacramento Metro Region** has a rich and resilient history of serving as a boomtown where newcomers envision and realize a brighter future. As the state Capital, it benefits from substantial government employment that typically remains relatively steady even during economic downturns, but to enjoy greater growth, it needs to develop its tradable industries. With its highly educated workforce, high quality universities, and a high quality of living, it presents opportunities for entrepreneurs, especially for new innovations in agricultural products and processes, but it has not yet generated substantial results in these areas. Although it is currently facing challenges, particularly in accommodating and housing all of the residents that want to be there, the Sacramento region has the opportunity to adapt and thrive as the capital of California’s future.
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