

ECONOMIC ANALYSIS **DRAFT**





ECONOMIC ANALYSIS

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EXECUTIVE SUMMARY

Clovis is undertaking an update of its General Plan during the most severe recession since the Great Depression. The effects of this recession will linger for many years, and several long-term demographic and economic trends pose great challenges for how the community plans for its long-term growth and development. This economic analysis assesses the implications of economic and market conditions, demographic shifts, and development trends and provides guidance for the General Plan Update.

The economy matters. Regions with expanding economies attract new migrants and retain more of their high school and college graduates. They attract new investment and new development. Regions with stagnating or declining economies attract few migrants and lose more of their graduates. The economic analysis assesses the local and regional economy that will drive future growth and development in Clovis.

KEY FINDINGS

This economic analysis makes numerous findings and recommends a variety of strategies, actions, and goals for the General Plan Update; readers are encouraged to thoroughly read the entire document. Nevertheless, three key findings encompass many of the economic-analysis topics, as summarized below.

1. Slow Economic Recovery and Fiscal Challenges

The national and regional economies will likely recovery slowly from the current recession, and the length of this recovery will challenge Clovis' ability to pay for and provide the expected quality and level of public services for several years. While the national economy returned to growth in the third quarter of 2009 and most economists expect continued growth through 2010, unemployment will remain a problem. Job losses, although greatly slowed, are expected to continue through at least mid-2010, with job growth resuming in late 2010 or early 2011. The national economy could take years, however, to return to the total number of jobs prior to

the recession. The housing market will remain subdued even longer as losses in household wealth, depressed employment levels, tighter lending standards, and potentially increasing inflation will limit the pool of potential homebuyers and the amount they can afford for housing.

The recession has severely limited the City's ability to fund and provide public services and facilities. Adjusted for inflation, general fund revenue per household has decreased from \$1,723.16 in FY07 to \$1,644.51 in FY09, a total 4.6 percent decline over two years. This stark reversal after years of continuing revenue growth has forced the City to eliminate staff and cut services: 33.7 full-time equivalent jobs eliminated, a reduction of 13.9 percent when adjusted for the number of households; police staffing reduced to 82 percent of the master plan's level of service; and fire staffing at 79 percent. The expected long, slow recovery from the recession (and an even longer recovery period for development) means that the City's budget will continue to face severe revenue limitations for at least several years, if not longer. The current revenue levels are the new normal, as are the levels of service that the City can afford to provide under these constraints.

A fiscal analysis prepared in conjunction with the General Plan Update's land use element will focus on these issues and the long-term impact of growth and development. In contrast, the economic analysis seeks to forecast the amount of land that the City should plan to accommodate growth and development over the next 20 years and explore the economic and land use dimensions of that development. One should neither let the short-term situation overshadow the long-term outlook, nor let the long-term development potential color one's perception of the short-term budgetary realities confronting the City

2. Economic Development

The economic analysis forecasts that Clovis will grow by 14,845 new households over the next 20 years, but the local economy will add only 10,892 jobs. Because Clovis has about 1.1 workers per household, the growth in workers will outpace the growth in jobs. Currently about 78 percent of resident workers travel outside of Clovis to work, and the growth in workers at a rate faster than the growth in jobs will increase this rate of out-commuting.

Beyond just the transportation challenges created by increased commuting, the mix of development has implications for the City's budget. Various fiscal studies generally find that residential land uses consume more in municipal services than they provide in revenues, while employment-generating commercial and industrial uses provide more municipal revenues than they consume in public services. Thus Clovis' current path—more residential than employment-generating uses—will worsen the City's fiscal balance over time.

The economic analysis explores these issues in more detail. It recommends that the General Plan Update plan sufficient land area to accommodate economic growth for one job for each new worker. More importantly, the community should commit itself and its resources to expand employment opportunities at a higher rate than past efforts have achieved. Finally, the economic analysis explores the need for the General Plan Update to strike some balance between enabling housing choices suited to the types of jobs in Clovis and attracting jobs suited to the skills and education of residents in order to reduce the need for out-commuting.

3. Housing Mix and Density

Several factors will combine to change the density and types of housing that will be developed in Clovis over the next 20 years. First, demographics are changing. The population of age 28 to 45—the age groups that most often represent first-time home buyers and move-up family housing—will account for only 7 percent of population growth through 2020. Instead, aging baby boomers moving into retirement and young adult Gen Y will compose the majority of population growth in California. Baby boomers moving out of their current housing will increasingly choose to downsize. At the other end, their Gen Y children will be looking for apartments and low-cost first-home purchases at rates not seen since the baby boomers began moving out on their own (think of the apartment boom of the 1970s). These demographic changes will drive new market demand for different housing types than what the City has experienced since adoption of the current General Plan.

Second, the economic recession will reduce the amount of housing that existing and new households will be able to afford for many years to come. Developers will have to answer to this evolving market demand. This new demand might seek similarly sized housing with fewer amenities, smaller housing and lots, or even townhouse and other multifamily housing. Without a crystal ball, developers will likely answer to this new market demand through trial and error. For Clovis to continue to provide an attractive and successful housing market, planning will have to find ways to provide for flexibility for this trial-and-error approach, especially over the short-term. Of course the state, through CEQA, the regional housing needs allocation, and other requirements, will still limit true flexibility.

Finally, new state mandates will effectively force Clovis to require higher densities for new housing. The Council of Fresno County Governments has drafted a Fresno County Blueprint that considers an average of 9.0-dwelling-unit-per-acre density for new residential development in Fresno and Clovis. SB 375 will require Fresno COG to adopt a Sustainable Communities Strategy, which would likely incorporate

the Blueprint's density goal. All federal- and state-funded transportation projects will have to be consistent with this strategy. In addition to this mandate, other environmental constraints, especially limited water supply, will affect the pattern of new development in Clovis.

The final chapter of the economic analysis explores these issues of housing types and density, but the discussion is intended as a starting point. The General Plan Update process will have to provide ways for the community to understand what these changes mean and what these types of housing, neighborhoods, and communities look and feel like. Drafting the General Plan Update's land use element requires some level of agreement on housing mix and density.

EXTERNAL FACTORS AND TRENDS

As the community articulates its vision for the Clovis of 2030 through the General Plan, several trends and external factors will affect the community's ability to achieve its vision.

Economic Recession

Recovery from the current economic recession will likely be long and slow. Employment levels will take even longer to return the prerecession levels, causing consumer spending to remain anemic. The City should expect depressed sales tax revenues and restrained retail development for several years.

The housing market will likewise take several years to return to a more normal pace of development. Continuing tight credit (both for developers and home buyers); tightened credit standards and higher down-payment requirements; loss of equity available for down-payments (both in stock holdings and equity value of existing housing); and the likely increase in interest rates to combat inflation as the economy returns to expansion will combine to slow the recovery of the housing market for several years.

Aging of the Baby Boom Generation

Over the next 20 years, the baby boom generation (those born from 1945 through 1964) will leave the labor force and enter retirement. There will be 5.3 million fewer people following behind the baby boomers, creating a national labor shortage. Jobs will chase qualified workers. Communities where skilled and educated workers want to live will have an advantage in the competition for jobs and economic investment. Clovis should maintain its commitment to be a desirable place to live.

The nation's health care system is unprepared to deal with the increasing demands of the aging baby boom generation. Health care will be a growth industry over the next 20 years. Clovis can capitalize on this growing demand and attract health care jobs as part of its economic development strategy.

Regional Economy

Although Clovis is relatively affluent with a skilled and educated labor force, its region is not. Both Fresno County and the broader San Joaquin Valley have lower wages and incomes, higher poverty rates, less educated labor forces, and higher unemployment rates than Clovis. This regional economic context constrains many local businesses whose primary market is the region. The public perception of the region as a primarily low-wage, low-skill area also inhibits the City's ability to attract new businesses to locate in Clovis.

Clovis should maintain, even expand, its leadership role in the region, encouraging efforts to expand the skills and education of the regional labor force. At the same time, the City should foster a public identity for Clovis that helps to elevate it above the popular image of its region.

Fresno County Blueprint and SB 375

Fresno COG's Fresno County Blueprint promotes new regional development patterns to combat the loss of prime agricultural land, improve air quality, reduce traffic congestion, and provide more affordable housing. For new residential development, the Blueprint establishes an average density goal of 9.0 housing units per acre for Fresno and Clovis. As part of California's AB 32 effort to address climate change, SB 375 will restrict new transportation investments to those who comply with regional plans that the California Air Resources Board certifies will meet targets for reducing total vehicle miles travelled. These regional plans will likely require higher densities and mixed-use developments.

Taken together, the Fresno County Blueprint and SB 375 will necessitate new development patterns in Clovis, with more compact and higher density development, more multifamily housing, mixed-use development, and more redevelopment and infill development. Public transit enhancements and expanded pedestrian and bicycle facilities could also help implement SB375's goal of reducing vehicle-miles-travelled.

Multifamily Development

When Clovis adopted its current General Plan in 1993, single-family detached housing constituted about 63 percent of all housing. Growth since then has been predominantly single-family housing, which now represents about 72 percent of all housing units. Demographics, however, are changing. By 2020, those between age 46 and 70 (empty nesters and retirees) will account for 48 percent of all statewide population growth. Those of age 18 through 27 will account for another 16 percent of growth. These two high-growth groups represent a sizeable demand for other housing than the traditional single-family detached neighborhood. Those of age 28 to 45—the age groups that represent first-time home buyers and move-up family housing—will account for only 7 percent of population growth.

These demographic shifts will drive demand for more multifamily housing. Through the General Plan Update, the community will have to plan for how to accommodate this change in housing demand.

THE LOCAL ECONOMY

What are the economic sectors that will drive the local economy's growth over the next 20 years? Although residential development will likely continue based on regional factors, the local economic growth will shape the community's overall development and influence the quality of life that Clovis offers.

Structure of the Local Economy

Compared to the region and state, Clovis' economy has much more activity in the construction, retail trade, and educational services sectors of the economy. Population growth fuels much the growth in these sectors. Past housing growth has helped these sectors expand locally, and continuing growth should generate further expansion with little need for public intervention.

Clovis' economy has much less activity in the wholesale trade and the warehousing and transportation sectors. Distance from the CA-99 freeway and land costs probably explain why the City has seen less development in these sectors and will likely limit future development.

The local economy also has much less activity in the knowledge-based sectors of information; finance and insurance; professional, scientific, and technical services; and management of companies. These sectors, however, employ many local residents who commute out of Clovis for work. This export of workers suggests that the local economy could support more jobs in these sectors.

Jobs-Housing Balance

From 2002 through 2008, on average, Clovis had about 1.02 jobs per housing unit. In the past, analysts typically used this ratio to measure the balance between employment and residences in a community. With better data now publicly available, other measures can provide a better indication of the relative balance. Because some communities have more retirees and others have different household and family structures, the number of jobs per employed resident provides a better measure of the balance, and this trend over time indicates whether or not the community is growing its local economy in step with its residential growth.

During this same time frame, Clovis had about 1.07 employed persons per household, compared to 1.06 in Fresno County and 1.16 in the state. Most meaningfully, though, Clovis had 0.92 job per worker, somewhat less than the county at 0.99 and the state at 1.0. By this measure, Clovis has a relative balance between jobs and housing.

There is, however, a disconnect between these jobs and the skills and education of residents: only about 22 percent of Clovis' working residents had a job in the City. If the purpose of the jobs-housing balance relates to transportation and commuting, then Clovis is not performing as well as it could.

If present trends continue, the jobs-housing balance will worsen. Over the next 20 years, the City could grow by 14,854 households (and potentially 15,878 workers), but the local economy would only produce 10,892 new jobs. The City will have to expand its economic development efforts just to maintain the current ratio of jobs to housing and jobs to workers.

Retail Sales

Prior to the recession Clovis was strong in retail sales. Retail accounts for 16 percent of the total jobs in Clovis, and the City had a net retail sales capture of about \$84 million (the difference between what Clovis residents spend outside of the City and what nonresidents spend in the City). Population growth has accounted for almost all of the City's increases in retail sales. The average retail sales per household only increased from \$42,493 in 2000 to \$43,431 in 2006. And the decrease in average household expenditures resulting from the recession might not return to prerecession highs over the next 20 years (after adjusting for inflation). Nevertheless, continued population growth will eventually drive increases in retail sales and retail sales tax revenues.

The economic analysis finds that the City currently has about 523,580 square feet of excess retail space, that is, beyond what current spending can support. Both underlying structural vacancy problems and decreases in household spending from the recession contribute to excess retail space. With population growth and currently planned retail projects, it could take until 2016 before consumer spending could support new retail development on a City-wide basis.

Within the City, there are areas with more excess retail space and other, growing areas that could support new retail development sooner. For example, in its 2008 study, the City found that the Shaw Avenue corridor had an 8.5 percent vacant rate. In contrast, the growing Loma Vista community center could likely support some new retail development before 2016. The General Plan Update will have to consider which areas have a structural excess of retail buildings that should be transitioned to other uses and which areas can support new neighborhood retail businesses.

Employment Trends

The economic analysis projects that if current trends continue, the local economy could generate 10,892 new jobs over the next 20 years. The construction, retail trade, education, health, and accommodation and food services sectors would grow robustly. These five sectors would add 7,831 jobs, accounting for 73 percent of all local job growth. Increases in construction employment would, however, start at the current, greatly reduced number of jobs and not return to pre-recession levels until 2028.

The natural resources and mining, and utilities sectors would lose jobs. The wholesale trade; transportation and warehousing; information; real estate; finance and insurance; management; and arts, entertainment, and recreation sectors would grow very little. These seven sectors together would add 271 jobs over 20 years, 2 percent of total job growth. The remaining economic sectors would grow moderately, adding 2,738 jobs, about 25 percent of total jobs.

LAND DEMAND FORECAST

The final portion of the economic analysis forecasts the amount of land area that the General Plan should allocate for future growth and development of housing, retail sales, commerce, office, and industry. It assesses several factors that will influence the land area required for new development.

Housing Density

Under the Fresno County Blueprint, future residential development should achieve a City-wide density of 9 housing units per acre. Since 2000, new single-family detached housing has achieved an average density of about 4 units per acre and multifamily development has achieved 12.7 units per acre. To maintain the current mix of housing types, new single-family detached housing would need 8.3 units per acre and multifamily would need 26.6 units per acre to achieve the Blueprint density. By planning to change the mix of new development for more multifamily development, the City can achieve the Blueprint density without having to increase the density of single-family detached housing as drastically. The economic analysis provides several different scenarios for combining densities and housing mix to reach an overall new residential development density of 9 units per acre, calculating the land area needed for residential development under each scenario.

Employment Goals

If present trends continue, growth in households will outpace growth in jobs in Clovis. To maintain the current ratio of jobs per household, Clovis would need 3,780 additional jobs, almost 35 percent above the number expected based on current trends. To achieve one job for each new employed resident would require another 11 percent increase. The economic analysis recommends planning sufficient area to accommodate enough new jobs for each new resident worker. It also recommends that the City update its economic development strategy during or following the General Plan Update.

Land Demand Forecast

To achieve the Valley Blueprint density goals over the next 20 years, the Economic Analysis recommends that the City plan between 1,300 to 1,600 acres of land for new single-family detached housing and 63 to 410 acres for new multifamily residential development, depending on the mix of housing.

The Economic Analysis also recommends that the City plan 134 acres to accommodate 1.4 million square feet of new retail space over the next 20 years. If new retail achieves a higher density than the current floor-area ratio of 0.24, then less land area is needed. The City should plan an additional 33 acres for 337,000 square feet of other commercial uses.

To achieve the employment goals, the City should plan for a large increase in offices. The General Plan should identify 127 acres to accommodate 1.2 million square feet of new offices. If the General Plan provides for higher density offices than the current development floor-area ratio of 0.23, then less land area would be needed. Finally, the economic analysis recommends planning 60 acres for the development of 715,000 million square feet of new industrial buildings.

Implementation

Two key challenges face the City in achieving the economic analysis's suggested development. First, planning areas for multifamily housing are insufficient to make it happen. Whatever density and housing mix goals the General Plan eventually establishes, their achievement will require the development of multifamily housing, not just planning for it. The General Plan and eventually the City's land use regulations will have to provide sufficient densities to create a market incentive to attract multifamily developers. The coming demand for multifamily housing will not be readily apparent, especially in a community like Clovis, which has had such a preponderance of single-family detached housing construction in the past. Attracting new multifamily development will require explicit efforts by the City. Finally, the City's regulatory framework for reviewing, approving, monitoring, and enforcing multifamily development will have to be sufficient to assure that new development complements the existing development patterns and does not detract from the community's quality of life.

Second, the economic analysis recommends employment goals that will result in one new job per new resident worker. While the goal does not sound bold, the actual number of jobs is an ambitious target. The economic analysis predicates its nonresidential land area planning recommendations on an active and sustained economic development effort. The local economy will need to achieve higher job growth than what can be expected based solely on past trends. If the community decides to follow these recommendations, it will also need to commit itself to an enhanced level of economic development activity.

INTRODUCTION

As Clovis prepares to update its General Plan, economic questions naturally arise. What will our future look like? How much land area do we need to plan for new residential development? How can we expand job opportunities? What are the possibilities to change the path we are on? How can we, as a community, pay for the public services we desire to maintain our quality of life?

The Planning Center has prepared this economic analysis to help answer these and many other questions that city officials have posed. Importantly, this analysis also quantifies the amount of land that the General Plan needs to designate for various land uses to accommodate long-term market demand.

BACKGROUND

In 1993, Clovis updated its General Plan. Focusing new growth in three urban villages was a key aspect of that plan. Map 1 illustrates Clovis' sphere of influence, the General Plan area, and the City's three urban villages. As with all planning, realization of the vision takes time. To date, both the southeast and northwest growth areas have been added to the City's sphere of influence. The Loma Vista Specific Plan was adopted for the southeast urban village. About a third of the residential area has been developed and, even in the current economic climate, housing construction continues.

The 1993 plan has enjoyed considerable support. Elected officials continue to stand by it and implement the plan. There is a perception that the community broadly supports the plan. At the City Council's visioning workshops, public comments encourage continuation of Clovis' strong planning tradition. As the City begins the current General Plan Update, the Council has indicated its preference to maintain the urban-village growth concept.

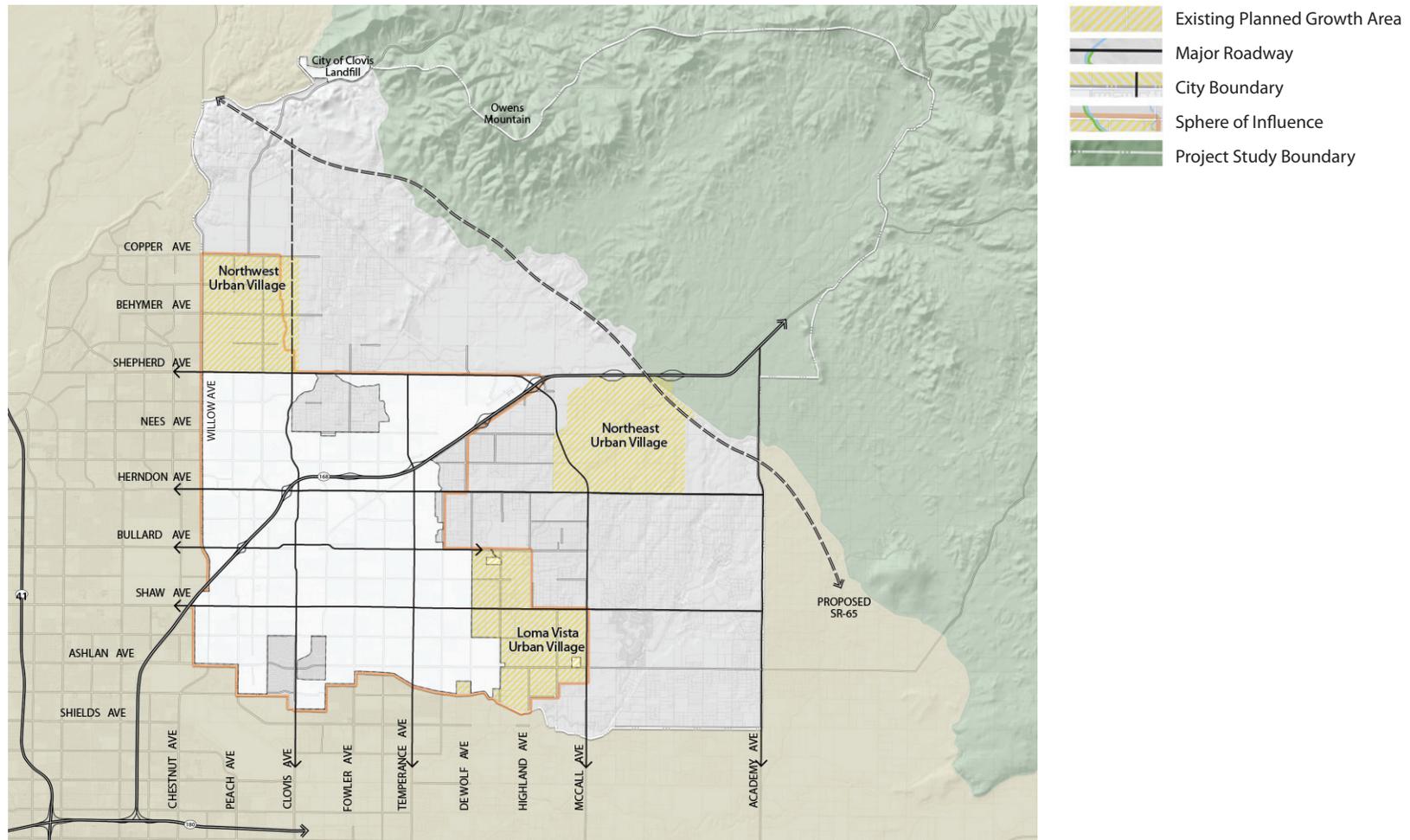
CHANGES FROM THE OUTSIDE

While the General Plan may focus growth in the three urban villages, new state mandates and the regional blueprint will likely alter the density and patterns of new development.

The county-level government associations of Fresno, Kern, Madera, Merced, San Joaquin, Stanislaus, and Tulare counties have adopted the San Joaquin Valley Blueprint to guide growth, development, and infrastructure investment decisions by local governments. The Valley Blueprint calls for new residential development to occur at an average density of 6.8 dwelling units per acre Valley-wide, with an average density of 8.0 dwelling units per acre in Fresno County. To attain this county-wide density across new residential development, the Council of Fresno County Governments has drafted a Fresno County Blueprint which considers a 9.0 dwelling-unit-per-acre density for Fresno and Clovis. Over the last 10 years, new development in the General Plan area has averaged about 4.4 units per acre. The City Council wants the General Plan Update to implement the Blueprint. The new plan will therefore call for new development patterns.

The state intends Senate Bill 375 to promote development patterns that will reduce the number of miles that Californians drive each day. While the details have yet to be worked out, new development will likely need to provide higher density housing, offer jobs and shopping closer to where people live, and facilitate access to public transit and non-motorized mobility. For Clovis, complying with SB 375 will probably mean facilitating infill development in already developed areas and concentrating development around full-service neighborhood and community centers in the urban villages.

Map 1. Clovis, its Sphere of Influence, and the General Plan Area, 2009



WHY ECONOMY MATTERS

The conventional model of regional growth and development holds that economic performance drives growth. Those regions with expanding economies generate jobs that attract migrants from other areas and retain a higher portion of their indigenous population. Those regions with stagnant or declining economies do not attract many migrants and generate out-migration by those looking for better wages and jobs. Thus, increasing jobs yields increases households. A growing population and expanding total income generate more retail spending, attracting new businesses.

As the Fresno metropolitan area continues to grow, the region will continue to attract migrants and retain its young people after they complete their education. Most of the communities in the region are within an acceptable commuting distance of most jobs, so new residents and those households trading up to newer and/or larger housing often choose to locate in the community that offers the quality of life and amenities they desire at a cost they can afford. Communities in the region compete for new residents and their investment in housing.

With new residents comes new retail spending. The typical American spends a majority of his or her income (after taxes, housing, and transportation) at places that are most familiar, which usually means closer to home. When communities compete for new residents, they are also indirectly competing for that retail spending, which generates sales tax revenues to support local public services.

Regional economic growth, however, is the primary driver generating new investment, residential growth, and increases in sales tax revenues. Within the Fresno metropolitan area, Clovis has two distinct economic imperatives. First, the City must play a leadership role in promoting regional economic growth and development. It must also fulfill its particular role in the regional economy, doing what it can do best given the community's location, demographics, and assets. Secondly, the City must compete for new residents and new retail spending. The Economic Analysis considers both of these separate but related pieces of the economy.

FISCAL ANALYSIS

How individuals, organizations, and corporations develop and use land within the municipal boundary greatly determines the revenues that the City has to work with and the demands for services that it provides. Although the City's fiscal policies and management determine how the City balances revenues and expenditures and the types of services it can provide, the General Plan—as the foundation for land use and development regulation—influences the amount of revenues and the level of service demand.

To guide future land use planning, a fiscal analysis will be developed in conjunction with the land use element. The fiscal analysis quantifies the expected revenues and service demands by land use type—single-family detached housing, multifamily housing, retail, commercial, office, and industrial. With this model, the City can compare alternative land use concepts and establish benchmarks for ongoing evaluation of General Plan implementation. To assure that the fiscal analysis uses the most relevant and up-to-date data, it will be developed in conjunction with the land use element rather than being developed as part of this economic analysis.

Numerous studies have, however, pointed out the relative balance among general land use categories. Agricultural land imposes the least demand for services relative to revenues generated. For developed land, industrial operations have the lowest cost-to-revenue ratio, followed closely by office space. Retail development generally requires more services, and, even accounting for sales tax revenues, retail can be more costly than office and industrial uses. Finally, residential uses consume more in services than they provide in revenues. The economic analysis assesses the City's ability to attract the industrial and office uses that help balance the added demands that come with continued residential development.

MUNICIPAL BUDGET REALITIES

The current recession has plunged Clovis into an unprecedented fiscal crisis. In inflation-adjusted terms, sales tax revenues have declined each year, from \$15,915,910 in FY06 to \$12,993,878 in FY09, a decrease of 6.5 percent per year. Adjusting for the increase in households, real sales tax revenues have fallen 8.0 percent per year. Property taxes—protected until now from the market's sharp decline because Proposition 13's kept assessed values below market value—will likely decline next year, reflecting this past year's reassessments. Finally, development fees have declined commensurate with the crash of the housing market, as residential building permits in Clovis decreased from 1,542 in 2004 to 408 in 2008. In total, the City's general fund revenue per household has decreased from \$1,723.16 in FY07 to \$1,644.51 in FY09, a total 4.6 percent decline over two years.

Reflecting voter rejection of increased taxes, the City Council has responded to declining revenues by reducing expenditures, with a corresponding reduction in levels of service. From FY06 to FY09, the City eliminated 162 total jobs (regardless of number of hours worked). When adjusted for the increase in households in those years, this is a total reduction of 25.2 percent. Relative to the general fund, the City eliminated 33.7 full-time equivalent jobs, a reduction of 13.9 percent when adjusted for the number of households. While one would hope that cutting waste would solve budget problems, the reality is that, in the FY10 budget, personnel costs will consume 69.8 percent of all general fund expenditures.

Reducing expenditures and eliminating jobs, however, has consequences for public services and facilities. The adopted Police Department Master Plan establishes a preferred level of service at 1.3 sworn officers per 1,000 population. At the end of

FY09, however, the City had 1.06 police officers per 1,000 population. Similarly, the City has 0.63 fire fighters and officers per 1,000 population, falling short of the Fire Department Master Plan's preferred level of service 0.8. In addition to ongoing services, the City has \$6.65 million in deferred capital maintenance, upgrades, and replacements awaiting funding and a near-term need for \$29.7 million in new capital investment. It is no stretch to say the Clovis is in a deep hole.

None of this will come as news to many readers of the economic analysis. With housing construction declining since 2004 and real sales tax revenues falling since 2007, the effects of the economic recession have been building and the City has been responding for several years. The General Plan update will not solve this problem for Clovis: the City will have to balance service and facility expectations with the new reality of municipal revenues before the General Plan is completed. The upcoming fiscal analysis prepared in conjunction with the General Plan Update's land use element will focus on these issues and the long-term impact of growth and development. The economic analysis does not investigate current fiscal challenges beyond the preceding discussion. However, while reading the economic analysis, one should remain cognizant of the existing challenges and not allow the long-term potential for growth and development to color one's perception of the short-term budgetary realities confronting the City.

SHORT-TERM RECOVERY AND LONG-TERM POTENTIAL

As its primary purpose, the economic analysis seeks to forecast the amount of land that the City should plan to accommodate growth and development over the next 20 years. It necessarily has a long-term outlook. Nevertheless, the pace of economic growth coming out of the recession factors into the long-term projections.

Long-term forecasts start with the current trend. Generally, if one wants to look forward for 20 years, one looks at the trend over the past 20 years and then projects that trend forward. This becomes the starting projection. Analysts then ask themselves how and why the future might not exactly replicate the past. For example, the recession has led to large job losses, nationally and regionally. To forecast employment, the economic analysis considers a variety of factors and then adjusts the projected trend downward and lessens the rate of growth to arrive at the final forecast.

Although the economic analysis does account for the likely economic recovery pathways coming out of the recession, it is not a detailed forecast for the short term. This economic recovery will necessarily be a bumpy ride, with fits and starts, so it is a moving target. Nevertheless, the economic analysis does its best to account for the likely path of recovery as the facts present themselves as of the end of 2009, but it remains focused on the end point of 2030.

THE ECONOMIC ANALYSIS

This document analyzes the local economy and provides guidance for the General Plan Update process. It is organized into five key chapters:

National Economic Context

This chapter provides a description of major macroeconomic trends that influence the local economy in Clovis. It includes sections for gross domestic product, employment, income, housing, and the aging of the baby-boomer generation.

Regional Economic Context

The second chapter assesses how the structure, strengths, and weaknesses of the regional economy provide both a foundation and a limitation for what Clovis can accomplish. It includes sections regarding the structure of the regional economy, San Joaquin Valley challenges and opportunities, and the Fresno metropolitan area.

Clovis' Local Economy

The third chapter analyzes key indicators of local economic performance and assesses how these affect the General Plan. It includes sections on the structure of the local economy, employment of residents, employment trends, wages and income, residential development trends, and non-residential development trends.

Retail Trade

The fourth chapter investigates the strength of the retail trade sector in Clovis because sales tax revenues remain such an important component of municipal finance in California. This chapter starts with a discussion of the fundamentals of retail markets, then assesses existing retail sales and the current and projected demand for retail building space in Clovis.

Land Demand Forecast

The final chapter quantifies the amount of land needed to accommodate residential, retail, commercial, office, and industrial growth in the City if present trends continue. It then considers alternative development goals based on the General Plan vision and the City's aspirations for its long-term development. These alternatives also account for potential changes to satisfy statewide mandates.

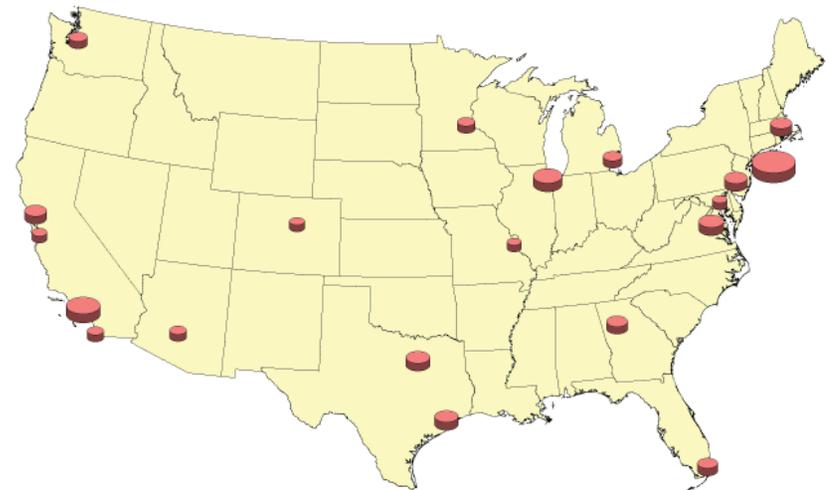
NATIONAL ECONOMIC CONTEXT

Clovis begins the process of updating its General Plan in the midst of the worst national (and global) economic recession since the Great Depression. As of the writing of this document, some glimmers of recovery have appeared; but the end of the recession cannot be taken for granted. Nevertheless, this analysis takes a long-term perspective, seeking to portray Clovis' economy in 2030, if present trends continue.

This chapter describes the national economic context that will shape the City's ability to realize its vision. Map 2 illustrates the relative size of the 20 largest economic centers in the United States. While the nation presently suffers from decreased production and high unemployment, the long-term trends suggest long-term economic growth, job growth, and increasing wages. At the same time, the decline in household wealth and the tightening of the credit market suggest that market demand will shift to more affordable housing products. Additionally, the aging and retirement of the baby-boomer generation suggests an upcoming structural labor shortage that will change patterns of economic activity and growth.

How will the confluence of these trends transform the local economy, affect Clovis' ability to recover from the recession, and change the housing picture? This chapter addresses the issues in five sections: national economic performance, national employment trends, per capita income, housing, and the aging of the baby boomers.

Map 2. The 20 Largest Economic Centers in the United States



NATIONAL ECONOMIC PERFORMANCE

The federal Bureau of Economic Analysis (BEA, www.bea.gov) measures the performance of the nation's economy through the gross domestic product. This statistic estimates the total value of all of the goods and services produced in the United States. BEA typically reports the national gross domestic product (GDP) on quarterly and annual bases.

Figure 1 illustrates the GDP product by quarter from 1947 through the third quarter of 2009. The data are presented in real (inflation-adjusted) dollars, equivalent to the value in year 2005. The portions of the figure in the lighter green represent those quarters in which the national economy was in a recession.

Recessions Generally

The National Bureau of Economic Research (NBER, www.nber.org), a private, nonprofit, nonpartisan research organization, conducts and disseminates unbiased economic research to public policymakers, business professionals, and the academic community. Policy makers, government officials, academics, and businesses generally accept NBER's dating of economic cycles, that is, periods of economic growth and economic recession.

NBER does not have a single, specific measure of when an economic cycle begins and ends. A recession is a significant decline in economic activity spread across the economy and lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales.

The Current Recession

NBER has determined that the last economic expansion ended and the current recession began in December 2007. Primarily, the collapse of the housing construction industry, which peaked in March 2006, and the housing real estate

market, which peaked in September 2006, pushed the economy into recession. Since then, however, a complex variety of factors has driven the economy into what has become the steepest economic decline and longest recession since the August 1929 to March 1933 and May 1937 to June 1938 recessions of the Great Depression era.

If ever there was a time deserving the moniker “period of economic uncertainty”, this is that time. However, in the third quarter of 2009, after six straight quarters of decline, the national economy has expanded. The Federal Reserve's current economic outlook expects real GDP to continue expanding throughout 2010.

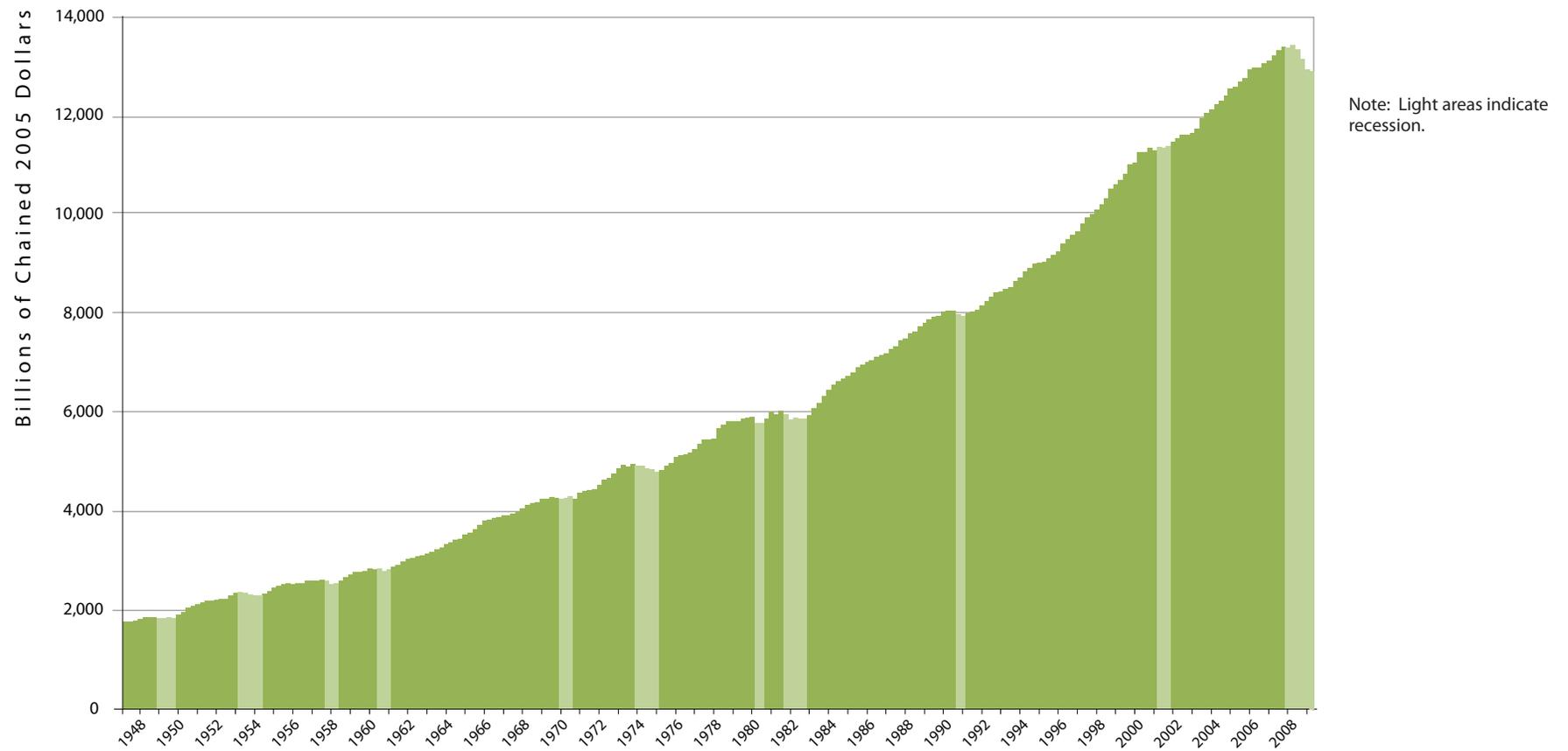
Because these are uncertain times and because the recession has forced Clovis, like many communities, to reduce its workforce and impose substantial reductions in service, the economic recession will weigh heavily on most people's minds. The long-term outlook, however, is much more relevant to the General Plan Update.

The Long-Term Trend

For the entire period from 1947 to the present, the national economy has, on average, grown by 3.2 percent annually. Although there have been 11 recessions as well as wars, police actions, and troop deployments, social upheaval, and numerous national traumas, the economy has generally plugged along and continued growing.

This long-term trend of 3.2 percent annual economic growth should have more relevance to long-range land-use planning than the current economic recession. In subsequent sections, this report will investigate the potential that this long-term trend will continue and the potential long-term implications of the current recession.

Figure 1. US Gross Domestic Product, Q1 1947 through Q3 2009



Source: The Planning Center, 2009, using GDP data from the US Bureau of Economic Analysis and recession dating data from the National Bureau for Economic Research.

NATIONAL EMPLOYMENT TREND

NBER did not acknowledge the beginning of the current recession until 11 months after it began, in part because gross domestic product continued growing into the summer of 2008. Employment, however, reached its peak at 138,152,000 total jobs (full- and part-time) in December 2007. The number of jobs has fallen to the early 2005 level and will likely continue to fall and into 2010. While GDP is expected to continue growing through 2010, employment will not likely pick back up in any significant way until late 2010.

Figure 2 shows the historical trend in total employment in the United States from January 1947 through December 2009. The data represent the total number of jobs (both full- and part-time).

Jobless Recovery

Figure 2 shows a trend that concerns many economists: the jobless recovery. Throughout most of postwar economic history, job growth immediately coincided with the pick-up in general economic production. Rehiring of temporarily laid-off workers probably accounted for some of this immediate job growth. In the two most recent recessions, however, the economy had begun growing some time before job growth resumed. The permanent loss of manufacturing jobs (as opposed to temporary layoffs) and the structural transformation of the United States economy are driving this new recovery reality.

For example, after the end of the 90/91 recession, it took 13 months to get back to substantial job growth and another four months after that to get back to the total number of jobs at the economic peak. After the 2001 recession, it took 22 months to get back to sustained job growth, and another 17 months after that to get back

to the prerecession level of jobs. As of December of 2009, the total number of jobs had fallen to the level of March 2000. Although different economists offer differing forecasts, the consensus opinion holds that employment in the United States could lag behind economic recovery for a year or longer.

Labor Force Participation

The data in Figure 2 include two significant changes in the US labor force¹. First, the baby boom generation started entering the labor force in 1963. Second, after 1947, women began entering the labor force in increasing numbers. Of women age 16 and older in 1950, 33.9 percent were working. Female participation increased in the 1970s and 1980s, peaking at 60 percent in 1990. The rate declined to 59.3 percent in 2005, and the US Bureau of Labor Statistics (BLS) projects continuing decline to 55.1 percent in 2050. These two changes increased the size of the labor force, with growth peaking at 2.6 percent in the 1970s. Labor force growth is a key factor in overall economic growth. Both the baby boom generation's sheer numbers and the rapid increase in female employment constitute large, albeit one-time changes to the labor force that generated portions of the nation's economic growth since the 1960s.

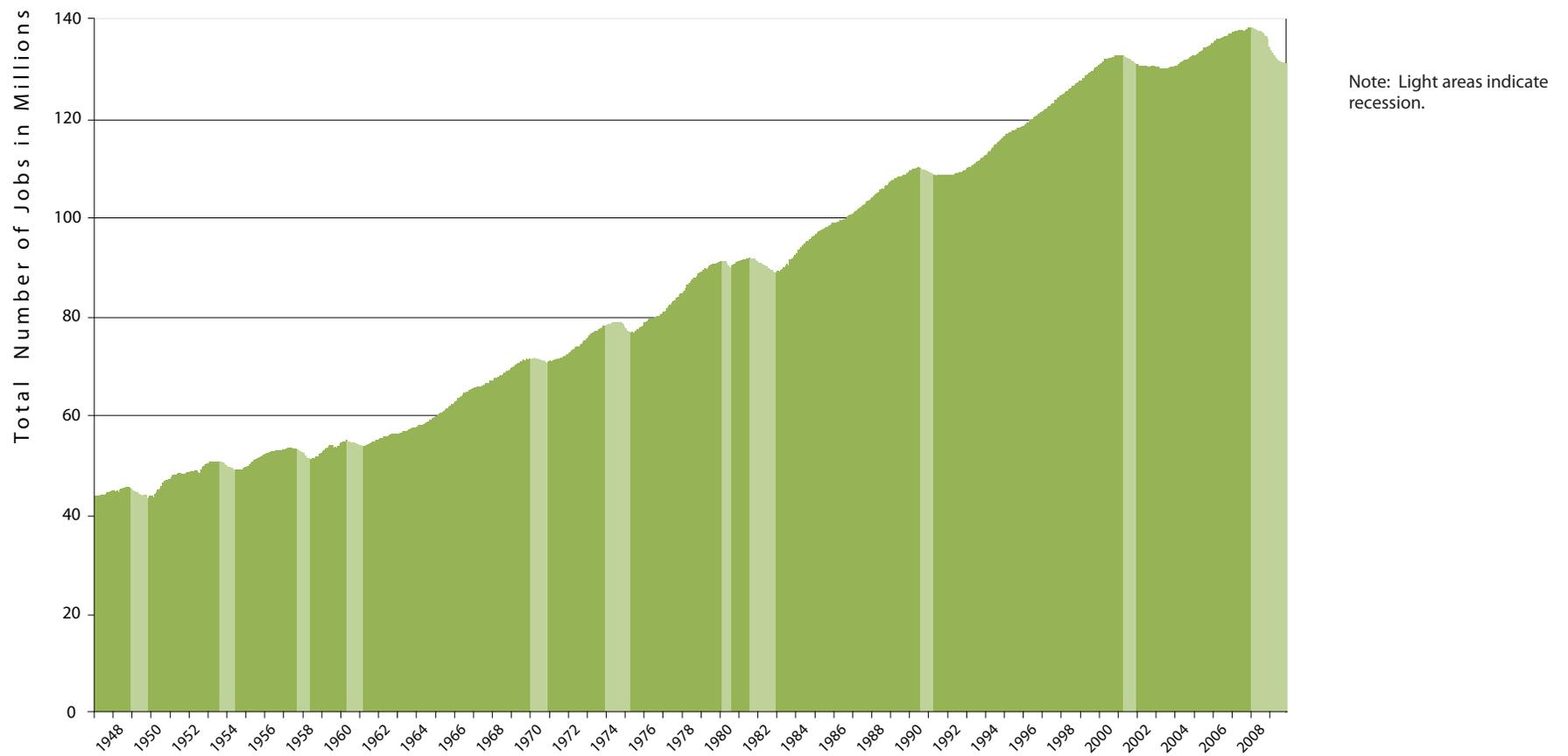
Subsequent chapters in this report assess the impacts of the retirement and aging of the baby boom generation on the national, regional, and local economies.

The Long-Term Trend

Although it is unclear at this time when the economy will begin to add jobs, BLS projects that the national labor force will grow at about 0.5 percent per year over the next 20 years.

¹ See "A new look at long-term labor force projections to 2050" in the November 2006 issue of BLS' Monthly Labor Review for an in depth analysis of long-term labor force changes: <http://www.bls.gov/opub/mlr/2006/11/art3full.pdf>.

Figure 2. US Employment, Monthly from January 1947 through December 2009



Source: The Planning Center, 2009, using employment data from the US Bureau of Labor Statistics and recession-date data from the National Bureau of Economic Research.

PER CAPITA INCOME

Since World War II, the American economy has generated sustained growth in real (inflation-adjusted) per capita income, a key economic achievement. From 1947 to the present, it has grown at an annualized rate of 2.2 percent, exceeding the per capita GDP growth rate of 2.0 percent.

Figure 3 shows the growth in real per capita income from 1947 to the present. The chart breaks income into four major categories of disposition: savings, personal consumption, interest and transfers, and taxes.

Disposition of Income

Disposition of income has remained rather consistent over the past 60 years or so. Over this time, taxes, interest and transfers, and personal consumption have all trended to a slight increase in their share of total personal income, at the expense of savings, which has seen its share decrease over time.

In actuality, savings generally increased as a share of personal income, reaching highs of 9.8 percent in 1982 and 9.6 percent in 1984, and decreasing thereafter. Indeed, in the third quarter of 2005, Americans had a negative savings rate, meaning we borrowed and spent in excess of the amount that we were saving in our 401Ks, IRAs, and savings accounts. Since the current recession, we have slightly increased our savings, but nowhere near the early 80s level: over the last four quarters, savings have averaged about 2.5 percent of personal income. The decreasing level of savings is particularly disturbing in light of the baby boom generation reaching the height of its earning ability and is approaching retirement.

Table 1 indicates the disposition of per capita personal income averaged over three years at the beginning, middle, and end of the time frame for which data is available.

Table 1. Disposition of US Per Capita Personal Income

	1947–1949 average	1977–1979 average	2006–2008 average
Taxes	9.2%	12.5%	12.4%
Interest and Transfers	1.1%	2.0%	3.3%
Personal Consumption	84.8%	77.8%	83.4%
Savings	4.9%	7.7%	0.9%

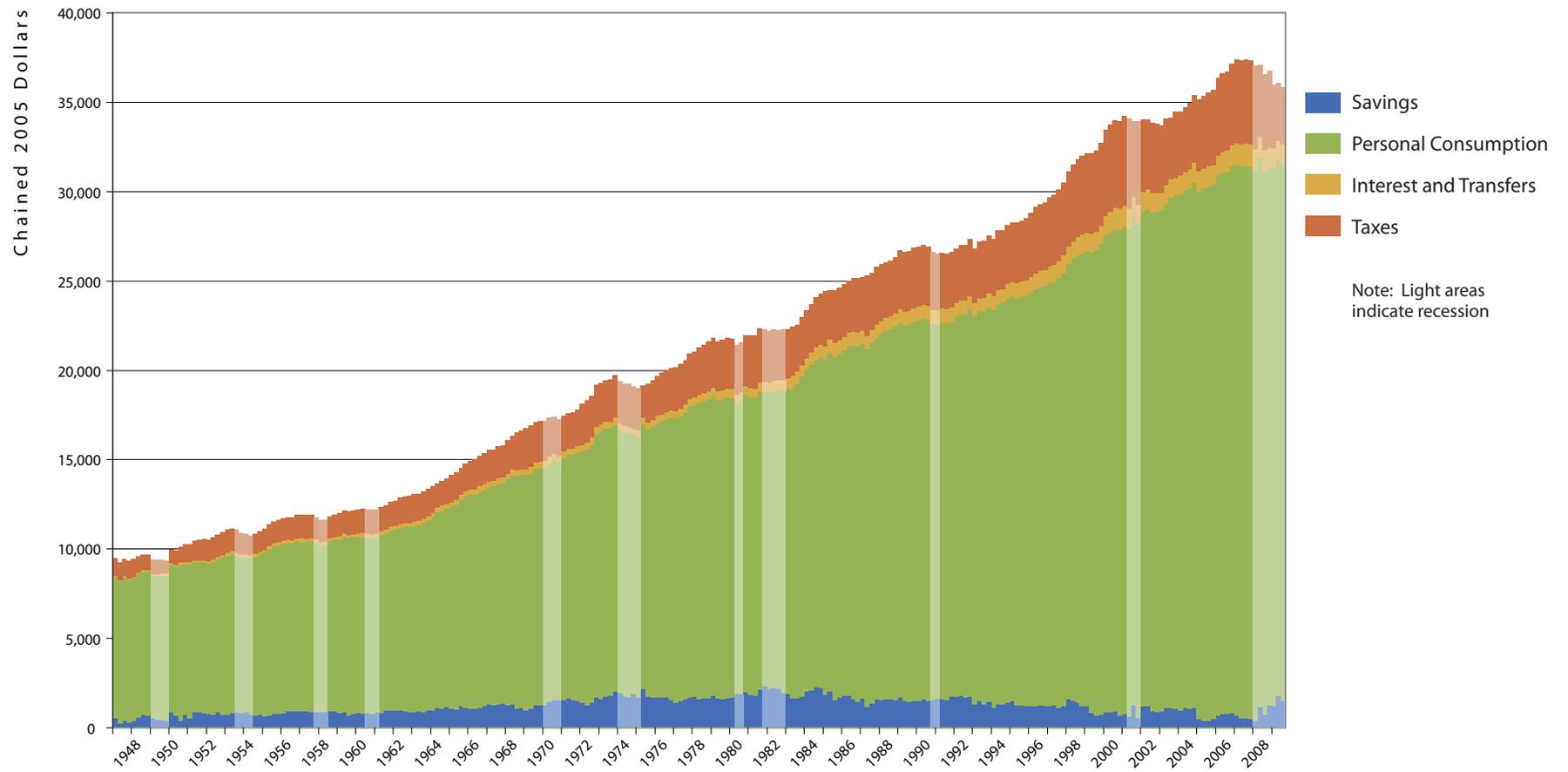
Source: The Planning Center, 2009, using income data from the US Bureau of Economic Analysis.

Consumer Spending

The portion of total economic production in the United States that ultimately results in a product or service consumed or used by households has remained relatively constant since detailed record keeping began in 1947, with a slightly increasing long-term trend. From an average of 65.3 percent for 1947–1949, the portion increased to an average of 71.2 percent for 2006–2008. (For more information, see the appendix section on the components of GDP on page A-16.)

During the current recession, real per capita personal income has fallen 1.3 percent. Because Americans increased savings during the recession, though, per capita personal consumption has fallen an even larger 2.7 percent. This decrease in personal consumption constrains the economy's ability to grow out of the recession.

Figure 3. Quarterly US Per Capita Income by Major Disposition Category Q1 1947 To Q3 2009



Source: The Planning Center, 2009, using housing data from the US Census Bureau and recession-date data from the National Bureau of Economic Research.

HOUSING

In 2007, the Construction sector accounted for nearly 6 percent of the nation's full-time jobs. Residential construction, however, made up about 13 percent of total construction, or 0.8 percent of nationwide jobs. At the same time, investment in new housing constituted over 4 percent of GDP, representing not only the value of construction, but the value of appliances, land, roads, and infrastructure. Figure 4 shows the total number of housing units completed each month since January 1968. The data are reported as a seasonally adjusted annual rate (defined on page A-15 in "Other Terminology").

Changes in Housing Value

A popular measure of housing value, Standard and Poor's Case-Schiller Index tracks the changes in the sales values of individual houses over time. This index truly measures changes in value, in contrast to more widely reported (and more easily calculated) median sales price indices, which measure changes in value of the types of housing that happen to sell in a particular month.

The Case-Schiller index reports the average value of housing for each quarter as the percentage of the average value in the first quarter of 2000. The index shows that the value of housing peaked in the second quarter of 2006, when the value of housing was 189.93 percent of the value in 2000. The index fell through April 2009. It has risen every month since. As of October 2009, the index showed housing values at 146.58% on their 2000 values, about the same as in autumn of 2003.

Housing Value Matters

Housing value matters because a majority of new housing is built as move-up housing. That is, most people moving into newly constructed housing are already homeowners. They often are, in some sense, trading up. They rely on the equity in their current house to cover the down payment for their new house. The decline

in underlying housing values mean that these trade-up buyers will not have the same level of equity to use as a down payment when trading up, as has been the case in the past.

Pricing Pressures

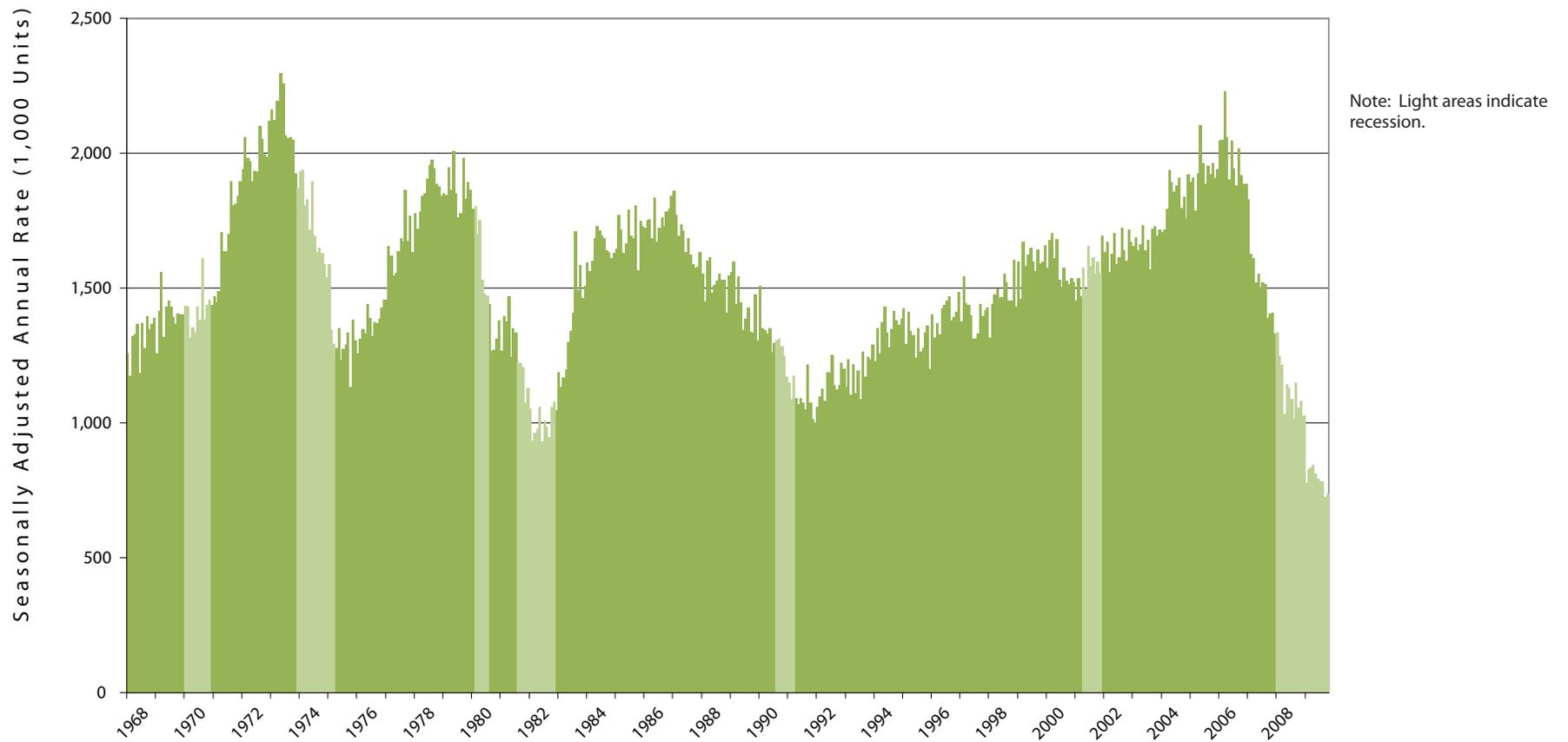
In addition to lower equity leading to lower down payments, two other factors will combine to reduce the price new homebuyers can afford to pay over the next five years. First, lending institutions have increased the minimum down-payment requirements and tightened credit standards in response to the current financial crisis. Absent some increase in the funds available for down payments generally, mortgages will be smaller, at least in the near-term future, than they have been in the recent past.

Second, interest rates will likely rise in the future. Over the last 20 years, global forces—especially the transfer of wealth to countries with higher savings rates and the downward pressure on wages from technological advances and globalization—have kept inflation and interest rates low. Even without the recession and the inflationary pressure likely to result from stimulus efforts, these global forces will likely wane, and the nation could settle with a new "normal" of 4 to 5 percent interest rates. With a set income stream to pay a mortgage, higher interest rates translate into less payment on principal, and thus, less expensive housing.

Less Expensive Housing

Taken together, these factors all lead to the conclusion that over the next five years, and perhaps longer, new housing will have a lower sales price than in the recent past. The market will determine whether consumers want larger square footage with fewer amenities, or smaller houses with greater amenities, or some other combination.

Figure 4. Monthly US Housing Completions (Total Number of Units), Jan 1968 to Oct 2009



Source: The Planning Center, 2009, using housing data from the US Census Bureau and recession-date data from the National Bureau of Economic Research.

AGING OF THE BABY BOOM GENERATION

After World War II, the number of births in the United States increased substantially above the long-term norm, peaked around 1957, and showed a sharp decline from 1964 to 1965. Starting in 1976, the number of births then began to climb once again as the baby boomers began starting families, although the actual birth rate has remained at historical lows of under 70 live births per 1000 women since 1973.

Although many commentators and academics debate whether or not the baby boomers represent one or more social generations, the 20-year period does create a population bubble. The subsequent 10-year period, when the birth rate dipped below the long-term average (down to the depression-era rate), produced significantly fewer people. This period is often referred to as the baby bust, or Generation X. Finally, the generation born from 1977 to 2000, with more total births than during the previous baby bust period, is often referred to as the echo boom, or Generation Y.

Retirement

Current surveys suggest that boomers, on average, intend to work about three years longer than previous generations. No one really knows when the boomers will retire and what they will do in retirement. Current economics, mainly the 30 percent drop in stock-exchange indices, may encourage many baby boomers to stay employed longer to rebuild that part of their retirement nest egg.

Wealth Transfer

Boomers' real earnings are higher than those of previous generations, even though savings rates are lower. More importantly, though, their parents' generation was the first in the United States to, en masse, become homeowners and create widespread

family wealth. As this generation passes on, many are leaving this wealth to their children and grandchildren. The boomers are becoming the recipients of the largest inter-generational transfer of wealth in history. No one really knows how this wealth will affect their choices for and after retirement.

Medical Care

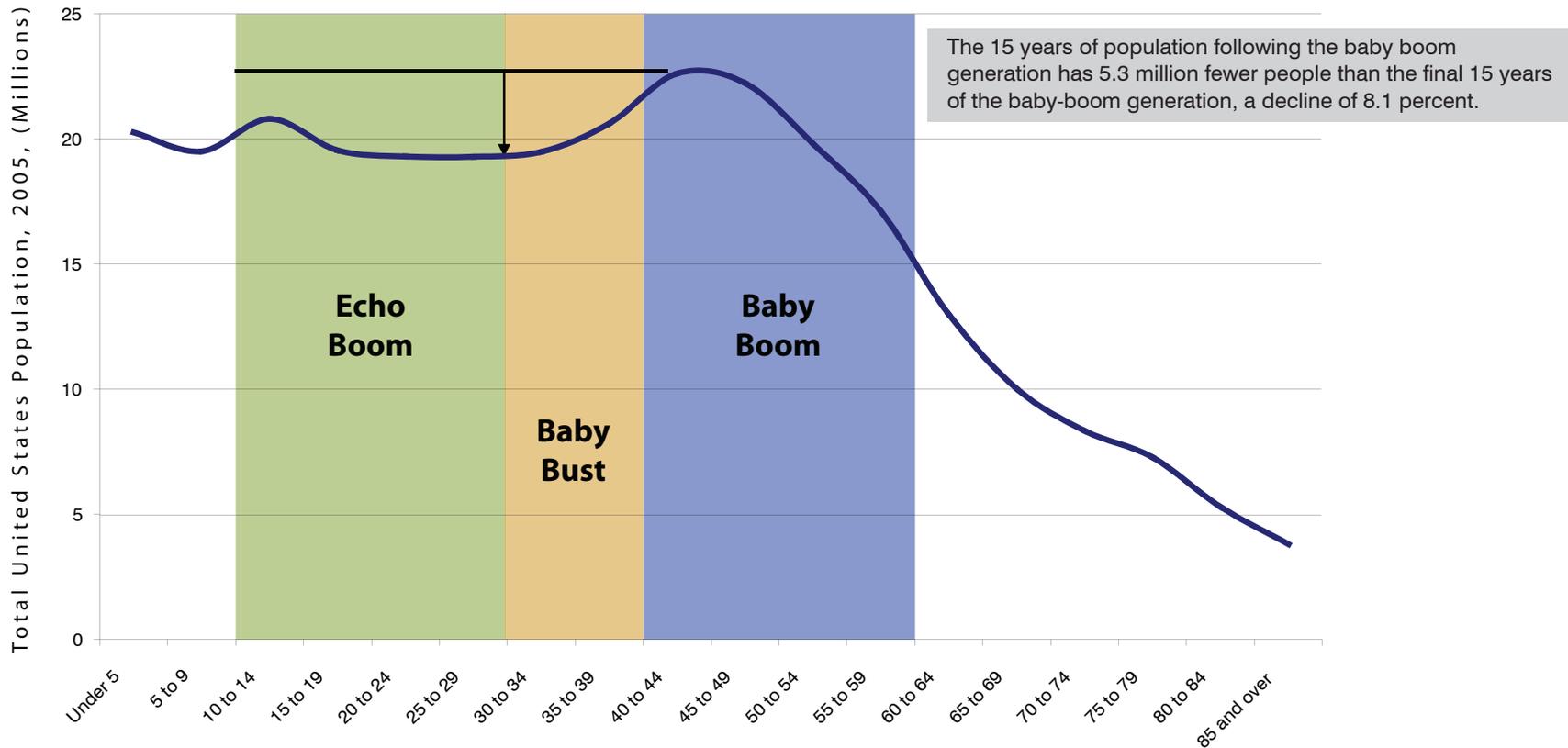
What is known is that this country is woefully unprepared to deal with the cost of medical care as baby boomers age. As this generation enters the ages that require the most medical care, the United States faces an acute lack of skilled nurses, doctors, hospital beds, and most other things related to health care.

The Coming Labor Shortage

Nationally, the 15-year segment of the population following the baby boom has 5.3 million fewer people (an 8.1% decrease) than the 15-year segment at the end of the baby boom generation. Even the entire echo boom has 2.8 million fewer people than the baby boom generation (and they are 30 years younger, 30 years less experienced). As boomers move into retirement, the US labor force does not have enough workers to fill their jobs.

The US economy faces a monumental challenge over the next 20 years. The United States will either have to bring in more skilled and educated immigrants, or the economy will have to become 8.1% more productive (just to maintain the status quo), or else more US jobs will be shipped overseas. As boomer retirement progresses, one can expect American jobs to chase American workers. Communities that have the quality of life to attract the most highly educated and most highly skilled workers will also attract the jobs that need those highly skilled and educated workers. As in the late 1990s, proximity to available labor will be the most important factor for business location decisions, surpassing land costs, perceived business climate, or where company executives reside.

Figure 5. Distribution of the US Population by 5-Year Age Groups, 2005



Source: The Planning Center, 2009, using data from the US Census Bureau's American Community Survey, 2005.

CONCLUSION AND RECOMMENDATIONS

What does the national economy mean for Clovis?

The foregoing discussion leads to the inevitable question, “So what?” What does the national economic context mean for Clovis? The assessment of national economic conditions and trends suggests the following conclusions:

1. Prepare for a slow and lengthy recovery period. Recovery from the current recession will be years in the making. Even once economic production begins growing, employment and consumer spending will lag behind, perhaps taking an additional year or two to fully recover to prerecession levels. Indeed, it is not unreasonable to believe that national employment could take until 2015 to return to the 2007 level of jobs. Although the General Plan Update will have less impact during the economic recovery period, the City’s response should include:

- Target short-term economic development efforts on economic sectors most likely to rebound quicker, such as health care, and sectors in which the United States maintains a global advantage, such as information and technology.
- Provide programs and projects to assist residents, especially those unemployed and underemployed, to start up new businesses to supplement their income.

2. Always be a community where skilled and educated workers want to live.

The retirement of the baby boom generation will force companies to chase workers. To be successful in the post-baby boom economy, communities must be the kind of place where skilled and educated workers want to live. While the nature of what such workers desire in a community may change, one can generalize that it will include quality of life factors: the reality and perception of

personal safety, a variety of amenities, culture and attractions, quality education and medical care, and a healthy natural environment. While Clovis’ quality of life continues to attract new households, the City should:

- Recognize and affirm quality of life as an economic development factor.
- Continuously monitor changing local and national definitions of quality of life.
- Continuously improve Clovis’ quality of life.

3. Anticipate and plan for new housing and development patterns. Changing demographic patterns and responses to the current housing and financial crises will fundamentally alter housing and development patterns. At a minimum, builders will have to provide lower cost housing than they have provided in the past. Time will tell if homebuyers faced with diminished purchasing capacity will opt to trade down on house size in order to maintain private yards or if they will forego private yards in order to keep larger unit sizes and features. The development community may also innovate new housing products that provide lower costs with fewer tradeoffs for purchasers.

Over the longer term, though, we do not know if the echo boom generation will follow their predecessors and make single-family detached housing their preferred choice when rearing families or if they will establish a new trend, preferring denser, more urban-style attached housing. Many pundits suggests that this generation will establish such a new trend, but as of yet, there is no firm evidence that such a change is forthcoming. In the meantime, Clovis should:

- Establish and maintain flexible land use planning and regulation that can respond to fundamental changes in the housing market as they develop over time.

THE REGIONAL CONTEXT

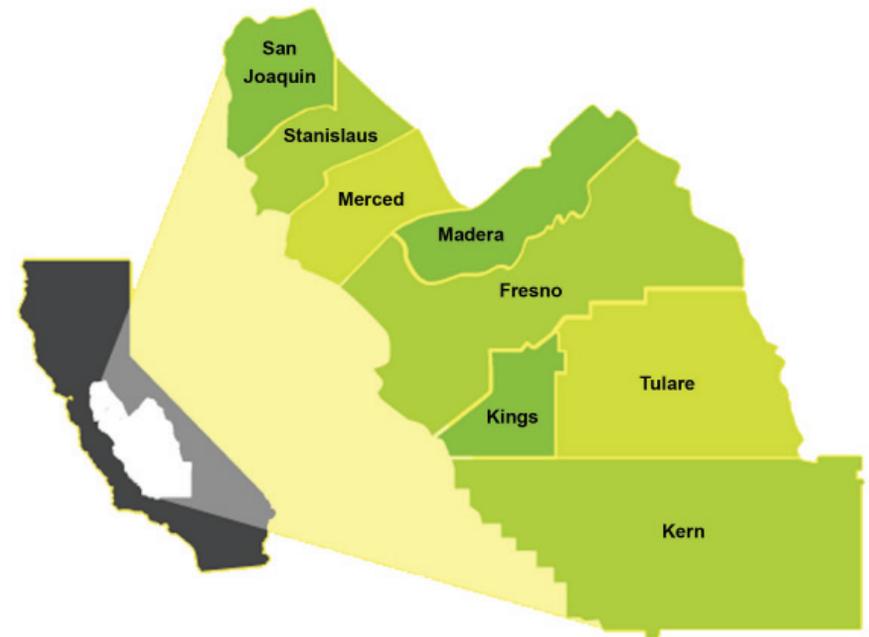
Clovis is part of two regional economies. At the smaller scale, the City is part of the Fresno metropolitan area, which contains all of Fresno County. Fresno and Clovis, the two largest cities, comprise 62.3 percent of the metropolitan area's population and 70.6 percent of the total jobs.

At the larger scale, Clovis lies in the middle of the Central Valley. Although definitions can vary, most commonly the counties of Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus and Tulare make up the San Joaquin Valley (see Map 3). To the west lies the coastal mountain range and to the east lies the Sierra Nevada. The Sacramento Valley region lies to the north. To the south, beyond the convergence of the two mountain ranges, is Southern California. The San Joaquin Valley encompasses 27,276 square miles, with 62 cities and 3.9 million residents.

Nationally, businesses looking to expand and open new operations tend to look at various regions and then narrow their search to particular cities and locations. Growing businesses tend to expand their sales within their region before attracting a national and global market. The regional economy in the Fresno metropolitan area and the San Joaquin Valley thus wield great influence over the growth and development potential of Clovis' local economy.

This section assesses the state of the regional economy and how it will affect Clovis' ability to achieve its long-term economic goals.

Map 3. Counties in the San Joaquin Valley



STRUCTURE OF THE REGIONAL ECONOMY

To understand the structure of a local economy, economists most often look at the number of jobs in each of the major economic sectors.¹ Because sectors differ in the value of their products, employment is considered an indicator of the relative economic activity and the relative importance of each sector in the economy.

Figure 6 illustrates the portion of total jobs in each economic sector for the state and the regional economies of the San Joaquin Valley and the Fresno metropolitan area. The key differences between the state economy and the regional economies lie in the goods-producing sectors, the knowledge-based sectors, and, to a lesser degree, the health and education sectors.

Goods-Producing Sectors

This group of economic activities includes primary extraction of commodities, processing, and manufacturing of final goods. Specifically, it includes agriculture, forestry, fishing and hunting; mining, quarrying, and oil and gas extraction; construction; and manufacturing. Goods-production makes about 19.1 percent of economic activity in the state, but it is more important in the Valley and the county, making up 29.5 and 25.9 percent of economic activity, respectively. Agriculture, however, makes up almost all of the difference. While agriculture reflects about 10 percent of regional economic activity, its average pay is relatively low. For example, in Fresno County average agricultural wages are about 57 percent of the total average wage. In 2008, the total average wage was \$36,000 per year. In the agricultural sector it was \$20,500, but in manufacturing it was \$39,000.²

¹ For more details, see Economic Sector Descriptions on page A-2 and Employment by Sector Data on page A-14.

² Wage data from the Bureau of Labor Statistics Quarterly Census of Employment and Wages.

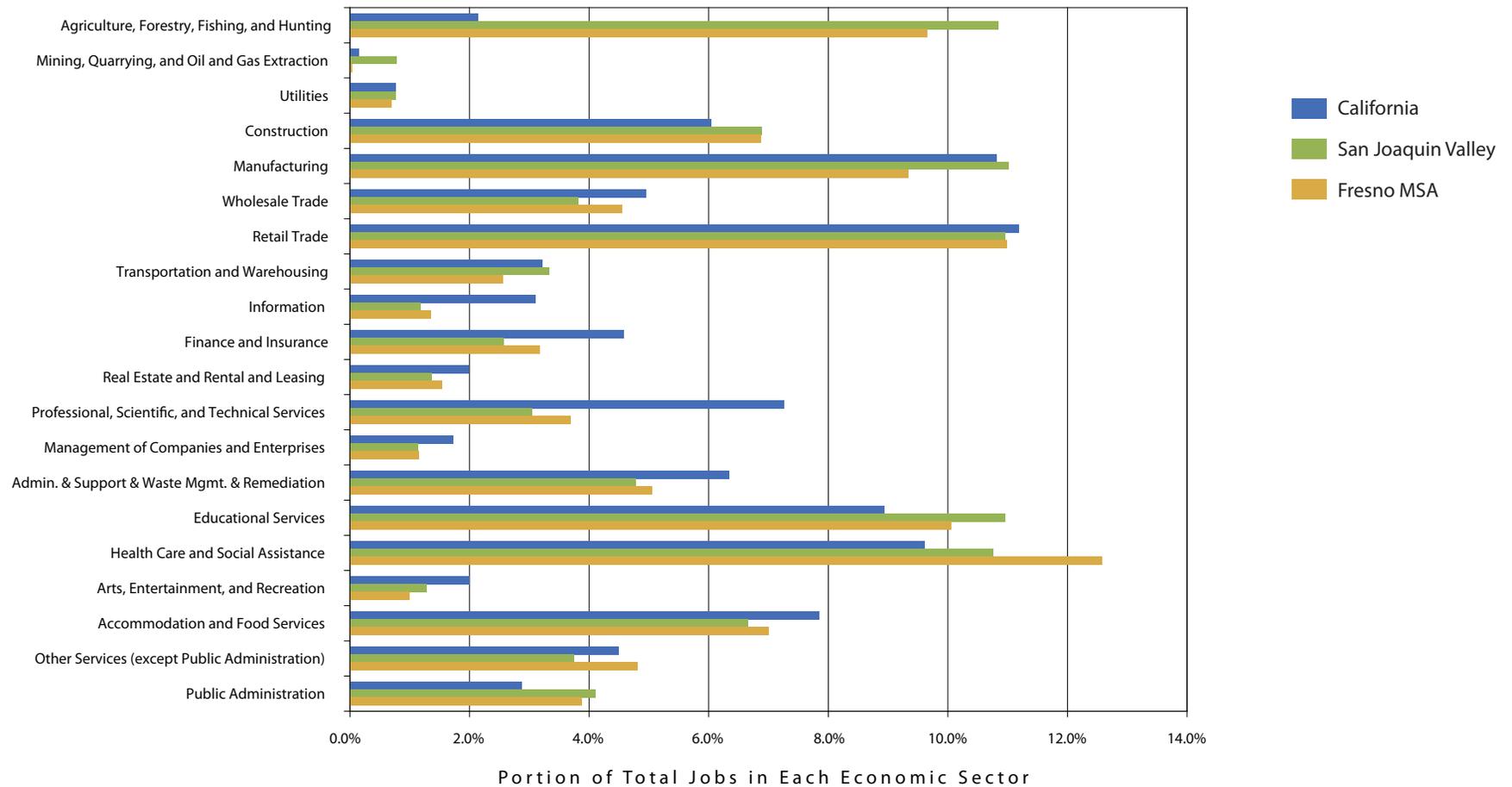
Knowledge-Based Sectors

Knowledge and education are primary job qualifications for the majority of jobs in this group of economic activities. Specifically, this includes information, finance and insurance; professional, scientific, and technical services, and management of companies and enterprises. These sectors account for 16.7 percent of all jobs in the state, yet they only provide 7.9 percent of the jobs in the Valley and 9.4 percent of the jobs in the metropolitan area. Although this sector provides less than 10 percent of regional jobs, its average 2008 wage in Fresno County was \$51,700, exceeding the average annual wage by 44 percent.

Health and Education Sectors

The health care and social services and educational services sectors include both public sector and private sector jobs. Taken together, these sectors provide 18.5 percent of the jobs in the state. They provide slightly more jobs regionally, 21.7 percent in the Valley and 22.6 percent in the metropolitan area. Because these sectors primarily provide services to the population within the area, the number of jobs in the sector per household better measures whether the area provides a relatively typically level of employment. Using this measure, these sectors only provide about 5 percent more jobs in the Valley than would be expected based on the statewide pattern. In Fresno County, though, these sectors provide 18 percent more jobs, with health care and social services making up the difference. This indicates the metropolitan area serves as a regional hub, drawing medical care consumers from a larger area.

Figure 6. Portion of At-Place Employment by Economic Sector, California, San Joaquin Valley, and Fresno MSA, Average for 2005 and 2006



Source: The Planning Center, 2009, using employment data from the US Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) program.

SAN JOAQUIN VALLEY CHALLENGES AND OPPORTUNITIES

The eight counties in the San Joaquin Valley generate over \$20 billion per year in agricultural value. Three national parks provide extensive and high-quality recreational opportunities, drawing tourists from the nation and around the world. Important natural resources—oil and natural gas fields, vast wetlands, and unique plant and animal communities—provide additional quality of life amenities and economic benefits. Two freeways, two intercontinental rail lines, and international and municipal airports link the Valley to the rest of California and the global economy. The Valley provides an attractive place to live, with migration fueling 60 percent of its growth since 2000. The Valley has and will continue to be a leading area for growth in California: the San Joaquin Valley Partnership estimates that the Valley could accommodate up to 85 percent of the state’s population growth over the next decade.

Challenges

While many of the cities and towns of the region are evolving with new subdivisions and shopping centers, there is another side to Valley life, defined by poverty, environmental degradation, and social separation. A recently compiled human development index ranked California’s 20th congressional district around Fresno as having lowest human development in the nation.¹ The San Joaquin Valley currently underperforms the rest of the California:

- Average per capita incomes are 32.2% lower.
- Per capita income in every Metropolitan Statistical Area in the region is lower than in Appalachia.
- High levels of unemployment for more than 25 years, even during peak agricultural seasons.

¹ “The Measure of America: American Human Development Report 2008-2009,” published by Columbia University Press and the Social Science Research Council.

- College attendance is consistently 50 percent below the average.
- Violent crime is 24 percent higher.
- Access to healthcare is 31 percent lower (based on the number of primary care physicians serving the population).
- Air quality is among the worst in the nation.

Public Image

Agriculture continues to fuel the San Joaquin Valley economy. Other economic sectors are growing in the Valley, capitalizing on lower land costs and lower labor costs while still locating in proximity to the state’s major population and economic centers. Logistics, manufacturing, and food processing lead the region’s economic growth.

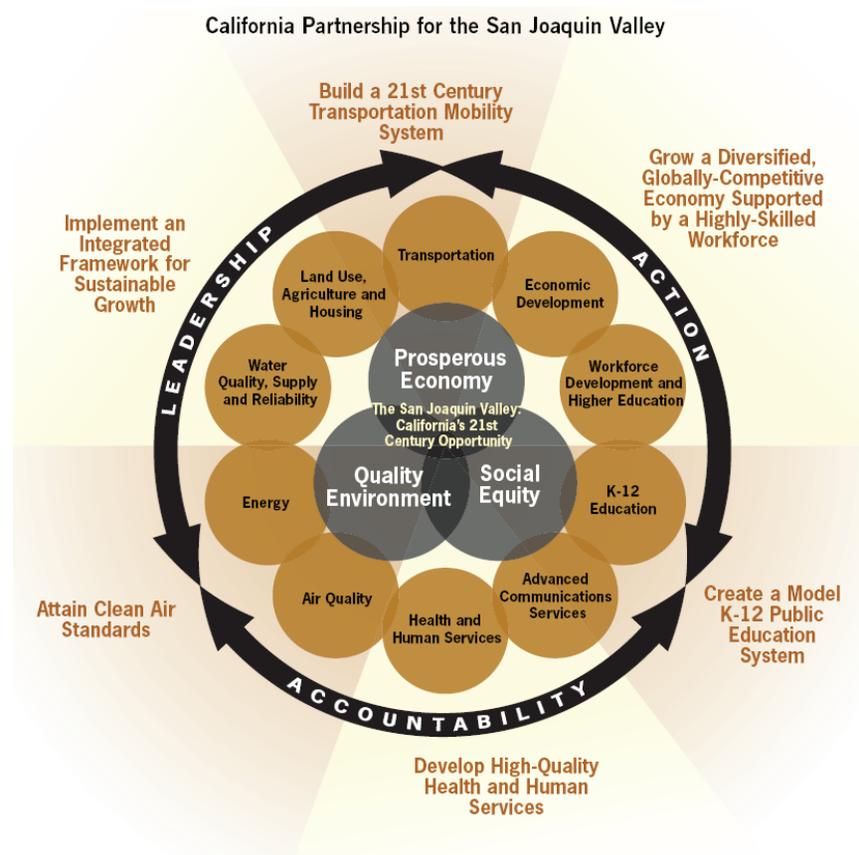
Unfortunately, the factors attracting many of the new businesses add to the public perception of the Valley. The site selectors and corporate officers that decide where to locate new operations often view the region as an impoverished area, sometimes considering it as an alternative to moving production out of the country to lower costs.

If the region is to address its myriad challenges, it must be able to attract new jobs in growing and globally competitive sectors of the national economy. Shifting from population and cost-driven growth to innovation-driven and valued-added growth will require investments in the complete business climate.

Working toward Solutions

To overcome the Valley’s challenges, civic, business, and political leaders came together with the governor and state agencies to form the California Partnership for the San Joaquin Valley. The legislature appropriated \$5 million to the Partnership to begin implementing its strategic action proposal. In 2008, the governor issued another executive order extending the Partnership. The following page summarizes the Partnership’s overall goals and its economic development strategies.

Figure 7. California Partnership for the San Joaquin Valley



ECONOMIC DEVELOPMENT ACTION PLAN

Facilitate investments in infrastructure and incentives that support economic vitality

- Establish a regional financing authority for infrastructure, including water and sewer
- Establish regionwide economic development incentives
- Create a regionwide organization for marketing the San Joaquin Valley.

Align regionwide economic development efforts in support of target industry clusters

- Establish regionwide networks of clusters to facilitate expansion
- Work with the Higher Education and Workforce Development Work Group to ensure a prepared workforce to support the target industry clusters

Foster a dynamic business climate to encourage and support entrepreneurs

- Develop and implement a program to support entrepreneurs and promote entrepreneurship
- Develop resources to invest in entrepreneurs, including capitalizing an “entrepreneurship opportunity fund”
- Identify resources to invest in expansion of industry clusters

Accelerate the deployment and adoption of renewable clean energy

- Work with the energy and air quality work groups to establish a regional clean energy office
- Work with state officials to remove barriers to clean energy development and deployment

Promote the Valley as a tourist destination

- Establish the Central Valley Tourism Association as the lead organization in overseeing the tourism plan for the Valley
- Establish a marketing plan for the eight-county region that includes a Highway 99 campaign as part of the overall strategy

FRESNO METROPOLITAN AREA

The Fresno metropolitan area, defined by the federal government as the entirety of Fresno County, circumscribes Clovis' local economy in several important respects. First, the metropolitan area loosely represents the labor shed that feeds businesses in the City. Second, the population and businesses in the metro area constitute the primary market for many firms in the City. Finally, for better or worse, most data on which businesses make decisions is available only at the metropolitan-statistical-area level.

The labor shed defined by a 30-minute drive from Old Town Clovis takes in the majority of the county's population, extending to Kerman and Kingsburg. The labor force statistics for the county thus serve as a relative indicator for existing City businesses and those considering a Clovis location. Key labor force indicators are illustrated in Figure 8.

Education

Many businesses consider the level of education a key labor force indicator when making decisions on where to open new facilities. Compared to the State as a whole, the county's population has a higher percentage of residents without a high school diploma (32 compared to 23 percent), and a lower portion with a bachelor's degree or more education (18 compared to 26 percent).

English Language Ability

English language communications is another key labor force indicator. The Fresno metro area has about the same percentage as the state of households that primarily speak English at home (59.2 and 59.8 percent, respectively). Importantly, the county has a lower percentage of overall households that are linguistically isolated (12.7 compared to 14.6 percent for the state). ["Linguistically isolated" is an indicator of households that lack the ability to communicate in English and fully function in society. See the page A-15, "Other Terminology" for a more detailed definition.]

Unemployment

For some businesses, unemployment represents stress in a local economy, a warning sign that all is not well. For others, unemployment indicates an available work force and local economic pressure limiting wages. Either way, unemployment is a key benchmark for an economy. Since 1990, the Fresno area's annual unemployment rate has consistently exceeded the state's by over 5.5 percent on average.

Occupations

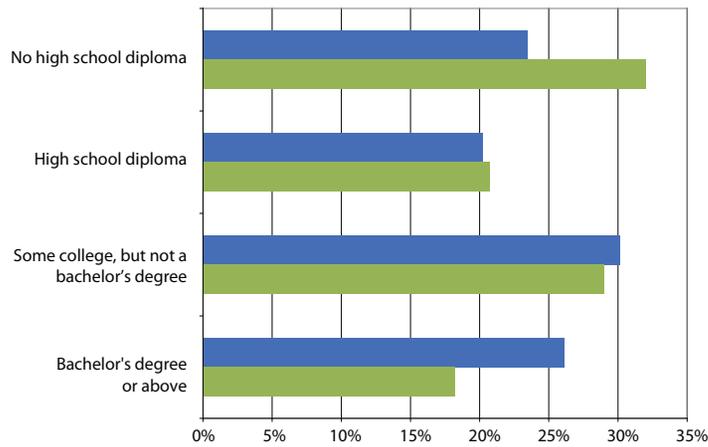
Business looking to expand—either an existing operation in the area or a new operation to the region—must consider whether the labor force will have the mix of skills they are looking for. The occupations of the labor force are a preliminary indicator of those skills.

The county and the state have about the same relative portion of their labor force engaged in blue collar occupations—construction, maintenance, production, transportation, and material moving—and in general services. The county, however, has a larger portion of its labor force working in natural resources—farming, fishing, and forestry (6.5 percent in the county compared to 1.4 percent throughout the state). Finally, the county has a relatively smaller portion of its labor force in the remaining white collar occupations (55.1 percent in the county and 62.3 in the state).

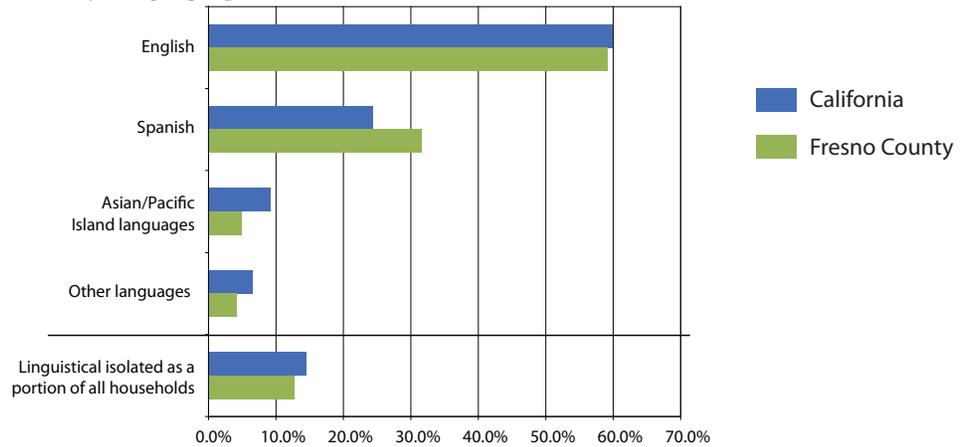
Unfortunately, the occupational skills of the labor force are something of a "chicken or the egg" situation. A relative lack of workers with white collar skills discourages businesses from bring those jobs to the region, but without new jobs in those occupations, the region cannot expand the number of workers with those skills. Jobs and skills must be addressed together through economic development policies and programs.

Figure 8. Labor Force Indicators, Fresno County and California

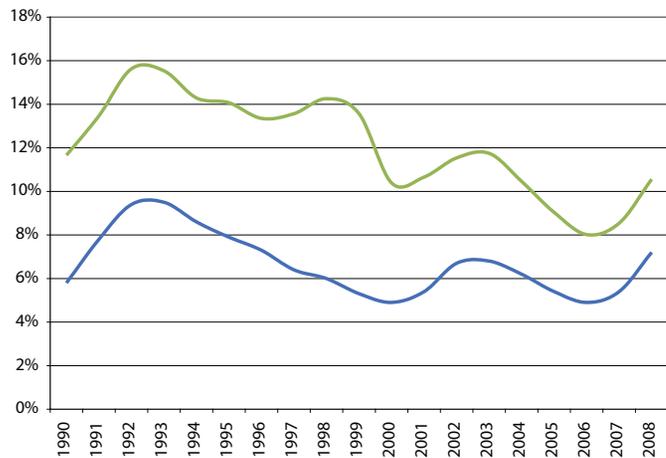
Education



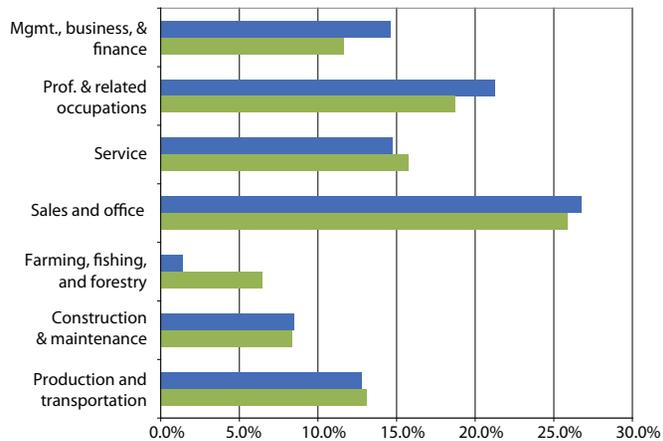
Primary Language Spoken at Home



Annual Unemployment Rate



Labor Force Occupations



Source: Labor force and occupation data from Claritas, Inc. Language data from Census Bureau. Unemployment data from CA Employment Development Department.

CONCLUSIONS AND RECOMMENDATIONS

What does the regional context mean for Clovis?

Just as you can pick your friends but not your family, Clovis can pick its economic development partners and programs, but it cannot pick its neighbors and its regional labor force. The regional context will continue to influence the City's ability to achieve its economic development goals. Nevertheless, Clovis can take actions to affect the regional context. Some strategies include:

1. **Provide Regional Leadership.** Through the California Partnership for the San Joaquin Valley, the region is undertaking a comprehensive approach to improving the Valley, its economy, environment, and quality of life. Likewise, in Fresno County, the Regional Jobs Initiative seeks to improve the skills and education of the labor force and to attract businesses in target clusters. Clovis—city government, businesses, and civic groups—should exercise leadership roles in these and other regional efforts.
 - Elected City officials and City staff should continue and extend their service on boards and task forces of key regional efforts.
 - Clovis business and civic leaders should be informed of the importance of regional efforts and encouraged to participate.
2. **Piggyback on Regional Business Development and Attraction.** In addition to providing regional leadership, the City should continue to work through its regional partners to grow existing businesses and attract new firms. While not all regional core industries are necessarily desirable in Clovis, the City should actively pursue those that are appropriate. From the Fresno Regional Jobs Initiative's industry cluster targets, several are highly relevant to Clovis: advanced manufacturing, clean energy, construction, health care, software development, and water technology.
3. **Improve Labor Force Qualifications.** In spite of the skills and education of Clovis residents, local businesses draw from a lower skilled and educated workforce. To improve the efficiency of existing business and to attract new businesses, the regional labor force needs training and education. The City should continue to support and enhance regional work force development efforts.
4. **Forge a Unique Public Image for Clovis.** While the City must remain engaged in regional improvement efforts, the community should pursue a comprehensive public relations and marketing effort to foster a public image for Clovis that relies less on an association with the San Joaquin Valley and more on unique positive attributes that position the City and its local economy to compete nationally and globally.
 - Key positive attributes that distinguish Clovis from the Valley include: Education, healthy lifestyle, and proximity to the Sierra Nevada.
 - A joint marketing campaign with the lake communities accessed by CA-168 could build a public image identifying Clovis with the recreational and lifestyle characteristics of mountain lake vacations. The campaign could brand the area as the Sierra Lakes District.
 - Clovis is already a host to numerous regional, state, and national sporting and recreational events. A coordinated public relations campaign should expand Clovis' identity with those events and other attributes of healthy living.
 - Clovis is a state and national leader in public education. A public relations campaign should reinforce the City's image as a community that values education and expand the association with Fresno State.

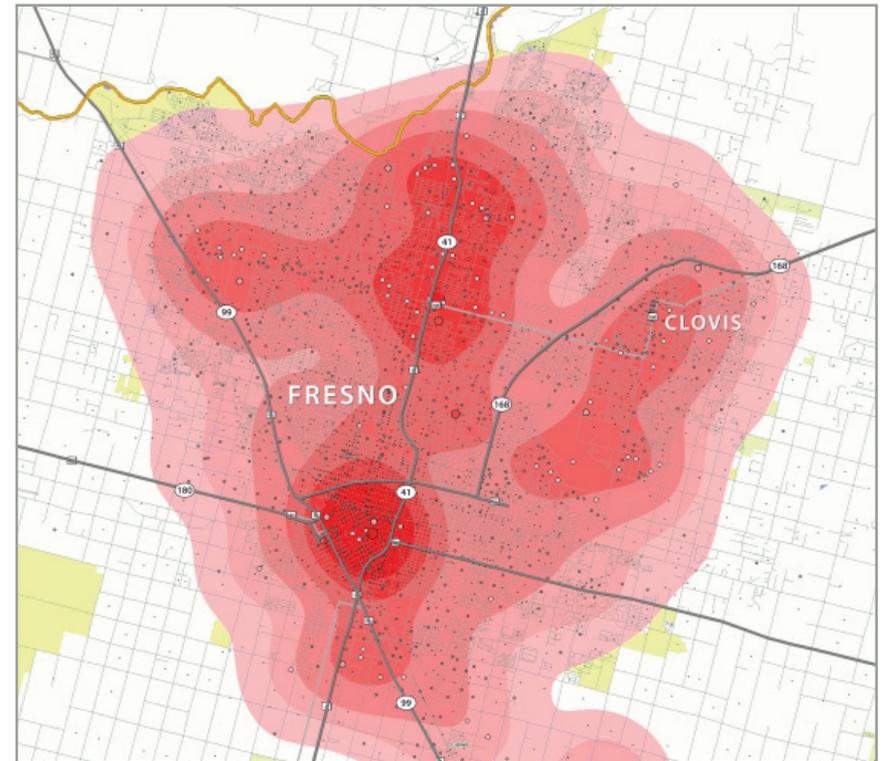
CLOVIS' LOCAL ECONOMY

This chapter analyzes the structure of the local economy in the City of Clovis. The term “local economy” is a bit of a misnomer. The term actually refers to Clovis’ share of and position in the regional economy. There is no local economy functioning separately from the regional economy.

Nevertheless, local policies shape the environment that helps determine what parts of the regional economy Clovis captures and how well it competes for investment within the region. Therefore, the chapter analyzes various measures that indicate how well Clovis competes, and identifies ways the Clovis economy could work better for the community.

Specifically, this chapter looks at the types of jobs provided in the City, the types of jobs held by Clovis residents (whether or not the job is in Clovis), and wages. Figure 9 illustrates the density and location of jobs in the Clovis-Fresno area. This chapter also projects the number of jobs in the City, by economic sector, and wages and household income. Also provided are projections of future residential development, as well as development for retail, commercial, office, and industrial land uses, assuming that present trends continue.

Figure 9. Distribution of Jobs, Clovis–Fresno Area, 2006



STRUCTURE OF THE LOCAL ECONOMY

To understand the structure of a local economy, economists most often look at the number of jobs in each of the major economic sectors. Comparing the structure of the local economy to that of the region, state, or nation shows where the local economy specializes and exports and where it needs to import.

Figure 10 shows the average portion of total jobs in each major economic sector for Clovis, Fresno County, and California for 2007 and 2008.¹ The data represent all jobs (both full- and part-time) located in each area. The data do not count self-employed and jobs exempted by state law from workmen's compensation. Even with these exclusions, these data provide the most detailed information available for the local economy.

Local Economic Specialization

Retail trade, the largest sector of the local economy, accounts for 16.4 percent of the jobs in Clovis. The retail sector is 50 percent more important in the local economy than it is in the county and the state. This magnitude of importance suggests that Clovis is a retail destination, drawing consumers from beyond its boundaries.

Education services is two-thirds more important in the local economy than it is in the county and the state. This importance is particularly noteworthy because the City does not host any state university jobs. Accommodation and food service, like retail, is more important in the local economy than it is in the county and the state (and this is before the wave of new hotel openings in Clovis in 2008/2009).

Finally, construction was nearly twice as important in Clovis as in the county and the state. These data are, however, from 2007 and 2008 (the most recent period for which information is publicly available). While the 2007 crash of the

housing construction industry will likely have greatly reduced the importance of construction jobs in the City, it would remain more important locally than it is regionally.

Local Economic Gaps

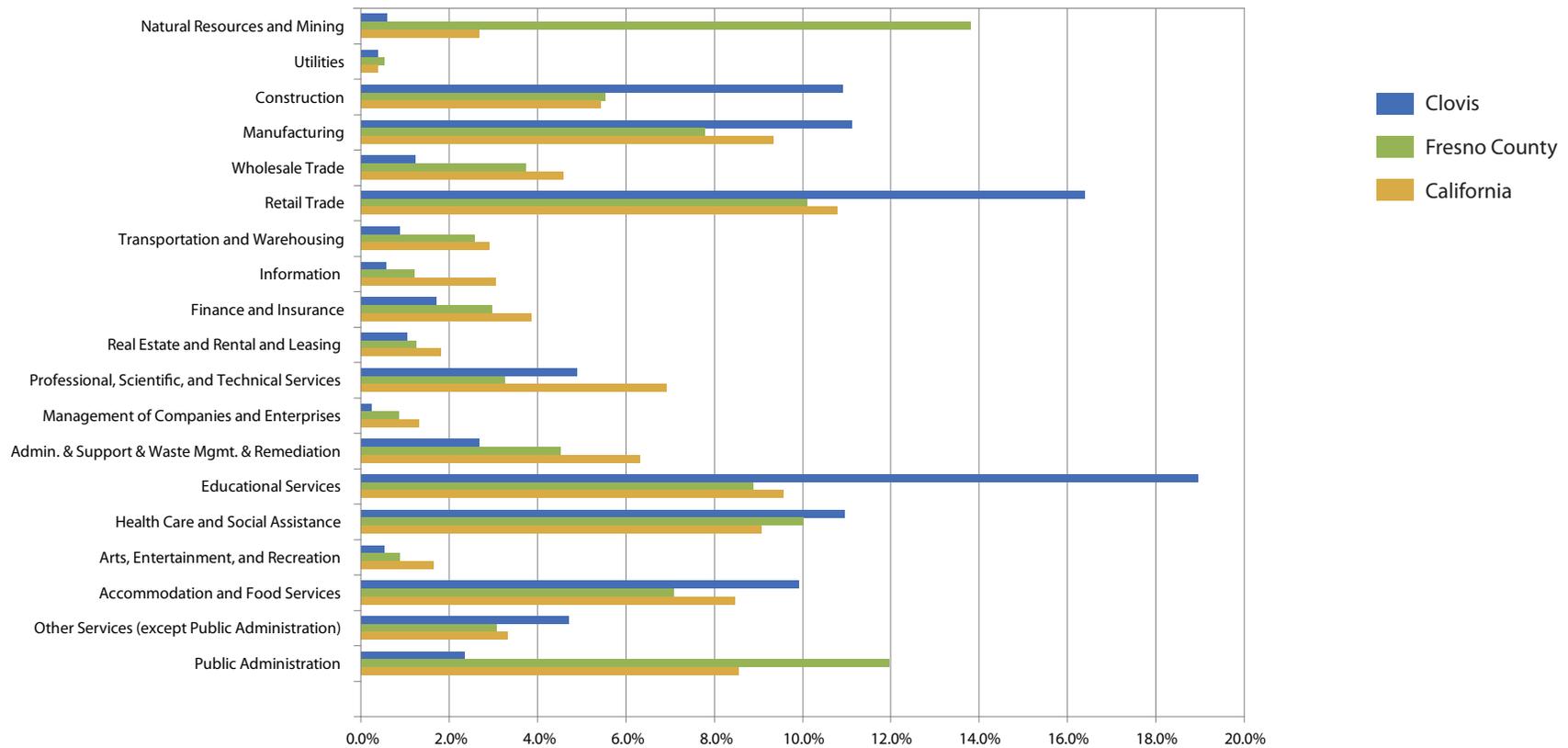
The wholesale trade and the transportation and warehousing sectors are about two-thirds less important in the local economy than they are regionally and in the state. In part, these sectors' relative lack of importance is probably due both to Clovis' distance from SR-99 and to the relatively higher cost of land in Clovis. While these sectors' relatively low share of local employment suggests they could be an opportunity for new economic development, the City would have to weigh the value of new jobs in those sectors against the value of land with proximity along SR-168 for other types of jobs.

Sectors employing mostly knowledge workers (loosely defined as Information; Finance and insurance; Professional, scientific, and technical services; and Management of companies and enterprises sectors) account for 7.4 percent of the total jobs in Clovis, compared to 8.3 percent for the county and 15.2 percent for the state. These sectors probably constitute a larger portion of the regional (county) economy because downtown Fresno has traditionally functioned as the central business district. However, the lesser importance of these sectors locally and regionally relative to the state suggests that there might be structural impediments limiting the region's ability to capitalize on these growing sectors.

Finally, employment in the health care and social assistance sector is slightly more important in Clovis than it is in the county. Health care spending has generally continued to increase during the recession. With the aging of the baby boom generation, health care will be a growth industry throughout the United States. The importance of this sector locally suggests that Clovis is well positioned to capture some of that growth.

¹ For more details, see Economic Sector Descriptions on page A-2 and Employment by Sector Data on page A-14.

Figure 10. Portion of At-Place Employment by Economic Sector, Clovis, Fresno County, and California, Average for 2007 and 2008



Source: The Planning Center, 2009, using employment data from the US Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) program.

EMPLOYMENT OF CLOVIS' RESIDENTS

Equally as important as the jobs located in Clovis, the economic sectors that employ the City's residents provide indications of potential economic development opportunities. Economists often compare each economic sector's share of total jobs in a community to its share of local residents' jobs. Large discrepancies between the two portions indicate sectors in which the community imports or exports workers.

Figure 11 compares each sector's share of the total jobs located in Clovis to the portion of the City's residents employed in each economic sector regardless of where their jobs are located.

From 2005 through 2008, on average about 22 percent of workers living in Clovis worked in the City, with the majority commuting to Fresno. This level of employment of local residents is typical for most cities. Fresno city provided jobs for 61.8 percent of its residents, and that is quite high.

Importing Workers

There are two sectors in which Clovis has a net import of workers. Construction business located in the City had a net import of 650 workers, filling 16.6 percent of the City's total construction jobs. One should note that this import likely reflects skilled and unskilled laborers living outside of the City working for construction contractors and firms located in Clovis. The measurement of the construction industry reflects the location of the business, not necessarily the location where those businesses are building new projects. Retail, the second sector, has a net import of 277 workers, or 5.5 percent of all retail jobs in the City.

Although these net imported workers cross all ages and wages, they tend to represent relatively fewer younger workers (up to age 30) and relatively more older workers (age 55 and older). They also slightly tend to represent higher-paid workers (those earning more than \$3,400 per month).

Exporting Workers

In all other economic sectors, the City has a net export of workers. Health care and social services represents the largest number of net exported workers, 2,403. This is followed by Wholesale trade (1,413), Administration and support (1,246), Agriculture (1,019), and Public administration (909). The primary knowledge-based sectors have a net export of 2,034 workers, representing nearly half of these workers. The net export of workers covers all age groups rather evenly, but it slightly tends to represent more lower-wage workers (those earning less than \$1,200 per month).

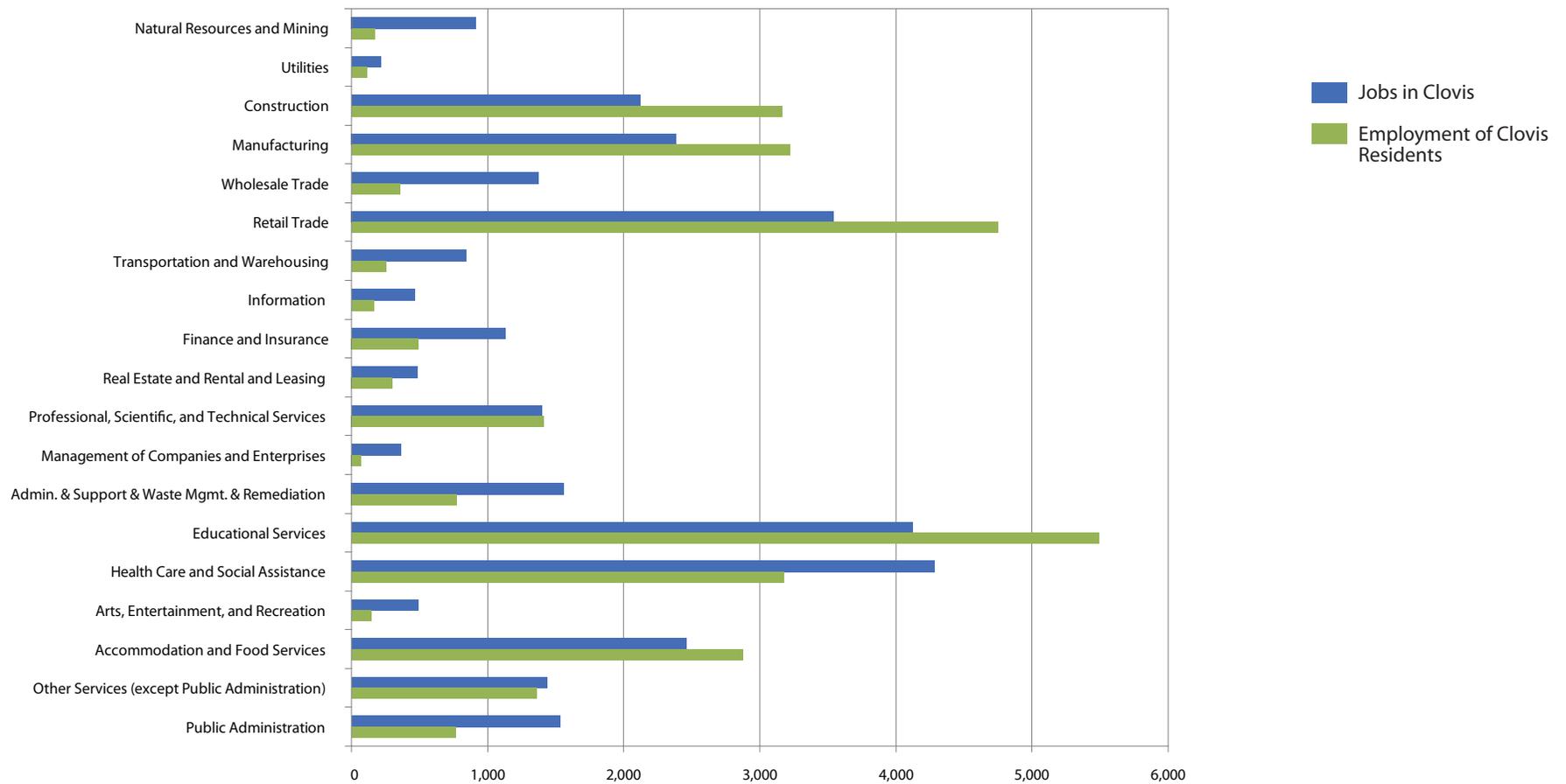
Sectors in which the City has qualified workers that work outside of Clovis represent potential targets for economic development. Two of these sectors, Wholesale trade and Agriculture, might be less attractive targets, the first because it could add truck traffic and diesel particulates and the latter because its jobs tend to be on and near farms. The remaining worker-exporting sectors, especially Health care, Administration and support, and the knowledge-based sectors, represent relatively attractive targets for economic development efforts based on current trends.

Jobs-Housing Balance

Analysts have used the ratio of jobs to housing units to measure the balance between employment and residences in a community. Policy makers want to establish and maintain this balance primarily to reduce traffic congestion from out-commuting and to manage the differential between municipal revenues and expenditures among various types of land use. From 2002 through 2008, Clovis had an average ratio of 1.02 jobs per housing unit, somewhat lower than the 1.11 ratio of Fresno County and California.

The ratio between jobs and housing made sense as an indicator partially because the data were readily available. Recently, though, the Census Bureau and other agencies started making more local data and more detailed data publicly available. With this data, one can see that Clovis has had an average of 1.07 workers per household. Assuring one job per house in Clovis leaves out some workers. Over time, communities seeking a one-to-one balance could generate even more out-commuting.

Figure 11. Comparison of At-Place Employment and Resident Employment Share by Economic Sector, Clovis, average for 2007 and 2008



Source: The Planning Center, 2009, using employment data from the US Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) program.

Clovis' lower jobs per housing unit is partially offset by having fewer workers per household; the state has an average of 1.16 workers per household. For the 2002 to 2008 period, Clovis had an average of 0.92 jobs per worker, somewhat less than the county, 0.99, and the state, 1.00.

While jobs and housing were relatively balanced, there is a disconnect between the types of jobs available and the occupations and skills of residents, hence the 78 percent of the workers out-commuting in 2006.

EMPLOYMENT TRENDS

Fundamentally important to the General Plan Update, the change in employment over the next 20 years will drive the amount of land needed for various land uses, such as retail sales and services.

We first project Fresno County's employment in each economic sector based on the employment trend from 1990 through 2008, using data from the state Employment Development Department. We then project the general plan area's share of regional employment growth based on the area's average share of employment by sector, using data from the Census Bureau's Local Employment Dynamics program from 2002 through 2008. Table A-3 on page A-20 provides the detailed data. Figure 12 illustrates the total job growth in each sector through 2030. If the local economy's employment trends from 1990 through 2008 continue, the local economy will add almost 11,000 jobs, growing at an annual rate of about 1.4 percent.

Declining and Stagnating Sectors

If present trends continue over the next 20 years, the Natural resources and mining, and Utilities sectors would decline, with net job losses. The Wholesale trade, Transportation and warehousing, Information, Finance and insurance, Management of companies, and Arts, entertainment, and recreation sectors will grow anemically. These four sectors together will generate about 271 jobs over 20 years, about 2.5 percent of the total local job growth.

Growth Sectors

If present trends continue, the Construction, Retail trade, Education, Health, and Accommodation and food services sectors would grow robustly. These five sectors will add nearly 7,831 jobs, accounting for 73 percent of all local job growth. The remaining economic sectors—Manufacturing, Professional, scientific, and technical services; Administration & support and waste management and remediation; Other services; and Public administration – would grow at a relatively moderate rate, adding about 2,738 jobs.

Economic Base Industries

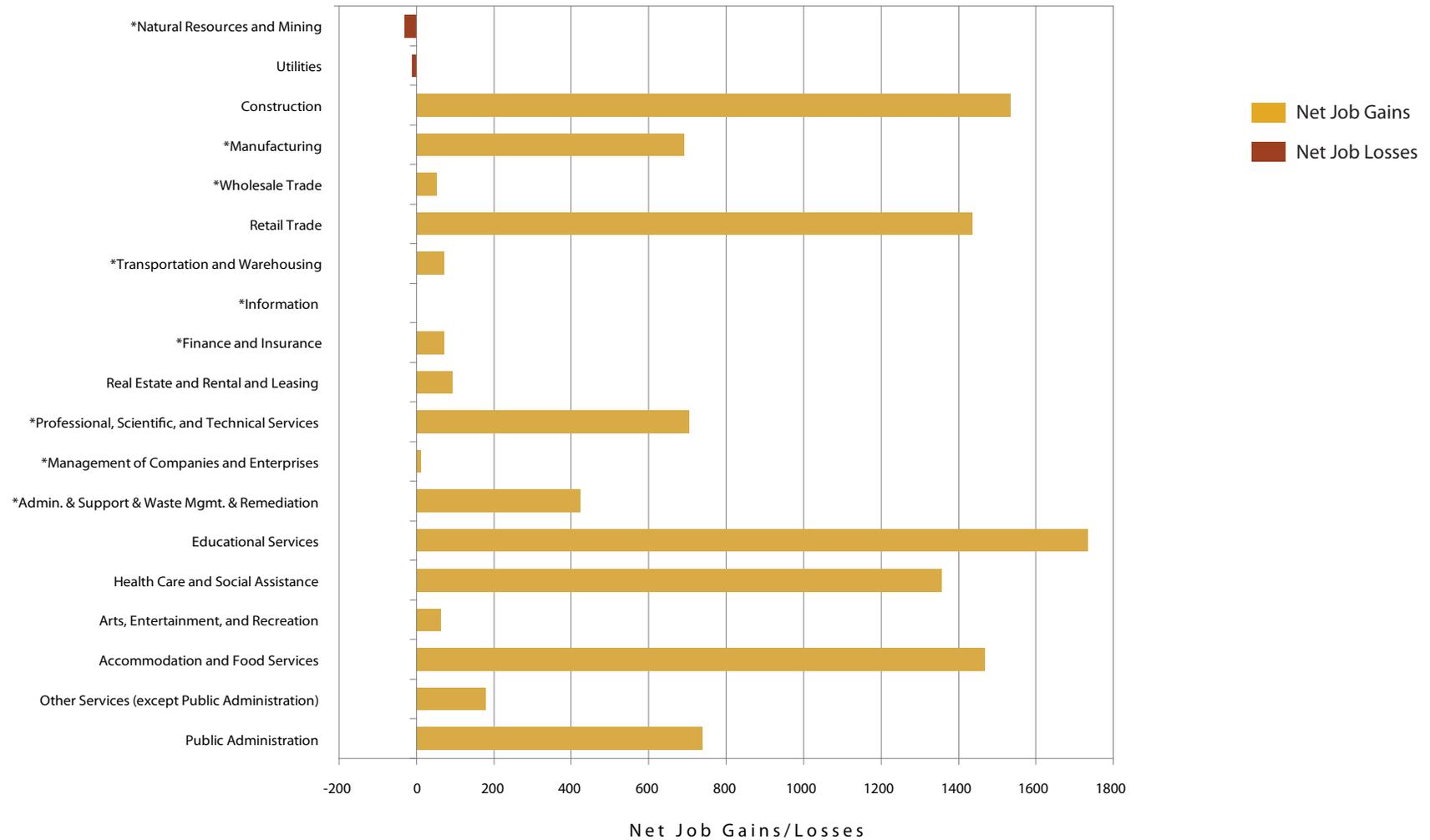
Economists focus economic development efforts on basic or export industries (see the description under Other Terminology on page A-15 in the Appendix). None of the local economy's five high-growth sectors is a basic industry. Over the next 20 years, basic industries will account for only 8.3 percent of the job growth in the local economy. Because these sectors will grow only modestly, they will decline in their relative share of overall employment, from 15.6 percent in 2009 to 13.7 percent in 2030. Without basic industries driving local job growth, it would fall to population growth to fuel expansion of the local economy.

Knowledge-Based Industries

Economists generally refer to the Information, Finance and insurance, Professional, scientific, and technical services, and Management of companies sectors as the knowledge-based industries because most of the occupations employed in the sectors require a bachelor's degree or higher education. Firms in these sectors often tend to be basic industries.

Considering the community's value for education and the presence of Fresno State nearby, these sectors could represent potential targets for economic development efforts. If present trends continue, these sectors would add about 788 jobs. The region, however, could generate 8,300 new knowledge-based jobs. Thus, there is the potential for Clovis to capture a larger share of this regional growth.

Figure 12. Projected Net Job Gain or Loss by Economic Sector, Clovis, 2009 through 2030



Source: The Planning Center, 2009 Note: * indicates that the sector, or a portion of the sector, is a basic industry.

WAGES AND INCOME

Wages and income provide another means to understand economic activity. Wages and salaries generally refer to the pay provided for a particular job. Economic statistics usually report wages and salaries based on the location of the job. Income refers to the total income of an individual or household, regardless of the number of jobs. Income is usually reported based on where the individual or household resides. All the data reported in this section is presented in inflation-adjusted 2008 dollars, using the US Bureau of Labor Statistics' inflation calculator.

Wages and Salaries

The average annual wage in Fresno County rose from \$40,132 in 2001 to \$43,275 in 2007, an annual growth rate of 1.3 percent. Table A-5 in the Appendix presents the average wage data by economic sector. The five highest paying economic sectors are: Utilities, State and federal government, Information, Management, and Manufacturing (in decreasing average wage order). The five lowest paying sectors are: Administrative and waste service, Other services, Accommodation and food services, Arts, entertainment, and recreation, and Real estate and rental and leasing (in decreasing average wage order).

Wage data is only available at the metropolitan scale. Using the metropolitan area's average wage by economic sector and the distribution of jobs among the sectors, however, Table A-6 estimates the annual average wage for jobs located in Clovis. For 2006, the average annual wage in Clovis was \$46,188, nearly 6 percent higher than the region's average wage of \$43,575, and about 2.5 percent higher than the average annual wage in the City of Fresno, \$44,950.

If present trends continue, the average wage for jobs located in Clovis would increase to \$62,194 in 2030 (in inflation-adjusted 2008 dollars). The City's annual wage growth would be 1.08 percent in real terms.

Income

The median household income of Clovis' residents increased from \$55,156 in 1989 to \$63,034 in 2006, an annual growth rate of 0.8 percent. The City outpaced overall County income performance, which grew at an annual rate of 0.1 percent. Both California and the United States had negative household income growth in real (inflation-adjusted) terms, both from 1989 to 2006 and from 1999 to 2006. Table A-7 in the Appendix provides the full set of income data.

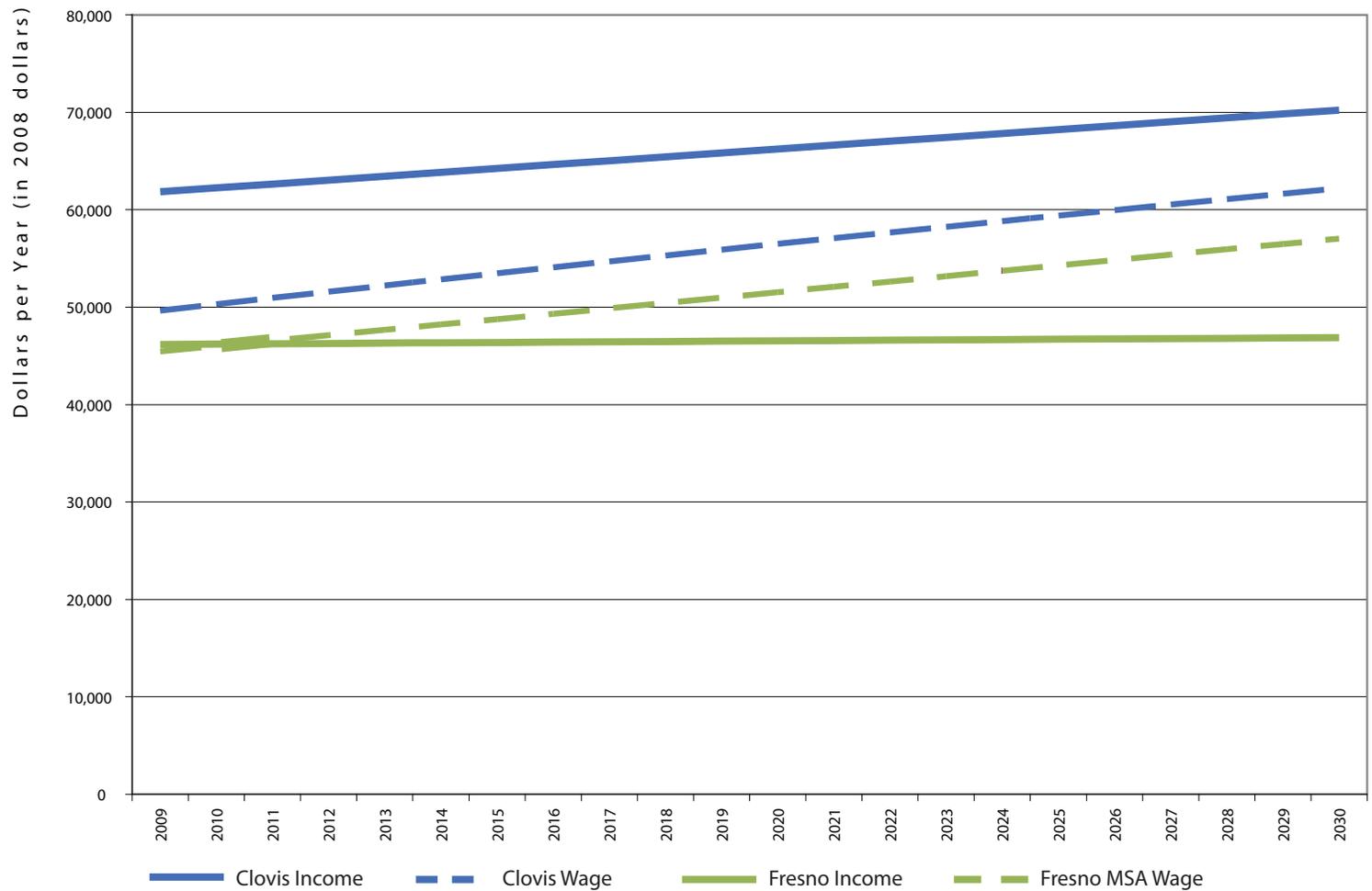
In per capita terms, income in Clovis grew from \$22,898 in 1989 to \$26,916 in 2006, an annual growth rate of 0.96 percent. Over this 17-year time frame, per capita income in the county, in real terms, had a negligible growth rate of 0.01 percent. Both the state and the nation had per capita income growth between that of the City and county from 1989 to 2006, yet they both had negative per capita income growth in real terms from 1999 to 2006.

If present trends continue, median household income in the City of Clovis would grow to \$70,277 in 2030 (in inflation-adjusted 2008 dollars). At the same time, the median household income in the county would stagnate, only adding \$696 to the median household's income by 2030. Per capita income in the City would also increase, growing to \$31,633, while per capita income in the county would slightly decrease to \$20,213.

Implications for Clovis

The trends and projections, both for wages and incomes, bode well for the City of Clovis. However, negligible or negative real income growth in the remainder of Fresno County leads one to question how sustainable the trends are for Clovis if its region is stagnating.

Figure 13. Projected Median Household Income and Average Wage, Clovis CA and Fresno MSA, 2009 through 2030



Source: The Planning Center, 2009.

RESIDENTIAL DEVELOPMENT TRENDS

Housing development, relatively easy to track, is often considered an indicator of economic growth. Areas with growing economies attract new households and retain more of their population than do areas that are stagnating or declining. Housing matters economically because it represents significant new investment in the community and it creates additional demand for local goods and services. New housing also creates new demands for public services, so it does not necessarily equate to an improving fiscal balance for the municipality.

Building Permits

Clovis has been a rapidly growing community: building permit data show a steady increase in the number of permits issued from 287 dwelling units in 1997 to 1,542 dwelling units in 2004. The number of permits peaked in 2004 with the construction of Harlan Ranch and then fell each year from 2005 through 2008. From 1996 through 2002 Fresno County exhibited a similar permit pattern, but the county saw a more dramatic increase in 2002 through 2005 and a more dramatic decrease in 2006 and 2007.

Housing Types

As of 1990, Clovis' mix of housing included 11,341 single-family houses, 6,551 multifamily housing units, and 898 mobile homes. Growth during the subsequent 18 years, however, produced mostly single-family housing. From 1990 to 2009, the City's housing development added 13,367 single-family units (4.5 percent annual growth), 2,157 multifamily units, and 39 mobile homes.

Over this period, single-family housing increased from 60.7 to 71.7 percent of the housing stock. Because they did not grow as fast, multifamily housing decreased from 35.8 to 25.7 percent, and mobile homes decreased from 4.7 to 2.7 percent. In

comparison, single-family units constitute 64.5 percent of California housing and 61.7 percent of US housing. Multifamily units constitute 31.0 percent of California housing and 31.5 percent of US housing.

Housing Trend

Figure 14 shows the trend in total housing by housing type for 1990 through 2009, and the projected number of housing units by type for 2009 through 2030. Table A-8 on page A-26 provides the data for existing housing, and Table A-9 provides data for the projection.

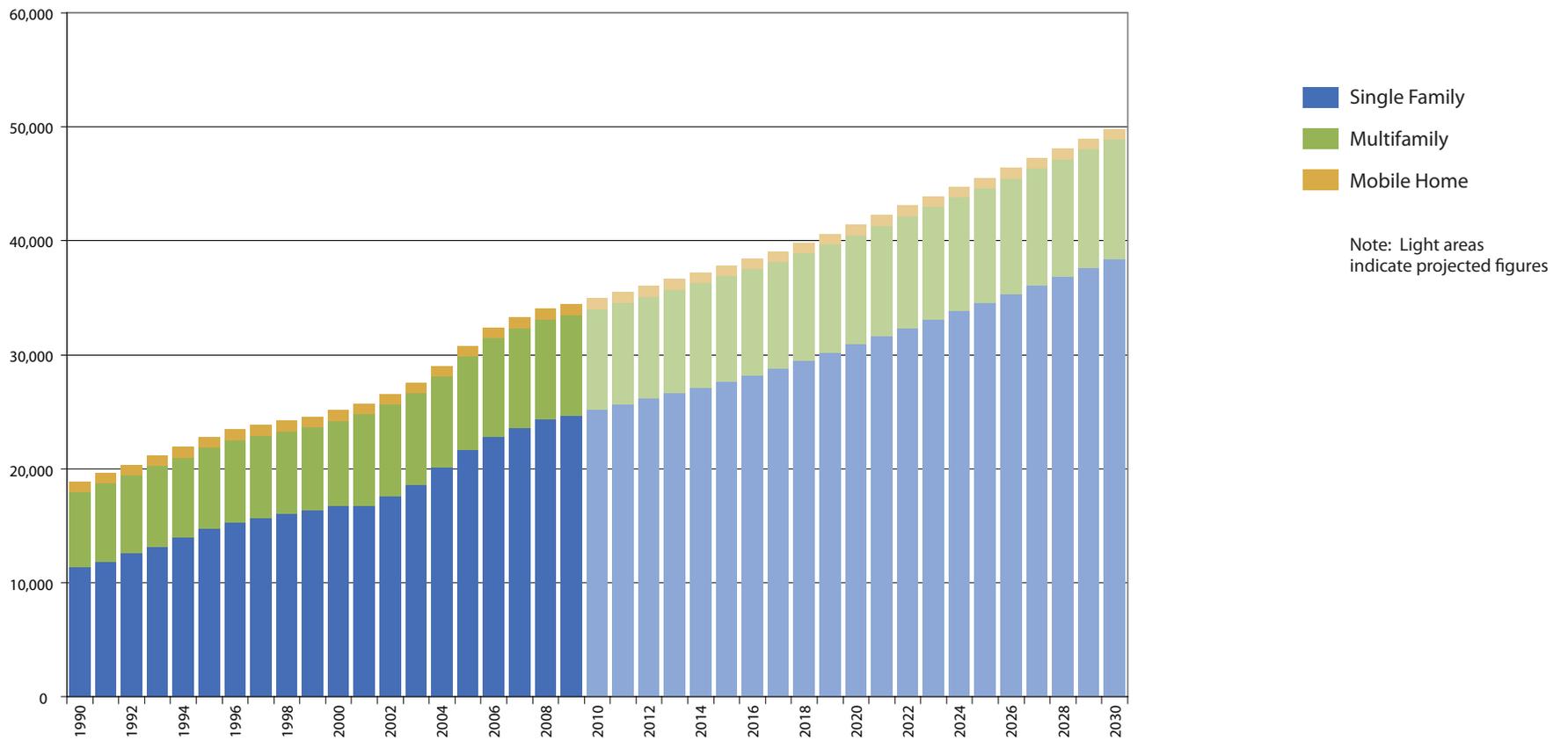
If present trends continue (with some modification for the current recession and downturn in the housing market) Clovis would grow from 34,451 housing units in 2009 to 49,825 in 2030, an annual growth rate of 1.8 percent.

If present trends continue, single-family housing would continue to constitute the majority of housing construction, increasing its share of the total housing stock to 77.0 percent in 2030. The City could see 13,693 new single-family houses, an increase of 2.1 percent per year. Multifamily housing would also continue to expand, albeit at a slower pace. Multifamily housing would grow to 10,520 units by 2030, increasing by 1,681 units, or at an annual rate of 0.8 percent per year. We assume that the number of mobile home units in the City would remain constant.

Housing Trend Considerations

Two housing trend considerations face the General Plan Update. First, will state mandates (primarily SB375) force a change in housing types and densities? Second, the community must decide if continuing the trend in housing type, (i.e. relatively small increases in multifamily housing), will serve the vision of Clovis in 2030 and whether it will support economic development goals.

Figure 14. Housing Trend and Projection, Clovis CA, 1990 through 2030



Source: The Planning Center, 2009, using existing housing data from the California Department of Finance and building permit data from the City of Clovis.

NONRESIDENTIAL DEVELOPMENT TRENDS

As with housing, the trend in nonresidential development paints a picture of Clovis as a growing and developing community. If those trends continue, Clovis would continue to see new retail, commercial (nonretail), office, and industrial development. Figure 15 illustrates the nonresidential development trends and projections through 2030. Table A-10 and Table A-11 in the appendix provide the specific data for the trend and projection by type of use.

Retail

The City’s stock of retail building space increased from 1,861,095 square feet in 1987 to 4,633,346 in 2008, a growth of 2,772,251 total square feet, or about 2.7 percent per year. The amount of retail constructed each year varies significantly, but the overall trend on a per-year basis is downward. Retail increased its share of total nonresidential building space from 47.4 percent in 1987 to 52.3 percent in 2008. A more useful measure, the amount of retail building space per household, has remained relatively constant at about 140 square feet per household.

Commercial

Nonretail commercial building space increased from 736,149 square feet in 1987 to 1,345,652 square feet in 2008, a growth of 609,503, or about 2.9 percent per year. Because commercial development grew at a slower rate, its share of total nonresidential building space decreased from 18.8 percent in 1987 to 15.2 percent in 2008.

Office

Office building space increased from 444,852 square feet in 1987 to 938,177 in 2008, a growth of 493,325 square feet, or about 3.6 percent per year. Office decreased its share of total nonresidential building space from 11.3 percent in 1987 to 10.6 percent in 2008.

Industrial

Industrial building space increased from 881,875 square feet in 1987 to 1,949,677 in 2008, a growth of 1,067,802 square feet, or about 3.9 percent per year. Industrial development decreased slightly, its share of total nonresidential building space from 22.5 percent in 1987 to 22.0 percent in 2008.

Development Projection

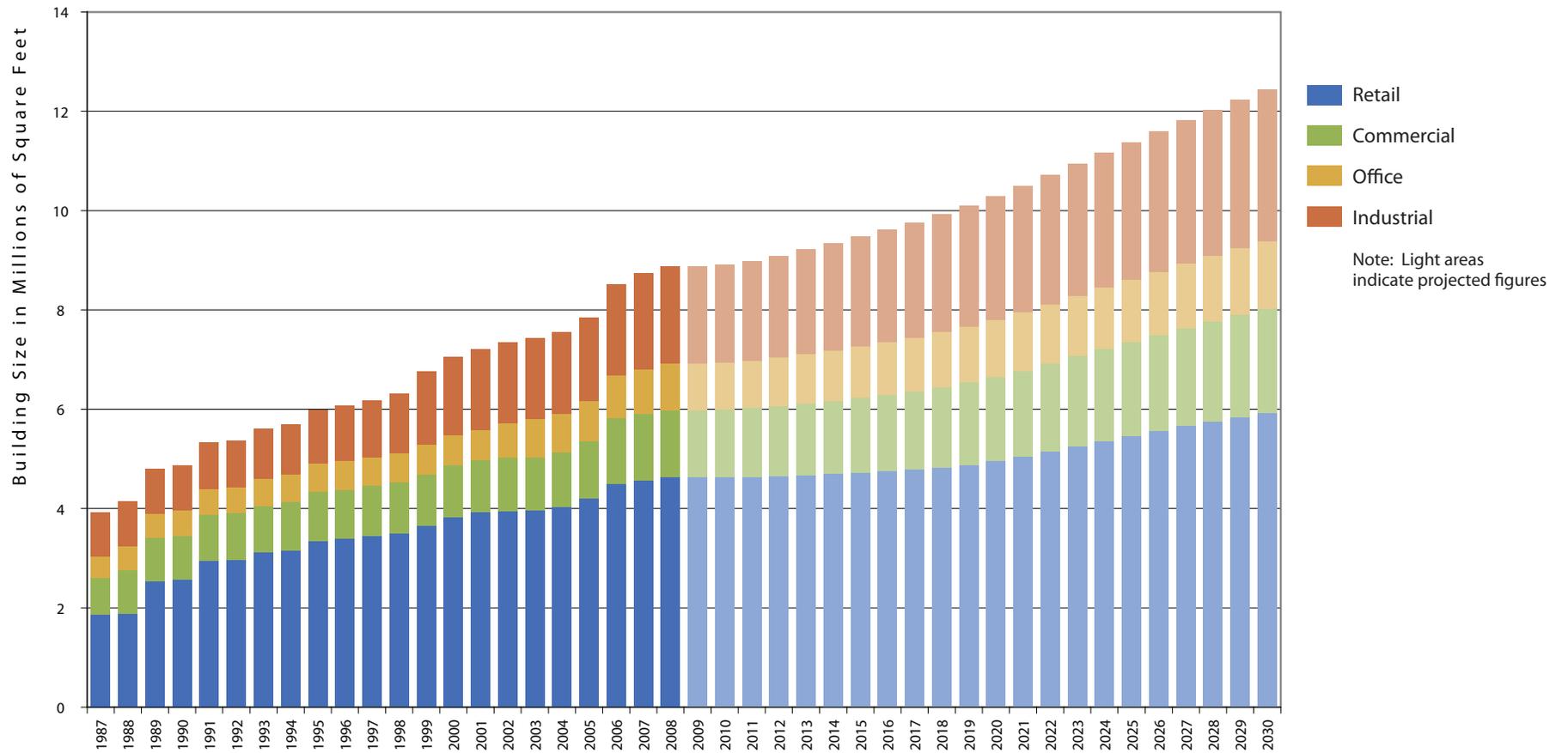
If present trends continue, all four categories of nonresidential uses will continue to grow. The projections assume that past trends extend forward, with a reduced rate of growth as we come out of the current recession, taking until 2013 to return to the trend rate of growth. Table 2 presents the projected totals through 2030.

Table 2. Total Nonresidential Development Projection, if Present Trends Continue, 2010 to 2030

Development Type	Total New Development (sq. ft.)	Compound Annual Growth Rate	Share of Nonresidential Development in 2030
Retail	1,289,011	1.2%	47.7%
Commercial	742,162	2.2%	16.9%
Office	414,877	1.8%	10.9%
Industrial	1,080,451	2.2%	24.5%
Total	3,526,501	1.7%	100.0%

Source: The Planning Center, 2009.

Figure 15. Nonresidential Development Trend and Projection, Clovis CA, 1987 through 2030



Source: The Planning Center, 2009, using data from the Fresno County Assessor.

CONCLUSIONS AND RECOMMENDATIONS ON THE CLOVIS ECONOMY

Economic activity and investment in Clovis has expanded over the years. Population and household growth, however, have fueled most of the increase. The General Plan Update needs to consider the degree to which population-based growth is sustainable and the degree to which the community wants to invest resources in altering the trend in order to build a stronger foundation of economic base industries. The preceding discussion of the local economy suggests several economic development strategies the City can employ through the General Plan Update.

1. Focus on the Right Balance. The notion of a jobs-housing balance holds particular sway in current planning discourse. Clovis already has an 8 percent imbalance between the number of jobs and the number of workers. More importantly than the raw number, the City should focus on:

- Address the imbalance between local jobs and the type of work residents perform. The remaining comments provide initial direction in this regard.
- Address the imbalance between the wages and types of jobs in the City and the types of housing being produced. The General Plan Update should explore the appropriate balance between housing types for Clovis.

2. Target Knowledge-Based Jobs for Clovis' Knowledge-based Labor Force. Clovis has a strong public image focused on education, yet it does not fully capitalize on knowledge-based sectors. The City's economy has a net export of about half its knowledge-based workers. To fully target these sectors will require a more detailed analysis. At a minimum, though, the City can:

- Continue to expand the Research and Technology Park to assure that land and buildings are available.

- Foster closer ties and association with Fresno State.
- Continue to focus the City's economic development strategies on knowledge-based businesses.

3. Don't Forget About Manufacturing. Technological innovation to a large extent and globalization to a lesser extent have caused the manufacturing sector to reduce employment while increasing output for a long period of time. The loss of manufacturing jobs gets a lot of press and would make some think that it is a lost cause. Clovis, however, has a long-term trend of increasing manufacturing employment and increasing industrial development. The General Plan should assure that land and facilities are available for the continued development of the manufacturing sector.

4. Target Health Care. The Fresno area is a regional destination for medical services. In the past, the City of Fresno has been able to capture much of that regional demand. The aging of the baby boom generation will generate continued growth and expansion in the health care industry, thus presenting Clovis with the opportunity to better capitalize on the metropolitan area's role as a regional destination.

- Foster a collaborative effort with Clovis Community Medical Center and other medical service providers to expand and attract health care businesses.
- Plan sufficient development area to create a mixed-use district with a health care focus.

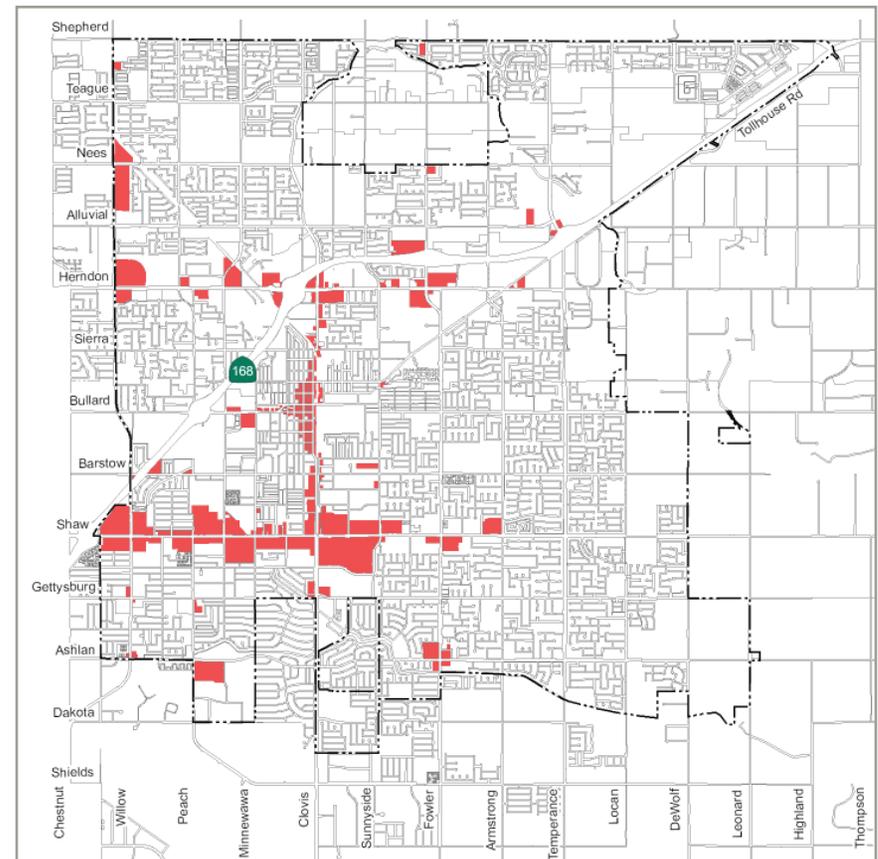
RETAIL TRADE

In 2006, during the height of the last economic expansion and housing boom, sales tax revenues, at nearly \$15 million, constituted 15 percent of the City's total revenues for governmental activities. For the budget year ending June 30, 2010, the City estimates that it will take in about \$12.5 million in sales tax revenues, about 8.2 percent of total revenues. Although the recession has reduced sales tax revenues for the short term, over a longer-term horizon, sales taxes could return to a more prominent role in municipal budgeting.

Retail trade is also important because retail vacancies, if not remedied, can have detrimental impacts. Vacant retail stores provide a depressed image to shopping districts, discouraging shoppers from patronizing businesses that remain open. High vacancy rates lower district-wide lease rates, limiting the ability of property owners to maintain and re-invest in their facilities. Long-term vacancies can lead to property abandonment and, eventually, urban blight.

It is commonly understood that the US is generally over-retailed, even more so now, during the current recession, when there is less consumer spending to support retail businesses. Because retail sales taxes support a significant portion of governmental activities and because long-term retail vacancies pose a threat to community sustainability, the analysis of retail trade warrants its own separate assessment in the Economic Analysis.

Map 4. Existing Commercial Uses in Clovis



FUNDAMENTALS OF RETAIL MARKETS

Convenience, Comparison, and Experience

Retail markets can be categorized into two groups: convenience goods and services, and comparison goods. Table 3 describes the types of shopping centers that typically serve these two groups.

Generally, the goods and services that most people need on a regular basis (convenience goods and services) are close to where people live. For these regular purchases, most consumers have built up knowledge of where to go to get what they want, whether their discriminator is price and convenience or quality. Groceries, medicines, fast food, and hair care are typical convenience goods and services. Because convenience goods and services usually have low cost margins and high sales volumes, convenience retailers are located throughout an area, close to concentrations of households. These businesses typically locate in convenience centers and neighborhood shopping centers.

Consumers tend to compare goods across brands and across retailers for items they purchase infrequently or rarely. This habit of comparing induces retailers to locate near each other. It also promotes larger-scale retailers who can stock many different brands of similar products. Clothing, electronics, and furniture are quintessential comparison goods. Full-service restaurants, which consumers patronize infrequently, also fall into this group. Because comparison goods have higher cost margins and lower sales volumes and because consumers purchase these goods infrequently, comparison goods retailers tend to locate close to major transportation corridors that give access to a greater number of consumers. These businesses typically locate in community, regional, and super-regional shopping centers.

Table 3. Shopping Center Types

Shopping Center Type	Building Size Range (sq. ft.)	Trade Area	
		Size (radius in miles)	Population Range
Convenience	<30,000	0.5	<5,000
Neighborhood	30,000–100,000	1.5	3,000–40,000
Community	100,000–450,000	3–5	40,000–150,000
Regional	300,000–900,000	8	150,000 or more
Super-regional	500,000–2 million	12	300,000 or more

Source: Beyard, Michael D. et al., *Shopping Center Development Handbook*, 3rd ed., Washington D.C.: Urban Land Institute, 1999.

With both convenience goods and services and comparison goods, quick and easy access, a knowledge of individual retailers and their locations (formed through advertising, signage, and visibility during regular travels), and previous experience can influence where consumers shop. In communities where the automobile is the dominant mode of transportation, retailers respond by locating near and seeking visibility to auto traffic.

A third, hybrid type of retail is experiential shopping. In this type of shopping, the experience of the trip is of equal if not greater importance to the material need for a good or service that the trip may satisfy. The experiential value may accrue from socialization with friends who are part of the trip, from entertainment that is part of the trip, or from the quality of the place. Downtowns, new town centers, lifestyle centers, and even shopping malls all attempt to enhance the shopping experience and provide a mix of businesses and amenities to create an enjoyable shopping experience. Because most consumers infrequently invest their time in experiential shopping, most are willing to travel farther and forego quick and easy access for the value of the experience. Experiential shopping is a destination trip and draws from community, regional, or even super-regional size trade area, even if it does not offer the commensurate amount of retail square footage.

Trade Area

A trade area is the geographic area from which a retail center will draw the majority of its customers. Sophisticated market analysis models for individual retailers often define primary, secondary, and even tertiary trade areas. Generally, though, the primary trade area described in Table 3 should generate about 80 percent of the customer base for an individual shopping center.

Several factors affect the size and boundaries of the trade area, including the type of shopping center, location of competitive retail facilities, physical barriers, and visibility and access to major roads and highways. The radial definition of a trade area based on its scale (Table 3) provides the starting point for defining a trade area. As the Urban Land Institute cautions, however, “A trade area does not lend itself to concentric circles around a potential site.”¹ This analysis considers retail generally throughout the City and more detailed analysis for the trade areas of key economic nodes: Shaw Avenue, Old Town, and Herndon Avenue.

Household Spending

The household is the basic economic unit at the center of retail analysis. The US Bureau of Labor Statistics publishes an annual report, the Consumer Expenditure Survey, detailing how Americans spend their annual income. Nielsen Claritas, the preeminent marketing data firm, interprets that data for individual locations, based on the demographics and lifestyle characteristics of the households residing in that area. Nielsen Claritas reports the data both for types of goods and services (e.g., bakery goods, household repairs, and reading materials) and for types of stores (e.g., grocery stores, men’s clothing stores, and full-service restaurants) using standard retail business categories from the North American Industrial Classification System. Table A-12 provides data for the average annual household expenditures for Clovis households by type of product or service. Table A-13 provides data for the total annual spending by Clovis households categorized by type of store.

¹ Beyard, Michael D. et al., *Shopping Center Development Handbook*, 3rd ed., Washington D.C.: Urban Land Institute, 1999, page 46.

Sales Efficiency

Sales efficiency is the average annual sales per square foot of retail businesses. Sales efficiency varies by store type, by individual business, and among different locations of an individual retail chain. Every two years the Urban Land Institute and the International Council of Shopping Centers conduct a survey of retail locations throughout the country. From that survey, they publish average sales efficiency data by type of store in Dollars and Cents of Shopping Centers / The SCORE. The current edition was published for 2008. This analysis adjusts those national figures for the Fresno metropolitan area using data from the US Census Bureau’s Economic Census.

Market Potential and Market Demand

Dividing total spending by average sales efficiency determines the market potential—the total amount of retail building space that can be supported. For example, Clovis households spend \$162,876,943 at grocery stores and supermarkets. Dividing that by the average sales efficiency for this type of store, \$420.40, indicates that the City can support about 387,500 square feet of supermarkets. Market demand is the difference between the market potential and the amount of existing building space used for those types of stores.

Internet Sales

Non-store retailers (including catalog, telephone, infomercial, and internet sales) continue to grow as a portion of total retail spending in the US. Business-to-consumer e-commerce (internet retail sales) has undergone phenomenal growth, increasing by 18.4 percent from 2006 to 2007, compared to 3.2 percent for total retail spending. As of 2007, however, it still represented only 3.8 percent of total retail sales. Over the short-term many analysts expect internet sales to continue growing rapidly. It is not clear, however, what the potential limits are for e-commerce over the long-term and how it will alter the use and demand for retail building space.

EXISTING RETAIL SALES

Because sales tax dollars constitute substantial portions of municipal revenues throughout California, many localities concern themselves with capturing as much of their residents' consumer spending as they can. After all, those tax dollars help provide services to those residents.

The money residents spend outside of their home community is called "retail leakage." The money non-residents spend in a community is often called "retail capture." Figure 16 on the opposite page shows the total amount of retail spending in various areas (adjusted for average household income) divided by the total number of households in each area. For store types where Clovis has more retail sales than other areas, it likely captures retail spending by non-residents. For store types where Clovis has less retail spending than the other jurisdictions, it likely leaks retail spending by its residents to neighboring jurisdictions. Table A-14 provides taxable sales data. Table A-15 provides per household taxable retail sales data.

Leakage and Capture

Relative to per-household retail sales in the four-county region (Fresno, Kings, Madera, and Tulare), Clovis leaks sales in apparel, food stores, home furnishings and appliances, service stations, and other retail stores. Using the four-county region as a benchmark, the City is probably missing out on about 17 percent of its residents' spending, approximately \$167 million.

Clovis captures sales in general merchandise stores, eating and drinking places, building materials, and motor vehicles and parts. Clovis is probably capturing about \$251 million in sales by non-residents, which accounts for approximately 20 percent of total retail spending in the City.

Taking retail leakage and capture together, the City has a net capture of about \$84 million in retail spending from beyond its borders.

Factoring in other taxable sales (includes business and personal services as well as non-retail taxable transactions), Clovis does not fare as well. In other taxable sales, the City is losing about \$335 million, greatly overshadowing the net capture of retail sales.

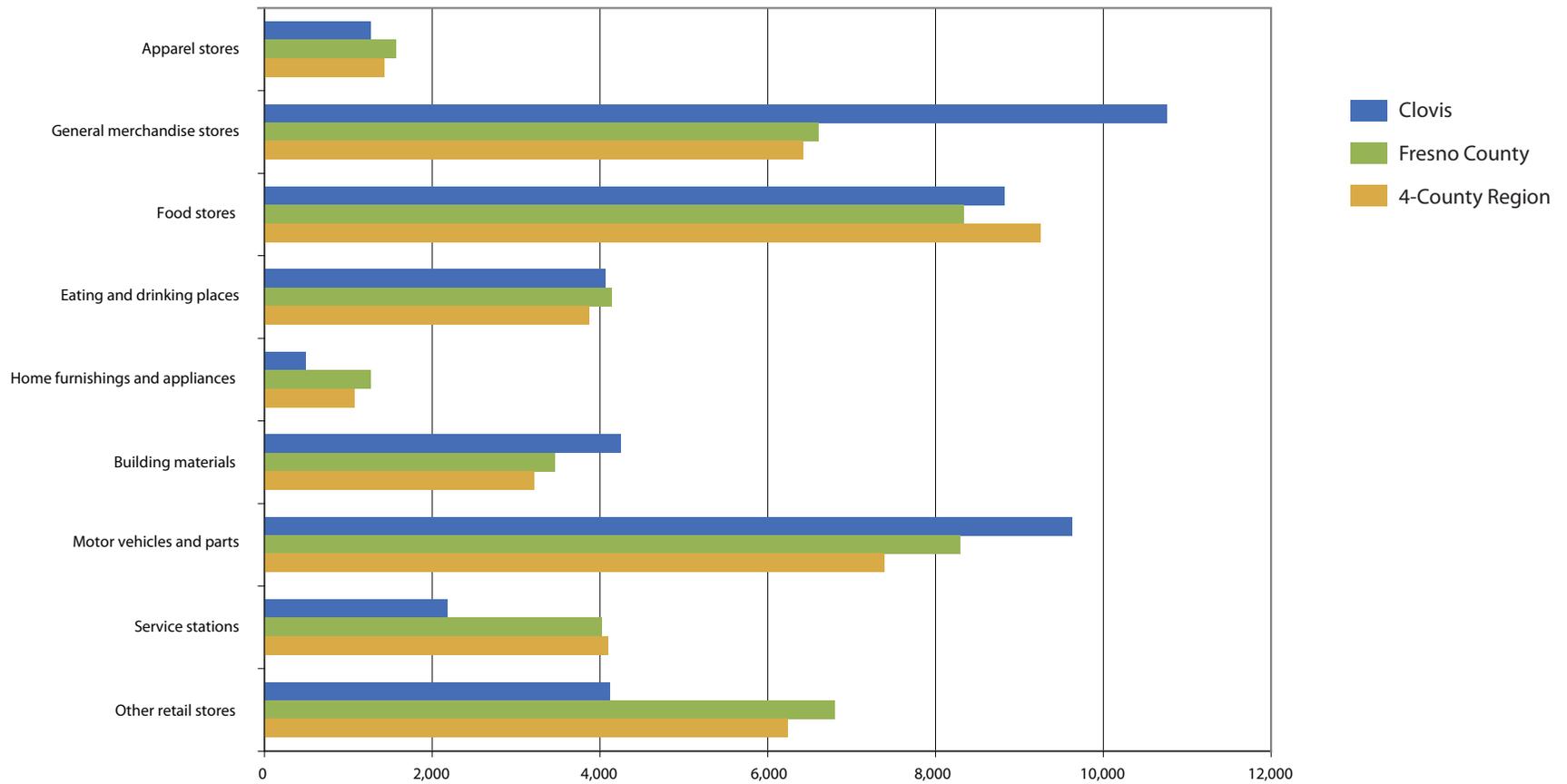
The leakage and capture data suggest that the City has an opportunity to expand retail sales by promoting development and attracting businesses among those store types where there is current leakage. The large loss of taxable sales through non-retail outlets suggests that the City's economic development should target businesses with a point-of-sales presence to generate additional taxable sales.

Taxable Sales Trend

Total taxable retail sales in Clovis increased from \$1,029,423,750² in 2000 to \$1,359,423,230 in 2006, before declining in 2007 with the onset of the slowing economy. Population growth fueled almost all of the growth in sales, however, as the total taxable retail spending per household only increased from \$42,493 in 2000 to \$43,431 in 2006. Since 2006, however, retail sales in Clovis have declined.

² All dollar figures in the Existing Retail Sales section are provided in inflation adjusted 2008 dollars.

Figure 16. Total Retail Sales per Household by Store Type, City of Clovis, and Fresno, Kings, Madera, and Tulare Counties, 2007



Source: The Planning Center, 2009, using retail sales data from the CA State Board of Equalization, household data from the CA Department of Finance, inflation data from the US Bureau of Labor Statistics, and household income data from the US Census Bureau.

Note: Data are for 2007, but adjusted for inflation into 2008 dollars.

This figure assumes that about one-third of the spending at food stores is taxable; the data displayed represent three times the amount of taxable retail sales in the food-stores category. Data have been adjusted based on the relative difference between average household incomes in each area to minimize the effects of differing levels of purchasing power.

MARKET DEMAND FOR RETAIL BUILDING SPACE

In the last part of the recent housing bubble, Americans were buying on credit, to the extent that, as a nation in the third quarter of 2005, we actually spent more than we earned. The decline in financing availability and the decrease in personal income resulting from the recession and unemployment have driven retail sales down since 2006. Spending data suggest that Clovis households decreased their spending by 6.2 percent from 2008 to 2009.

Because financing fueled increases in spending in the middle part of this decade and because that financing will not likely return to previous levels of availability and cost, household spending patterns after the recession ends will not likely return to the levels of the mid- to late-2000s.

Clovis' Market Potential

Market potential is the total amount of retail building space that consumer spending can support. Table A-16 shows the per-household market potential by store type for the General Plan area. As of 2009, the average household's spending would support about 90 square feet of retail building space.

Current spending by Clovis households (including leakage to other areas and capture of spending by non-residents) would support approximately 3.6 million square feet of retail building space, including about 1.2 million for convenience goods and services, 1.5 million for comparison goods, and 0.4 million for restaurants and bars.

Clovis' Market Demand

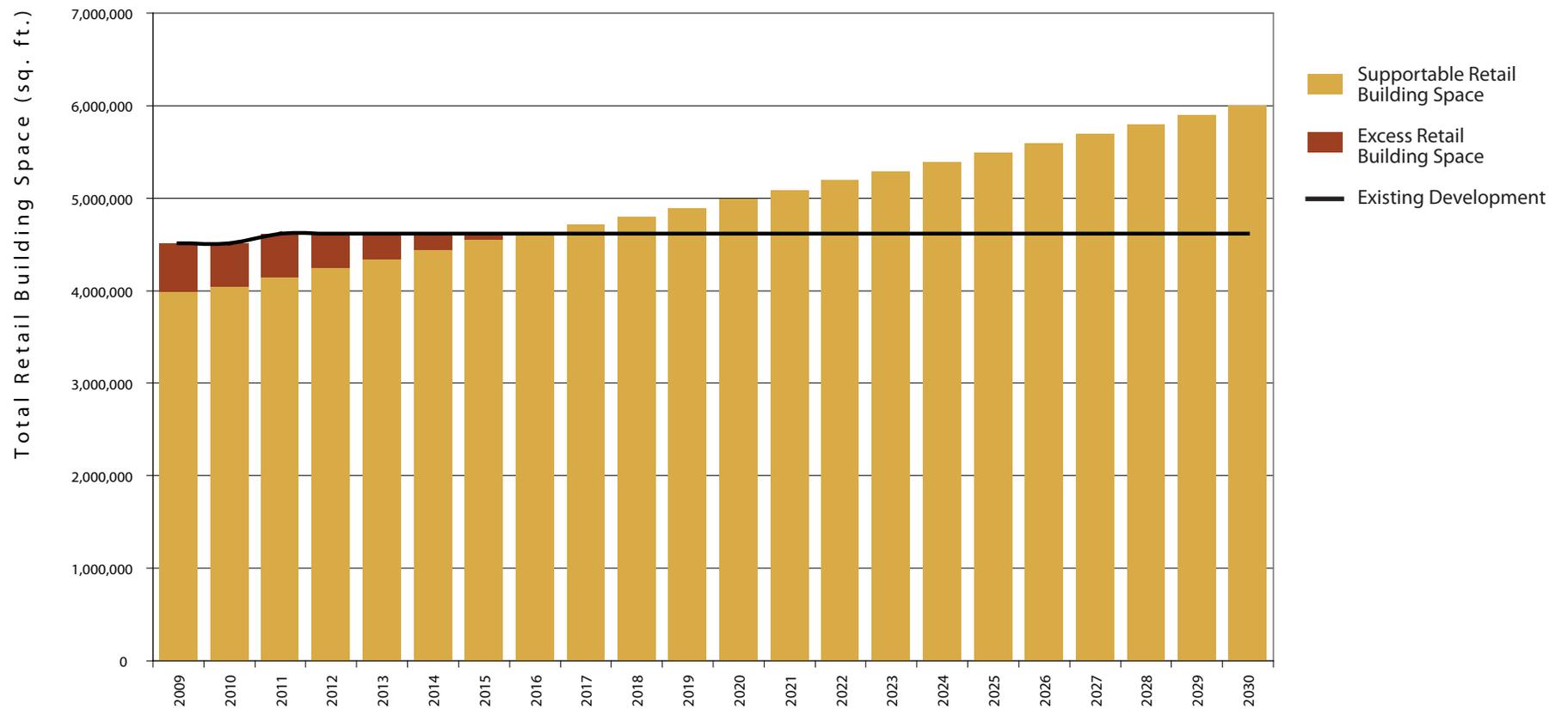
The General Plan area currently has about 4.5 million square feet of retail building space. A sustainable market would typically have approximately 5 percent vacancies. Beyond this level of acceptable vacancies, the area has 524,000 square feet of excess building space, about 11.6 percent of the total existing stock. Table A-18 shows the derivation of the market demand for retail building space in the General Plan area.

Future Market Demand

The City has approved the Clovis-Herndon Shopping Center project. This project would add nearly 500,000 square feet of new retail building space. The project's environmental impact report calculates that this project could cause 106,000 square feet of vacancies as it comes online in 2011.

Based on projected household growth, this analysis projects that the City's retail market could absorb the current 523,000 square feet of excess retail building space plus the new excess space in 2011 by about 2016. From 2016 through 2030, market demand could support about 1.3 million square feet of new retail building space. Figure 17 shows the projected demand for retail building space.

Figure 17. Market Demand Forecast for Retail Building Space (sq. ft.), Clovis, 2009 through 2030



Source: The Planning Center, 2009.

CONCLUSIONS AND RECOMMENDATIONS ON RETAIL TRADE

The General Plan should provide a framework to manage retail development, allowing enough land area in appropriate areas to meet market demand while minimizing the potential to overbuild retail building space that leads to long-term structural vacancies. The analysis of retail trade suggests strategies that the General Plan can employ to provide such a framework.

1. Plan Retail To Satisfy Particular Shopping Purposes. Individuals turn to different shopping districts to satisfy different needs. Appropriately allocating these shopping areas can reduce vehicles-miles traveled and increase overall sales.

- Convenience goods shopping centers should be located where residents live. Grocery store- and pharmacy-anchored centers should be the center of neighborhoods. Locating higher-density housing and requiring good pedestrian and nonvehicular access at these locations can reduce VMT.
- Comparison goods shopping centers should be located near major transportation routes to provide convenient access to the largest number of potential consumers. The Herndon-Clovis intersection offers perhaps the best location in the City for regional retail. The Shaw-Clovis intersection is likely too far from SR-168 to be an effective regional destination, but it can be positioned and function well as a community-scale area, providing comparison goods and entertainment for a three- to five-mile trade area. As the northeast urban village develops, it will likely also provide a good location for another community-scale retail district.
- Old Town is and should remain the primary destination in Clovis for experiential shopping. The City should emphasize authenticity by recruiting independent retailers and working with the Small Business Development Center to enhance the business acumen of Old Town businesses.

2. Plan Retail To Improve the Leakage-Capture Ratio. Retail centers located near the City's boundary with Fresno are most likely to capture additional spending from outside of the City. At the same time, the City should not try to be all things to all people, but should do well that which it is best positioned to do.

- Locate comparison-goods shopping districts where they can easily serve Clovis' residents and also have access to residents outside of the City.
- Apparel, food stores, home furnishings and appliances, service stations, and other retail stores represent opportunities to reduce retail leakage. While the City may not be well positioned to attract leading national apparel and department-store chains, it should seek to establish Old Town as a boutique apparel destination in addition to its current offerings.
- Economic development efforts should target non-retailers with a point-of-sales presence to increase the City's share of sales and use-tax revenues.

3. Facilitate the Transition of Over-Retailed Districts. Overall, the City has an excess of retail space. In particular, new residential and retail development has reduced Shaw Avenue's effective trade area, reducing the total support for retail businesses and leading to vacancies. The General Plan should provide plans, policy guidance, and implementation tools to facilitate the transition and revitalization of Shaw Avenue.

LAND DEMAND FORECAST

The preceding sections provided projections for future development predicated on the continuance of past trends. In preparing the General Plan Update, though, the City must look at these trends and assesses whether each trend leads to the vision and achieves the City's goals. For those that do not, the City must decide what their desired future is and what must be done to alter or shape these trends to better realize the vision.

This final chapter assesses these trends and identifies potential alternatives. It translates these into the demand for land necessary to accommodate the desired development. The General Plan's land use plan must then allocate land in appropriate areas for the land demand.

Planning, however, is about more than just numbers from an economic analysis, though. As discussed in this section, the community will have to begin making certain value judgments in order to begin translating projected market demand into land use plans. Some of the questions the community will have to answer are:

- How much do we value a diversity of housing types to support a diversity among our residents in terms of age, income, family status, and ethnic and cultural background?
- How much do we value older neighborhoods and developments in Clovis, areas that may lack amenities and that struggle with vacancies and marginal businesses?
- How much do we value being a complete community where businesses can provide jobs for our residents and where workers can find housing?

This section provides some basic background so that the community can begin discussing these and other questions.

HOUSING DEVELOPMENT

Three factors determine the amount of land necessary to accommodate future housing growth. First, and most important, the number of new households in the City, whether generated by migration or new household formation, determines the number of new housing units needed. The City, however, has little direct control over the growth in households. The community can influence some quality of life characteristics that affect household growth, such as quality of schools, perception of personal safety, or amenities. Nevertheless, the City has few means to use the characteristics to directly control household growth. The economic analysis projects that Clovis will grow by nearly 15,000 households, generating demand for 15,374 new housing units over the 20-year period from 2010 to 2030.

Second, the mix of housing types—single-family detached, townhouse, apartments, and condos—affects the amount of land the City will need to provide housing for those new households. Third, the density at which developers build those housing units—the number of units per acre—determines the land area required for new housing units. Because the City has direct control over these last two factors, mix and density, the following sections discuss them in more detail.

Housing Mix

When the City adopted the 1993 General Plan, the mix of housing in Clovis included about 60 percent single-family detached, about 36 percent multifamily,¹ and about 4 percent mobile homes. Since then, however, single-family detached housing has constituted the vast majority of new construction in Clovis. As a result, the current mix of housing is about 70 percent single-family detached, 26 percent multifamily, and 2 percent mobile homes. In contrast, the statewide mix is about 58, 38, and 4 percent.

¹ For this economic analysis, the term multifamily includes all housing except single-family detached and mobile homes. This housing could be single-family attached townhouses, duplexes, apartments, and condos. It is important to note that multifamily housing includes both rental and ownership housing, just as a single-family detached house can be owner occupied or renter occupied.

Local governments have some direct control over housing mix through planning and zoning regulations. Communities that desire more multifamily housing can restrict the acreage zoned for single-family detached housing. They can also increase the acreage zoned for multifamily and, more important, zone such areas with a high enough density to create a financial incentive to attract developers. Communities that desire less multifamily housing can increase the acreage zoned for single-family housing and restrict the acreage zoned for multifamily development. They can also limit the density of multifamily to decrease the financial return on multifamily housing and discourage developers.

Even with these tools, demographic shifts could also begin to alter the future mix of housing developed in Clovis. Professor Arthur Nelson, director of the Metropolitan Research Center at the University of Utah, suggests that the aging of the baby boomers through the empty nest stage and into retirement; the movement of Gen Y (echo boomers) out of their parents home and into their own homes; and the increasing numbers of minorities as a share of national households will drive future market demand. He projects that multifamily housing will constitute 85 percent of the new housing units built nationally through 2030.

Focusing solely on California, the Department of Finance's population projections from 2005 to 2020 show that those of age 18 through 27 as of 2020 (an age group that often lives in multifamily housing) will account for 16 percent of the statewide population growth. In contrast, those of age 28 to 45 as of 2020 (a group representing first-time homebuyers and family housing) will account for only 7 percent of growth. Remarkably, those who will be age 46 to 70 in 2020 (empty nesters and early retirees) will constitute 48 percent of total population growth. This final age group has demonstrated an increasing proclivity to downsize and to favor more urban environments that are safe and provide amenities. Taken together, these changes in population indicate a much higher demand for multifamily housing than the state has experienced in the last 20 years, and a much lower demand for single-family housing than in the recent past.

Housing Density

Density represents the number of housing units built on each acre of land. Clearly, density is closely related to the type of housing. Single-family detached houses tend to be larger and require extra land area for individual yards. Multifamily housing tends to have smaller individual housing units. Local governments thoroughly regulate density, at least maximum densities, through their zoning ordinances.

When developers build new housing, they have a set cost for land acquisition. Generally, the more housing units they can spread across that land cost, the lower the cost of housing and the more financially feasible their development projects. Of course, increasing density provides advantages only up to the point where the final housing product is something that homebuyers or renters are willing to pay for. Nevertheless, developers usually have a financial incentive to maximize the density for the particular type of product they are building.

Since 2000, single-family detached housing has been developed at a density of about 4 units per acre. This density includes the land area for internal streets, but does not include the land area set aside for open space and parks and it does not include the existing rights-of-way for arterial roads. During this same time period, new multifamily housing in Clovis has achieved a density of about 12.7 units per acre.

In response to losses of agricultural land, increasing traffic, air pollution, and other concerns, the governments of and in Fresno, Kern, Madera, Merced, San Joaquin, Stanislaus, and Tulare counties adopted the regional San Joaquin Valley Blueprint. This plan calls for new development patterns. The Valley Blueprint assessed three development scenarios. Although there are elements other than just density in these scenarios, this analysis is primarily concerned with the different residential densities. The Residential Land Demand Scenarios section discusses some of the density alternatives considered during the Blueprint process.

Mobile Homes

The economic analysis' projections assume that no new mobile homes will account for new housing in Clovis over the next 20 years. The number of mobile homes has not changed significantly over the last 10 years, and since 1990 there has only been an increase of 38 mobile-home housing units.

The community may want to question this assumption, however, and revisit the issue of mobile homes. Mobile homes can be an effective way to provide affordable housing. A new mobile home can cost in the neighborhood of \$50,000 per unit. In comparison, a new apartment can cost in the neighborhood of \$180,000 per unit to construct.

Mobile homes are not, however, a perfect solution to affordability. Mobile homes usually depreciate in value over time, in contrast to condos and single-family housing, which tend to appreciate in value, present circumstances notwithstanding. Households purchasing a mobile home do not, therefore, build up equity and family wealth. Thus, one should not view mobile homes as a lower-cost option among home-ownership opportunities.

For households not qualified to move into traditional homeownership, mobile-home ownership can provide a viable alternative to renting. Households owning a mobile home gain some of the social benefits of ownership—sense of self-esteem as a homeowner and a sense of permanence. When viewed as an alternative to renting, mobile-home owners will have no less equity at the end of a time period than if they had been renting.

If the community decides to pursue additional mobile homes as part of the future housing mix, the land demand model will have to be adjusted.

Residential Land Demand Scenarios

To project land demand for new residential development, the economic analysis considers the three factors described above – total new housing demand, housing mix, and density. For the first factor, the General Plan Update will seek to accommodate about 15,375 total new housing units. The analysis incorporates three different housing mixes and three different density targets for all new city-wide residential development.

Table 4 presents the results of the analysis in three tables. Table 4A shows the existing built housing in Clovis in 1970, 1980, 1990, 2000, and 2009. It gives both the number of units by type and the portion of total housing for each type. The table also provides a comparison for Fresno (city and county) and California in 2009. Table 4B then illustrates how the three housing mixes and three density targets would apply to new housing built from 2010 through 2030. It gives the number of units, density, and acreage needed for development for both single-family and multifamily housing and for all new housing city-wide. Finally, Table 4C shows what the total housing in Clovis would be in 2030 for each housing mix. It gives both the number of units by type and the portion of total housing for each type.

Table 4. Illustration of Residential Land Demand Based on Housing Mix and Density, Clovis, 2010 to 2030

4A. Where We Are Today: Existing Built Housing, 1970 to 2009

Existing Built Housing	Total	Single Family	Share of Total	Multifamily	Share of Total	Mobile Home	Share of Total
Clovis: 1970	4,347	3,607	83.0%	403	9.3%	337	7.8%
Clovis: 1980	12,678	7,267	57.3%	4,744	37.4%	667	5.3%
Clovis: 1990	18,888	11,341	60.0%	6,551	34.7%	898	4.8%
Clovis: 2000	25,123	16,758	66.7%	7,450	29.7%	915	3.6%
Clovis: 2009	34,451	24,694	71.7%	8,839	25.7%	918	2.7%
COMPARISONS							
Fresno City: 2009	169,715	102,634	60.5%	63,158	37.2%	3,923	2.3%
Fresno County: 2009	312,559	209,119	66.9%	89,374	28.6%	14,066	4.5%
California: 2009	13,530,719	7,756,434	57.3%	5,177,358	38.6%	596,927	4.4%



4C. Where We Would Be: Total Built Housing in 2030

	Total	Single Family	Share of Total	Multifamily	Share of Total	Mobile Home	Share of Total
Housing Mix 1: Build at Current Trend	49,825	38,387	77.0%	10,520	21.1%	918	1.8%
Housing Mix 2: Build to Maintain Existing Housing Mix	49,825	35,714	71.7%	13,193	26.5%	918	1.8%
Housing Mix 3: Build to Achieve 65% Single Family Target	49,825	32,386	65.0%	16,521	33.2%	918	1.8%

4B. Where we are Heading: New Housing Construction 2010 through 2030

	Single-Family Detached Housing			Attached and Multifamily Housing			All New Housing		
	Number of Housing Units	Density	Acres	Number of Housing Units	Density	Acres	Number of Housing Units	Density	Acres
Housing Mix 1: Build at Current Trend (single-family detached 89.1% of new construction)									
Existing Development Densities	13,693	4.0	3,440.4	1,681	12.7	132.4	15,374	4.3	3,573
Fresno COG Blueprint Preferred Density	13,693	8.3	1,644.9	1,681	26.6	63.3	15,374	9.0	1,708
Blueprint High Density Scenario	13,693	12.0	1,138.8	1,681	38.4	43.8	15,374	13.0	1,183
Housing Mix 2: Build New to Maintain Existing Housing Mix (single-family detached 71.1% of new construction)									
Existing Development Densities	11,020	4.0	2,768.8	4,354	12.7	342.8	15,374	4.9	3,112
Fresno COG Blueprint Preferred Density	11,020	7.2	1,520.0	4,354	23.1	188.2	15,374	9.0	1,708
Blueprint High Density Scenario	11,020	10.5	1,052.3	4,354	33.4	130.3	15,374	13.0	1,183
Housing Mix 3: Build to Achieve 65% Single Family Target (single-family detached 50% of new construction)									
Existing Development Densities	7,692	4.0	1,932.7	7,682	12.7	604.9	15,374	6.1	2,538
Fresno COG Blueprint Preferred Density	7,692	5.9	1,301.1	7,682	18.9	407.2	15,374	9.0	1,708
Blueprint High Density Scenario	7,692	8.5	900.7	7,682	27.3	281.9	15,374	13.0	1,183

See discussion of housing mix and density scenarios on Page 54.

Source: The Planning Center, 2009.



Housing Mix. The housing mix refers to the relative portion of the total new housing units that would be provided by single-family detached housing, multifamily housing, and mobile homes, although the economic analysis assumes that the number of mobile homes will remain the same. The land demand model considers three alternatives for housing mix:

Housing Mix 1: Build At Current Trend (Single-family detached 89.1% of new construction). From 1990 to 2009, single-family detached housing accounted for 89.1 percent of new housing construction. This housing mix alternative assumes that single-family detached housing will continue to account for 89.1 percent of all new construction. Under this housing mix, single family housing would comprise 77 percent of the built housing in Clovis of 2030, a larger share than exists today.

Housing Mix 2: Build New to Maintain Existing Housing Mix (Single-family detached 71.7% of new construction). As of 2009, single-family detached housing provides 71.7 percent of all existing housing units in the City. This housing mix alternative would plan for single-family detached housing to account for 71.7 percent of new construction. Under this alternative, the housing mix in Clovis of 2030 would be the same as today.

Housing Mix 3: Build to Achieve 65% Single Family Target (Single-family detached 50% of new construction). Discussions during the preparation of the 1993 General Plan suggested that the rapid development of apartments in the 1970s had created an imbalance in the community. It was felt that a more concerted effort to development more single-family housing was needed to correct this imbalance, with the idea of 65 percent single-family housing often discussed as a target. This housing mix scenario would plan for single-family housing to account for 50.0 percent of new construction. Under this alternative, the housing mix of Clovis in 2030 would have 65 percent single-family housing, about the same as the Clovis of the mid- to late-1990s.

Housing Density. For residential density, the land demand model considers the three scenarios related to the San Joaquin Valley and the Fresno County Blueprints.

Existing Development Densities: This scenario assumes that future development continues with the same density patterns achieved by new development since 2000. The average densities are 4.0 units per acre for single-family detached housing and 12.7 units per acre for multifamily housing.

Fresno COG Blueprint Preferred Density: The Blueprint as currently envisioned would establish an average density for all new residential development at 9.0 dwelling units per acre. This is an overall target for all new residential construction. The density required for single-family detached housing and multifamily house would depend on the amount of each type of development.

Blueprint High Density Scenario: The Blueprint planning process considered a variety of density target. The Valley-wide high density target would work out to a target of 13.0 units per acre in Fresno and Clovis.

The Results

Table 4 shows the land area needed to accommodate new residential development under the various housing mix and density scenarios. To provide for 15,374 new housing units, the City would need between 1,200 and 3,600 acres for new residential development.

Row 1 shows the acreages and densities if present trends continue. Development for 15,374 new housing units would consume 3,573 acres of land and achieve an overall density for 4.3 units per acre for new construction. Achieving the Blueprint preferred density would use less than half that amount of land. To do that without changing the mix of housing, however, new single-family detached housing would have to achieve an average density of 8.3 units per acre and all new multifamily housing would need an average density of 26.6 units per acre. While the mix of new housing would remain the same as that to which the community has become accustomed over the past eight years, these densities would result in housing products that are not the same as in the past.

As a second option to achieve the Blueprint preferred density, the General Plan Update could steer the housing mix to provide more multifamily housing and less single family. Under housing mix 2 (single-family at 71.7 percent of new construction), the number of single-family units would be about 20 percent less than under current trends, but the average density would decrease from 8.3 to 7.2 units per acre. There would be about 150 percent more multifamily units constructed, but their average density would decrease from 26.6 to 23.1 units per acre.

As a third option to achieve the Blueprint preferred density, the housing mix could shift to even more multifamily housing. Under housing mix 3, single-family housing would account for about 44 percent of the amount it would provide under

current trends, but the average density for new construction would decrease from 8.3 to 5.9 units per acre. There would be about 350 percent more multifamily units than under current trends, but the average density could decrease from 26.6 to 18.9 units per acre. The single-family housing products would be similar to what the community knows today, and while multifamily housing would represent a much larger portion of new construction, the mix of housing in Clovis 2030 would be similar to that in the 1990s.

To achieve the Blueprint preferred density, the new residential development would consume about 1,700 acres. The real question then becomes how many single-family units and how many multifamily units, and at what densities to achieve the overall 9.0 units per acre? Before moving forward with the General Plan Update, the community will have to make key decisions on the desired future mix of housing.

Achieving a New Mix of Housing

Why not just let the market decide the appropriate mix of housing? To a certain degree the market will determine the mix: the City cannot make housing happen for which there is no market demand. At the same time, housing is not a product unto itself. Housing requires roads, water and sewer infrastructure, power and telecommunications infrastructure, schools, crime and fire prevention and protection, and shopping and amenities. Housing mix and density directly affect the size and costs of the infrastructure, facilities, and services that go with housing. The General Plan is the vehicle to coordinate all of these.

Over the near-term future, one would expect the past housing-mix trend (predominantly single-family detached) to continue. It will take time for the demand for more multifamily housing to become readily apparent. Multifamily housing faces something of a Catch-22 situation: until demand for more multifamily housing is apparent, developers are unlikely to increase the production of more multifamily units, yet the dearth of multifamily options will discourage households that would prefer a multifamily housing alternative and thus there will appear to be little new demand.

As made clear in Table 4, implementing the Blueprint preferred density scenario (overall new residential density of 9.0 units per acre) will require some change in housing mix and/or densities. To actually achieve the density targets over the life of the General Plan, though, requires that the City plan appropriately for various types multifamily development and adopt regulations that make multifamily development financially feasible. Simply planning adequate land area for multifamily development is not sufficient to assure that enough multifamily housing gets built to achieve the density target.

Upcoming parts of the General Plan Update process will explore the costs of development and what intensity is necessary to make multifamily development feasible in both a redevelopment and a green-field context. For now, it is important to note that the land use plan is only the first step in the process, and drafting the land use plan will require a housing mix goal and a density target.

EMPLOYMENT GOALS

Economic growth (measured in terms of the number of jobs) drives the demand for office and industrial development. Before projecting the land demand for offices and industry, it is necessary to determine employment goals rather than just planning for continuation of past trends.

Jobs-Housing Balance

If present employment trends in Clovis and Fresno County continue (adjusting for the current recession), the economic analysis projects that the local Clovis economy would grow by 10,892 new jobs from 2010 to 2030. If present housing and demographic trends continue, this area will grow by 14,854 households and 15,878 workers. Household growth would outpace job growth, forcing even more Clovis residents to out-commute for work.

To maintain the City's current balance of 0.99 jobs per household, the local economy would need to create 14,672 new jobs. To provide jobs for each new worker (at the current rate of 1.07 employed persons per household) the local economy would have to produce 15,878 new jobs, about 45.8 percent more than the number expected under current trends.

Relying solely on the economic development efforts that have brought the community to where it is today will not suffice to maintain either the jobs-per-household balance or the jobs-per-employed persons balance over the next 20 years. The City will have to sustain a long-term economic development effort to create jobs above the current trend.

Employment Goals by Economic Sector

Industrial Sectors. Manufacturing, Wholesale trade, and Warehousing and distribution currently account for 21.1 percent of local jobs. If present trends continue, these sectors would grow over the next 20 years (albeit more slowly than the overall number of jobs), constituting 10.1 percent of total jobs in 2030. The economic analysis recommends an economic development goal of attracting additional industrial jobs so these sectors maintain their current share of total jobs.

Knowledge-Based Sectors. The knowledge-based sectors currently account for a lower portion of total jobs than their share of jobs in the region and the state. Such jobs, however, are suited to the skills and education of the residents of Clovis. The economic analysis recommends an economic development goal of attracting additional jobs in these sectors so that their share of local jobs approximates the share of statewide jobs.

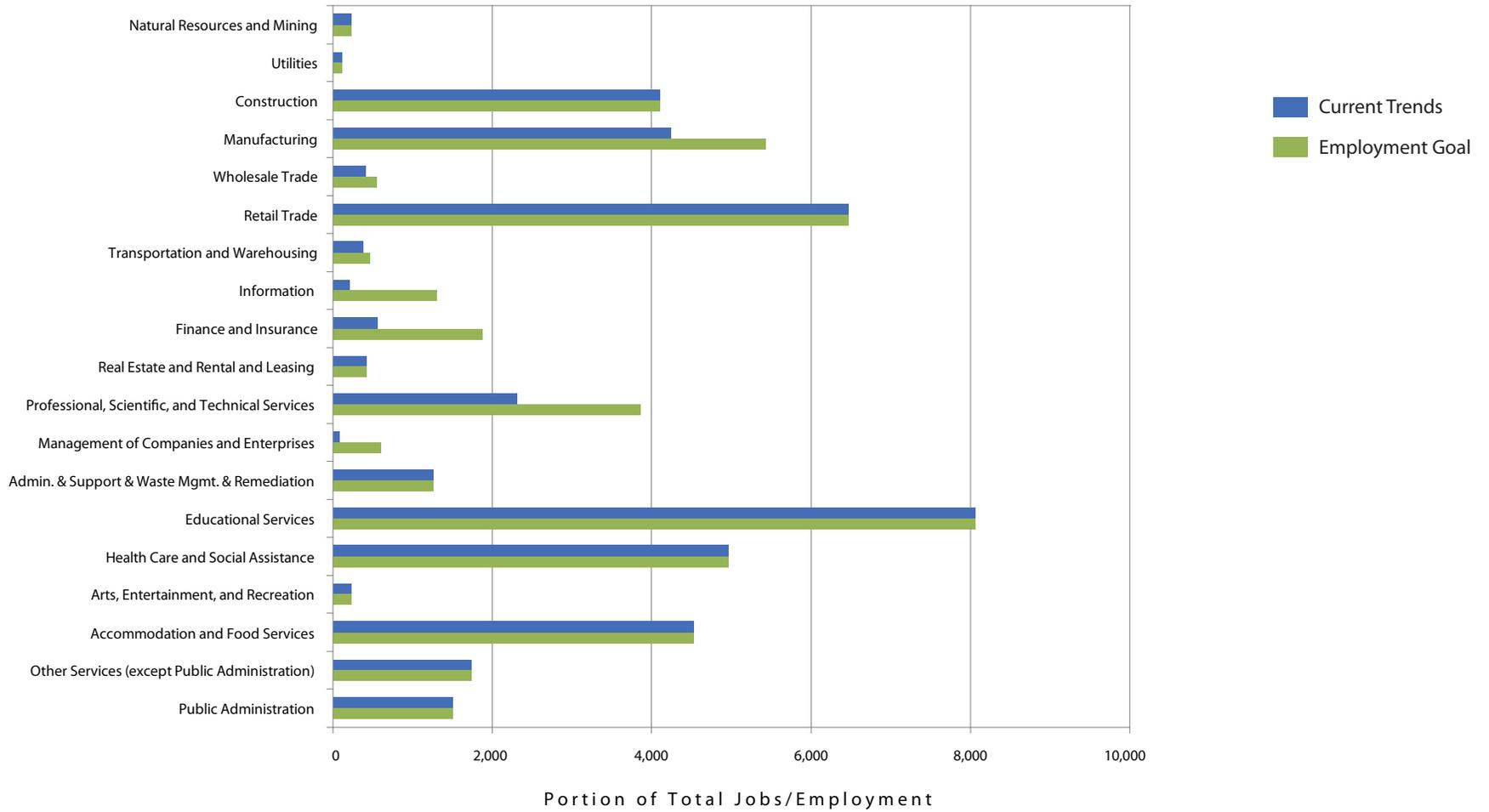
Natural Resources, Mining, and Utilities. If present trends continue, the Natural resources and mining and Utilities sectors would decline in the number of jobs over the next 20 years. The economic analysis recommends an economic development goal of attracting additional jobs so that these sectors grow locally at about the same rate as they are projected to grow statewide.

Other Sectors. If present trends continue, the Real estate, rental and leasing; Administration & support and waste management & remediation, Arts, entertainment, and recreation; and accommodation and food services sectors would add jobs over the next 20 years, but they would grow slower than the rate of growth projected for each sector statewide. The economic analysis recommends an economic development goal of attracting additional jobs so that these sectors grow locally at about the same rate as they are projected to grow statewide.

Total Employment Goal

Realizing these employment goals would increase total jobs by 18,765 in 2030, for a balance of 0.89 jobs per households. Maintaining the current balance of jobs per employed persons per household would require 10.8 percent more jobs. The economic analysis recommends planning sufficient land area to accommodate this higher level of jobs.

Figure 18. Comparison of Jobs by Economic Sector under Current Trends and with Employment Goals, Clovis, 2030



Source: The Planning Center, 2009.

ECONOMIC DEVELOPMENT

For Clovis to grow while maintaining the current balance between jobs and housing will require additional investment in economic development. The City already has a robust economic development program. Nevertheless, the local economy will have to produce 55.2 percent more jobs above the current trend in employment growth just to maintain the existing balance over the next 20 years. Simply identifying the employment goals and coloring enough land area on the General Plan is not sufficient to create jobs.

The General Plan Update itself will identify implementation measures. And the City will periodically update its economic development strategy. However, the magnitude of the needed job growth warrants a basic discussion of economic development before moving into the land demand analysis.

Comprehensive Economic Development

Comprehensive local economic development programs address the three classical factors of production—land (or facilities), labor, and capital—and business operations.

Facilities. Businesses expand their operations through the development of new products and services and in response to new contracts for products and services. Business expansions benefit the community, tax revenues, and workforce. Many cities directly facilitate expansions of industrial and business parks through planning and zoning, the expansion of basic infrastructure, and publicizing a list of available land and buildings.

Labor. A second economic tool is workforce training. Because workers usually commute beyond City boundaries, most programs are provided regionally, with funds from the federal government. Nevertheless, local economic development programs can play a role by linking business to regional programs or developing partnerships with local educational institutions.

Figure 19. Local Economic Development Program



Source: The Planning Center, 2009.

Capital. When businesses invest in new products and services and need to expand operations, a significant cash investment is required. However, those businesses have typically invested heavily in a new line of business, they often lack the capital needed to expand. Local economic development programs can assist businesses directly through providing gap financing or bonds, or indirectly through enterprise zones, empowerment zones, or foreign trade zones.

Operations. Local programs can help businesses improve their management skills and operations to become more productive and profitable. This may involve linking businesses with small business development centers, providing venues for local businesses to network, coordinating marketing activities for clusters of related business, or serving as an ombudsman to assist businesses negotiate government regulations.

Economic Development Partners

Clovis, like most municipalities, lacks the resources to accomplish all its economic development goals on its own. Contemporary economic development is all about working with regional partners. The following partners offer opportunities to leverage external resources to pursue the City's economic development goals.

Regional Economic Development Agencies. These include the Economic Development Corporation serving Fresno County and the Central California Economic Development Corporation. Although regional economic development agencies provide a variety of services, they are particularly useful partners in marketing to potential business attraction targets. The Regional Jobs Initiative, although it is not a monitoring effort, is an important regional partner for economic development.

Business Development Partners. These include Central California Small Business Development Center, Central California SCORE, and Central Valley Business Incubator. Business development partners provide services to help entrepreneurs start new businesses and to help existing businesses improve their management and operations, thus becoming more profitable and able to expand.

Educational and Training Partners. These include Fresno County Workforce Investment Board, Fresno Regional Occupational Program, State Center Community College District, Clovis Unified School District, Sanger Unified School District, Fresno Unified School District, Clovis Adult Education, California State University at Fresno, Clovis Center Community College, Willow International, and Fresno City College. Vitaly important, educational and training providers help expand the education, skills, and qualifications of the local and regional labor force.

Business Associations. These include Clovis Chamber of Commerce, the Business Organization of Old Town, and TC3. Business associations are invaluable partners for local economic development programs in reaching out and communicating with existing businesses and in building community support for needed investments in economic development.

Economic Development Program

Clovis pursues economic development primarily through the Community Redevelopment Agency, although many departments play a role in economic development activities. The City last updated its economic development strategy in 2004, and will likely update it again during or soon after the General Plan Update process.

The strategy establishes economic development goals and objectives, which then influence the City Council, City Manager, and Community Redevelopment Agency as they develop annual budget and work plans. Implementing the strategy has helped the City get where it is today.

As Figure 18 shows, however, maintaining a balance between jobs and housing will require targeted economic development efforts to expand job growth beyond the levels expected simply based on recent trends. As the community progresses with the General Plan Update and begins to plan areas for nonresidential growth, it must remain cognizant that the land demand quantified in the follow section is predicated on the economic development efforts to expand the number of jobs.

LAND DEMAND FOR NONRESIDENTIAL DEVELOPMENT

Nonresidential development includes retail, other commercial, office, and industrial. The land demand model for nonresidential development converts the employment goals into the building square footage needed to accommodate the growth in employees and then into the amount of land needed for those new buildings.

Industrial Land Demand

Based on current development trends, the economic analysis previously projected that 1,080,451 square feet of new industrial buildings would be constructed in Clovis from 2010 to 2030. To meet the employment goals, the City would only need

714,788 square feet of new industrial building space. At the existing densities, these new buildings will require 60 acres of land for new industrial development. However, any shift away from manufacturing and toward warehousing would require substantially more land.

Office Land Demand

As with industrial, current development trends would lead to 414,877 square feet of new office buildings over the next 20 years. The recommended employment goals, however, emphasize office-based jobs. To meet the employment goals, 1,245,834 square feet of new offices are needed. To develop these offices at current densities, 127 acres of land will be needed.

Commercial Land Demand

Commercial uses include a variety of retail services, auto sales and services, entertainment, recreation, and accommodation. If current development trends continue, 742,162 square feet of new commercial space might be expected over the next 20 years. However, based on economic trends and employment projections, the actual amount of commercial space for which the City should plan is 336,635 square feet of building space and 32 acres of land.

Retail Land Demand

Based on current development trends, the City could expect 1,289,011 square feet of new retail space over the next 20 years. However, the previous chapter provided a more in-depth analysis of growth and spending trends, projecting that new household growth would generate demand for 1,385,545 square feet of new retail development through 2030. At current densities, these new retail buildings would require 134 acres of land.

Planning for Nonresidential Development

Table 5 summarizes the building space and land area needed to accommodate nonresidential development through 2030. The land area, however, depends on the density new development achieves and the type of development. To the degree that new development creates vertical mixed use—more than one type of development on a site—less land area will be required. If new development achieves higher densities than past development, less land area will be required. When new buildings are constructed through redevelopment of existing sites, less undeveloped land area will be needed. The City will work through these issues during the General Plan Update process.

Table 5. Nonresidential Land Demand through 2030

	Retail	Commercial	Office	Industrial
Existing Building Square Footage, 2008	8,866,852	4,633,346	938,177	1,949,677
Existing Development FAR, 2008	0.24	0.24	0.23	0.27
Net Increase in Building Square Footage 2010-2030	1,385,545	336,635	1,245,834	714,788
Land Demand (acres) at Existing FAR	133.7	32.4	126.7	59.9

Source: The Planning Center, 2009.

CONCLUSIONS ON LAND DEMAND FORECAST

The land demand forecast provides a starting point for the community to begin assessing its plan for future land use and development. The forecast is just that—a starting point. As the General Plan Update process moves forward, the City will have to make key decisions on density, housing mix, redevelopment, and infill development versus greenfield development. Based on those decisions, the actual amount of land and the location that the General Plan allocates among various land uses may well vary from those quantified above. Nevertheless, the analysis suggests several strategies to employ in moving forward with the General Plan.

1. Establish Housing-Mix Principles Early in the Process. Under the Blueprint preferred density, new residential development should achieve an overall density of 9.0 housing units per acre throughout Clovis. The mix of housing among single-family detached houses, attached housing, and apartments and condos will drive the amount of land needed for residential development, the average densities by housing type, and the degree to which redevelopment and infill development help satisfy future market demand.

- The City will have to assess the redevelopment potential of Shaw Avenue and other potential redevelopment areas to determine their capacity to absorb some higher density housing. The City will have to plan the urban village centers to absorb the remaining higher density housing needed to achieve the overall density goal.
- The General Plan should reflect changing demographic patterns. Regardless of density goals, the community will have to decide how much multifamily housing, and which types, are appropriate for Clovis. These decisions will require value judgments about providing housing opportunities for high school and college graduates, affordable housing for lower and middle-wage earners in Clovis, and housing opportunities for aging baby boomers and downsizing seniors.

- The General Plan will have to provide sufficient density for multifamily housing to create a financial incentive that will attract developers to build multifamily units.
 - The General Plan should not forego traditional single-family detached housing. Although there will likely be less overall demand for this housing over the long term than in the recent past, this market is not going away. Clovis has grown in large part because it provides a location and set of amenities that are attractive to many looking for family housing. Increasingly in the future, though, Clovis will have to weigh single-family detached housing in the context of the overall mix needed to meet future housing needs.
- 2. Plan for a Balanced Mix of Uses.** Residential development should continue growing strongly even though the housing market will take several years to recover from the current crisis. In contrast, achieving a balanced mix of uses in order to maintain the ratio of jobs to households and jobs to resident workers will require explicit economic development efforts to expand the number and types of jobs.
- The General Plan should plan sufficient areas to accommodate the employment goal of maintaining the current ratio of jobs to resident workers in Clovis.
 - The City should update its Economic Development Strategy either in conjunction with the General Plan or following the plan's adoption.
 - The General Plan's implementation program should provide a regular check to measure how well the community is achieving its goal to maintain the current balance ratio of jobs to resident workers.

APPENDIX

ECONOMIC SECTOR DESCRIPTIONS

This chapter provides the Census Bureau's descriptions of each major economic sector, based on the 2002 North American Industrial Classification System (NAICS). NAICS is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the United States business economy. The following website provides more information about NAICS: <http://www.census.gov/eos/www/naics/>.

NAICS was developed under the auspices of the Office of Management and Budget and adopted in 1997 to replace the Standard Industrial Classification system. It was developed jointly by the United States Economic Classification Policy Committee, Statistics Canada, and Mexico's Instituto Nacional de Estadística, Geografía e Informática to allow for a high level of comparability in business statistics among the North American countries.

The Federal government updated NAICS in 2007. Most data publicly available at the time this report was prepared, however, utilized the 2002 classifications.

NAICS classifies economic activity into sectors identified with a six-digit code. Each business location, regardless of the activity of the parent company, is classified by the primary activity undertaken at that location. For example, a Fortune 500 company might have one business location—say, the corporate headquarters office—primarily engaged in management. It might have another location, perhaps a factory, engaged in manufacturing. It might have yet another location for warehousing and distribution. Each location would have a different NAICS code.

The first two digits of each six-digit code represent the major economic sector. The remaining sections of this chapter provide the Census Bureau description of each major sector.

Sector 11 – Agriculture, Forestry, Fishing, and Hunting

The Agriculture, Forestry, Fishing and Hunting sector comprises establishments primarily engaged in growing crops, raising animals, harvesting timber, and harvesting fish and other animals from a farm, ranch, or their natural habitats.

The establishments in this sector are often described as farms, ranches, dairies, greenhouses, nurseries, orchards, or hatcheries. A farm may consist of a single tract of land or a number of separate tracts that may be held under different tenures. For example, one tract may be owned by the farm operator and another rented. It may be operated by the operator alone or with the assistance of members of the household or hired employees, or it may be operated by a partnership, corporation, or other type of organization. When a landowner has one or more tenants, renters, croppers, or managers, the land operated by each is considered a farm.

The sector distinguishes two basic activities: agricultural production and agricultural support activities. Agricultural production includes establishments performing the complete farm or ranch operation, such as farm owner-operators, tenant farm operators, and sharecroppers. Agricultural support activities include establishments that perform one or more activities associated with farm operation, such as soil preparation, planting, harvesting, and management, on a contract or fee basis.

Excluded from this sector are establishments primarily engaged in agricultural research or in administering programs for regulating and conserving land, mineral, wildlife, and forest use. These establishments are classified in Industry 54171, Research and Development in the Physical, Engineering, and Life Sciences; and Industry 92412, Administration of Conservation Programs, respectively.

Sector 21 – Mining

The Mining sector comprises establishments that extract naturally occurring mineral solids, such as coal and ores; liquid minerals, such as crude petroleum; and gases, such as natural gas. The term mining is used in the broad sense to include quarrying, well operations, beneficiating (e.g., crushing, screening, washing, and flotation), and other preparation customarily performed at the mine site, or as a part of mining activity.

The Mining sector distinguishes two basic activities: mine operation and mining support activities. Mine operation includes establishments operating mines, quarries, or oil and gas wells on their own account or for others on a contract or fee basis. Mining support activities include establishments that perform exploration (except geophysical surveying) and/or other mining services on a contract or fee basis (except mine site preparation and construction of oil/gas pipelines).

Establishments in the Mining sector are grouped and classified according to the natural resource mined or to be mined. Industries include establishments that develop the mine site, extract the natural resources, and/or those that beneficiate (i.e., prepare) the mineral mined. Beneficiation is the process whereby the extracted material is reduced to particles that can be separated into mineral and waste, the former suitable for further processing or direct use. The operations that take place in beneficiation are primarily mechanical, such as grinding, washing, magnetic separation, and centrifugal separation. In contrast, manufacturing operations primarily use chemical and electrochemical processes, such as electrolysis and distillation. However, some treatments, such as heat treatments, take place in both the beneficiation and the manufacturing (i.e., smelting/refining) stages. The range of preparation activities varies by mineral and the purity of any given ore deposit. While some minerals, such as petroleum and natural gas, require little or no preparation, others are washed and screened, while yet others, such as gold and silver, can be transformed into bullion before leaving the mine site.

Mining, beneficiating, and manufacturing activities often occur in a single location. Separate receipts will be collected for these activities whenever possible. When receipts cannot be broken out between mining and manufacturing, establishments that mine or quarry nonmetallic minerals and/or beneficiate the nonmetallic minerals into more finished manufactured products are classified based on the primary activity of the establishment. A mine that manufactures a small amount of finished products will be classified in Sector 21, Mining. An establishment that mines whose primary output is a more finished manufactured product will be classified in Sector 31–33, Manufacturing.

Sector 22 – Utilities

The Utilities sector comprises establishments engaged in the provision of the following utility services: electric power, natural gas, steam supply, water supply, and sewage removal. Within this sector, the specific activities associated with the utility services provided vary by utility: electric power includes generation, transmission, and distribution; natural gas includes distribution; steam supply includes provision and/or distribution; water supply includes treatment and distribution; and sewage removal includes collection, treatment, and disposal of waste through sewer systems and sewage treatment facilities.

Excluded from this sector are establishments primarily engaged in waste management services classified in Subsector 562, Waste Management and Remediation Services. These establishments also collect, treat, and dispose of waste materials; however, they do not use sewer systems or sewage treatment facilities.

Sector 23 – Construction

The construction sector comprises establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems). Establishments primarily engaged in the preparation of sites for new

construction and establishments primarily engaged in subdividing land for sale as building sites also are included in this sector.

Construction work may include new work, additions, alterations, or maintenance and repairs. Activities of these establishments generally are managed at a fixed place of business, but they usually perform construction activities at multiple project sites. Production responsibilities for establishments in this sector are usually specified in (1) contracts with the owners of construction projects (prime contracts) or (2) contracts with other construction establishments (subcontracts).

Establishments primarily engaged in contracts that include responsibility for all aspects of individual construction projects are commonly known as general contractors, but also may be known as design-builders, construction managers, turnkey contractors, or (in cases where two or more establishments jointly secure a general contract) joint-venture contractors. Construction managers that provide oversight and scheduling only (i.e., agency) as well as construction managers that are responsible for the entire project (i.e., at risk) are included as general contractor type establishments. Establishments of the general contractor type frequently arrange construction of separate parts of their projects through subcontracts with other construction establishments.

Establishments primarily engaged in activities to produce a specific component (e.g., masonry, painting, and electrical work) of a construction project are commonly known as specialty trade contractors. Activities of specialty trade contractors are usually subcontracted from other construction establishments but, especially in remodeling and repair construction, the work may be done directly for the owner of the property.

Establishments primarily engaged in activities to construct buildings to be sold on sites that they own are known as operative builders, but also may be known as speculative builders or merchant builders. Operative builders produce buildings in a manner similar to general contractors, but their production processes also

include site acquisition and securing of financial backing. Operative builders are most often associated with the construction of residential buildings. Like general contractors, they may subcontract all or part of the actual construction work on their buildings.

There are substantial differences in the types of equipment, work force skills, and other inputs required by establishments in this sector. To highlight these differences and variations in the underlying production functions, this sector is divided into three subsectors.

Subsector 236, Construction of Buildings, comprises establishments of the general contractor type and operative builders involved in the construction of buildings. Subsector 237, Heavy and Civil Engineering Construction, comprises establishments involved in the construction of engineering projects. Subsector 238, Specialty Trade Contractors, comprises establishments engaged in specialty trade activities generally needed in the construction of all types of buildings.

Force account construction is construction work performed by an enterprise primarily engaged in some business other than construction for its own account and use, using employees of the enterprise. This activity is not included in the construction sector unless the construction work performed is the primary activity of a separate establishment of the enterprise. The installation and the ongoing repair and maintenance of telecommunications and utility networks are excluded from construction when the establishments performing the work are not independent contractors. Although a growing proportion of this work is subcontracted to independent contractors in the Construction Sector, the operating units of telecommunications and utility companies performing this work are included with the telecommunications or utility activities.

Sector 31–33 – Manufacturing

The Manufacturing sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. The assembling of component parts of manufactured products is considered manufacturing, except in cases where the activity is appropriately classified in Sector 23, Construction.

Establishments in the Manufacturing sector are often described as plants, factories, or mills and characteristically use power-driven machines and materials-handling equipment. However, establishments that transform materials or substances into new products by hand or in the worker's home and those engaged in selling to the general public products made on the same premises from which they are sold, such as bakeries, candy stores, and custom tailors, may also be included in this sector. Manufacturing establishments may process materials or may contract with other establishments to process their materials for them. Both types of establishments are included in manufacturing.

The materials, substances, or components transformed by manufacturing establishments are raw materials that are products of agriculture, forestry, fishing, mining, or quarrying as well as products of other manufacturing establishments. The materials used may be purchased directly from producers, obtained through customary trade channels, or secured without recourse to the market by transferring the product from one establishment to another, under the same ownership.

The new product of a manufacturing establishment may be finished in the sense that it is ready for utilization or consumption, or it may be semifinished to become an input for an establishment engaged in further manufacturing. For example, the product of the alumina refinery is the input used in the primary production of aluminum; primary aluminum is the input to an aluminum wire drawing plant; and aluminum wire is the input for a fabricated wire product manufacturing establishment.

The subsectors in the Manufacturing sector generally reflect distinct production processes related to material inputs, production equipment, and employee skills. In the machinery area, where assembling is a key activity, parts and accessories for manufactured products are classified in the industry of the finished manufactured item when they are made for separate sale. For example, a replacement refrigerator door would be classified with refrigerators and an attachment for a piece of metal-working machinery would be classified with metal-working machinery. However, component, input from other manufacturing establishments are classified based on the production function of the component manufacturer. For example, electronic components are classified in Subsector 334, Computer and Electronic Product Manufacturing, and stampings are classified in Subsector 332, Fabricated Metal Product Manufacturing.

Manufacturing establishments often perform one or more activities that are classified outside the Manufacturing sector of NAICS. For instance, almost all manufacturing has some captive research and development or administrative operations, such as accounting, payroll, or management. These captive services are treated the same as captive manufacturing activities. When the services are provided by separate establishments, they are classified to the NAICS sector where such services are primary, not in manufacturing.

The boundaries of manufacturing and the other sectors of the classification system can be somewhat blurry. The establishments in the manufacturing sector are engaged in the transformation of materials into new products. Their output is a new product. However, the definition of what constitutes a new product can be somewhat subjective. As clarification, the following activities are considered manufacturing in NAICS:

- Milk bottling and pasteurizing
- Water bottling and processing
- Fresh fish packaging (oyster shucking, fish filleting)

- Apparel jobbing (assigning of materials to contract factories or shops for fabrication or other contract operations) as well as contracting on materials owned by others
- Printing and related activities
- Ready-mixed concrete production
- Leather converting
- Grinding of lenses to prescription
- Wood preserving
- Electroplating, plating, metal heat treating, and polishing for the trade
- Lapidary work for the trade
- Fabricating signs and advertising displays
- Rebuilding or remanufacturing machinery (i.e., automotive parts)
- Ship repair and renovation
- Machine shops
- Tire retreading

Conversely, there are activities that are sometimes considered manufacturing, but which for NAICS are classified in another sector (i.e., not as manufacturing). They include:

1. Logging, classified in Sector 11, Agriculture, Forestry, Fishing, and Hunting, is considered a harvesting operation
2. The beneficiating of ores and other minerals, classified in Sector 21, Mining, is considered part of the activity of mining
3. The construction of structures and fabricating operations performed at the site of construction by contractors is classified in Sector 23, Construction

4. Establishments engaged in breaking of bulk and redistribution in smaller lots, including packaging, repackaging, or bottling products, such as liquors or chemicals; the customized assembly of computers; sorting of scrap; mixing paints to customer order; and cutting metals to customer order, are classified in Sector 42, Wholesale Trade or Sector 44–45, Retail Trade, because they produce a modified version of the same product, not a new product.
5. Publishing and the combined activity of publishing and printing, classified in Sector 51, Information, transform information into a product where the value of the product to the consumer lies in the information content, not in the format in which it is distributed (i.e., the book or software diskette).

Sector 42 – Wholesale Trade

The Wholesale Trade sector comprises establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The merchandise described in this sector includes the outputs of agriculture, mining, manufacturing, and certain information industries, such as publishing.

The wholesaling process is an intermediate step in the distribution of merchandise. Wholesalers are organized to sell or arrange the purchase or sale of (a) goods for resale (i.e., goods sold to other wholesalers or retailers), (b) capital or durable nonconsumer goods, and (c) raw and intermediate materials and supplies used in production.

Wholesalers sell merchandise to other businesses and normally operate from a warehouse or office. These warehouses and offices are characterized by having little or no display of merchandise. In addition, neither the design nor the location of the premises is intended to solicit walk-in traffic. Wholesalers do not normally use advertising directed to the general public. Customers are generally reached initially via telephone, in-person marketing, or by specialized advertising that may

include Internet and other electronic means. Follow-up orders are either vendor-initiated or client-initiated, generally based on previous sales, and typically exhibit strong ties between sellers and buyers. In fact, transactions are often conducted between wholesalers and clients that have long-standing business relationships.

This sector comprises two main types of wholesalers: merchant wholesalers that sell goods on their own account and business-to-business electronic markets, agents, and brokers that arrange sales and purchases for others, generally for a commission or fee.

(1) Establishments that sell goods on their own account are known as wholesale merchants, distributors, jobbers, drop shippers, and import/export merchants. Also included as wholesale merchants are sales offices and sales branches (but not retail stores) maintained by manufacturing, refining, or mining enterprises apart from their plants or mines for the purpose of marketing their products. Merchant wholesale establishments typically maintain their own warehouse, where they receive and handle goods for their customers. Goods are generally sold without transformation, but may include integral functions, such as sorting, packaging, labeling, and other marketing services.

(2) Establishments arranging for the purchase or sale of goods owned by others or purchasing goods, generally on a commission basis are known as business-to-business electronic markets, agents and brokers, commission merchants, import/export agents and brokers, auction companies, and manufacturers' representatives. These establishments operate from offices and generally do not own or handle the goods they sell.

Some wholesale establishments may be connected with a single manufacturer and promote and sell the particular manufacturer's products to a wide range of other wholesalers or retailers. Other wholesalers may be connected to a retail chain, or limited number of retail chains, and only provide a variety of products needed by that particular retail operation(s). These wholesalers may obtain the products

from a wide range of manufacturers. Still other wholesalers may not take title to the goods, but act as agents and brokers for a commission.

Although, in general, wholesaling normally denotes sales in large volumes, durable nonconsumer goods may be sold in single units. Sales of capital or durable nonconsumer goods used in the production of goods and services, such as farm machinery, medium and heavy duty trucks, and industrial machinery, are always included in wholesale trade.

Wholesalers also engage in the buying of goods for resale, but they are not usually organized to serve the general public. They typically operate from a warehouse or office, and neither the design nor the location of these premises is intended to solicit a high volume of walk-in traffic. Wholesalers supply institutional, industrial, wholesale, and retail clients; their operations are, therefore, generally organized to purchase, sell, and deliver merchandise in larger quantities. However, dealers of durable nonconsumer goods, such as farm machinery and heavy duty trucks, are included in wholesale trade even if they often sell these products in single units.

Sector 44–45 – Retail Trade

The Retail Trade sector comprises establishments engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.

The retailing process is the final step in the distribution of merchandise; retailers are, therefore, organized to sell merchandise in small quantities to the general public. This sector comprises two main types of retailers: store and nonstore retailers.

1. Store retailers operate fixed point-of-sale locations, located and designed to attract a high volume of walk-in customers. In general, retail stores have extensive displays of merchandise and use mass-media advertising to attract customers. They typically sell merchandise to the general public for personal or household

consumption, but some also serve business and institutional clients. These include establishments such as office supply stores, computer and software stores, building materials dealers, plumbing supply stores, and electrical supply stores. Catalog showrooms, gasoline services stations, automotive dealers, and mobile home dealers are treated as store retailers.

In addition to retailing merchandise, some types of store retailers are also engaged in the provision of after-sales services, such as repair and installation. For example, new automobile dealers, electronic and appliance stores, and musical instrument and supply stores often provide repair services. As a general rule, establishments engaged in retailing merchandise and providing after-sales services are classified in this sector.

The first 11 subsectors of retail trade are store retailers. The establishments are grouped into industries and industry groups base typically on one or more of the following criteria:

- (a) The merchandise line or lines carried by the store; for example, specialty stores are distinguished from general-line stores.
- (b) The usual trade designation of the establishments. This criterion applies in cases where a store type is well recognized by the industry and the public, but difficult to define strictly in terms of commodity lines carried; for example, pharmacies, hardware stores, and department stores.
- (c) Capital requirements in terms of display equipment; for example, food stores have equipment requirements not found in other retail industries.
- (d) Human resource requirements in terms of expertise; for example, the staff of an automobile dealer requires knowledge in financing, registering, and licensing issues that are not necessary in other retail industries.

2. Nonstore retailers, like store retailers, are organized to serve the general public, but their retailing methods differ. The establishments of this subsector reach customers and market merchandise with methods such as broadcasting

“infomercials,” broadcasting and publishing direct-response advertising, publishing paper and electronic catalogs, door-to-door solicitation, in-home demonstration, selling from portable stalls (street vendors, except food), and distribution through vending machines. Establishments engaged in the direct sale (nonstore) of products, such as home heating oil dealers and home delivery newspaper routes, are included here.

The buying of goods for resale is a characteristic of retail trade establishments that particularly distinguishes them from establishments in the agriculture, manufacturing, and construction industries. For example, farms that sell their products at or from the point of production are not classified in retail, but rather in agriculture. Similarly, establishments that both manufacture and sell their products to the general public are not classified in retail, but rather in manufacturing. However, establishments that engage in processing activities incidental to retailing are classified in retail. This includes establishments such as optical goods stores that do in-store grinding of lenses, and meat and seafood markets.

Sector 48–49 – Transportation and Warehousing

The Transportation and Warehousing sector includes industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation. Establishments in these industries use transportation equipment or transportation-related facilities as productive assets. The type of equipment depends on the mode of transportation. The modes of transportation are air, rail, water, road, and pipeline.

The Transportation and Warehousing sector distinguishes three basic types of subsection: subsectors for each mode of transportation, a subsector for warehousing and storage, and a subsector for establishments providing support activities for transportation. In addition, there are subsectors for establishments that provide passenger transportation for scenic and sightseeing purposes, postal services, and courier services.

A separate subsector for support activities is established in the sector because, first, support activities for transportation are inherently multimodal, such as freight transportation arrangement, or have multimodal aspects. Secondly, there are production process similarities among the support activity industries.

One of the support activities identified in this subsector is the routine repair and maintenance of transportation equipment (e.g., aircraft at an airport, railroad rolling stock at a railroad terminal, or ships at a harbor or port facility). Such establishments do not perform complete overhauling or rebuilding of transportation equipment (i.e., periodic restoration of transportation equipment to original design specifications) or transportation equipment conversion (i.e., major modification to systems). An establishment that primarily performs factory (or shipyard) overhauls, rebuilding, or conversions of aircraft, railroad rolling stock, or a ship is classified in Subsector 336, Transportation Equipment Manufacturing, according to the type of equipment.

Many of the establishments in this sector often operate on networks, with physical facilities, labor forces, and equipment spread over an extensive geographic area.

Warehousing establishments in this sector are distinguished from merchant wholesaling in that the warehouse establishments do not sell the goods.

Excluded from this sector are establishments primarily engaged in providing travel agent services that support transportation and other establishments, such as hotels, businesses, and government agencies. These establishments are classified in Sector 56, Administrative and Support and Waste Management and Remediation Services. Also, establishments primarily engaged in providing rental and leasing of transportation equipment without operator are classified in Subsector 532, Rental and Leasing Services.

Sector 51 – Information

The Information sector comprises establishments engaged in the following processes: (a) producing and distributing information and cultural products, (b) providing the means to transmit or distribute these products as well as data or communications, and (c) processing data.

The main components of this sector are the publishing industries, including software publishing, traditional publishing and publishings exclusively on the Internet; the motion picture and sound recording industries; the broadcasting industries, including traditional broadcasting and those broadcasting exclusively over the Internet; the telecommunications industries; the industries known as Internet service providers and web search portals, data processing industries, and the information services industries.

The expressions “information age” and “global information economy” are used with considerable frequency today. The general idea of an “information economy” includes both the notion of industries primarily producing, processing, and distributing information, as well as the idea that every industry is using available information and information technology to reorganize and make itself more productive.

For the purpose of developing NAICS, the thing at issue is the transformation of information into a commodity that is produced and distributed by a number of growing industries. The Information sector groups three types of establishments: (1) those engaged in producing and distributing information and cultural products (2) those that provide the means to transmit or distribute these products as well as data or communications and (3) those that process data. Cultural products are those that directly express attitudes, opinions, ideas, values, and artistic creativity; provide entertainment; or offer information and analysis concerning the past and present. Included in this definition are popular, mass-produced products as well as cultural products that normally have a more limited audience, such as poetry books, literary magazines, or classical records.

The unique characteristics of information and cultural products, and of the processes involved in their production and distribution, distinguish the Information sector from the goods-producing and service-producing sectors. Some of these characteristics are:

1. Unlike traditional goods, an “information or cultural product,” such as a newspaper online or television program, does not necessarily have tangible qualities, nor is it necessarily associated with a particular form. A movie can be shown at a movie theater, on a television broadcast, or through video-on-demand or rented at a local video store. A sound recording can be aired on radio, embedded in multimedia products, or sold at a record store.
2. Unlike traditional services, the delivery of these products does not require direct contact between the supplier and the consumer.
3. The value of these products to the consumer lies in their informational, educational, cultural, or entertainment content, not in the format in which they are distributed. Most of these products are protected from unlawful reproduction by copyright laws.
4. The intangible property aspect of information and cultural products makes the processes involved in their production and distribution very different from goods and services. Only those possessing the rights to these works are authorized to reproduce, alter, improve, and distribute them. Acquiring and using these rights often involves significant costs. In addition, technology is revolutionizing the distribution of these products. It is possible to distribute them in a physical form, via broadcast, or online.
5. Distributors of information and cultural products can easily add value to the products they distribute. For instance, broadcasters add advertising not contained in the original product. This capacity means that, unlike traditional distributors, they derive revenue not from sale of the distributed product to the final consumer, but from those who pay for the privilege of adding information

to the original product. Similarly, a directory and mailing list publisher can acquire the rights to thousands of previously published newspaper and periodical articles and add new value by providing search software and organizing the information in a way that facilitates research and retrieval. These products often command a much higher price than the original information.

The distribution modes for information commodities may either eliminate the necessity for traditional manufacture, or reverse the conventional order of manufacture-distribute: A newspaper distributed online, for example, can be printed locally or by the final consumer. Similarly, it is anticipated that packaged software, which today is mainly bought through the traditional retail channels, will soon be available mainly online. The NAICS Information sector is designed to make such economic changes transparent as they occur, or to facilitate designing surveys that will monitor the new phenomena and provide data to analyze the changes.

Many of the industries in the NAICS Information sector are engaged in producing products protected by copyright law, or in distributing them (other than distribution by traditional wholesale and retail methods). Examples are traditional publishing industries, software and directory and mailing list publishing industries, and film and sound industries. Broadcasting and telecommunications industries and information providers and processors are also included in the Information sector, because their technologies are so closely linked to other industries in the Information sector.

Sector 52 – Finance and Insurance

The Finance and Insurance sector comprises establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions. Three principal types of activities are identified:

1. Raising funds by taking deposits and/or issuing securities and, in the process, incurring liabilities. Establishments engaged in this activity use raised funds to acquire financial assets by making loans and/or purchasing securities. Putting themselves at risk, they channel funds from lenders to borrowers and transform or repackage the funds with respect to maturity, scale, and risk. This activity is known as financial intermediation.
2. Pooling of risk by underwriting insurance and annuities. Establishments engaged in this activity collect fees, insurance premiums, or annuity considerations; build up reserves; invest those reserves; and make contractual payments. Fees are based on the expected incidence of the insured risk and the expected return on investment.
3. Providing specialized services facilitating or supporting financial intermediation, insurance, and employee benefit programs.

In addition, monetary authorities charged with monetary control are included in this sector.

The subsectors, industry groups, and industries within the NAICS Finance and Insurance sector are defined on the basis of their unique production processes. As with all industries, the production processes are distinguished by their use of specialized human resources and specialized physical capital. In addition, the way in which these establishments acquire and allocate financial capital, their source of funds, and the use of those funds provide a third basis for distinguishing characteristics of the production process. For instance, the production process in raising funds through deposit-taking is different from the process of raising funds in bond or money markets. The process of making loans to individuals also requires different production processes than does the creation of investment pools or the underwriting of securities.

Most of the Finance and Insurance subsectors contain one or more industry groups of (1) intermediaries with similar patterns of raising and using funds and

(2) establishments engaged in activities that facilitate, or are otherwise related to, that type of financial or insurance intermediation. Industries within this sector are defined in terms of activities for which a production process can be specified, and many of these activities are not exclusive to a particular type of financial institution. To deal with the varied activities taking place within existing financial institutions, the approach is to split these institutions into components performing specialized services. This requires defining the units engaged in providing those services and developing procedures that allow for their delineation. These units are the equivalents for finance and insurance of the establishments defined for other industries.

The output of many financial services, as well as the inputs and the processes by which they are combined, cannot be observed at a single location and can only be defined at a higher level of the organizational structure of the enterprise. Additionally, a number of independent activities that represent separate and distinct production processes may take place at a single location belonging to a multilocation financial firm. Activities are more likely to be homogeneous with respect to production characteristics than are locations, at least in financial services. The classification defines activities broadly enough that it can be used both by those classifying by location and by those employing a more top-down approach to the delineation of the establishment.

Establishments engaged in activities that facilitate, or are otherwise related to, the various types of intermediation have been included in individual subsectors, rather than in a separate subsector dedicated to services alone because these services are performed by intermediaries, as well as by specialist establishments, the extent to which the activity of the intermediaries can be separately identified is not clear.

The Finance and Insurance sector has been defined to encompass establishments primarily engaged in financial transactions; that is, transactions involving the creation, liquidation, change in ownership of financial assets; or in facilitating

financial transactions. Financial industries are extensive users of electronic means for facilitating the verification of financial balances, authorizing transactions, transferring funds to and from transactors' accounts, notifying banks (or credit card issuers) of the individual transactions, and providing daily summaries. Since these transaction processing activities are integral to the production of finance and insurance services, establishments that principally provide a financial transaction processing service are classified to this sector, rather than to the data processing industry in the Information sector.

Legal entities that hold portfolios of assets on behalf of others are significant, and data on them are required for a variety of purposes. Thus for NAICS, these funds, trusts, and other financial vehicles are the fifth subsector of the Finance and Insurance sector. These entities earn interest, dividends, and other property income, but have little or no employment and no revenue from the sale of services. Separate establishments and employees devoted to the management of funds are classified in Industry Group 5239, Other Financial Investment Activities.

Sector 53 – Real Estate and Rental and Leasing

The Real Estate and Rental and Leasing sector comprises establishments primarily engaged in renting, leasing, or otherwise allowing the use of tangible or intangible assets, and establishments providing related services. The major portion of this sector comprises establishments that rent, lease, or otherwise allow the use of their own assets by others. The assets may be tangible, as is the case of real estate and equipment, or intangible, as is the case with patents and trademarks.

This sector also includes establishments primarily engaged in managing real estate for others, selling, renting and/or buying real estate for others, and appraising real estate. These activities are closely related to this sector's main activity, and it was felt that from a production basis they would best be included here. In addition, a substantial proportion of property management is self-performed by lessors.

The main components of this sector are the real estate lessors industries; equipment lessors industries (including motor vehicles, computers, and consumer goods); and lessors of nonfinancial intangible assets (except copyrighted works).

Excluded from this sector are real estate investment trusts (REITS) and establishments primarily engaged in renting or leasing equipment with operators. REITS are classified in Subsector 525, Funds, Trusts, and Other Financial Vehicles, because they are considered investment vehicles. Establishments renting or leasing equipment with operators are classified in various subsectors of NAICS depending on the nature of the services provided (e.g., transportation, construction, agriculture). These activities are excluded from this sector because the client is paying for the expertise and knowledge of the equipment operator, in addition to the rental of the equipment. In many cases, such as rental of heavy construction equipment, the operator is essential to operate the equipment.

Sector 54 – Professional, Scientific, and Technical Services

The Professional, Scientific, and Technical Services sector comprises establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training. The establishments in this sector specialize according to expertise and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include: legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research services; advertising services; photographic services; translation and interpretation services; veterinary services; and other professional, scientific, and technical services.

This sector excludes establishments primarily engaged in providing a range of day-to-day office administrative services, such as financial planning, billing and recordkeeping, personnel, and physical distribution and logistics. These establishments are classified in Sector 56, Administrative and Support and Waste Management and Remediation Services.

Sector 55 – Management of Companies and Enterprises

The Management of Companies and Enterprises sector comprises (1) establishments that hold the securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest or influencing management decisions or (2) establishments (except government establishments) that administer, oversee, and manage establishments of the company or enterprise and that normally undertake the strategic or organizational planning and decision-making role of the company or enterprise. Establishments that administer, oversee, and manage may hold the securities of the company or enterprise.

Establishments in this sector perform essential activities that are often undertaken, in-house, by establishments in many sectors of the economy. By consolidating the performance of these activities of the enterprise at one establishment, economies of scale are achieved.

Government establishments primarily engaged in administering, overseeing, and managing governmental programs are classified in Sector 92, Public Administration. Establishments primarily engaged in providing a range of day-to-day office administrative services, such as financial planning, billing and recordkeeping, personnel, and physical distribution and logistics are classified in Industry 56111, Office Administrative Services.

Sector 56 – Administrative and Support and Waste Management and Remediation Services

The Administrative and Support and Waste Management and Remediation Services sector comprises establishments performing routine support activities for the day-to-day operations of other organizations. These essential activities are often undertaken in-house by establishments in many sectors of the economy. The establishments in this sector specialize in one or more of these support activities

and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.

The administrative and management activities performed by establishments in this sector are typically on a contract or fee basis. These activities may also be performed by establishments that are part of the company or enterprise. However, establishments involved in administering, overseeing, and managing other establishments of the company or enterprise are classified in Sector 55, Management of Companies and Enterprises. These establishments normally undertake the strategic and organizational planning and decision-making role of the company or enterprise. Government establishments engaged in administering, overseeing, and managing governmental programs are classified in Sector 92, Public Administration.

Sector 61 – Educational Services

The Educational Services sector comprises establishments that provide instruction and training in a wide variety of subjects. This instruction and training is provided by specialized establishments, such as schools, colleges, universities, and training centers. These establishments may be privately owned and operated for profit or not for profit, or they may be publicly owned and operated. They may also offer food and accommodation services to their students.

Educational services are usually delivered by teachers or instructors that explain, tell, demonstrate, supervise, and direct learning. Instruction is imparted in diverse settings, such as educational institutions, the workplace, or the home through correspondence, television, or other means. It can be adapted to the particular needs of the students; for example, sign language can replace verbal language for

teaching students with hearing impairments. All industries in the sector share this commonality of process, namely, labor inputs of instructors with the requisite subject matter expertise and teaching ability.

Sector 62 – Health Care and Social Assistance

The Health Care and Social Assistance sector comprises establishments providing health care and social assistance for individuals. The sector includes both health care and social assistance because it is sometimes difficult to distinguish between the boundaries of these two activities. The industries in this sector are arranged on a continuum starting with those establishments providing medical care exclusively, continuing with those providing health care and social assistance, and finally finishing with those providing only social assistance. The services provided by establishments in this sector are delivered by trained professionals. All industries in the sector share this commonality of process, namely, labor inputs of health practitioners or social workers with the requisite expertise. Many of the industries in the sector are defined based on the educational degree held by the practitioners included in the industry.

Excluded from this sector are aerobic classes in Subsector 713, Amusement, Gambling and Recreation Industries; and nonmedical diet and weight reducing centers in Subsector 812, Personal and Laundry Services. Although these can be viewed as health services, these services are not typically delivered by health practitioners.

Sector 71 – Arts, Entertainment, and Recreation

The Arts, Entertainment, and Recreation sector includes a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons. This sector comprises (1) establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; (2) establishments

that preserve and exhibit objects and sites of historical, cultural, or educational interest; and (3) establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests.

Some establishments that provide cultural, entertainment, or recreational facilities and services are classified in other sectors. Excluded from this sector are: (1) establishments that provide both accommodations and recreational facilities, such as hunting and fishing camps and resort and casino hotels are classified in Subsector 721, Accommodation; (2) restaurants and night clubs that provide live entertainment in addition to the sale of food and beverages are classified in Subsector 722, Food Services and Drinking Places; (3) motion picture theaters, libraries and archives, and publishers of newspapers, magazines, books, periodicals, and computer software are classified in Sector 51, Information; and (4) establishments using transportation equipment to provide recreational and entertainment services, such as those operating sightseeing buses, dinner cruises, or helicopter rides are classified in Subsector 487, Scenic and Sightseeing Transportation.

Sector 72 – Accommodation and Food Services

The Accommodation and Food Services sector comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. The sector includes both accommodation and food services establishments because the two activities are often combined at the same establishment.

Excluded from this sector are civic and social organizations; amusement and recreation parks; theaters; and other recreation or entertainment facilities providing food and beverage services.

Sector 81 – Other Services (except Public Administration)

The Other Services (except Public Administration) sector comprises establishments engaged in providing services not specifically provided for elsewhere in the classification system. Establishments in this sector are primarily engaged in activities such as equipment and machinery repairing, promoting or administering religious activities, grant-making, advocacy, and providing dry-cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

Private households that employ workers on or about the premises in activities primarily concerned with the operation of the household are included in this sector.

Excluded from this sector are establishments primarily engaged in retailing new equipment and also performing repairs and general maintenance on equipment. These establishments are classified in Sector 44-45, Retail Trade.

Sector 92 – Public Administration

The Public Administration sector consists of establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area. These agencies also set policy, create laws, adjudicate civil and criminal legal cases, provide for public safety and for national defense. In general, government establishments in the Public Administration sector oversee governmental programs and activities that are not performed by private establishments. Establishments in this sector typically are engaged in the organization and financing of the production of public goods and services, most of which are provided for free or at prices that are not economically significant.

Government establishments also engage in a wide range of productive activities covering not only public goods and services but also individual goods and

services similar to those produced in sectors typically identified with private-sector establishments. In general, ownership is not a criterion for classification in NAICS. Therefore, government establishments engaged in the production of private-sector-like goods and services should be classified in the same industry as private-sector establishments engaged in similar activities.

As a practical matter, it is difficult to identify separate establishment detail for many government agencies. To the extent that separate establishment records are available, the administration of governmental programs is classified in Sector 92, Public Administration, while the operation of that same governmental program is classified elsewhere in NAICS based on the activities performed. For example, the governmental administrative authority for an airport is classified in Industry 92612, Regulation and Administration of Transportation Programs, while operating the airport is classified in Industry 48811, Airport Operations. When separate records are not available to distinguish between the administration of a governmental program and the operation of it, the establishment is classified in Sector 92, Public Administration.

Examples of government-provided goods and services that are classified in sectors other than Public Administration include: schools, classified in Sector 61, Educational Services; hospitals, classified in Subsector 622, Hospitals; establishments operating transportation facilities, classified in Sector 48-49, Transportation and Warehousing; the operation of utilities, classified in Sector 22, Utilities; and the Government Printing Office, classified in Subsector 323, Printing and Related Support Activities.

OTHER TERMINOLOGY

SAAR – Seasonally Adjusted Annual Rate

The seasonality aspect of a rate indicates a statistical adjustment reflecting changes in rate that tend to vary consistently with the seasons. In housing construction, for example, many areas of the country have fewer housing starts in winter months and many builders try to have more houses available in the summer months when more customers are looking for new housing. Seasonal adjustments allow data users to effectively compare results from month to month.

The annual aspect of a rate indicates that the datum for each month represent the total number for an entire year if the rate of that one month held for 12 months. Annual rates allow data users to understand if the then-current rate represents an increasing or decreasing trend from past years. It allows for statements of the type, “If we keep going at this rate for the next 11 months, we would produce X number of units.”

Linguistically Isolated Household

For people who speak a language other than English at home, the response to the Census question: “Does this person speak a language other than English in the home?” (ability to speak English) represents the person’s own perception of his or her ability to speak English, from “very well” to “not at all.” Because census questionnaires are usually completed by one household member, the response may represent the perception of another household member. A linguistically isolated household is one in which no person aged 14 and over speaks English at least “very well.” That is, no person 14 and over speaks English at home, or speaks another language at home and speaks English “very well.” Source: Census 2000.

Economic Base

Economic base theory divides the economy into a basic, or nonlocal, sector and a nonbasic or local sector. The basic sector consists of firms that primarily sell their goods and services for consumption outside of the local economy. Factors outside of the local economy and outside of local control generally drive the demand for these goods and services. These firms bring new dollars into the local economy.

The nonbasic sector consists of firms that primarily sell their goods and services for consumption in the local economy. Local demand and activity in the local economy generally drives the market for these goods and services. These firms recirculate the dollars that are already in the local economy.

Economic development efforts, which must be focused to be effective, tend to target basic industries precisely because these firms bring new dollars into the local economy. Those new dollars then fuel nonbasic sector firms, increasing activity in the local economy.

Basic industries tend to include Natural resources and mining, Manufacturing, Information, and portions of Transportation and warehousing, Finance and insurance, Professional scientific and technical services, and Management of companies and enterprises. Although this is a simplified view, it does provide a prism to assess the implications of the employment projections and economic development policies.

THE COMPONENTS OF GROSS DOMESTIC PRODUCT

The following text is an excerpt from the US Bureau of Economic Analysis' documentation describing and explaining gross domestic product and other macroeconomic measures. The document is *Concepts and Methods of the U.S. National Income and Product Account*, dated July 2008. The following text can be found on pages 2-7 and 2-8. The document itself may be found online at: <http://www.bea.gov/national/pdf/NIPAhandbookch1-4.pdf>.

1. As the sum of goods and services sold to final users. This measure, known as the expenditures approach is used to identify the final goods and services purchased by persons, businesses, governments, and foreigners. It is arrived at by summing the following final expenditures components.
 - *Personal consumption expenditures*, which measures the value of the goods and services purchased by persons—that is, individuals, nonprofit institutions that primarily serve households, private noninsured welfare funds, and private trust funds.
 - *Gross private fixed investment*, which measures additions and replacements to the stock of private fixed assets without deduction of depreciation. Nonresidential fixed investment measures investment by businesses and nonprofit institutions in nonresidential structures and in equipment and software. Residential fixed investment measures investment by businesses and households in residential structures and equipment, primarily new construction of single-family and multifamily units.
 - *Change in private inventories*, which measures the change in the physical volume of inventories owned by private business valued in average prices of the period.¹
 - *Net exports of goods and services*, which is calculated as exports less imports. Exports consist of goods and services that are sold or transferred

by U.S. residents to foreign residents. Imports, which are subtracted in the calculation of GDP, consist of goods and services that are sold or transferred by foreign residents to U.S. residents.

- *Government consumption expenditures and gross investment*, which comprises two components. Current consumption expenditures consists of the spending by general government in order to produce and provide goods and services to the public. Gross investment consists of spending by both general government and government enterprises for fixed assets that benefit the public or that assist government agencies in their production activities.²

Thus, GDP is equal to personal consumption expenditures (PCE) plus gross private domestic fixed investment plus change in private inventories plus government consumption expenditures and gross investment plus exports minus imports. Imports are subtracted in this calculation because they are already included in the other final-expenditure components. For example, PCE includes expenditures on imported cars as well on domestically produced cars. Thus, in order to properly measure domestic production, imports are subtracted in calculating GDP.

¹ *Changes in the value of inventories may also reflect holding gains or losses that result from changes in prices over time. Because the NIPA measure of production excludes changes in the value of existing assets, these gains or losses are removed by an adjustment—the inventory valuation adjustment—to the source data that are used to calculate the change in private inventories.*

² *Government enterprises are government agencies that cover a substantial portion of their operating costs by selling goods and services to the public and that maintain their own separate accounts.*

Current Employment Data

Table A-1. At-Place Employment by Economic Sector, Clovis, Fresno County, and California, 2007 and 2008

	Clovis		Fresno County		California	
	2007	2008	2007	2008	2007	2008
TOTAL JOBS	31,251	30,955	319,465	320,970	14,560,947	14,669,924
Agriculture, Forestry, Fishing and Hunting	905	880	35,882	35,040	335,961	337,326
Mining, Quarrying, and Oil and Gas Extraction	20	25	80	99	20,881	22,684
Utilities	224	209	2,066	2,184	93,841	97,005
Construction	2,300	1,942	21,265	18,019	862,746	775,488
Manufacturing	2,408	2,359	27,228	27,052	1,440,289	1,404,035
Wholesale Trade	1,446	1,303	14,129	13,572	702,309	702,152
Retail Trade	3,609	3,474	32,932	32,585	1,584,203	1,567,432
Transportation and Warehousing	871	814	8,394	8,692	447,266	458,941
Information	459	467	3,865	4,155	469,542	512,708
Finance and Insurance	1,102	1,150	9,640	9,388	596,338	548,989
Real Estate and Rental and Leasing	495	474	4,440	4,451	273,872	269,408
Professional, Scientific, and Technical Services	1,382	1,414	11,848	12,306	1,035,872	1,065,237
Management of Companies and Enterprises	377	346	3,231	3,237	226,179	225,536
Admin. & Support & Waste Mgmt. & Remediation	1,588	1,532	15,809	15,125	936,965	893,454
Educational Services	3,960	4,281	32,345	36,188	1,312,511	1,378,868
Health Care and Social Assistance	4,242	4,327	39,289	40,660	1,448,438	1,522,246
Arts, Entertainment, and Recreation	471	501	3,448	3,597	310,037	314,419
Accommodation and Food Services	2,471	2,451	24,245	23,209	1,289,601	1,307,661
Other Services (except Public Administration)	1,450	1,418	18,955	19,357	768,179	813,974
Public Administration	1,471	1,588	10,374	12,054	405,886	452,323

Source: US Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) program.

Employment Projection

Table A-2. Projected Employment by Economic Sector, Fresno County CA, 2009 through 2030

Year	TOTAL JOBS	Natural Resources and Mining	Utilities	Construction	Manufacturing	Wholesale Trade	Retail Trade	Transportation and Warehousing	Information	Finance and Insurance
2009	340,500	49,300	1,900	12,627	25,187	11,911	33,387	9,300	4,400	9,211
2010	340,499	48,812	1,894	12,681	25,212	11,920	33,433	9,309	4,399	9,220
2011	341,408	48,323	1,887	12,767	25,286	11,946	33,568	9,334	4,397	9,248
2012	343,246	47,835	1,881	12,903	25,409	11,989	33,794	9,377	4,393	9,294
2013	346,043	47,346	1,874	13,118	25,581	12,049	34,111	9,437	4,387	9,359
2014	349,845	46,858	1,868	13,459	25,803	12,126	34,518	9,514	4,380	9,442
2015	354,286	46,369	1,861	14,000	26,049	12,212	34,970	9,600	4,372	9,534
2016	358,727	45,881	1,855	14,541	26,296	12,298	35,423	9,686	4,364	9,627
2017	363,168	45,393	1,848	15,082	26,542	12,384	35,875	9,772	4,357	9,719
2018	367,609	44,904	1,842	15,624	26,788	12,470	36,327	9,858	4,349	9,811
2019	372,051	44,416	1,835	16,165	27,035	12,556	36,779	9,943	4,341	9,903
2020	376,492	43,927	1,829	16,706	27,281	12,642	37,232	10,029	4,333	9,996
2021	380,933	43,439	1,822	17,247	27,527	12,728	37,684	10,115	4,325	10,088
2022	385,374	42,951	1,816	17,788	27,774	12,814	38,136	10,201	4,317	10,180
2023	389,815	42,462	1,809	18,329	28,020	12,900	38,589	10,287	4,309	10,272
2024	394,256	41,974	1,803	18,870	28,266	12,986	39,041	10,372	4,301	10,365
2025	398,697	41,485	1,796	19,411	28,513	13,072	39,493	10,458	4,293	10,457
2026	403,138	40,997	1,790	19,952	28,759	13,158	39,945	10,544	4,286	10,549
2027	407,579	40,508	1,783	20,493	29,005	13,244	40,398	10,630	4,278	10,642
2028	412,020	40,020	1,777	21,034	29,252	13,330	40,850	10,716	4,270	10,734
2029	416,461	39,532	1,770	21,575	29,498	13,416	41,302	10,801	4,262	10,826
2030	420,902	39,043	1,764	22,116	29,744	13,502	41,755	10,887	4,254	10,918

Table A-2. Projected Employment by Economic Sector, Fresno County CA, 2009 through 2030 (Continued)

Year	Real Estate and Rental and Leasing	Professional, Scientific, and Technical Services	Management of Companies and Enterprises	Admin. & Support & Waste Mgmt. & Remediation	Educational Services	Health Care and Social Assistance	Arts, Entertainment, and Recreation	Accommodation and Food Services	Other Services (except Public Administration)	Public Administration
2009	4,235	11,500	3,000	16,400	31,500	35,800	3,100	24,835	10,206	42,700
2010	4,241	11,524	3,005	16,445	31,553	35,870	3,106	24,887	10,217	42,774
2011	4,258	11,595	3,018	16,578	31,710	36,078	3,125	25,043	10,251	42,995
2012	4,286	11,715	3,041	16,801	31,973	36,426	3,157	25,302	10,308	43,363
2013	4,326	11,881	3,073	17,114	32,341	36,913	3,201	25,665	10,388	43,878
2014	4,376	12,096	3,114	17,515	32,814	37,539	3,257	26,132	10,490	44,541
2015	4,433	12,334	3,160	17,961	33,340	38,235	3,320	26,651	10,604	45,278
2016	4,489	12,573	3,206	18,407	33,866	38,930	3,383	27,170	10,718	46,014
2017	4,546	12,811	3,252	18,853	34,392	39,626	3,446	27,688	10,832	46,751
2018	4,602	13,050	3,298	19,299	34,918	40,321	3,509	28,207	10,946	47,487
2019	4,659	13,288	3,343	19,745	35,443	41,017	3,572	28,726	11,060	48,224
2020	4,715	13,527	3,389	20,191	35,969	41,713	3,635	29,245	11,173	48,960
2021	4,772	13,765	3,435	20,637	36,495	42,408	3,698	29,764	11,287	49,697
2022	4,828	14,003	3,481	21,083	37,021	43,104	3,761	30,282	11,401	50,433
2023	4,885	14,242	3,527	21,529	37,547	43,800	3,824	30,801	11,515	51,170
2024	4,941	14,480	3,572	21,975	38,072	44,495	3,887	31,320	11,629	51,906
2025	4,998	14,719	3,618	22,421	38,598	45,191	3,950	31,839	11,743	52,643
2026	5,054	14,957	3,664	22,866	39,124	45,886	4,013	32,357	11,857	53,379
2027	5,111	15,196	3,710	23,312	39,650	46,582	4,076	32,876	11,970	54,116
2028	5,167	15,434	3,756	23,758	40,176	47,278	4,139	33,395	12,084	54,852
2029	5,224	15,672	3,801	24,204	40,701	47,973	4,202	33,914	12,198	55,589
2030	5,280	15,911	3,847	24,650	41,227	48,669	4,265	34,432	12,312	56,325

Source: The Planning Center, 2009.

Table A-3. Projected Employment by Sector, Clovis, 2009 through 2030

	TOTAL JOBS	Natural Resources and Mining	Utilities	Construction	Manufacturing	Wholesale Trade	Retail Trade	Transportation and Warehousing	Information	Finance and Insurance
2009	30,462	256	125	1,833	3,548	358	5,038	307	210	482
2010	30,508	255	125	1,841	3,551	358	5,045	307	210	483
2011	30,652	253	124	1,853	3,560	359	5,067	308	210	485
2012	30,893	252	124	1,873	3,576	360	5,104	309	210	487
2013	31,235	250	123	1,904	3,597	362	5,155	311	209	491
2014	31,685	248	123	1,954	3,625	364	5,221	314	209	497
2015	32,204	247	123	2,033	3,656	366	5,294	316	209	502
2016	32,722	245	122	2,111	3,687	368	5,366	319	208	508
2017	33,240	244	122	2,190	3,718	370	5,438	322	208	513
2018	33,755	242	121	2,268	3,749	373	5,509	324	208	519
2019	34,266	241	121	2,347	3,780	375	5,580	327	207	524
2020	34,777	240	120	2,425	3,810	377	5,651	329	207	530
2021	35,288	238	120	2,504	3,841	380	5,722	332	206	535
2022	35,800	237	119	2,582	3,872	382	5,792	335	206	540
2023	36,311	236	119	2,661	3,902	384	5,863	337	206	546
2024	36,822	234	118	2,740	3,933	387	5,934	340	205	551
2025	37,456	233	118	2,854	3,974	390	6,015	344	206	554
2026	38,115	231	117	2,978	4,017	393	6,098	349	206	557
2027	38,812	230	117	3,113	4,063	396	6,184	354	207	559
2028	39,572	228	116	3,270	4,115	400	6,274	361	207	559
2029	40,459	227	115	3,470	4,177	405	6,373	369	209	557
2030	41,354	225	114	3,672	4,239	410	6,473	377	210	555
20-Year Growth	10,892	-31	-11	1,839	691	52	1,435	70	0	73
- compound annual growth rate	1.4%	-0.6%	-0.4%	3.2%	0.8%	0.6%	1.1%	0.9%	0.0%	0.6%

Table A-3. Projected Employment by Sector, Clovis, 2009 through 2030 (Continued)

	Real Estate and Rental and Leasing	Professional, Scientific, and Technical Services	Management of Companies and Enterprises	Admin. & Support & Waste Mgmt. & Remediation	Educational Services	Health Care and Social Assistance	Arts, Entertainment, and Recreation	Accommod. and Food Services	Other Services (except Public Administration)	Public Admin.
2009	326	1,608	71	827	6,330	3,607	161	3,058	1,554	764
2010	326	1,610	72	829	6,339	3,613	161	3,064	1,555	764
2011	328	1,619	72	836	6,367	3,631	162	3,084	1,558	777
2012	330	1,633	72	848	6,413	3,660	163	3,117	1,562	800
2013	333	1,653	72	864	6,478	3,701	165	3,164	1,569	833
2014	336	1,678	73	884	6,562	3,754	168	3,223	1,577	874
2015	341	1,707	74	907	6,655	3,815	171	3,289	1,587	914
2016	345	1,735	74	930	6,749	3,875	174	3,354	1,598	953
2017	349	1,763	75	953	6,843	3,937	177	3,420	1,608	991
2018	353	1,792	75	976	6,937	3,998	180	3,485	1,619	1,026
2019	358	1,820	76	999	7,031	4,061	183	3,549	1,631	1,055
2020	362	1,849	77	1,022	7,126	4,125	186	3,614	1,643	1,084
2021	366	1,878	77	1,045	7,221	4,188	189	3,679	1,655	1,113
2022	370	1,906	78	1,068	7,315	4,251	192	3,743	1,667	1,142
2023	375	1,935	79	1,091	7,410	4,314	195	3,808	1,679	1,171
2024	379	1,963	79	1,115	7,505	4,377	198	3,873	1,691	1,201
2025	384	2,006	80	1,137	7,598	4,455	202	3,959	1,699	1,248
2026	390	2,051	80	1,160	7,691	4,536	206	4,050	1,707	1,296
2027	396	2,102	81	1,183	7,784	4,624	210	4,148	1,715	1,345
2028	403	2,160	82	1,206	7,877	4,723	214	4,258	1,722	1,396
2029	411	2,235	82	1,229	7,971	4,843	220	4,390	1,728	1,449
2030	419	2,311	83	1,252	8,064	4,963	225	4,525	1,734	1,502
20-Year Growth - compound annual growth rate	93 1.2%	704 1.7%	11 0.7%	425 1.9%	1,734 1.1%	1,356 1.5%	64 1.5%	1,467 1.8%	180 0.5%	738 3.1%

Source: The Planning Center, 2009.

Table A-4. Total Employment by Sector, Fresno County CA, 2001 through 2007

	2001	2002	2003	2004	2005	2006	2007
Farm employment	26,560	29,648	28,880	25,898	24,132	22,662	22,496
Private employment							
- Forestry, fishing, related activities, and other	38,713	37,285	35,999	34,785	34,200	34,210	34,686
- Mining	518	403	353	337	345	360	338
- Utilities	1,455	1,436	1,507	1,493	1,496	1,616	1,972
- Construction	21,076	21,775	23,142	25,146	27,456	29,246	27,664
- Manufacturing	29,395	28,708	28,450	29,175	28,709	28,935	29,665
- Wholesale trade	14,144	13,683	14,397	14,343	15,058	15,917	16,002
- Retail trade	42,681	42,870	44,305	43,936	45,293	45,928	47,183
- Transportation and warehousing	10,866	11,211	11,482	11,336	11,504	12,626	13,102
- Information	6,033	5,545	5,080	5,245	5,322	5,224	5,112
- Finance and insurance	15,669	15,481	15,192	15,468	16,700	17,519	17,608
- Real estate and rental and leasing	12,293	12,837	13,841	13,993	15,730	17,645	20,055
- Professional, scientific, and technical services	15,303	15,967	16,787	17,868	18,729	19,306	19,906
- Management of companies and enterprises	3,903	4,856	4,695	4,006	3,119	3,134	3,211
- Administrative and waste services	16,961	18,325	18,251	19,200	20,610	21,767	22,496
- Educational services	3,739	4,114	4,336	4,618	4,833	5,097	5,417
- Health care and social assistance	36,746	38,288	39,402	40,020	40,770	41,975	43,745
- Arts, entertainment, and recreation	5,125	5,387	5,314	5,064	5,236	5,395	5,568
- Accommodation and food services	24,859	25,133	23,000	23,583	24,914	27,357	27,666
- Other services, except public administration	23,074	24,230	23,960	23,229	23,246	24,009	24,643
Government and government enterprises							
- Federal, civilian	9,633	9,667	10,188	9,906	9,758	9,814	9,602
- Military	1,554	1,574	1,722	1,583	1,493	1,477	1,572
- State government	7,476	8,925	8,581	8,457	8,527	9,146	9,585
- Local government	45,871	46,908	46,842	46,309	46,477	46,873	47,863

Source: US Bureau of Economic Analysis' Regional Economic Accounts.

Table A-5. Average Annual Wage in Inflation-Adjusted 2008 Dollars, Fresno County CA, 2001 through 2007

Economic Sector	2001	2002	2003	2004	2005	2006	2007
Farm employment	19,428	21,076	30,905	34,640	28,928	29,914	33,177
Private employment							
- Forestry, fishing, related activities, and other	23,778	24,922	24,814	24,979	25,452	25,175	25,456
- Mining	44,867	53,276	51,387	62,088	60,985	60,497	60,803
- Utilities	98,163	105,933	115,171	124,291	115,490	116,095	114,341
- Construction	54,164	55,139	55,742	57,885	58,663	58,728	55,526
- Manufacturing	52,604	55,814	58,247	62,586	62,834	64,593	62,909
- Wholesale trade	54,391	57,183	57,068	57,978	58,673	60,824	60,213
- Retail trade	31,360	31,976	32,214	32,489	32,063	31,376	30,654
- Transportation and warehousing	47,814	48,093	49,788	57,369	54,918	52,434	50,752
- Information	57,119	61,814	61,551	65,884	63,943	65,177	66,511
- Finance and insurance	47,762	49,400	50,096	50,459	50,440	50,688	49,653
- Real estate and rental and leasing	22,704	25,151	26,909	27,111	23,892	20,173	16,030
- Professional, scientific, and technical services	50,366	49,363	48,943	49,257	51,765	51,737	51,859
- Management of companies and enterprises	57,624	54,528	55,464	64,773	67,697	63,917	65,024
- Administrative and waste services	24,031	25,710	27,389	29,183	28,749	28,882	28,299
- Educational services	22,329	21,988	22,605	23,186	22,782	23,062	23,097
- Health care and social assistance	54,053	53,995	52,166	52,905	52,345	51,169	52,037
- Arts, entertainment, and recreation	17,370	17,025	17,851	18,235	17,446	17,402	17,132
- Accommodation and food services	15,922	17,166	17,107	17,754	17,795	17,705	17,996
- Other services, except public administration	34,152	32,033	29,463	29,182	28,329	27,292	26,973
Government and government enterprises							
- Federal, civilian	73,235	74,655	71,467	76,074	77,890	77,950	77,814
- Military	22,125	27,440	38,908	40,444	45,401	41,713	45,206
- State government	62,454	63,937	67,725	69,995	68,197	68,335	69,804
- Local government	51,404	53,915	55,351	57,780	57,865	58,012	59,981
Overall Average Wage	40,132	41,247	42,494	44,394	43,842	43,575	43,275

Source: The Planning Center, 2009, using total employment and total compensation data from the US Bureau of Economic Analysis' Regional Economic Accounts and inflation data from the US Bureau of Labor Statistics.

Table A-6. Derivation of Average Annual Wage in Inflation Adjusted 2008 Dollars, Clovis CA, 2006

Economic Sector	Total Jobs	Total Private Sector Jobs	Average Fresno County Private Sector Wage (\$/year)	Total Public Sector Jobs	Average Fresno County Public Sector Wage (\$/year)	Total Wages (\$)	Total Average Annual Wage (\$)
Agriculture, Forestry, Fishing and Hunting	49	49	27,063			1,326,111	27,063
Mining, Quarrying, and Oil and Gas Extraction	1	1	60,497			60,497	60,497
Utilities	125	125	116,095			14,511,875	116,095
Construction	3,407	3,407	58,728			200,085,123	58,728
Manufacturing	3,106	3,106	64,593			200,627,061	64,593
Wholesale Trade	308	308	60,824			18,733,945	60,824
Retail Trade	4,949	4,949	31,376			155,277,462	31,376
Transportation and Warehousing	219	219	52,434			11,483,024	52,434
Information	195	195	65,177			12,709,557	65,177
Finance and Insurance	524	524	50,688			26,560,627	50,688
Real Estate and Rental and Leasing	344	344	20,173			6,939,492	20,173
Professional, Scientific, and Technical Services	1,242	1,242	51,737			64,257,822	51,737
Management of Companies and Enterprises	52	52	63,917			3,323,664	63,917
Administration & Support, Waste Management and Remediation	704	704	28,882			20,332,954	28,882
Educational Services	4,665	110	23,062	4,555	58,012	266,782,172	57,188
Health Care and Social Assistance	2,950	2,950	51,169			150,949,432	51,169
Arts, Entertainment, and Recreation	149	149	17,402			2,592,873	17,402
Accommodation and Food Services	2,900	2,900	17,705			51,344,515	17,705
Other Services (excluding Public Administration)	1,217	1,205	27,292	12	58,012	33,582,438	27,594
Public Administration	723	1	61,964	722	58,012	41,946,742	58,018
Total for All Economic Sectors	27,829	22,540		5,289		1,283,427,384	46,118

Source: The Planning Center, 2009, using employment data from the US Census Bureau's Local Employment Dynamics Program, wage data derived from the US Bureau of Economic Analysis' Regional Economic Accounts, and inflation data from the US Bureau of Labor Statistics.

Population and Housing Data

Notes to Table A-6:

1. All data represent year 2006. However, all data have been adjusted for inflation and are presented in 2008 dollars to remain consistent with the presentation of other data in the Economic Analysis.
2. The data for total jobs and total private-sector jobs are taken from the US Census Bureau's Local Employment Dynamics Program. The data for total public sector jobs are derived by subtracting the number of private-sector jobs from the number of total jobs in each economic sector.
3. The data for average Fresno County private sector jobs were previously presented in Table A-5. The datum in this column for public administration represents the average wage for all government jobs in Fresno County. It is not clear why there is one private sector job reported in public administration, but it does not significantly influence the total average wage derived for the City of Clovis.
4. The data for average Fresno County public sector jobs is the datum for local government presented in Table A-5. We assume that all public sector jobs in the City of Clovis represent local job, i.e., not state or federal.
5. Total wages are derived by multiplying the average private sector wage by the total number of private sector jobs and adding the product of the average public sector wage by the total number of public sector jobs, for each economic sector and for the total of all sectors.
6. Total average annual wage, for each economic sector and for the total for all economic sectors, is derived by dividing the total wages in each sector by the total number of jobs in each sector.

Table A-7. Real Median Household and Per Capita Income, Clovis, Fresno County, California, and US, 1990

	Clovis	Fresno County	California	US
<i>Median Household Income</i>				
1989	55,156	45,896	62,289	52,297
1999	54,545	44,795	61,266	54,172
2006	63,034	46,778	60,695	52,007
Annual change:				
1989 to 2006	0.79%	0.11%	-0.15%	-0.03%
1999 to 2006	2.09%	0.62%	-0.13%	-0.58%
<i>Per capita Income</i>				
1989	22,898	20,574	28,552	25,091
1999	24,110	19,989	29,297	27,847
2006	26,916	20,595	29,171	27,225
Annual change:				
1989 to 2006	0.96%	0.01%	0.13%	0.48%
1999 to 2006	1.59%	0.43%	-0.06%	-0.32%

Source: The Planning Center, 2009, using income data from the US Census Bureau.

Notes to Table A-7:

1. All data are in inflation-adjusted 2008 dollars.
2. The data for the City of Clovis represents the households and population living within the City boundaries as existed at the time the Census collected the data.

Table A-8. Population and Housing Data, Clovis CA, 1990 through 2009

	Population			Housing							Persons per Household	
	Total	Household	Group Quarter	Total	Single-Family		Multi-Family		Mobile Homes	Occupied		Percent Vacant
					Detached	Attached	2 To 4	5 Plus				
4/1/1990	50,323	50,133	190	18,888	11,327		6,682		879	18,259	3.33	2.746
1/1/1991	52,039	51,828	211	19,611	11,841		6,888		882	18,953	3.36	2.735
1/1/1992	54,309	54,069	240	20,328	12,542		6,901		885	19,640	3.38	2.753
1/1/1993	56,538	56,269	269	21,112	13,188		7,035		889	20,391	3.42	2.760
1/1/1994	59,140	58,842	298	21,917	14,003		7,021		893	21,163	3.44	2.780
1/1/1995	62,389	62,062	327	22,771	14,741		7,133		897	21,983	3.46	2.823
1/1/1996	63,839	63,483	356	23,412	15,273		7,239		900	22,596	3.49	2.809
1/1/1997	64,653	64,268	385	23,829	15,699		7,226		904	22,993	3.51	2.795
1/1/1998	65,376	64,961	415	24,167	16,017		7,242		908	23,314	3.53	2.786
1/1/1999	66,308	65,864	444	24,561	16,345		7,305		911	23,689	3.55	2.780
1/1/2000	68,057	67,584	473	25,123	16,758		7,450		915	24,226	3.57	2.790
1/1/2001	70,456	69,976	480	25,793	16,865	549	3,086	4,377	916	24,871	3.57	2.81
1/1/2002	73,161	72,681	480	26,611	17,683	549	3,086	4,377	916	25,660	3.57	2.832
1/1/2003	76,624	76,144	480	27,606	18,680	549	3,084	4,377	916	26,619	3.58	2.861
1/1/2004	81,099	80,619	480	29,104	20,180	549	3,082	4,377	916	28,067	3.56	2.872
1/1/2005	85,789	85,309	480	30,897	21,730	549	3,082	4,620	916	29,796	3.56	2.863
1/1/2006	89,740	89,260	480	32,458	22,885	549	3,082	5,025	917	31,301	3.56	2.852
1/1/2007	91,836	91,356	480	33,353	23,649	550	3,090	5,147	917	32,164	3.56	2.840
1/1/2008	93,866	93,386	480	34,034	24,293	550	3,126	5,147	918	32,821	3.56	2.845
1/1/2009	95,128	94,648	480	34,451	24,694	550	3,142	5,147	918	33,223	3.56	2.849

Source: California Department of Finance. Note: Dates reflect the population and housing within the city boundary as it existed as of that date.

Table A-9. Housing Projection by Type of Housing and Total, Clovis CA, 2009 through 2030

	Single-Family Projection	Multi-Family Projection	Mobile Home Projection	Total Housing
2009	24,694	8,839	918	34,451
2010	25,158	8,896	918	34,972
2011	25,640	8,955	918	35,513
2012	26,128	9,015	918	36,061
2013	26,627	9,076	918	36,622
2014	27,141	9,139	918	37,198
2015	27,667	9,204	918	37,789
2016	28,230	9,273	918	38,422
2017	28,833	9,347	918	39,098
2018	29,477	9,426	918	39,821
2019	30,166	9,511	918	40,595
2020	30,903	9,601	918	41,422
2021	31,639	9,692	918	42,249
2022	32,376	9,782	918	43,077
2023	33,113	9,873	918	43,904
2024	33,850	9,963	918	44,731
2025	34,587	10,054	918	45,559
2026	35,332	10,145	918	46,395
2027	36,084	10,237	918	47,239
2028	36,844	10,331	918	48,092
2029	37,611	10,425	918	48,954
2030	38,387	10,520	918	49,825
Total Increase	13,693	1,681	0	15,374
Annual Growth Rate	2.1%	0.8%	0.0%	1.8%
2030 – Portion of Total	77.0%	21.1%	1.8%	100.0%

Source: The Planning Center, 2009.

Nonresidential Development

Table A-10. Nonresidential Development Trends (Total Building SF), Clovis CA, 1987 through 2008

	Retail	Commercial	Office	Industrial
1987	1,861,095	736,149	444,852	881,875
1988	1,885,557	875,458	477,135	900,575
1989	2,532,431	875,458	485,069	907,343
1990	2,569,518	875,458	512,270	908,543
1991	2,955,643	920,504	515,570	935,919
1992	2,972,667	932,823	524,880	935,919
1993	3,115,819	940,793	536,934	1,011,202
1994	3,156,070	979,742	539,484	1,011,202
1995	3,351,295	992,493	574,314	1,074,730
1996	3,392,921	992,493	574,314	1,111,980
1997	3,457,955	1,001,177	586,616	1,133,610
1998	3,508,254	1,019,873	593,930	1,201,073
1999	3,652,202	1,027,529	613,742	1,475,742
2000	3,824,127	1,042,379	613,742	1,581,895
2001	3,928,571	1,045,267	613,742	1,614,085
2002	3,950,955	1,072,213	697,850	1,630,791
2003	3,960,033	1,079,863	765,315	1,630,791
2004	4,031,680	1,095,423	789,229	1,635,291
2005	4,209,287	1,160,285	795,829	1,674,565
2006	4,503,063	1,326,952	850,717	1,829,605
2007	4,564,719	1,342,148	891,875	1,931,225
2008	4,633,346	1,345,652	938,177	1,949,677

Notes to Table A-10:

1. Retail development reflects uses classified by the assessor as: commercial, community center, convenience center, convenience store, grocery, home improvement, neighborhood center, nursery, regional center, restaurant, and store.
2. Commercial development reflects uses classified by the assessor as: accommodation, auto, bank, civic, day care, entertainment, and mini-storage.
3. Office development reflects uses classified by the assessor as: medical office and office.
4. Industrial development reflects uses classified by the assessor as: freight, light industry, light manufacturing, and warehouse.

Source: The Planning Center, 2009, using data from the Fresno County Assessor.

Table A-11. Nonresidential Development Projection (Total Building SF), Clovis CA, 2009 through 2030

	Retail	Commercial	Office	Industrial	TOTAL
2009	4,634,779	1,349,156	940,278	1,955,290	8,879,502
2010	4,638,142	1,357,602	945,529	1,969,322	8,910,595
2011	4,646,450	1,374,713	961,284	1,997,385	8,979,832
2012	4,659,844	1,400,710	982,291	2,039,481	9,082,325
2013	4,679,045	1,435,811	1,003,297	2,095,608	9,213,761
2014	4,699,693	1,471,352	1,024,303	2,151,735	9,347,083
2015	4,721,897	1,507,332	1,045,310	2,207,863	9,482,402
2016	4,745,774	1,543,751	1,066,316	2,263,990	9,619,832
2017	4,779,347	1,580,610	1,087,323	2,320,117	9,767,397
2018	4,824,120	1,617,909	1,108,329	2,376,245	9,926,602
2019	4,881,829	1,655,647	1,129,336	2,432,372	10,099,184
2020	4,954,480	1,693,824	1,150,342	2,488,499	10,287,146
2021	5,044,386	1,732,441	1,171,349	2,544,626	10,492,802
2022	5,154,217	1,771,497	1,192,355	2,600,754	10,718,822
2023	5,261,111	1,810,992	1,213,362	2,656,881	10,942,345
2024	5,365,069	1,850,927	1,234,368	2,713,008	11,163,372
2025	5,466,090	1,891,301	1,255,374	2,769,136	11,381,901
2026	5,564,175	1,932,115	1,276,381	2,825,263	11,597,934
2027	5,659,324	1,973,368	1,297,387	2,881,390	11,811,470
2028	5,751,537	2,015,061	1,318,394	2,937,518	12,022,508
2029	5,840,813	2,057,192	1,339,400	2,993,645	12,231,050
2030	5,927,153	2,099,764	1,360,407	3,049,772	12,437,095
Total Increase	1,293,807	754,112	422,230	1,100,095	3,570,243
Compound Annual Growth Rate	1.2%	2.2%	1.8%	2.2%	1.7%
2030 – Portion of Total	47.4%	16.9%	10.9%	24.5%	100.0%

Notes to Table A-11:

1. The retail development projection is based on the trend in average retail square footage per household, using assessor data for retail square footage and California Department of Finance data for the number of households, and using the projected increase in the number of households based on Table A-9. The remaining projections are based on the trend in development, as shown in Table A-10.
2. See the notes to Table A-10 for information on the types of uses included in each category.

Source: The Planning Center, 2009.

Consumer Spending Data

Table A-12. Annual Household Consumer by Product Type, in Current Dollars, Clovis CA, 2009 Estimate and 2014 Projection

Product Category	Average Household Expenditures, 2009	Average Household Expenditures, 2014
Total Specified Consumer Expenditures	52,810	71,708
FOOD AT HOME	6,419	8,054
Bakery Products	574	659
Cereal Products	297	313
Dairy Products	704	925
Fresh Milk and Cream	174	219
Other Dairy Products	455	621
Eggs	75	86
Fats and Oils	59	77
Fish and Seafood	131	180
Fruits and Vegetables	835	998
Juices	200	248
Meats (All)	1,181	1,266
Nonalcoholic Beverages	715	928
Prepared Foods	1,300	2,015
Sugar and Other Sweets	423	444
FOOD AWAY FROM HOME & ALCOHOL		
Alcoholic Beverages	1,149	1,671
Alcoholic Beverages at Home	1,000	1,496
Alcoholic Beverages away from Home	149	174
Total Food away from Home	2,960	5,688
Lunch	777	2,124
Dinner	1,189	1,732
Breakfast and Brunch	242	653

Table A-12. Annual Household Consumer by Product Type, in Current Dollars, Clovis CA, 2009 Estimate and 2014 Projection (Continued)

Product Category	Average Household Expenditures, 2009	Average Household Expenditures, 2014
DAY CARE, EDUCATION & CONTRIBUTIONS		
All Day Care	422	460
Contributions (All)	1,538	2,130
Education	1,896	2,646
Room and Board	160	188
Tuition/School Supplies	1,736	2,458
HEALTHCARE		
Medical Services	2,282	2,607
Prescription Drugs	2,155	3,256
Medical Supplies	203	231
HOUSEHOLD FURNISHINGS & APPLIANCES		
Total Furniture	790	1,113
Bedroom Furniture	203	281
Living/Dining Room Furniture	360	471
Other Furniture	215	342
Total Household Textiles	605	767
Domestic Textiles	405	478
Window and Furniture Covers	199	289
Major Appliances	268	384
Misc Household Equipment	484	622
Small Appliance/Houseware	688	895
HOUSING RELATED & PERSONAL		
Total Housing Expenses	4,290	5,969
Fuels and Utilities	2,248	3,120
Telephone Service	1,185	1,526
Household Repairs	507	675
Household Services	669	887
Housekeeping Supplies	381	399
Personal Expenses and Services	1,688	2,128

Table A-12. Annual Household Consumer by Product Type, in Current Dollars, Clovis CA, 2009 Estimate and 2014 Projection (Continued)

Product Category	Average Household Expenditures, 2009	Average Household Expenditures, 2014
HOUSING RELATED & PERSONAL		
Total Housing Expenses	4,290	5,969
Fuels and Utilities	2,248	3,120
Telephone Service	1,185	1,526
Household Repairs	507	675
Household Services	669	887
Housekeeping Supplies	381	399
Personal Expenses and Services	1,688	2,128
PERSONAL CARE & SMOKING PRODUCTS		
Personal Care Products and Services	1,153	1,317
Personal Care Services	490	658
Smoking Prods/Supplies	803	780
PET EXPENSES	590	759
SPORTS & ENTERTAINMENT		
Photographic Equipment	123	117
Reading Materials	506	425
Sports and Recreation	1,904	2,390
Sports Equipment	1,053	1,253
Travel	2,511	2,994
TV, Radio and Sound Equipment	908	1,194
Computers, Software & Accessories	598	757

Table A-12. Annual Household Consumer by Product Type, in Current Dollars, Clovis CA, 2009 Estimate and 2014 Projection (Continued)

Product Category	Average Household Expenditures, 2009	Average Household Expenditures, 2014
TRANSPORTATION & AUTO EXPENSES		
Automotive Maintenance/Repair/Other	2,088	2,613
Gasoline	1,828	3,236
Diesel Fuel	15	20
Motor Oil	45	55
Vehicle Purchases & Leases	5,537	7,604
New Autos/Trucks/Vans	2,639	4,182
Used Vehicles	2,312	2,836
Boats and Recreational Vehicle Purchase	586	585
Rented Vehicles	289	348
<hr/>		
TOTAL APPAREL	4,414	6,392
Women's Apparel	1,469	1,669
Men's Apparel	917	1,259
Girl's Apparel	345	411
Boy's Apparel	234	319
Infant's Apparel	130	132
Footwear (excl. Infants)	566	645
Other Apparel Prods/Services	753	1,958

Source: Claritas Inc., 2009.

Table A-13. Total Clovis Household Expenditures by Retail Store Type, in Current Dollars, 2009

Retail Store Type	Total Expenditures, 2009	Retail Store Type	Total Expenditures, 2009
Total Retail Sales Including Eating and Drinking Places	1,361,689,599	Health and Personal Care Stores	68,770,636
Motor Vehicle and Parts Dealers	214,569,773	Pharmacies and Drug Stores	58,922,427
Automotive Dealers	179,029,039	Cosmetics, Beauty Supplies, Perfume Stores	2,418,237
Other Motor Vehicle Dealers	17,163,916	Optical Goods Stores	2,994,928
Automotive Parts/Accessories, Tire Stores	18,376,818	Other Health and Personal Care Stores	4,435,044
Furniture and Home Furnishings Stores	29,614,164	Gasoline Stations	148,434,008
Furniture Stores	15,993,509	Gasoline Stations With Convenience Stores	111,660,650
Home Furnishing Stores	13,620,655	Other Gasoline Stations	36,773,358
Electronics and Appliance Stores	34,540,448	Clothing and Clothing Accessories Stores	66,071,206
Appliances, TVs, Electronics Stores	25,987,600	Clothing Stores	47,620,838
Household Appliances Stores	5,757,877	Men's Clothing Stores	2,977,906
Radio, Television, Electronics Stores	20,229,723	Women's Clothing Stores	11,860,435
Computer and Software Stores	7,081,077	Children, Infants Clothing Stores	2,831,422
Camera and Photographic Equipment Stores	1,471,771	Family Clothing Stores	25,685,396
Building Material, Garden Equip Stores	140,974,305	Clothing Accessories Stores	1,135,086
Building Material and Supply Dealers	129,721,399	Other Clothing Stores	3,130,593
Home Centers	53,875,614	Shoe Stores	9,287,153
Paint and Wallpaper Stores	2,970,802	Jewelry, Luggage, Leather Goods Stores	9,163,215
Hardware Stores	11,350,053	Jewelry Stores	8,455,437
Other Building Materials Dealers	61,524,930	Luggage and Leather Goods Stores	707,778
Building Materials, Lumberyards	23,965,468	Sporting Goods, Hobby, Book, Music Stores	29,410,593
Lawn, Garden Equipment, Supplies Stores	11,252,906	Sporting Goods, Hobby, Musical Inst Stores	20,352,606
Outdoor Power Equipment Stores	1,702,453	Sporting Goods Stores	10,812,580
Nursery and Garden Centers	9,550,453	Hobby, Toys and Games Stores	6,072,180
Food and Beverage Stores	188,384,618	Sew/Needlework/Piece Goods Stores	1,437,951
Grocery Stores	171,135,293	Musical Instrument and Supplies Stores	2,029,895
Supermarkets, Grocery (Ex Convenience) Stores	162,876,943	Book, Periodical and Music Stores	9,057,987
Convenience Stores	8,258,350	Book Stores and News Dealers	6,136,784
Specialty Food Stores	5,212,517	Book Stores	5,842,955
Beer, Wine and Liquor Stores	12,036,808	News Dealers and Newsstands	293,829
		Prerecorded Tapes, CDs, Record Stores	2,921,203

Table A-13. Total Clovis Household Expenditures by Retail Store Type, in Current Dollars, 2009 (Continued)

Retail Store Type	Total Expenditures, 2009
General Merchandise Stores	187,337,100
Department Stores Excl Leased Depts	91,186,585
Other General Merchandise Stores	96,150,515
Miscellaneous Store Retailers	31,040,379
Florists	2,439,065
Office Supplies, Stationery, Gift Stores	13,888,264
Office Supplies and Stationery Stores	7,820,123
Gift, Novelty and Souvenir Stores	6,068,141
Used Merchandise Stores	3,134,562
Other Miscellaneous Store Retailers	11,578,488
Non-Store Retailers	86,971,719
Foodservice and Drinking Places	135,570,650
Full-Service Restaurants	60,790,641
Limited-Service Eating Places	56,767,998
Special Foodservices	11,453,729
Drinking Places -Alcoholic Beverages	6,558,282
GAFO (General merchandise, Apparel, Furniture and Other)	360,861,775
General Merchandise Stores	187,337,100
Clothing and Clothing Accessories Stores	66,071,206
Furniture and Home Furnishings Stores	29,614,164
Electronics and Appliance Stores	34,540,448
Sporting Goods, Hobby, Book, Music Stores	29,410,593
Office Supplies, Stationery, Gift Stores	13,888,264

Source: Claritas Inc., 2009.

Retail Sales Data

Table A-14. Taxable Sales in Current (unadjusted) Dollars, Cities of Clovis and Fresno, and Fresno, Kings, Madera, and Tulare Counties, 2000 through 2007

	Clovis City		Fresno City		Fresno County		Four-County Region		Clovis' Share of County Taxable Retail Sales
	Retail Stores	All Taxable Transactions	Retail Stores	All Taxable Transactions	Retail Stores	All Taxable Transactions	Retail Stores	All Taxable Transactions	
2000	823,539	930,608	3,665,810	4,857,211	5,857,841	8,472,055	9,239,248	13,463,030	14.1%
2001	868,439	987,182	3,863,836	5,028,903	6,110,890	8,592,575	9,597,336	13,641,358	14.2%
2002	912,491	1,039,125	4,158,346	5,307,350	6,513,761	9,038,725	10,183,319	14,371,953	14.0%
2003	951,864	1,089,523	4,502,934	5,714,921	7,048,496	9,742,637	11,001,278	15,398,912	13.5%
2004	1,065,780	1,228,225	4,920,482	6,276,756	7,730,818	10,722,491	12,163,398	16,938,181	13.8%
2005	1,168,795	1,333,463	5,411,282	6,916,252	8,556,886	11,888,436	13,544,728	18,915,944	13.7%
2006	1,270,489	1,434,872	5,643,638	7,254,468	9,058,802	12,560,649	14,396,762	20,141,676	14.0%
2007	1,227,267	1,376,902	5,495,981	7,122,176	8,776,111	12,308,257	14,114,607	19,971,667	14.0%

Source: California State Board of Equalization.

Table A-15. Per Household Taxable Retail Sales in Constant (inflation adjusted) Dollars, Cities of Clovis and Fresno, and Fresno, Kings, Madera, and Tulare Counties, 2000 through 2007

	Clovis	Fresno	Fresno Co.	4-County Region	California
2000	42,153	32,450	28,717	26,404	30,946
2001	41,901	32,792	28,750	26,311	30,427
2002	41,962	34,333	29,747	27,083	30,352
2003	41,480	36,219	31,250	28,350	31,301
2004	42,909	38,231	32,858	30,002	32,930
2005	42,757	39,868	34,305	31,504	33,613
2006	43,025	39,666	34,517	31,748	33,337
2007	39,301	36,725	31,791	29,499	31,822

Source: The Planning Center, 2009, using retail sales data from the CA State Board of Equalization, household data from the CA Department of Finance for the jurisdictional boundaries of the year indicated, and inflation data from the US Bureau of Labor Statistics.

Table A-16. Retail Market Potential per Household, Clovis, 2008

	Market Potential Per Household (retail building space, sq. ft.)
Local/Neighborhood Retail	
Food and Beverage Stores	
- Supermarkets, Grocery (Ex Conv) Stores	11.2
- Convenience Stores	0.8
- Specialty Food Stores	0.9
- Beer, Wine and Liquor Stores	1.0
Health and Personal Care Stores	6.5
Gasoline Stations	2.6
Miscellaneous Store Retailers	7.5
Personal care services facilities	4.7
Dry-cleaning & laundry service facilities	0.6
Other personal services	1.2
Subtotal	37.0
Community/Regional Retail	
Furniture and Home Furnishings Stores	1.6
Electronics and Appliance Stores	1.6
Building Material, Garden Equip Stores	13.5
Clothing and Clothing Accessories Stores	8.9
Sporting Goods, Hobby, Book, Music Stores	6.3
General Merchandise Stores	30.9
Subtotal	62.9
Restaurants and Bars	
Full-Service Restaurants	5.9
Limited-Service Eating Places	7.0
Drinking Places -Alcoholic Beverages	1.6
Subtotal	14.4
TOTAL	114.3

Note to Table A-16:

1. Spending are based on expenditure data and number of households estimates from Claritas, Inc.
2. Average sales efficiency data are from the Urban Land Institute's Dollars and Cents of Shopping Centers, The SCORE, 2008.
3. Average sales efficiency has been adjusted based on the average sales per store in Fresno County and the US from the US Census Bureau's Economic Census, 2002.

Source: The Planning Center, 2009.

Table A-17. Supportable Retail Building Space, Clovis, 2008

	Supportable Retail Building Space (sq. ft.)
Local/Neighborhood Retail	
Food and Beverage Stores	
- Supermarkets, Grocery (Ex Conv) Stores	373,098
- Convenience Stores	25,957
- Specialty Food Stores	30,112
- Beer, Wine and Liquor Stores	33,798
Health and Personal Care Stores	215,359
Gasoline Stations	86,545
Miscellaneous Store Retailers	248,208
Personal care services facilities	154,789
Dry-cleaning & laundry service facilities	20,621
Other personal services	40,677
Subtotal	<u>1,229,164</u>
Community/Regional Retail	
Furniture and Home Furnishings Stores	54,464
Electronics and Appliance Stores	54,593
Building Material, Garden Equip Stores	448,685
Clothing and Clothing Accessories Stores	294,772
Sporting Goods, Hobby, Book, Music Stores	208,331
General Merchandise Stores	1,027,606
Subtotal	<u>2,088,451</u>
Restaurants and Bars	
Full-Service Restaurants	195,154
Limited-Service Eating Places	232,233
Drinking Places -Alcoholic Beverages	51,966
Subtotal	<u>479,354</u>
TOTAL	<u>3,796,969</u>

Note to Table A-17:

1. Spending are based on expenditure data and number of households estimates from Claritas, Inc.
2. Average sales efficiency data are from the Urban Land Institute's Dollars and Cents of Shopping Centers, The SCORE, 2008.
3. Average sales efficiency has been adjusted based on the average sales per store in Fresno County and the US from the US Census Bureau's Economic Census, 2002.

Source: The Planning Center, 2009.

Table A-18. Derivation of Retail Market Demand, Clovis, 2009

(1)	Supportable Retail Building Space (sq. ft.)	4,172,696
(2)	Expected vacancies @ 5% (sq. ft.)	208,635
(3)	Expected Retail Building Space (sq. ft.)	4,381,331
(4)	Existing Retail Building Space (sq. ft.)	4,510,398
(5)	Excess Retail Building Space (sq. ft.)	129,067
(6)	- Portion of Total Retail Building Space	2.9%

Source: The Planning Center, 2009.

Note to Table A-18:

1. The amount of supportable retail building space was previously derived in Table A-18.
2. Market analysts generally assume that a healthy retail building market will have about 5 percent vacancies. Some vacancies are important to provide available space for growing businesses and to keep lease rates from rising artificially high. Too high of a vacancy rate can artificially depress lease rents, reduce rental income to levels insufficient to sustain property maintenance and reinvestment, and discourage new development.
3. The expected retail building space is the sum of the total supportable retail building space (row 1) and the amount of vacant space expected in the healthy retail market (row 2).
4. Existing retail building space is based on assessing data for the General Plan area. The building square footage represents those properties categorized by the Fresno County Assessor as: Community center, Convenience center, Convenience store, Grocery, Home improvement, Neighborhood center, Regional center, Restaurant, and Store.
5. Excess retail building space is the difference between the expected total retail building space (row 3) and the existing retail building space (row 4).
6. The data in row 6 indicates the portion of the existing retail building stock that is excess to the amount of expected retail building space. It is derived by dividing row 5 by row 3.

