

APPENDIX B: Economic Conditions

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INTRODUCTION

A community’s economic, physical, and social environments are connected and influence each other. For example, (1) infrastructure (streets, utilities, etc.) and housing are reflections of Fresno’s “physical” environment; (2) population dynamics are reflections of Fresno’s social environment. Both the physical and population characteristics influence and define the city’s economic environment, opportunities, and success.

The primary goal of the Fresno CEDS is to achieve a balance among the economic, physical and social environments to create and sustain a socio economically healthy community. The challenges and opportunities to achieving this balance can be seen in the data describing these three environments.



ECONOMIC ENVIRONMENT

- Revenue, Cost of Living
- Industry Sectors, Job Growth
- Talent Pipeline, Wages

PHYSICAL ENVIRONMENT

- Infrastructure, Transportation
- Housing Mix
- Commercial Sites and Buildings

SOCIAL ENVIRONMENT

- Population and Diversity
- Income, Poverty
- Support Services, Arts and Culture

Consider these data with the following concerns or questions:

- Infrastructure and housing: do these assets exist to support economic development?
- Gross regional product (GRP): what industries drive the local economy?
- Workforce and population: what are the demographics and commuting patterns of the local population, what is the job and industry mix to support the local workforce?

Combined, these data describe the region’s economic, physical and social environments in terms of how well they support economic development. Providing a brief history, regional comparisons and forecasts when data are available give a contextual and planning viewpoint on the regional economy.

ECONOMIC ENVIRONMENT

This section presents data trends, comparisons and forecasts on the economic elements of Fresno’s and the region’s environment.

Gross Regional Product (GRP)

Three groups of industries comprise a local economy. First are **goods-producing industries**, or those that generate income from outside the local area as a primary marketplace. Local farms, construction and manufacturing do have local and regional markets, but their primary market is generally outside the area. **Local serving** industries are primarily retail and service jobs, employ all educations and age levels, and pay a wide breadth of wages. **Visitor serving** industries are a mix of local serving (restaurants, hotels, attractions, etc.) employers that also serve markets outside the local area.



Figure 1 provides a history of gross regional product for Fresno as a city economy and Fresno County since 2011. Fresno was between 52% and 55% of the county economy since 2011. Fresno’s economy is dominated by government, agriculture, healthcare, and real-estate related industries. Between 2011 and 2021, Fresno experienced estimated gross regional product growth of approximately 52.4%, where Fresno County grew by 46.6%. In contrast, California’s economy grew by 39.2% and the US economy grew by 25.5%.

Figure 2 presents this same data grouped into the three “drivers” as discussed above and provides the jobs associated with the incomes generated by the driver-group industries.

Goods-producing industries grew in terms of the dollar value after inflation and in terms of the contribution to the local economy. The growth of goods-producing industries means that Fresno is shifting to a higher multiplier, broader based economy.

The local serving part of the economy is normally the largest share of a community’s economy. As expected, this sector grew in Fresno and remains robust.

The visitor serving portion of the economy declined in terms of GRP and its proportion of the local economy. This can be attributed to the pandemic and the slower re-opening of the tourism industry sector.

Figure 1: Gross Regional Product by Major Industry Group, 2011, 2020 and 2021, Thousands of Current Dollars (Source: Bureau of Economic Analysis, Census Bureau and IMPLAN, 2023 data)

	CITY OF FRESNO			FRESNO COUNTY		
	2011	2020	2021	2011	2020	2021
TOTALS (\$ THOUSANDS)	\$22,306,734	\$30,879,187	\$32,129,933	\$34,096,276	\$46,980,383	\$51,719,476
Agriculture, forestry, fishing and hunting	\$1,134,334	\$1,010,136	\$1,114,402	\$4,197,362	\$4,209,235	\$4,829,904
Mining, quarrying, and oil and gas extraction	\$57,397	\$25,105	\$48,579	\$486,869	\$191,138	\$295,767
Utilities	\$1,025,694	\$833,160	\$663,385	\$1,083,189	\$1,137,624	\$1,143,767
Construction	\$686,244	\$1,554,028	\$1,783,746	\$993,458	\$2,526,281	\$2,786,706
Manufacturing	\$1,413,778	\$1,964,602	\$2,233,561	\$2,232,253	\$3,064,132	\$3,234,526
Wholesale trade	\$1,721,370	\$2,372,577	\$2,852,085	\$1,995,182	\$2,934,031	\$3,161,833
Retail trade	\$1,187,247	\$1,702,940	\$1,853,417	\$2,272,182	\$3,519,820	\$4,053,896
Transportation & warehousing	\$730,657	\$1,208,921	\$1,431,425	\$979,761	\$1,954,380	\$2,406,472
Information	\$509,421	\$636,053	\$717,437	\$874,855	\$1,185,565	\$1,298,408
Finance and insurance	\$1,165,025	\$1,572,490	\$1,505,418	\$1,315,201	\$1,623,458	\$1,758,154
Real estate & rental and leasing	\$3,297,235	\$4,409,129	\$3,859,578	\$4,514,028	\$5,541,032	\$6,027,727
Professional, scientific, and technical services	\$1,282,862	\$1,623,834	\$961,941	\$1,137,693	\$1,549,104	\$1,658,519
Management of companies	\$132,094	\$218,880	\$215,788	\$259,755	\$273,490	\$334,223
Admin. support; waste mgmt. and remediation	\$731,008	\$1,121,965	\$1,228,003	\$856,696	\$1,286,641	\$1,417,428
Educational services	\$158,561	\$148,419	\$157,376	\$232,631	\$207,197	\$227,845
Health care & social assistance	\$2,279,666	\$3,778,389	\$4,258,821	\$2,985,753	\$5,191,073	\$5,661,671
Arts, entertainment, and recreation	\$54,541	\$97,439	\$82,763	\$110,839	\$109,664	\$156,055
Accommodation and food services	\$618,858	\$1,093,912	\$1,224,186	\$760,488	\$1,164,318	\$1,494,799
Other services (except government)	\$822,877	\$1,076,533	\$1,189,024	\$819,120	\$1,123,667	\$1,213,436
Government & gov. enterprises	\$3,297,865	\$4,430,675	\$4,748,998	\$5,988,961	\$8,188,533	\$8,558,340

Figure 2: GRP Drivers, City of Fresno, 2011, 2020 and 2021, Number of Workers and Current Dollars (Source: Bureau of Economic Analysis, Census Bureau and IMPLAN)

GRP DRIVERS	2011	2019	2021	AVERAGE ANNUAL CHANGE (2011-21)
Goods-Producing	\$4,317,447,440	\$5,387,031,543	\$6,771,036,900	5.2%
Local Serving	\$17,012,788,755	\$24,634,905,457	\$24,447,646,100	4.0%
Visitor-Serving	\$976,500,000	\$857,250,000	\$911,250,000	-0.6%
Total	\$22,306,736,195	\$30,879,187,000	\$32,129,933,000	4.0%
JOBS				
Goods-Producing	23,305	28,944	30,063	2.9%
Local Serving	165,158	195,827	204,611	2.4%
Visitor-Serving	8,925	11,430	10,193	1.4%
Total	197,388	236,201	244,867	2.4%

Taxable Sales

Figure 3 shows the estimated levels of taxable sales as reported by the California Department of Tax and Fee Administration. The City of Fresno has been consistently more than 50% (closer to 55 since 2020 on average) of Fresno County’s total, with the annual changes growing a bit faster than the county levels. One caveat is that these are not “real” taxable sales, as they are current dollars and thus may be rising not because of more productivity by business that are selling taxable items but due to price increases.

Figure 3: Taxable Sales, 2015-2022, Annual Totals, Fresno City and Fresno County, Fresno as % of County Total, Current Dollars (Source: California Department of Tax and Fee Administration, CDTFA)

YEAR	FRESNO CITY	FRESNO COUNTY	% OF COUNTY	% CHANGE FRESNO	% CHANGE COUNTY
2015	\$7,499,066,083	\$14,189,429,105	52.8%		
2016	\$7,699,944,229	\$14,184,096,842	54.3%	2.7%	0.0%
2017	\$7,934,752,502	\$14,755,750,695	53.8%	3.0%	4.0%
2018	\$8,270,218,828	\$15,386,255,626	53.8%	4.2%	4.3%
2019	\$8,702,723,377	\$16,218,883,236	53.7%	5.2%	5.4%
2020	\$8,389,187,913	\$17,078,806,001	49.1%	-3.6%	5.3%
2021	\$12,810,755,342	\$22,960,963,038	55.8%	52.7%	34.4%
2022	\$13,318,421,534	\$24,228,245,429	55.0%	4.0%	5.5%

Figure 4 provides the changes by major vendor categories. Across the board there has been some decline after a robust 2021 for many retailers. Food services and drinking places (bars and restaurants) picked up because the economy re-opened in full. The comeback in bars and restaurants, and gas stations is driven by 1) people driving more, there is a return to meeting in person, visitor travel is returning; and 2) increase in gas prices.

The “all other” category includes the other places where retail happens (e.g., convenience stores and fitness centers that have a retail point of sale). This category experienced a nice comeback because many of those final re-openings happened over the last 12 to 18 months and retail picked up in those outlets.

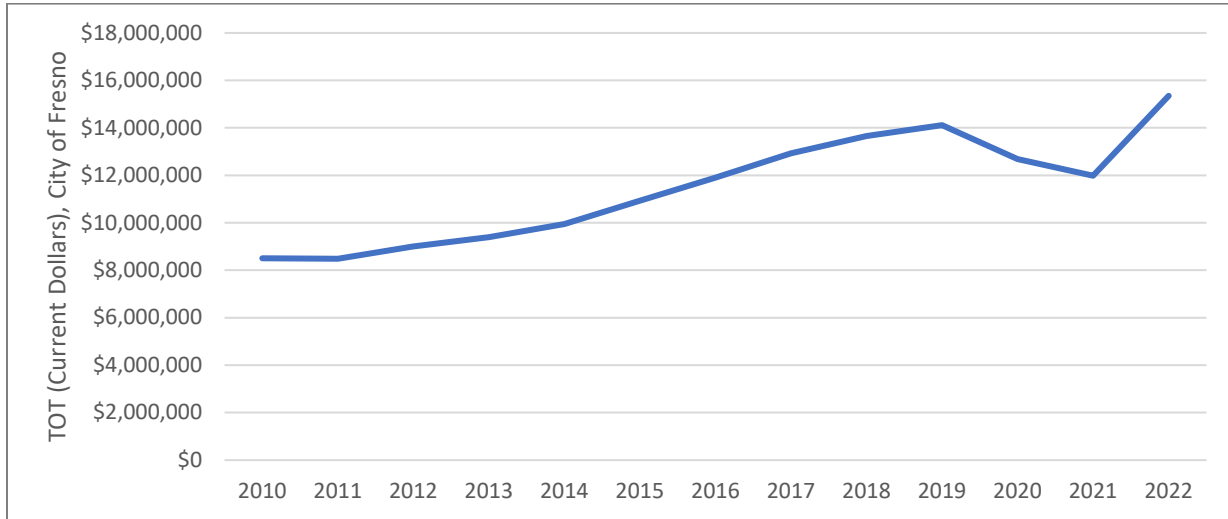
Figure 4: Percentage (%) Change in Taxable Sales by Category, City of Fresno, 2021 Q1 and 2022 Q1 to 2023 Q1, Current Dollars (Source: CDTFA)



Transient Occupancy Tax (TOT) and Travel Data

A broader link to taxable sales is the flow of visitors to Fresno. Figure 5 provides a look at transient occupancy tax (TOT) revenue for the City of Fresno based on overnight stays in the city. The 2010 to 2019 period was a long growth phase in which the region and the state experienced more people visiting. With the onset of COVID, the next two years took a sharp decline and lingered for about another 12 months and then started to pick up. This is an indication of how resilient Fresno has been in terms of its ability to bring people back to Fresno and back to staying overnight. Overnight stays are a critical factor for local hoteliers and the concentric circles of smaller businesses that serve visitors. Putting people in hotel rooms greatly accelerates their spending.

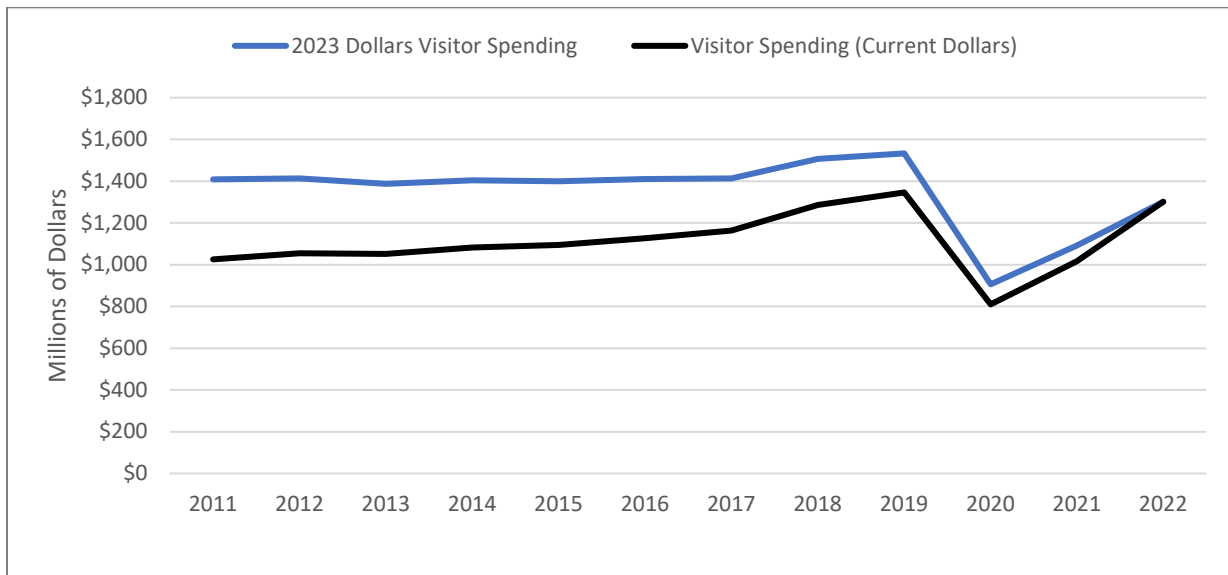
Figure 5: Transient Occupancy Tax (TOT) Data and TOT Per Resident, 2010-2022, City of Fresno (Sources: City of Fresno and California Department of Finance)



Visitor Spending

Figure 6 is a recent estimate at the county level of visitor spending since 2011 and adjusted for inflation. Similar to other taxable sales, hotel stays and other taxable sales from tourism are affected not just by more visitors but by higher prices. Notice the spending and TOT have similar trends since 2011.

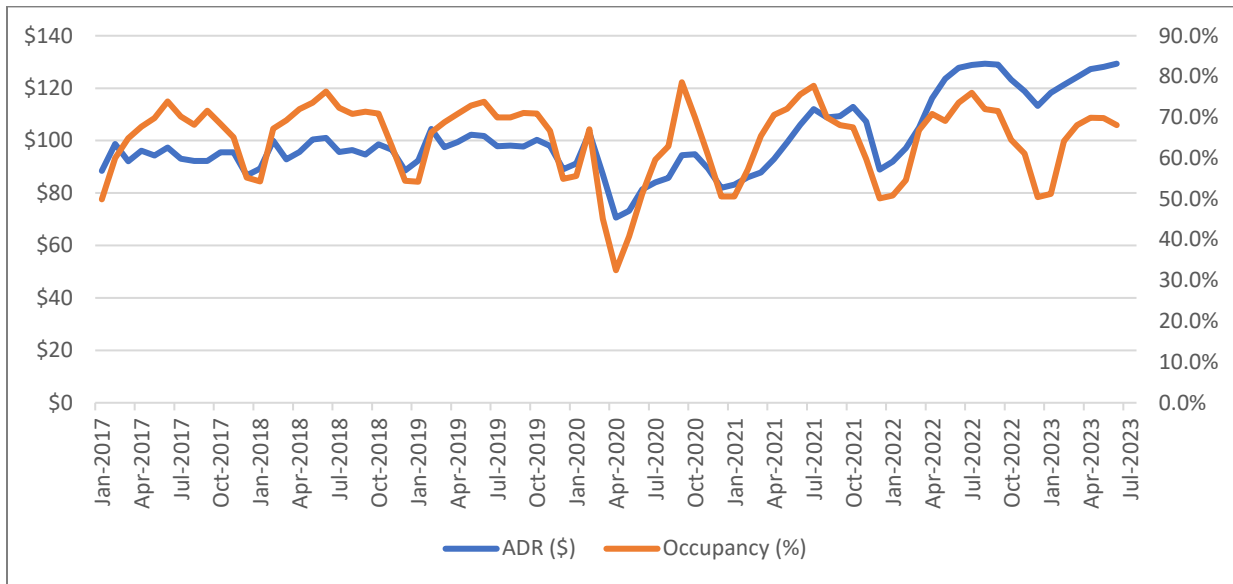
Figure 6: Tourism Spending, Fresno County, 2011 to 2022, Total Spending and Major Categories, Millions of Dollars (Sources: Dean Runyan Associates and CalTrans)



A statistic related to TOT is the average daily rate (ADR) charged by hoteliers and the occupancy rate (what percentage of offered rooms were occupied that month). The product of these two numbers is what is known as RevPAR, or revenue per available room, the taxable sale on which TOT is based.

As shown in Figure 7, the ADR increased in 2022 and 2023 from the previous trend, which revolved around \$100 per night from January 2017 to the end of 2021. Inflation is evident again. With little change in occupancy, the price change suggests a combination of more visitors to Fresno and higher costs passed on to overnight visitors.

Figure 7: Average Daily Rate (ADR) and Occupancy Rate, City of Fresno, 2017 – 2023 (Sources: Smith Travel Research and City of Fresno)



Labor Force and Employment

Changes in the labor force reflect population changes and housing occupancy characteristics (number and type of housing units occupied by families that provide workers to the local economy and students to schools). To sustain a workforce that meets the demands of a growing economy, new workforce entrants are needed (talent pipeline). Without new entrants into the workforce (youth and young adults), hiring becomes more difficult in personal services industries, construction, agriculture, retail, and restaurants.

Nationally, labor force levels were affected by the pandemic in terms of both changes in the want-to-work, the incentives to work, and population shifts. The volatility of Fresno as a city exceeded that of Fresno County overall.

Fresno County was among the fastest growth labor markets in California as the economy re-opened after the pandemic shutdown and was one of the earliest counties to emerge from the pandemic and see jobs growth versus pre-pandemic levels. Fresno recovered very well and the number of people who are available for work has grown above pre-pandemic levels, in contrast to the state of California. This suggests that working people have moved to Fresno and are looking for work or have re-joined the labor force.

At the same time the labor force (Figure 8) was slowly evolving to return the number of available workers to pre-pandemic levels. Figure 10 shows that Fresno as a city economy and Fresno County have closed the unemployment gap with the state average, but both remain above the state average to June 2023 from January 2010 on a monthly, seasonally adjusted basis.

Figure 9 shows the evolution of jobs in Fresno (city and county). Smooth growth, sharp cut, then recovery and expansion. The slight downturn (June 2023) is an indication of the national economy context and trying to slow the economy down.

Figure 8: Labor Force Comparisons, Fresno City to Fresno County, 2010 to 2023, Monthly, Number of Workers that are Residents of Fresno and Fresno County (Source: California EDD)

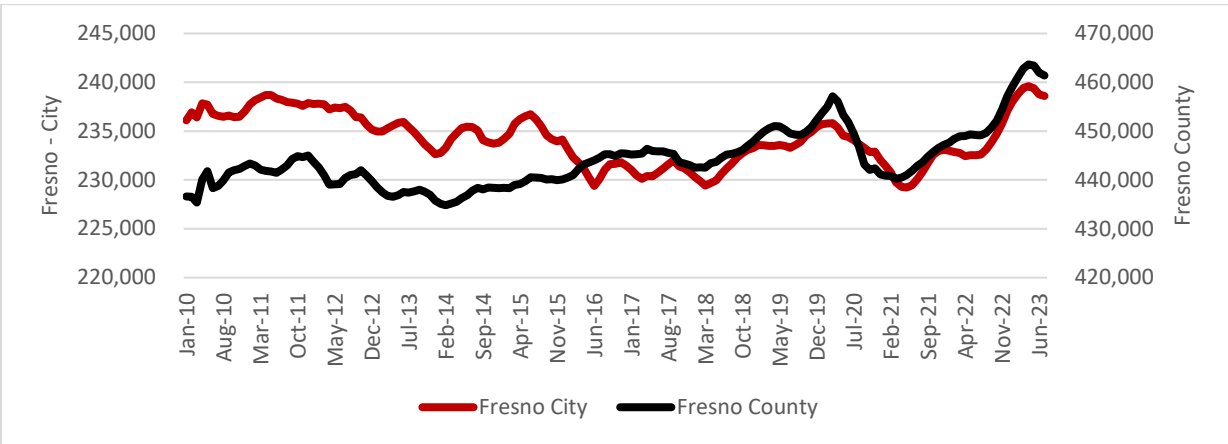


Figure 9: Employment Comparisons, Fresno City to Fresno County, 2010 to 2023, Monthly, Number of Workers who are Residents of Fresno and Fresno County (Source: California EDD)

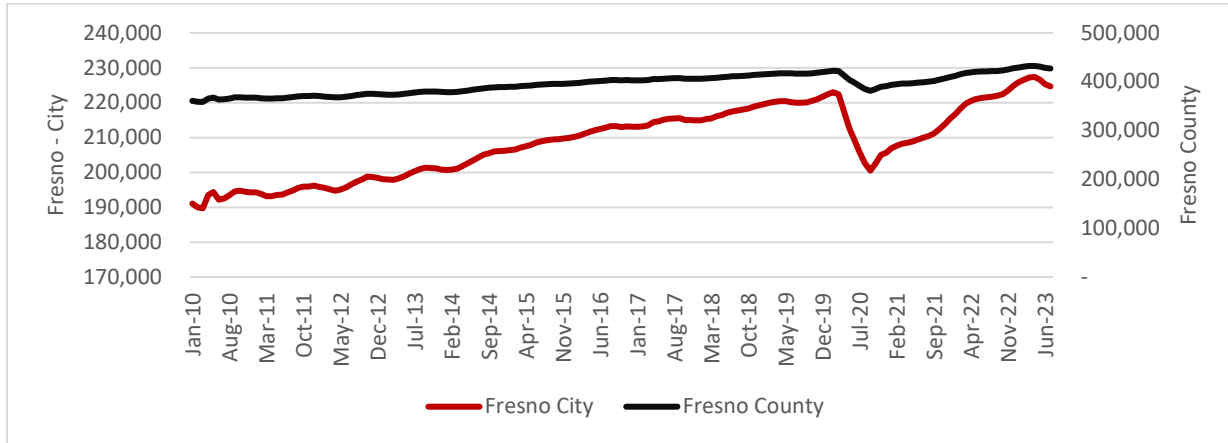
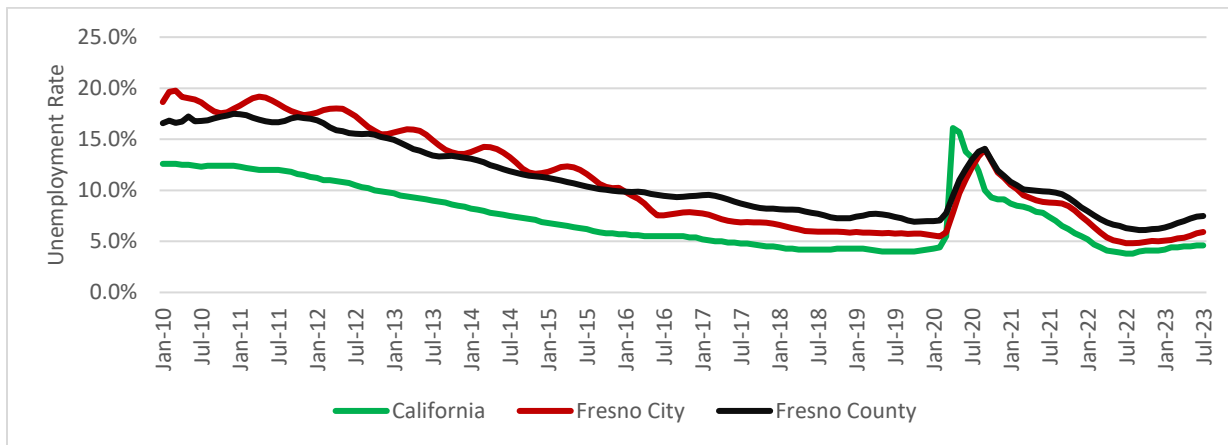


Figure 10: Unemployment Rate Comparisons, Fresno, Fresno County and California, 2010 to 2023, Percent (%) of Labor Force, Seasonally Adjusted (Source: California EDD)



Commute Pattern

According to the U.S. Census Bureau, a good majority (73.9%) of City of Fresno employed residents aged 16+ work in the city. Most of the remaining workers are employed within the county or nearby cities of Clovis, Madera, or Sanger. The mean travel time is just 22 minutes.

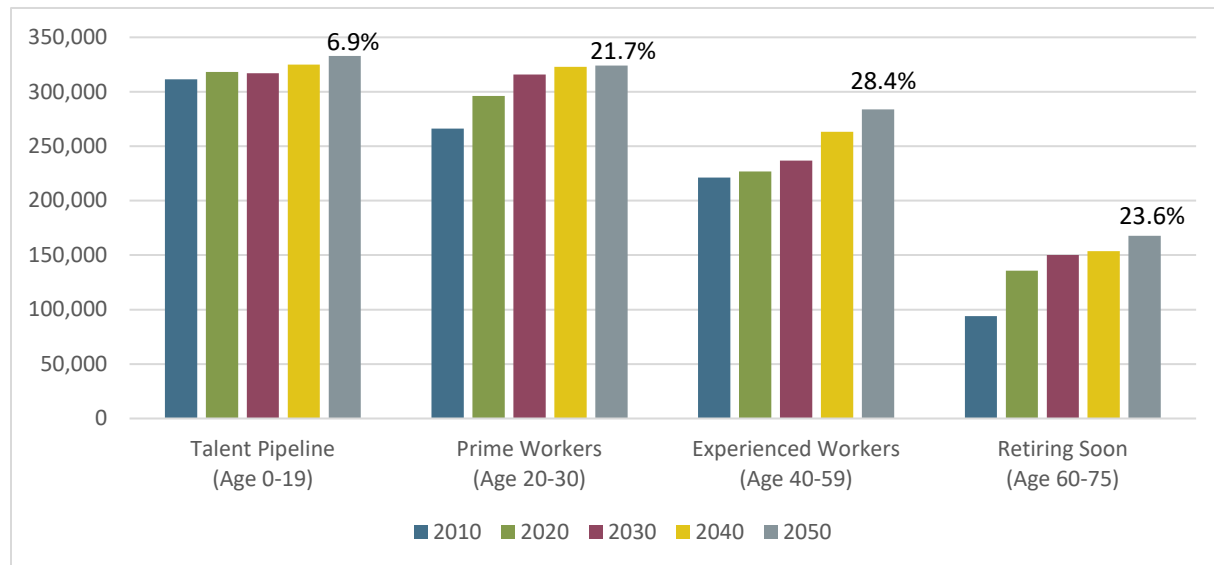
Talent Pipeline

The source of the future workforce (Talent Pipeline, population age zero to 19) has seen small, slow growth. This is a situation seen in many communities around the nation. In fact, it is not uncommon to see actual and projected declines in this age group. Fortunately for Fresno employers this category shows some growth and there is a substantial college student population in the region that can and should be attracted to employment in Fresno.

Prime Workers (age 20 to 39) are those who recently entered the labor force (some may be college and university graduates). In Fresno the percentage of Prime Workers has grown over the last few years and is predicted to continue to grow through 2050.

The two older population categories (ages 40 to 59 and 60 to 75) are growing at a faster rate than the incoming workers. This can put pressure on employers’ ability to replace retiring workers and on a community’s ability to support an older, retired population.

Figure 11: Talent Pipeline Trend in Fresno County. California Department of Finance, Report P-2B: Population Projections by Individual Year of Age, 2010-2060



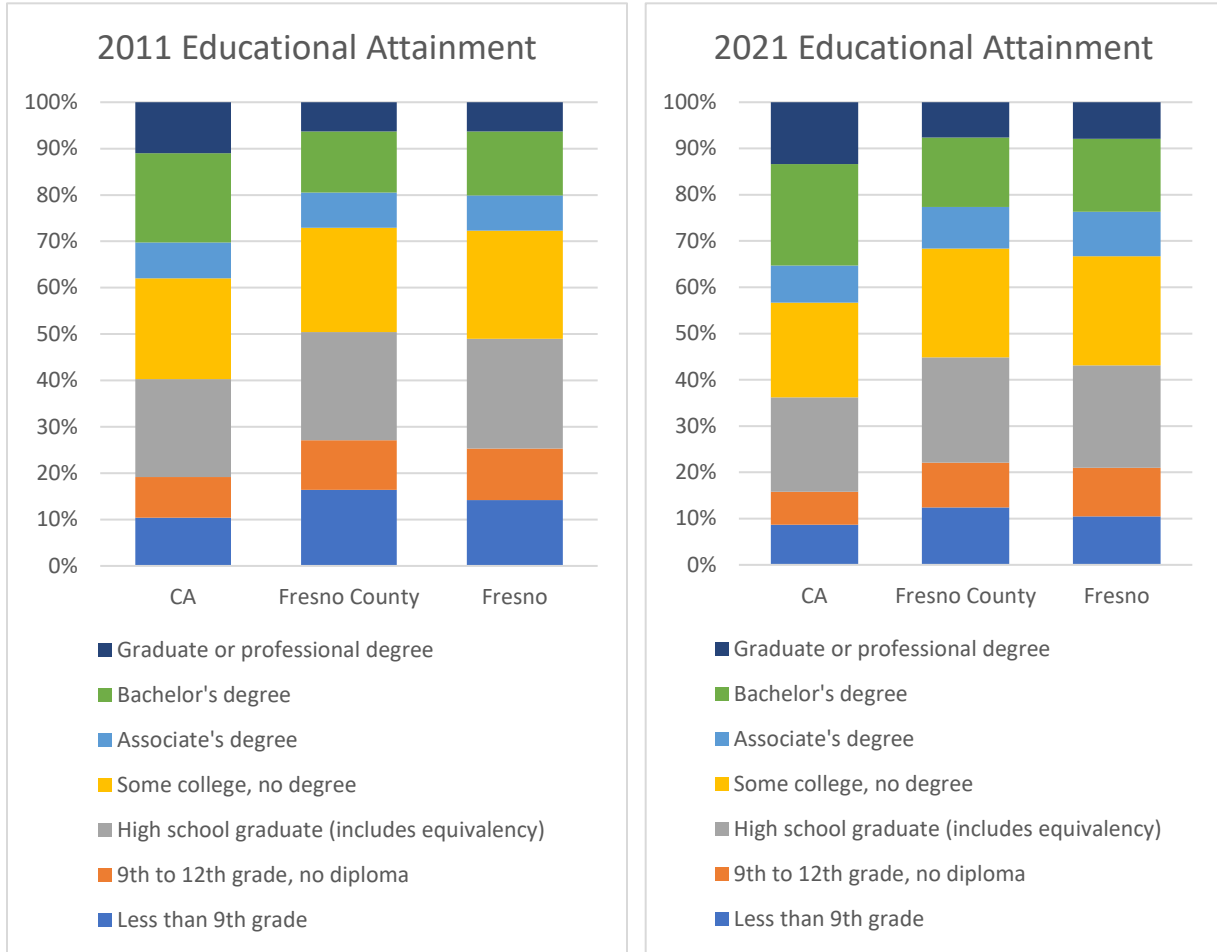
Educational Attainment

Overall, the educational attainment of the Fresno’s population aged 25+ is improving. From 2011 to 2021 the share of population with a Bachelor or Graduate degree went from 20% to nearly 34%.

On the other end of the attainment scale, those with a high school or less educational level are also improving. In 2011, these groups accounted for 49% of the population. In 2021 this improved to just 43% of the population.

There was a slight increase, about two percentage points, in those with less than a four-year degree (e.g., associate degree and some college). Unfortunately, training programs that are certificate-based or some other form of validating completion are not reflected in this data on degree attainment and, therefore, the skills sets may be under-represented. Data on Career Technical Education (CTE) completers is presented in the following section.

Figure 12: Educational Attainment for Residents, % of Total Population over 25 Years of Age, 2011 and 2021, City of Fresno, Fresno County and California Statewide (Source: Census Bureau, American Community Survey)



Career Technical Education

Declining enrollment in higher education has been experienced throughout the state and is occurring in the State Center District which includes Fresno City College, Clovis Community College, Madera Community College, and Reedley College. Fortunately, the District has fared a little better on enrollments than the state overall. While there are fewer students enrolling, the number of earned certifications is positive.

Figure 13: Career and Technical Education performance. (Source: LaunchBoard, statewide data system supported by the California Community Colleges Chancellor's Office and hosted by Cal-PASS Plus)

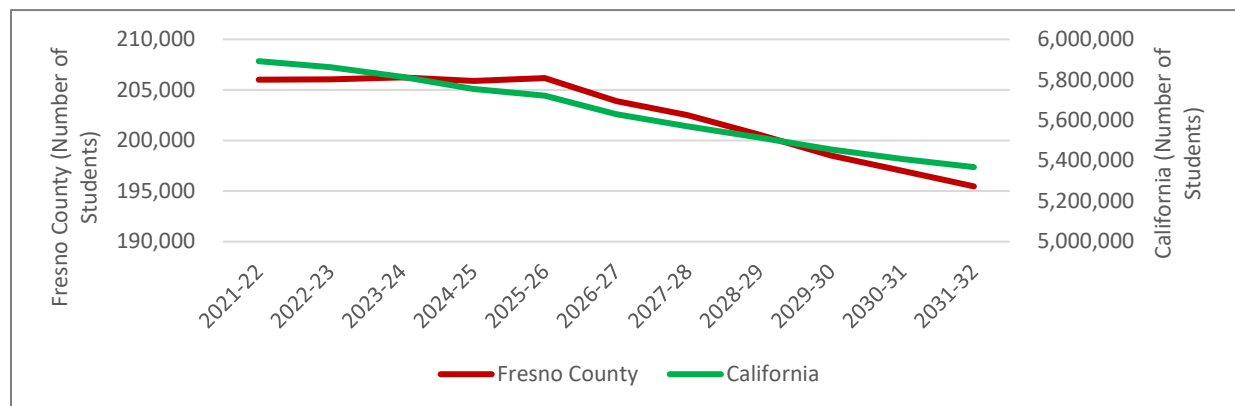
STRONG WORKFORCE PROGRAM ENROLLMENTS	2017-18	2018-19	2019-20	2020-21	2021-22	PERCENT CHANGE 2017-28 TO 2020-21
Statewide	1,015,923	1,014,576	1,008,154	901,435	838,713	-17.4%
State Center District	28,730	29,175	29,581	27,125	25,348	-11.7%
EARNED DEGREE OR CERTIFICATE						
Statewide	69,397	75,382	77,754	79,883	80,082	15.4%
State Center District	2,455	2,600	2,534	2,643	2,693	9.7%

K-12 Attendance

Many communities in California are facing a forecasted “enrollment cliff” in K-12 education which has implications for regional labor markets. The current population forecast for California is an aging population and a lower birth rate. The migration of people that come to Fresno is predicted to slow, those people are predicted to be older, and therefore, will have fewer children in school. The enrollment decline in Fresno is delayed until the 2025-26 academic year when the aging population and lower birth rates coincide to drop the K-12 levels toward the 2031-32 academic year.

These changes will impact the regional labor force and Fresno as a city economy, as Fresno County (and Madera, Tulare and Kings counties) all provide labor to Fresno employers. These changes will also put more financial pressure on school districts due to reduced funding.

Figure 14: K-12 Attendance Levels, Number of Students in Public Education, Fresno County and California, 2021-22 (Actual) to 2031-32 (Forecasted from 2022-23 forward) Academic Years (Source: California Department of Finance)

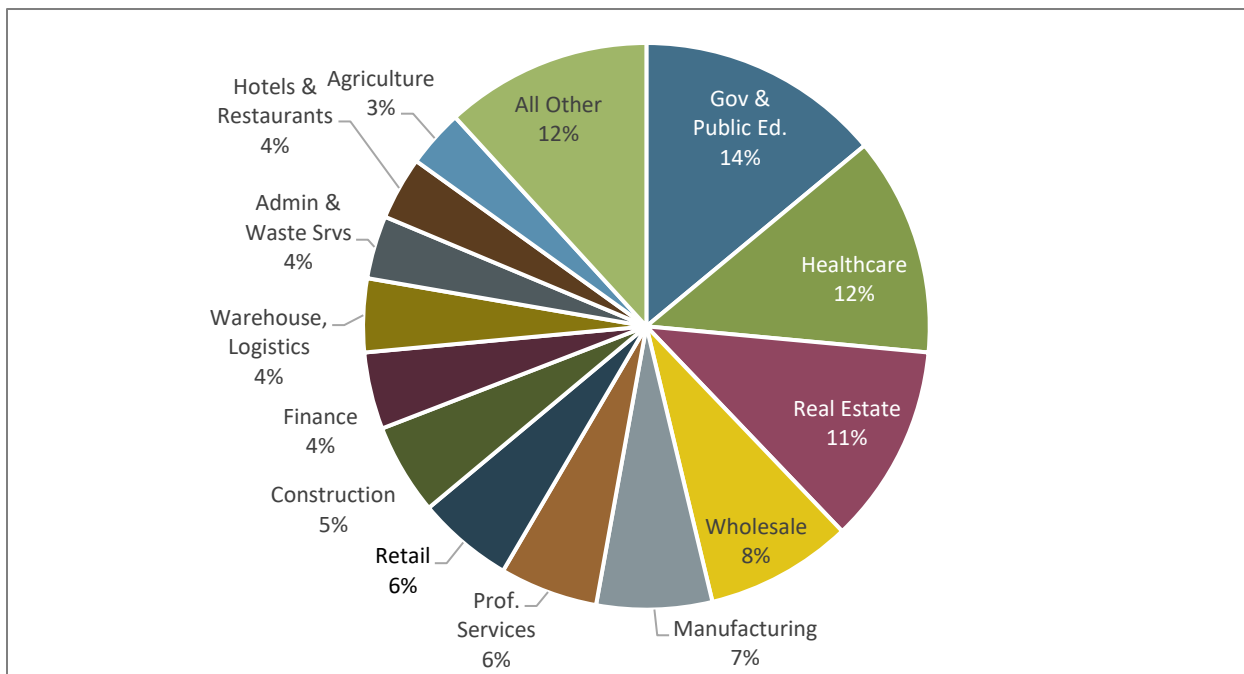


Industry Mix

The City of Fresno economy is dominated by six industries, Government and public education (Fresno State, Fresno City College, the K-12 education system, all the state, federal, county, and city employees), Healthcare, Real Estate and Commercial Rentals, Wholesale, Manufacturing, and Professional Services (the more scientific and technical jobs).

This is a nicely balanced economy. Construction and Manufacturing are relatively large. The city's portion of the manufacturing sector is on balance with the state's which is about 11 to 12%). One might expect to see Agriculture be a larger part of the employment mix, but this is showing city employment. As you progress out in concentric circles and include the county, about 11% of jobs are in agriculture.

Figure 15: City of Fresno industry mix, 2021 employment. (Source: Census Bureau and IMPLAN®)



Wages

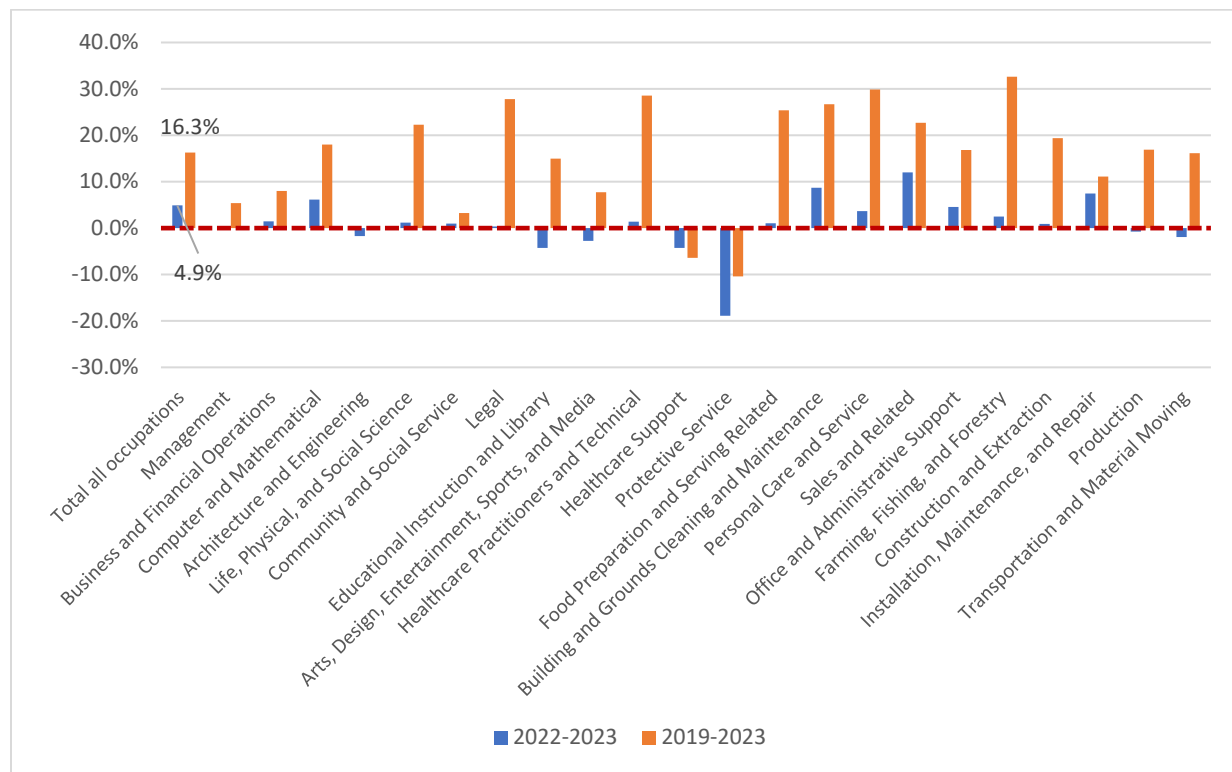
Due to low unemployment rates, jobs growth and a slowly growing regional labor force, wages in Fresno have increased. Unfortunately, so has the cost of living as measured by the state-level consumer price index (CPI) and array of national price indices (including a national version of the CPI). It is important to track not what the current wage workers are paid but the real or inflation-adjusted wage. This wage takes into consideration the change in what employers offer to pay workers and the change in inflation; when real wages rise, workers gain purchasing power or real growth to their income.

As Figure 16 shows, there was wage growth in inflation-adjusted terms since 2019, but not all occupations in Fresno County experienced wage growth after inflation over that four-year stretch. Since 2022 (one-year change), healthcare and protective services have seen more downward pressure than

other occupations. These range from registered nurses to medical assistants and police officers and fire professionals to security guards for shopping malls. In a time where we have seen inflation rise faster than most of the previous 40 years, a loss of income in terms of purchasing power can reduce incentives to take offered work and increase search time for those that employ such occupations.

Wages provide income for regional households and that becomes the basis of how broader economic impacts, like taxable sales, take place. Wage growth should lead to a larger spending capacity in the local economy and perhaps less retail leakage if new retailers come to Fresno seeking to take advantage of rising wages and thus rising spending levels. Rising taxable sales can also reflect how much tourism is changing for the local economy.

Figure 16: Wage Growth, Fresno County, 2019 and 2022 Compared to 2023 Wages, 2023 Dollars, By Occupational Sector (Source: California EDD and Bureau of Labor Statistics)



Jobs Forecast

The forecast below is a status quo forecast as of 2022 for Fresno to 2030 for jobs growth in major industries. Some of the transportation and warehousing industry's expected job loss from 2022 to 2030 can be attributed to an increased use of technology and normalization after the pandemic employment increase (notice the change from 2016 to 2022).

Figure 17: Jobs Forecast by Industry, Fresno, 2011–2022 (Actual) and 2030 Forecasted (Sources: Census Bureau, IMPLAN®, California EDD)

INDUSTRY	2011	2016	2019	2022	2030	% CHANGE 2022-30
Agriculture, Forestry, Fishing and Hunting	1,793	2,594	2,189	2,269	2,245	-1.1%
Mining, Quarrying, and Oil and Gas Extraction	23	7	3	2	2	0.0%
Utilities	1,333	1,278	1,410	1,917	2,200	14.8%
Construction	6,971	10,105	12,176	13,572	14,200	4.6%
Manufacturing	13,185	13,604	13,166	13,600	13,572	-0.2%
Wholesale Trade	8,466	8,650	8,661	9,557	10,000	4.6%
Retail Trade	20,240	23,157	23,267	24,355	25,000	2.6%
Transportation and Warehousing	5,882	6,368	9,187	10,654	10,465	-1.8%
Information	3,063	3,389	2,940	3,143	3,026	-3.7%
Finance and Insurance	6,938	7,428	7,942	8,304	7,829	-5.7%
Real Estate and Rental and Leasing	3,347	3,638	3,757	4,067	3,822	-6.0%
Professional, Scientific, and Technical Services	8,285	8,910	9,112	10,129	10,684	5.5%
Management of Companies and Enterprises	1,907	2,085	2,413	2,893	3,169	9.5%
Administration & Support, Waste Management and Remediation	11,266	16,440	14,458	16,651	15,177	-8.9%
Educational Services	18,839	22,289	22,826	25,379	29,670	16.9%
Health Care and Social Assistance	30,578	46,657	51,049	56,558	62,089	9.8%
Arts, Entertainment, and Recreation	2,268	2,678	2,602	2,517	2,983	18.5%
Accommodation and Food Services	17,102	20,286	21,730	22,191	27,226	22.7%
Other Services (ex. Public Administration)	14,485	8,360	8,476	9,207	9,547	3.7%
Public Administration	21,417	17,900	18,837	20,413	19,763	-3.2%
Totals	197,388	225,823	236,201	257,378	272,669	5.9%

Figure 18. Historic Job Growth by Industry Sector

INDUSTRY SECTOR	2011	2016	2019	2022	% CHANGE 2011-2022	EMPLOYMENT SHARE 2022
Goods producing	141,698	161,531	166,487	183,016	3.22%	71%
Local serving	36,320	41,328	45,382	49,654	3.54%	19%
Visitor serving	19,370	22,964	24,332	24,708	2.02%	10%

Economic Impact of Jobs in Retail vs. Manufacturing

Jobs growth in specific industries has differing impacts on an economy. Goods producing industries tend to be stronger economic growth engines given that the conditions and infrastructure are in place to allow those businesses to grow and thrive. Growth in goods producing industries is a key aspect of economic development because these industries support other jobs locally, provide better jobs, higher wages, an improved quality of life—all things that support housing markets, schools, local community organizations and entrepreneurs.

The following data compare the effects of 100 new jobs in two industries—manufacturing and retail—and the estimated effects on Fresno’s economy, business revenues, jobs supported, wages paid, and state and local tax receipts associated with the growth of incomes from those new jobs. Figure 19 presents a summary of the difference 100 manufacturing jobs make versus 100 retail jobs. Data for this comparative analysis is from the Bureau of Economic Analysis and IMPLAN® which provides the model for economic impacts from industry growth.

Figure 19. Summary Economic Impacts of Retail vs. Manufacturing Jobs

	100 RETAIL JOBS	100 MFG JOBS	DIFFERENCE
Additional jobs supported	40	123	207.5%
Direct wages paid	\$3,891,300	\$7,577,300	94.7%
Additional wages supported	\$1,828,400	\$6,630,800	262.7%
Annual tax receipts generated	\$2,010,200	\$4,036,800	100.8%

Impact of new Retail: When a new retailer comes to Fresno or expands to a new location, there is a positive impact on the local economy. Retail provides more consumer breadth and depth for local businesses and residents. But, because average wages are lower in retail than in manufacturing, the additional jobs supported, overall business revenues and taxes are fewer than in manufacturing.

Impact of new Manufacturing: In most cases, the manufacturing sector creates larger multiplier effects than retail. In Fresno, this is true for all manufacturing, according to data from the Bureau of Economic Analysis and IMPLAN®, which provides the model for economic impacts from industry growth. Further, while manufacturing can support and spur more retail employment and businesses, it is less likely that new retail would lead to more manufacturing employment in Fresno.

PHYSICAL ENVIRONMENT

This section presents data and information on the physical environment of the city, county, and region. The physical environment includes infrastructure, housing, sites and buildings for job-creating industry, and the region’s susceptibility to natural disasters.

Infrastructure

Downtown Redevelopment. Recently, the city acquired \$342 million for infrastructure improvements that are expected to catalyze and accelerate new investment in residential and mixed use developments. Funding is slated for two additional parking structures, new intermodal transit center, sidewalks, streets lighting, landscaping, stormwater facilities, water distribution, wastewater improvements, and new public parks and green spaces.

Municipal Services. Even with this unprecedented public infrastructure investment, there remains a substantial need for additional public investment throughout the city to accommodate years of deferred maintenance, equipment purchases and needed upgrades to essential infrastructure and services. Among the significant capital improvements needed are:

- Water—water main replacements, increased groundwater storage capacity and improvements, well rehabilitation, filter gates and ladders, irrigation infrastructure
- Waste—landfill regrading, sewer mains, pump improvements, pipeline covers, sewer rehab projects, odor control systems
- Transportation—street paving and improvements, roundabouts, intersection upgrades, lighting, traffic signals and other traffic calming measures, pedestrian and bicycle safety and amenities, public transit improvements and amenities
- Other—sustainability, energy management, ADA compliance projects, neighborhood parks and recreation facility improvements

Broadband. About 84% of Fresno County households have access to broadband.¹ This is inline with the state (90%) and the nation (87%). The city’s IT Master Plan details continued improvements to broadband especially for residents and businesses in less affluent neighborhoods. The city is also pursuing the expansion of small cell 5G sites to include disadvantaged communities, funding for last mile improvements, and ongoing upgrades and expansions including for citywide fiber.

Public Transportation. The city offers 18 fixed-route bus lines and Handy Ride Paratransit services with a modern clean and green fleet of over 100 buses, with connections to regional providers. The city also operates Fresno Area Express (FAX), an express bus service. More lines are needed to meet demand (frequency, connections).

Parks. The city of Fresno adopted the Fresno Parks Master Plan after extensive community input. It shows that 80% of Fresno’s parks are in fair or poor condition and presented a plan for improvements. A

¹ U.S. Census Bureau’s Community Resilience Estimates as of 7/2023

sales tax initiative, Measure P, was approved by Fresno voters to help fund new, maintain, and improve existing neighborhood parks, facilities, and trails.

Sites and Building

The city has a very limited inventory of sites for commercial and industrial development to support new business investment or the expansion of existing business and industry. Areas that are desirable or have been identified for job-creating development face long-term obstacles to be market ready, e.g. proper zoning, inadequate infrastructure, absence of and cost to acquire utility services, and neighborhood resistance to development. Opportunities are further discussed in Appendix D, Economic Centers.

Natural Disasters

Floods, wildfires, drought, earthquakes are a few of the natural hazards that may occur in the Fresno area. The city of Fresno along with other local, regional and state agencies partnered to create a hazard mitigation plan to prepare for and respond to natural disasters and emergencies.

The city of Fresno offers a Community Emergency Response Team (CERT) program to train citizens to be better prepared to respond to emergency situations in their home, workplace and community. CERT training is a 20-hour curriculum developed by the Los Angeles Fire Department, FEMA, and the Department of Homeland Security (DHS). It is designed to provide individuals with basic emergency response skills valuable in the initial hours or days after a disaster. Courses include disaster preparedness, fire safety and suppression, medical triage and treatment, urban search and rescue, terrorism, and psychology.

Wildfire

Related to drought conditions are wildfires. Overall Fresno County is considered to have a moderate risk of wildfires. An exceptional year was 2020 when over 400,000 acres burned in Fresno and Madera Counties. This was the result of two incidents—the Creek Fire (379,895 acres) which occurred in Fresno and Madera Counties, and the Mineral Fire (29,667) which was in Fresno County exclusively. According to riskfactor.com, the City of Fresno has only a moderate risk of wildfires over the next 30 years.²

Figure 20: Acres burned by wildfires in Fresno County (Source: CalFire www.fire.ca.gov/incidents)

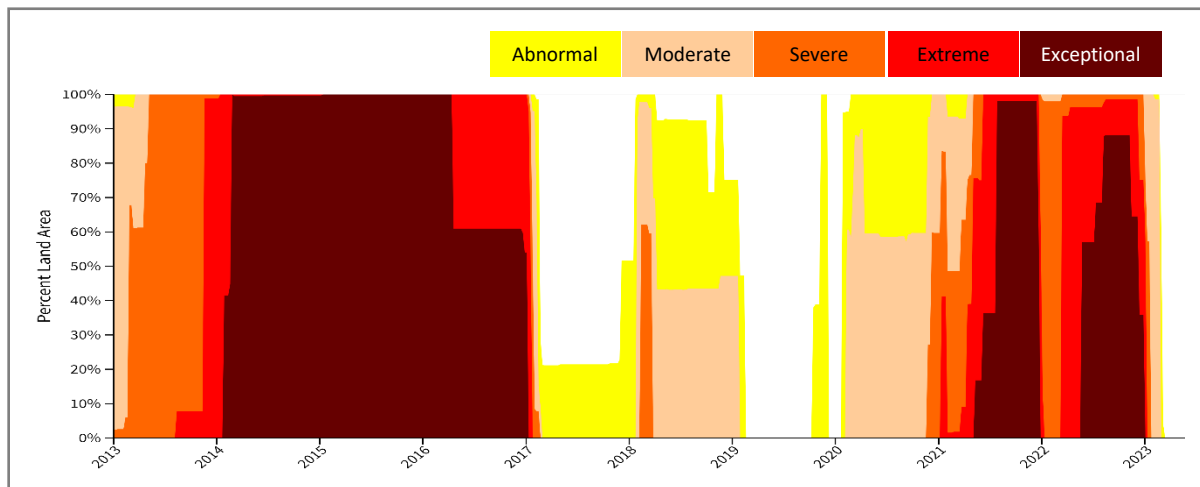
FIRES	2022	2021	2020	2019	2018
Acres Burned	408	517	414,081	283	246

² Riskfactor.com is a tool created by the nonprofit First Street Foundation to help agencies and individuals understand the risk and impact of natural disasters.

Drought

California's severe drought has been a decades-long safety and an economic problem for residents, farmers, ranchers, and any business that uses water as a primary input. The chart below shows the severity of drought conditions in Fresno County each year from 2013 to 2023. During the worst years (2014 to mid-2016) 100% of the land area in the county experienced exceptional drought conditions. Things improved until the latter half of 2021 and 2022 when a majority of the land area was considered to be in exceptional or extreme drought conditions.

Figure 21: Severity of drought conditions in Fresno County from 2013 to 2023; measured by the percentage of land affected. (Source: National Integrated Drought Information System, www.drought.gov)



Flooding

The Fresno Metropolitan Flood Control District (District) is a special-purpose district created in 1956 to acquire and construct facilities for flood control and for water conservation. The District develops plans with local public safety agencies to respond to the unlikely event of a dam failure and provides Clean Water Act compliance assistance to businesses and industries that are subject to these regulations.

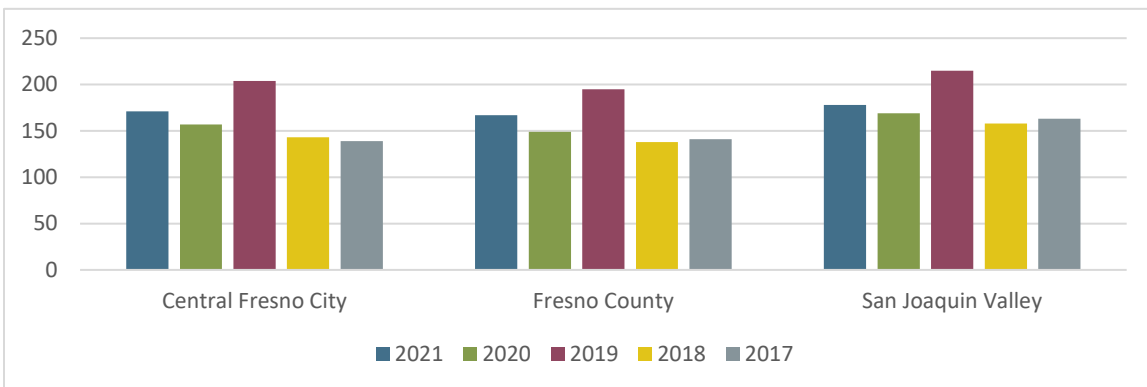
The Fresno/Clovis urban area is protected by 3 dams and seven large detention basins, and is served by a system of more than 700 miles of pipeline and more than 150 stormwater retention basins and more than 20 stormwater basins developed for recreation use. According to the District, in the event of a worst-case scenario dam failure, the areas that could expect to be most impacted by flooding are 1) areas east of Highway 168 (Shaw, Herndon, Shepard Avenues); 2) west of Highway 99 (Shields, Olive Avenues); and 3) any neighborhood or business touching Highway 41.

The control district has inundation maps online where one can look up locations in Central Fresno County to see if the area would be affected by potential flooding.

Air Quality

The San Joaquin Valley Air Pollution Control District (District) includes Fresno County and seven other counties within the region spanning from San Joaquin to Kern. Primary contributors to air quality problems in the region are population growth, emissions from traffic on two of the state’s major transportation routes (Interstate 5 and Highway 99), farm equipment, and wildfires. Geography also plays a role in air quality. Surrounding mountain ranges can cause air pollutants (generated locally and regionally) to concentrate in the valley. Pollutants may be trapped in the valley if prevailing winds are not able to rise over the mountain ranges. All these factors combine to make it difficult to meet federal air quality standards for Ozone (smog) and Particulate Matter (PM). The District is continuously investing in clean air projects to help reduce emissions.

Figure 22: Number of "good air days" (Source: San Joaquin Valley Air Pollution Control District, Web-based Archived Air Quality (WAAQ) System)



Seismic Stability

Most of Fresno County is situated within an area of relatively low seismic activity but there are fault systems that have the potential to produce high-magnitude earthquakes in the county. Among the more notable active or potentially active faults within and adjacent to Fresno County are San Andreas (to the west), Garlock (to the south), and Sierra Nevada (to the east). According to the U.S. Geological Society (USGS) maps, most seismic activity occurs to the west of Fresno County and to the east in the Sierra Nevada Mountains. The primary seismic hazard in Fresno County is ground shaking.

Housing

Housing is important to economic development as places for workforce to live and also how the regional construction industry, as an employer and gross regional product generator, may grow or change based on trends in housing.

Since the Great Recession (2007-2010) ended in California and housing prices increased through the 2010s and in the immediate time after the pandemic’s grip loosened, communities throughout California have wrestled with how to approach housing in terms of mix and quantity. Those choices have effects on housing affordability, housing equity and the flows for Fresno’s construction industry.

Housing prices can be a measure of perception of affordability as much as a real measure of how regional incomes can afford housing. Fresno only recovered housing price peaks before the Great Recession in 2020, as prices were surging due to the pandemic’s favorable conditions. Looking at the state average as a comparison in Figure 23, Fresno has relative affordability versus other parts of California, which can be an economic and workforce development asset. Figure 24 shows that the outlook for housing toward summer 2024 is positive, reversing trends that were dragging home prices down after July 2022.

Figure 23: Median Home Price Comparisons, Fresno and California, January 2000-June 2023, Current Dollars (Source: Zillow™ Research)

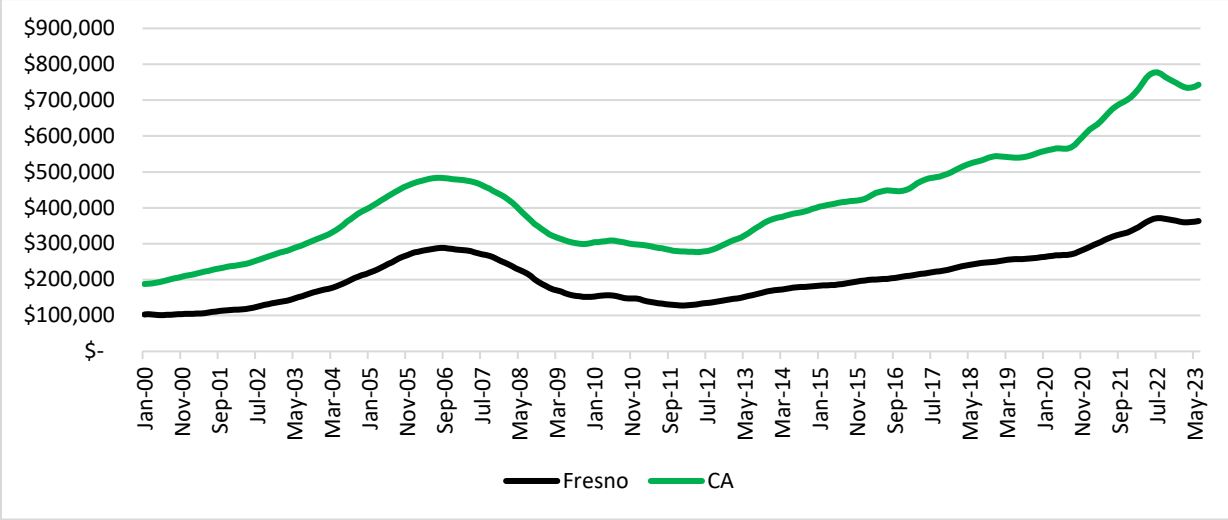
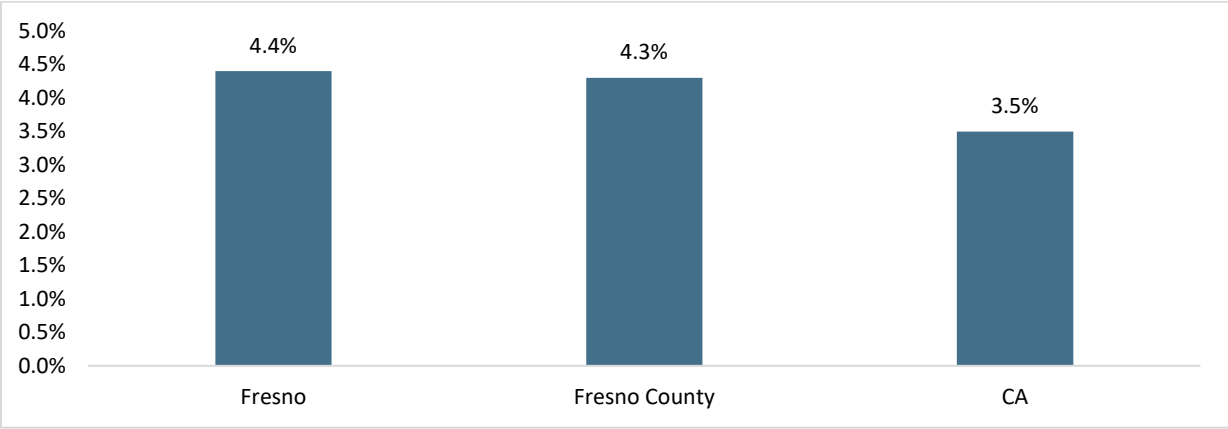


Figure 24: Forecast for Change in Median Home Price, June 2023-June 2024, Fresno, Fresno County and California, % Change (Source: Zillow™ Research)

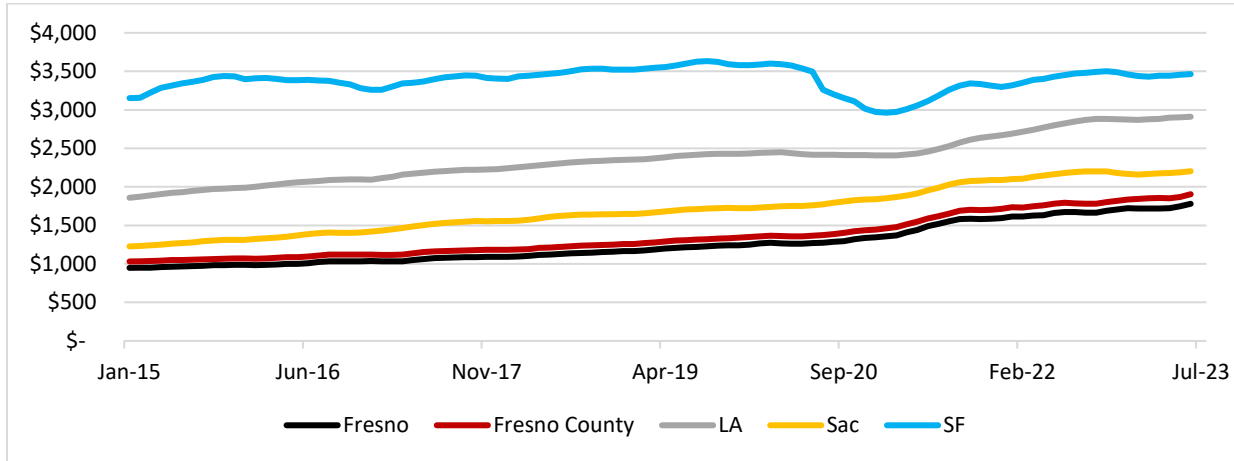


Rentals

Figure 25 displays rental prices from January 2015 to June 2023, which shows continued growth before the pandemic and then the confounding shock of the pandemic on rental prices. Notice how San Francisco (SF) had rental prices drop during the initial shock of the pandemic, but then recovered. For Fresno, in contrast, rental prices continued to rise alongside home prices. Such increases compound

affordability issues as residents do not have a market that is providing relief. Fresno, as we see later, had population growth during and after the pandemic, providing some momentum for both home rental and purchase prices to rise.

Figure 25. Median Rental Prices, January 2015 to July 2023, Current Dollars/Month, Fresno and Selected Comparison Areas (Source: ZillowTM Research)

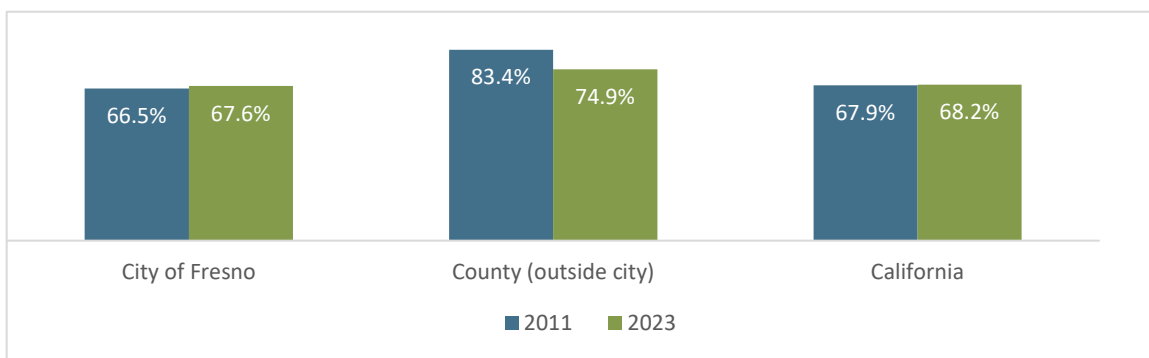


Housing Mix

Data on housing mix help understand Fresno’s housing stock in volumes of single-family “detached” homes, condominiums as for-sale products primarily (single-attached) and then an array of multi-family homes that are primarily for rent (two or more units, generally attached and in a “complex”).

The mix of single-family homes (detached, attached, and mobile homes) compared to multifamily homes has remained consistent in Fresno since 2011 (66.5% single family to 33.5% multifamily). In 2023 Fresno experienced a slight increase in single family homes (67.6%). It remains to be seen if this is a trend.

Figure 26: Share of single-family homes as percent of total housing units (Sources: California Department of Finance, Census Bureau)

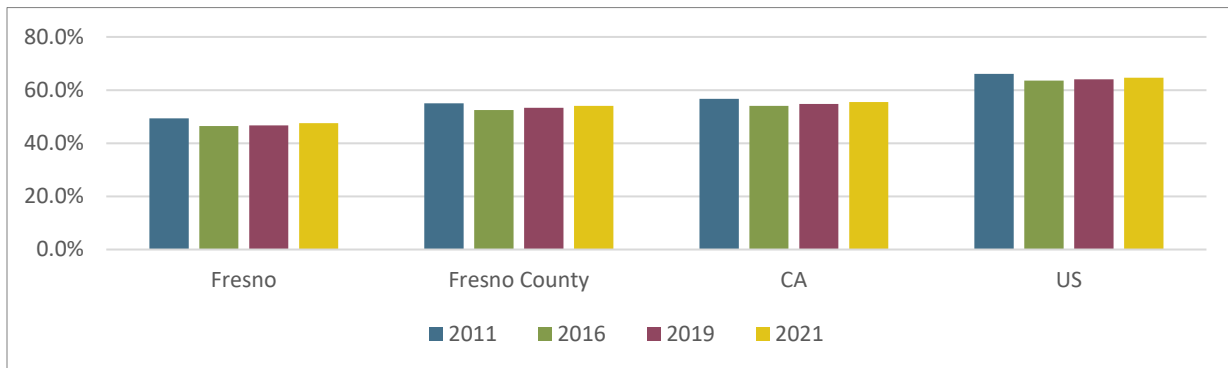


The importance of housing mix is that it can signal a region’s infrastructure and social evolution. A lack of homes to purchase with a certain mix of larger and smaller homes may signal to a current or potential employer that workers will not be able to own easily in the region, may have to commute long distances to get to work, and may be difficult to retain. Housing prices and mix can also affect the types of households that form, which can affect the overall population, the currently available workforce and also K-12 school attendance. These data provide a signal of both workforce development volume and possibilities as well as how the market in Fresno may be affecting regional choices.

Housing Burden and Tenure

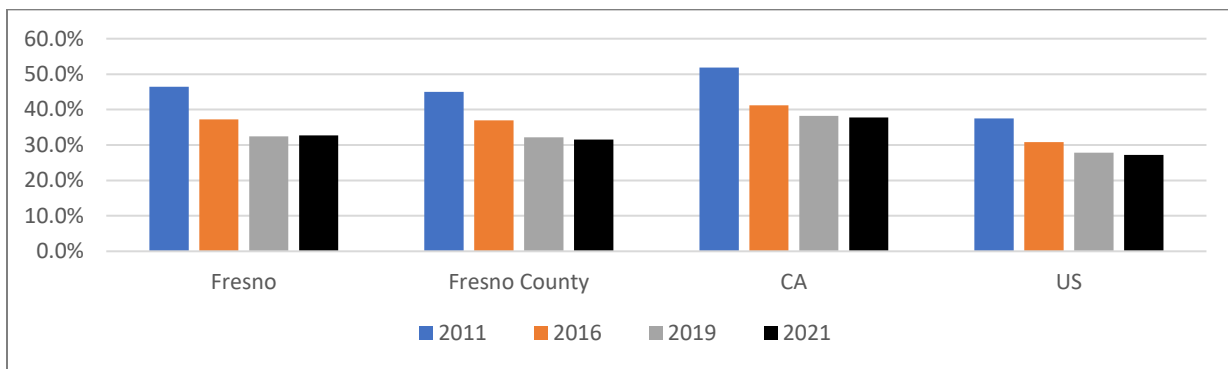
Rental prices have continued to climb since 2011. Figure 27 looks at the estimated percentage of owner-occupied homes versus renter occupied—Fresno is a city where renters occupy a larger proportion of the housing stock versus homeowners especially when compared to the county, state, and US.

Figure 27: Housing Tenure, Percentage of Owner-Occupied Homes, 2011 to 2021, City of Fresno, Fresno County, California Statewide, United States (Source: Census Bureau, American Community Survey)



When renters are a relatively large proportion of the housing stock, the cost of rents as a ratio of household income may be relatively large also, which leads to more renters spending 30% or more of their income per month on rent. This is known as a “housing burden.” Fresno and Fresno County show relatively high housing burden levels, though the state on average (due to larger urban-area rents) shows generally more burden. These data are shown in Figure 28.

Figure 28: Housing Burden, % of Total Housing Stock Rented, 2011 to 2021, City of Fresno, Fresno County and California Statewide, and United States (Source: Census Bureau, American Community Survey <http://data.census.gov>)



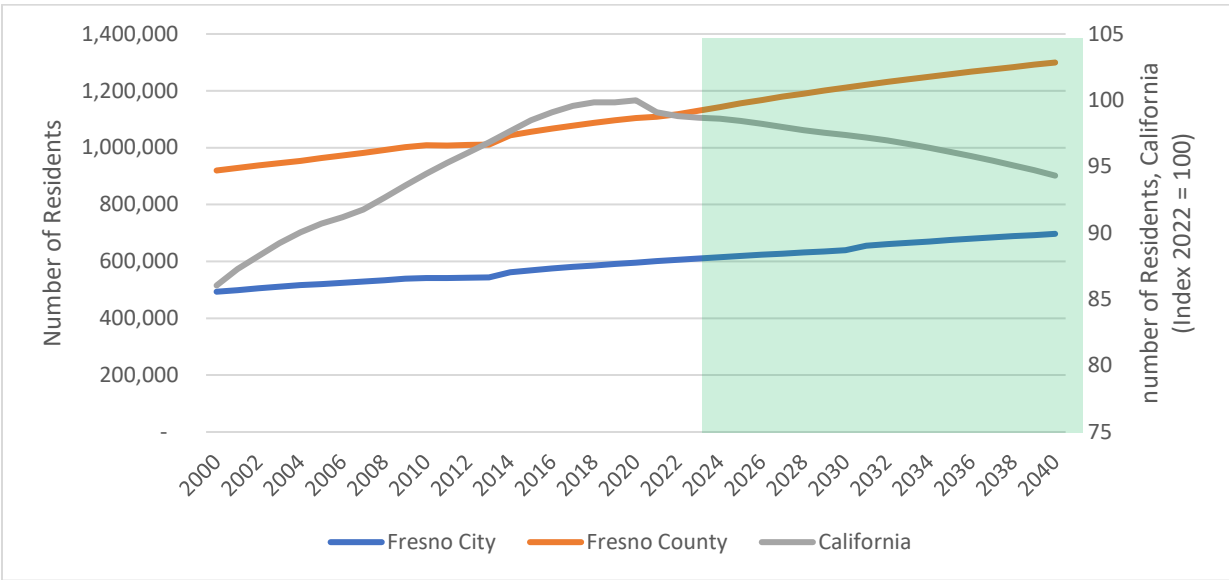
SOCIAL ENVIRONMENT

In this section we consider demographic and socio-economic data about the City of Fresno compared to Fresno County, California and other selected areas.

Population

The state of California lost population the last two years and it is expected that this decline will continue for a third year. This is the first time in recorded history that California has lost population. Further, the out-migration includes a greater share of those with a college degree. Based on California Department of Finance (DOF) and California Department of Transportation (CalTrans) demographers, the state of California is likely to see a continued decline in statewide population to 2040 from the pandemic period (2020-22).³ Unlike the state, Fresno County and Fresno City are on a path of population growth toward 2040.

Figure 29: Population (2000 to 2022) and Forecasts (2023 to 2040), Fresno, Fresno County and California (Index, 2022 = 100), Fresno City Population = 543,428 (Forecasted Years in Shaded Area) (Sources: California Department of Finance, Census Bureau and CalTrans)



Age and Ethnic Mix

The age profile (Figure 30) of Fresno’s residents has matured. This is not unique to Fresno, and coastal California, especially parts of the Bay Area, are aging faster. Almost 40% of Fresno’s population is between 25 and 55 years old, prime earning and parenting years.

³ Cain, Bruce and Hehmeyer, Preeti. *California’s Population Drain.* Stanford Institute for Economic Policy Research (SIEPR). October 24, 2023.

Figure 30: Age Mix of Population, Fresno, 2011 and 2021 (Source: Census Bureau, American Community Survey)

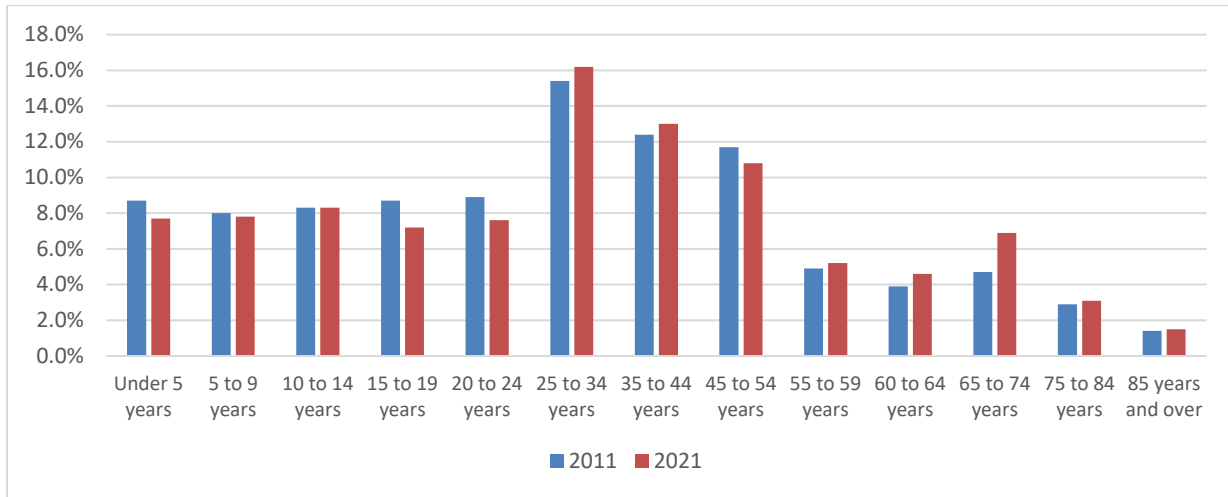
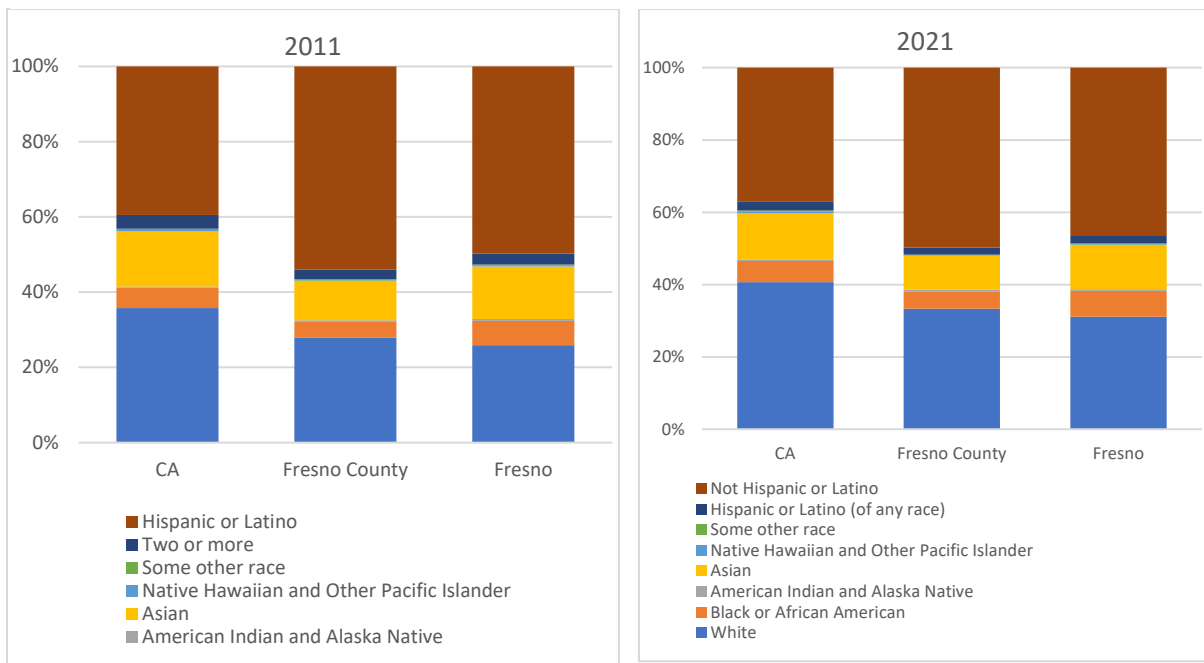


Figure 31 shows the ethnicity and racial mix of Fresno’s population contrasted to Fresno County and California.

Figure 31: Ethnic Mix of Population, Fresno, 2011 and 2021 (Source: Census Bureau, American Community Survey)



Income and Poverty

Median household income (MHI) is a classic measure of the economic progress of residents. MHI is also the basis of housing affordability measures, usually considered on a monthly basis versus the current rental prices or monthly costs of home ownership. Figure 32 looks at the inflation adjusted MHI for Fresno as a city, Fresno County, California on average, and the national average.

The median household income in the city of Fresno experienced a 10-year average annual increase of 0.71% which is more than Fresno County (0.23%) or the State of California (0.68%).

Figure 32: Median Household Income, 2011 to 2021, City of Fresno, Fresno County and California Statewide, Current and 2023 Dollars (Using Statewide Prices), Selected Years (Source: Census Bureau, American Community Survey)

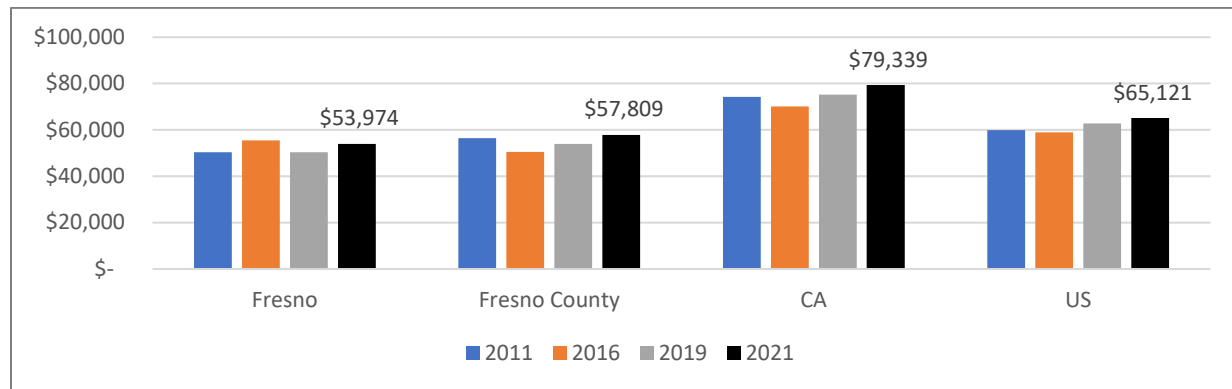
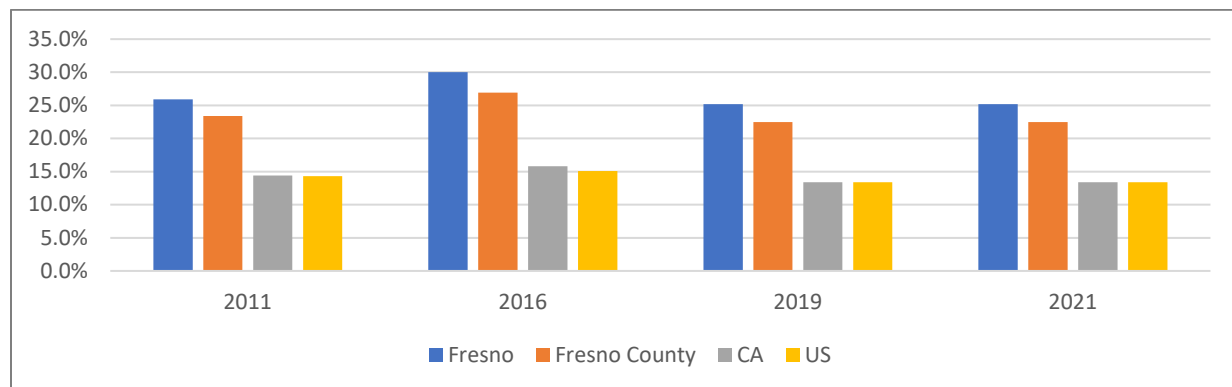


Figure 33 shows comparative poverty rates, where poverty is based on the federal poverty line (three times the estimated food budget for a household of four people) and what percentage of residents in each area are estimated to have a household income below that level.

The poverty level in the city of Fresno remains higher than the county, state, and nation over the time period shown. After an increase from 25% to 30% from 2011 to 2016, the level returned and remains at 25%. The increase in 2016 and subsequent decrease in 2021 is seen in each of the comparison areas.

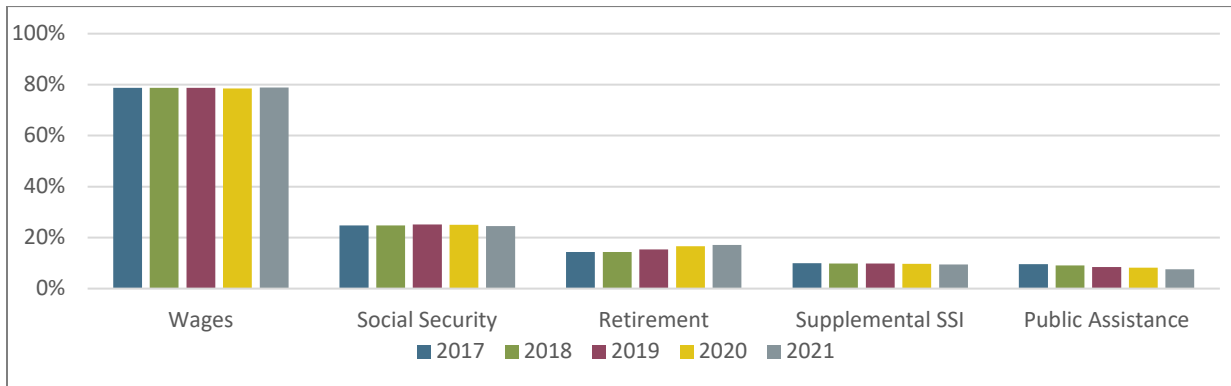
Figure 33: Poverty Rates, 2011 to 2021, City of Fresno, Fresno County and California Statewide and National Average, Percent of Residents with Current Household Income below federal poverty level, Selected Years



Sources of Income

The share of personal income from earned wages is substantial (79%) but has remained unchanged from 2017 to 2021. Small changes in the source of income are 1) a slight increase in the share coming from retirement (14% to 17%) which is another indication of an aging population; and 2) a slight decline in the share from Public Assistance (10% to 8%). The fact that a large majority are receiving income from wages suggests that people are in Fresno to work.

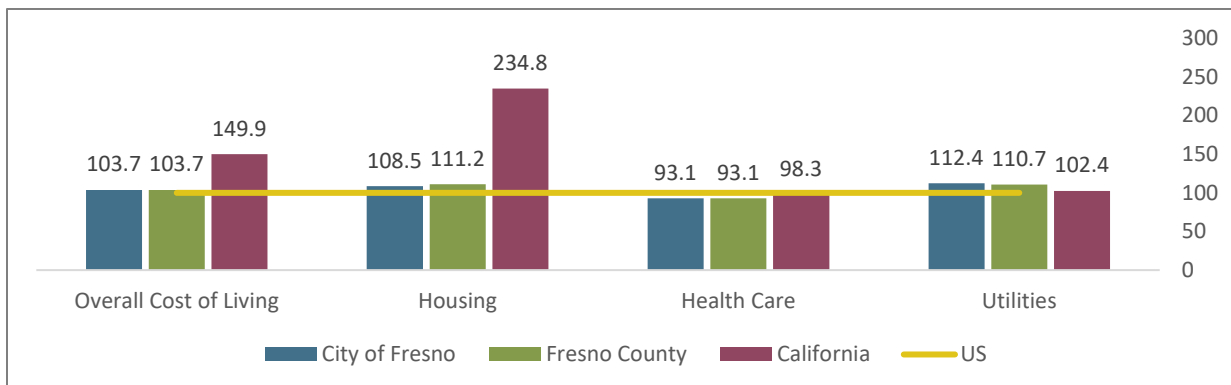
Figure 34: Sources of Income, city of Fresno (Source: Census Bureau, American Community Survey 5-Year Estimates)



Cost of Living

Cost of living indices are based on a U.S. average of 100. The chart below presents the cost of living in the city of Fresno compared to Fresno County and the state of California. Fresno's 103.7 overall cost of living means that it is nearly 104% more expensive to live in Fresno relative to the U.S. average. Fresno's cost of living is much more affordable than the state average (150%). The cost of utilities and housing are the two major components of the higher cost of living.

Figure 35: Cost of living comparison. (Source: Sperling's Best Places, Oct 2023)



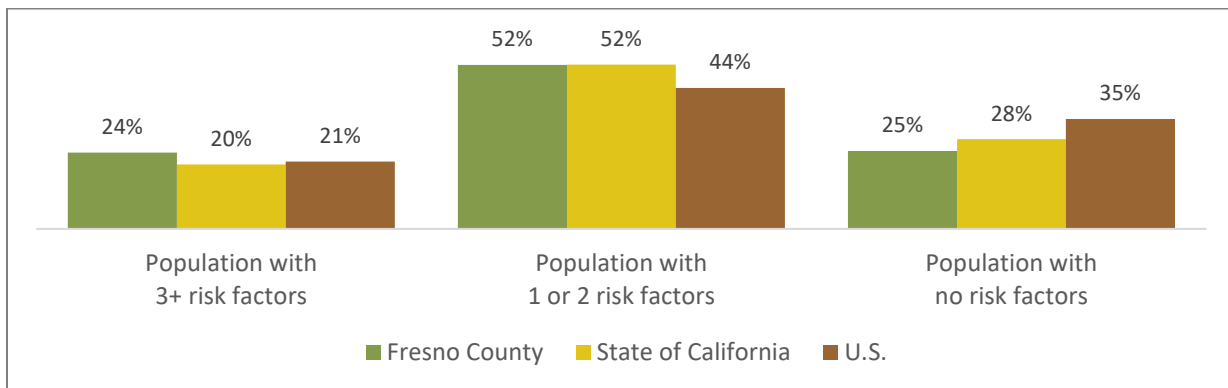
Health and Safety

This section looks at several factors that indicate the population’s risk, equity, and safety. The intent of these data is to give community leaders an indication of the local population’s capacity to respond, absorb, endure, and recover from the effects of a disaster or economic shift.

At-Risk Population

The Census Bureau’s Community Resilience Estimates (CRE) measures how at-risk populations are based on several factors including but not limited to poverty level, senior population, single parent households, households with no vehicle. Over half of Fresno County (and surrounding counties) have one or more risk factors. This is in line with the state but higher than the nation.

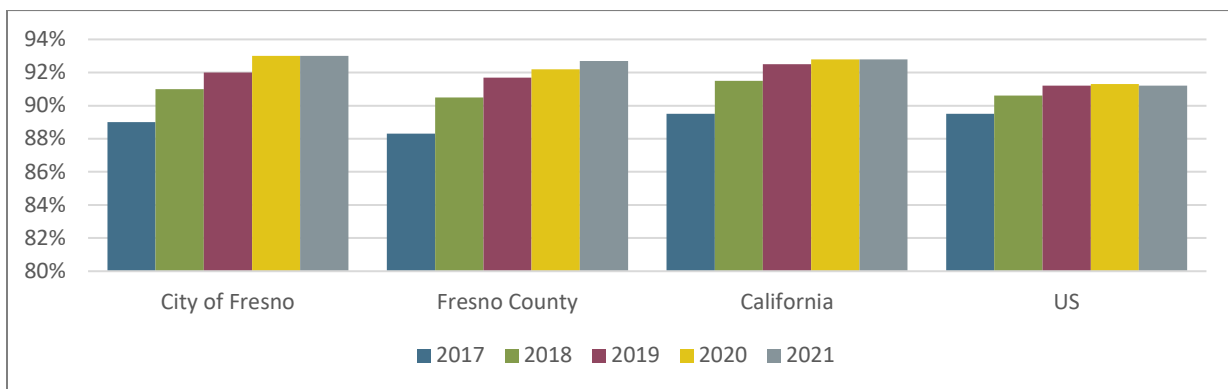
Figure 36: 2021 Fresno County At-Risk Community Resilience Estimates (Source: US Census Bureau, data collected 10/2023)



Health Insurance Coverage

The share of the city’s and county’s population with some type of health insurance coverage has improved over the last five years. The 2021 data indicates a greater share of the Fresno population is covered with health insurance than the nation’s population.

Figure 37: Civilian Noninstitutionalized Population with Health Insurance Coverage (Source: US Census, ACS 5-Year Estimates)



Unhoused Population

According to the Fresno Madera Continuum of Care (FMCoC) Point in Time (PIT) County, 4,493 persons were experiencing homelessness as of January 24, 2023. This represents a 7% increase from 2022.

The forces which affect homelessness are complex and often interactive in nature. Social forces such as addiction, family breakdown, and mental illness are compounded by structural forces such as lack of available low-cost housing, poor economic conditions, and insufficient mental health services. People who experience homelessness place an increased burden on the government and taxpayers which impacts the local economy. People without housing are high consumers of public resources and generate expenses, rather than income, for the community.

Child Care

Child care is at the core of the U.S. economy. Children rely on child care services for safe, enriching early learning environments, parents rely on the services of child care providers so that they can pursue work or school and build financial stability to provide for their families. Businesses rely on the child care sector to ensure a stable workforce and consumer base.

Lack of affordable quality child care is a barrier to economic growth. Without a safe and accessible place for young children to go, workers (particularly women) are limited on employment and educational opportunities, and therefore less able to earn money to help support the family.

Fresno is not meeting the demand for affordable, quality child care. Only 23% of children (aged 0-12) of working families are provided with child care services, leaving 77% of working families unserved. Only 15% of infants and toddlers of working families have access to care.⁴ Leaving an untapped workforce at home to take care of children in a time when many jobs go unfilled is a missed opportunity for economic growth for the city and for achieving financial stability for many Fresno families.

⁴ Fresno County Child Care and Development, Local Planning Council, Early Care and Education, October 2023