

# APPENDIX A: S.W.O.T.

- Strengths and Assets..... 2
  - Economic Environment ..... 2
  - Physical Environment ..... 4
  - Social Environment ..... 4
- Challenges..... 6
  - Economic Environment ..... 6
  - Physical Environment ..... 8
  - Social Environment ..... 9
- Threats ..... 11
  - External Challenges (Threats)..... 11
- Opportunities..... 12

# SWOT Analysis

This assessment of the city’s strengths (assets) weaknesses and threats (challenges) is a culmination of data and trends analysis presented in the Economic Conditions Report (Appendix B), review of background documents, community surveys, and personal interviews with community stakeholders.

The high-level goal of the Fresno CEDS is to balance the economic, social and physical environments that support an economically healthy community. These environments are connected and influence each other. For example,

- workforce talent, education, and business diversity and growth are elements of Fresno’s economic environment
- infrastructure, transportation, and land for development are reflections of Fresno’s physical environment
- housing, population dynamics and other features related to “sense of place” are reflections of Fresno’s social environment

Combined, these factors influence and define the city’s economic development opportunities and ultimate success. The strengths and assets, weaknesses and challenges, and threats (external challenges) of each of these three elements are presented in this section along with a discussion of the significance to economic development.



# Strengths and Assets

Strengths and assets are tangible and intangible assets a community has and can offer business. They set a community apart and give it a competitive advantage over its competition. Below is a discussion of the City of Fresno’s assets and advantages and the significance to economic development.

Economic Environment	Significance
<p><b>Stability.</b> Fresno is economically stable; city finances are strong with good reserves.</p>	<p>A safe and secure community depends on a fiscally healthy government that can provide the public services needed by the community with a balance of revenues and costs over time, even if the community changes, or is faced with economic, natural, or political risks.</p>
<p><b>Cost.</b> Favorable cost of living compared to the state.</p>	<p>Lower cost of living is a positive sign for residents, new businesses, and entrepreneurial growth.</p>
<p><b>Entrepreneurs.</b> Strong entrepreneurial spirit is evidenced by the small business incubators and many sources of technical and financial assistance provided by local organizations including, but not limited to:</p> <ul style="list-style-type: none"> <li>▪ California State University Fresno’s Water, Energy, Technology (WET) Center</li> <li>▪ The Pi Shop</li> <li>▪ Vision View</li> <li>▪ Fresno Area Hispanic Foundation</li> <li>▪ FUSD’s Patino School of Entrepreneurship</li> <li>▪ Asian Business Institute &amp; Resource Center</li> </ul>	<p>Entrepreneurship improves standards of living and creates wealth for the entrepreneur and related businesses (suppliers). This wealth is most often kept within the community as locally owned businesses are more likely to contribute to community projects, support local charities, youth sports, etc.</p>
<p><b>Business and Industry.</b> Between 2011 and 2021, Fresno’s traded sector (businesses that export products and services, and import dollars, e.g. ag, manufacturing) grew both in jobs (2.9%) and in Gross Regional Product (GRP) (5.7%).</p> <p>The local or population-serving businesses (grocery, personal services, government, etc.) experienced similar growth in jobs (2.4%) and in GRP (5.5%).</p> <p>Visitor serving businesses (lodging, portions of retail, food services, entertainment) experienced job growth of (1.4%) and GRP is (0.6%).</p>	<p>Positive growth in each industry sector, especially during recent economic shocks, is good news and an indicator of overall economic strength and resiliency.</p>

<p><b>Job Growth.</b> Historic job growth (2011-2022) by industry sector shows: 1) Goods producing jobs experienced 3.22% growth (71% of jobs); 2) Local serving jobs experienced 3.54% growth (19% of jobs); and 3) Visitor serving jobs experienced 2.02% growth (10% of jobs)</p>	<p>A higher share of employment in goods producing jobs is positive due to the economic impact derived from higher skilled/higher wage jobs associated with this sector.</p>
<p><b>Talent Development.</b> There is excellent local access to post secondary education (CSUF, Fresno City College, etc.). Fresno shows a commitment to career technical education (CTE) schools (Patino, CART, etc.), dual enrollment, certificate and licensing programs for in-demand occupations. The Fresno Regional Workforce Development Board’s 2023 Biennial Modification to the Local Plan prioritizes a commitment to career pathways in programs and services.</p>	<p>Employers seek an existing educated and skilled workforce and assurance of a continuous pipeline of skilled labor.</p> <p>Established linkages between primary and post secondary educational institutions and workforce demonstrates a recognition of the importance of skilled labor to business success and the local economy.</p>
<p><b>Talent Development.</b> Fresno students’ educational attainment from less than 9<sup>th</sup> grade to AA degrees is slightly better than the state, however, lags behind the state in percent of students that obtain a BS or graduate or professional degree.</p>	<p>Educational attainment is important to employers who seek an educated and skilled workforce. Educational attainment includes not only degrees from two and four year colleges and universities, but also the attainment of licenses and certificates for specialty trades and occupations.</p>
<p><b>Commute.</b> A majority (73.9%) of City of Fresno employed residents aged 16+ work in the city. Most of the remaining workers are employed within the county or nearby cities of Clovis, Madera, or Sanger. The mean travel time is just 22 minutes.</p>	<p>New prospective businesses would be encouraged by indications of an easily accessible labor pool. A significant number of out-commuters would force businesses to look outside the city to attract workers.</p>
<p><b>Income.</b> The median household income in the city experienced a 10-year average annual increase of 0.71% which is more than Fresno County (0.23%) or the State of California (0.68%).</p>	<p>Median household income is a measure of how families are doing financially.</p>
<p><b>Source of Income.</b> The share of personal income from earned wages is unchanged from 2017 to 2021 (79%). Small changes in the source of income in the city are 1) a slight increase in the share coming from retirement (14% to 17%); and 2) a slight decline in the share from public assistance (10% to 8%).</p>	<p>Wages play a major role in the economy by giving workers spending power. This refers not only to the money workers earn that they spend on necessities, but also the money they save or use in the short term for consumer goods, recreation, travel and investing.</p>

Physical Environment	Significance
<p><b>Location and Market Access.</b> Transportation network includes an international airport, state highways (99, 180, 41), access to interstate highway (5) within 50 miles, freight rail, high speed rail (HSR) is under construction.</p>	<p>Air service generates a tremendous amount of economic activity and is a driver for attracting investment, business, and tourism. Transportation services also generate employment and provide mobility for citizens. HSR (when completed) will provide similar benefits as air service. The highway network is essential for both personal and business use.</p>
<p><b>Broadband.</b> The City continues to pursue the expansion of small cell 5G sites to include disadvantaged communities; Central Valley Independent Network (CVIN) connects public buildings; the City received funding for last mile improvements; ongoing upgrades and expansions including master planning for citywide fiber.</p>	<p>A strong communications network and closing the gap on the digital divide ensures that residents, businesses, and visitors have access to the latest technology and, therefore, access to city government, public services, education, and safety.</p>
<p><b>Infrastructure.</b> \$342M investment of public funds for citywide infrastructure improvements (\$250M), downtown (\$44M), and historic train depot (\$30M).</p>	<p>Good infrastructure supports economic growth by raising productivity levels, reducing costs, expanding trade, and connecting people and business with opportunities. Infrastructure investment should be resilient, sustainable, and inclusive to provide benefits to the greatest number of people.</p>
Social Environment	Significance
<p><b>Quality of Place.</b> Fresno is a full-service city, e.g., jobs, shopping, entertainment and cultural venues, health care, parks and recreation.</p>	<p>Residents and businesses can access key essential services without long distance travel. Contributes to the city’s “sense of place” that is also important for attracting talent.</p>
<p><b>Community Engagement.</b> Abundant and diverse neighborhood, social justice, and economic development groups and associations.</p>	<p>Business and residents actively engage in discussions about community issues and projects demonstrating their strong interest and commitment to the health and vitality of the city.</p>
<p><b>Neighborhoods.</b> The city boasts an historic downtown and several unique neighborhoods throughout the city.</p>	<p>Interesting and distinct neighborhoods and commercial centers (downtown, Chinatown, etc.) provide diverse housing and shopping choices, cultural experiences, and visitor destinations.</p>

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**Population Growth.** Fresno County and the city have similar growth trends (historic) and projections to 2040—with slow population growth, consistently rising at an average annual rate of 1%.

Steady population growth suggests a strong consumer demand market and is encouraging to employers considering a future workforce.

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# Challenges

Challenges are factors that detract from a community’s economic development competitiveness. They constrict or limit a community from reaching its desired goals and economic success. Below is a discussion of the City of Fresno’s challenges and their significance to economic development.

Economic Environment	Significance
<p><b>Job Growth.</b> Overall, job growth in Fresno is expected to be 5.9% (2022-2030). However, some traded sector industries are likely to see a decline due to increased use of technology (for example, manufacturing, warehouse and distribution).</p>	<p>Higher levels of employment lead to healthy economic growth. Local firms tend to employ more workers and job growth creates earnings which in turn creates demand. The increased use of technology may require new skills and training programs.</p>
<p><b>Wages.</b> Overall, wages in Fresno have increased from 2019 to 2023 but some occupations are faring better than others. This may be due in part to low unemployment rates, job growth and a slow growing regional labor force.</p> <p>Unfortunately, the cost of living has also increased, and inflation is rising faster than most of the previous 40 years. These two factors equate to a loss of income in terms of purchasing power impacting residents’ quality of life.</p>	<p>Wage increases can have both positive and negative effects on economic growth, depending on the context and factors that cause it. In general wage increases can lead to higher productivity and motivation of workers, which can increase business profits. However, increased wages can also be the result of cost-of-living increases and inflation, that can exert downward pressure on the economy.</p>
<p><b>Image.</b> Fresno’s internal and external image is maligned. Fresno is the fifth largest city in the state, and yet some residents and stakeholders speak critically of the city and perceive Fresno as a small insular town.</p> <p>Externally, the city is not “top-of-mind” when it comes to business/industry considering a competitive business location.</p>	<p>Whether real or perceived, an unfavorable image or reputation is a challenge to successful economic development and takes a rigorous and collaborative effort to overcome that should address:</p> <ul style="list-style-type: none"> <li>▪ The messages we tell ourselves about Fresno (internal communications)</li> <li>▪ The messages we tell others about Fresno (external communications)</li> </ul>
<p><b>Development Process.</b> A reputation for a cumbersome and uncertain planning, permitting and development process.</p>	<p>Whether real or perceived, a slow or unpredictable development process creates a hardship for business development, no matter the reason (e.g. staffing shortages, legal challenges, lack of streamline permitting, etc.).</p>

<p><b>Development Cost.</b> Equitable assessment and mitigation of business/industrial development impacts in neighborhoods has become contentious in the city, with multiple lawsuits and CEQA appeals.</p> <p>To help assess and eliminate environmental impacts of development, especially in low income and communities of color, the city adopted a Community Benefit Fund (CBF – North Point and South Central). CBF funds can be used to pay for measures such as air filtration systems, dual paned windows, parks, job training programs, and job fairs near the impact area. Businesses locating or expanding in CBF neighborhoods pay into the fund (Amazon paid \$300,000).</p>	<p>Added fees increase business operating costs and add to the city’s risk of losing the business location/expansion to a less costly competitive site. More importantly, the added “uncertainty” that CEQA appeals and lawsuits present increase the likelihood that the business/industry will choose not to participate/contribute or may be unwilling to wait for the challenge/appeal process to play out and seek an alternative location.</p>
<p><b>Talent Pipeline.</b> The source of future workers (population aged 0 to 19) has been slow. Growth in the population considered Prime Workers (aged 20 to 39) is leveling off. Experienced Workers (aged 40 to 59) and Retiring Soon (aged 60 to 75) are increasing at a faster pace.</p> <p>Many communities in California are facing a forecasted “enrollment cliff” in K-12 education, which has implication for regional labor markets. For Fresno County, the cliff is delayed until the 2025-26 academic year and the population changes to an older population and lower birth rates coincide to drop the K-12 levels toward the 2031-32 academic year. These changes have regional labor-force effects on Fresno as a city economy, as Fresno County (and Madera, Tulare and Kings counties) all provide labor to Fresno’s employers.</p>	<p>Slow population growth and declining school enrollment indicates a limited labor pool and talent pipeline, which is a red flag for new business/industry and expanding businesses.</p>
<p><b>Educational Attainment.</b> Share of the population with four-year degrees is improving, but still lags behind the state.</p> <p>Enrollment is declining in the State Center District (the community college district that includes Fresno City College). This is occurring throughout the state and nation.</p>	<p>The education level of residents, especially those over 25 years old, helps employers understand the mix of skills in the regional workforce and contributes to decision making regarding a location or expansion decision.</p> <p>Potential new employers will judge the city’s commitment to education by both the physical assets and academic achievement. Employers expect skills training, programs, and pathways to be in place.</p>



Physical Environment	Significance
<p><b>Sites and Buildings.</b> The city has a very limited inventory of sites for commercial and industrial development to support new business investment or the expansion of existing business/industry. Areas that are desirable or have been identified for job-creating development face long-term obstacles to be market ready, e.g. proper zoning, inadequate infrastructure, absence of and cost to acquire utility services, neighborhood resistance, interested developers, etc.</p>	<p>Lack of available and market-ready land and buildings makes the city less competitive with communities that have ready-for-market properties to support local expansions and new business and industry.</p>
<p><b>Recreational Facilities.</b> Several existing facilities that attract visitors and serve residents are deteriorating due to a lack of investment and deferred maintenance. For example, the convention center, regional sports park and Woodward Park BMX track have not received significant updates in over ten years.</p>	<p>Old and declining visitor and recreational facilities impacts residents' quality of life, the ability to attract and retain population and workers. The visitor market is also highly impacted especially in a highly competitive state like California where there is an abundance of places to visit.</p>
<p><b>Broadband.</b> The city has plans to improve access to broadband, but currently there is limited access, especially for residents and businesses in less affluent neighborhoods. Also, many residents lack the digital literacy to access on-line public information and services (i.e. bus schedules, forms, documents, public meetings, etc.).</p>	<p>Broadband is an essential service for accessing information and services for both business and personal use. Digital literacy is increasingly important to access all services (public and private) and employment.</p>
<p><b>Infrastructure.</b> There has been a lack of public investment (deferred maintenance) to maintain and upgrade essential infrastructure and services.</p>	<p>Residents and businesses are vulnerable to impacts associated with service disruptions and failures, and safety issues (e.g. potholes, Public Safety Radio System).</p>

<p><b>Public Transportation.</b> The city’s Fresno Area Express (FAX) bus transportation system offers 18 fixed-route bus lines, Handy Ride Paratransit services, the “Q” which is a Rapid Transit line providing express service to specific locations, and the Fresno Hop which is a free trolley service operating Thursday through Saturday to connect CSU Fresno, Campus Pointe, and Fresno City College to several Fresno neighborhoods. Obstacles to ridership include:</p> <ul style="list-style-type: none"> <li>▪ Frequency and connection: The city is addressing this need by adding more lines and adding/expanding the express service.</li> <li>▪ Potential riders’ lack of experience: The city started ramping up social media (facebook, instagram, etc.) to help familiarize potential users in how to use the bus system.</li> </ul>	<p>Full-service affordable and convenient public transportation is an essential service to provide workers access to employment, education and essential services (medical, shopping, professional, etc.).</p>
<p><b>Social Environment</b></p>	<p><b>Significance</b></p>
<p><b>Housing.</b> The City’s Housing Element (2017-2023 planning horizon) shows that 1) 40% of homeowners are overpaying for housing; 2) 65% of renters overpaying for housing; 3) many residents live in overcrowded housing; 4) over 23,000 additional housing units needed.</p> <p>In response, the city, in partnership with the other cities in Fresno County, is preparing a multi-jurisdictional housing element that will cover a planning period of December 2023 through December 2031. This effort will provide an opportunity for countywide housing issues and needs to be more effectively addressed at the regional level rather than only at the local level.</p>	<p>Lack of affordable housing is a constraint to employment growth and expansion of the labor pool. A tight housing market also leads to higher home and rents and forces workers to commute longer distances or leave the workforce.</p>
<p><b>Unhoused Population.</b> While the city has invested in creative programs and is making progress, according to the Fresno Madera Continuum of Care (FMCoC) Point in Time (PIT) Count, 4,493 persons were experiencing homelessness at the time of the count, (01-24-2023); a 7% increase from 2022.</p>	<p>A growing population of unhoused residents could lead to job losses and business closures due to safety and security concerns.</p>

<p><b>Childcare.</b> The local need for childcare is unmet. Only 23% of children (aged 0-12) of working families are provided with child care services, leaving 77% of working families unserved. Only 15% of infants and toddlers of working families have access to care.</p>	<p>Lack of accessible and affordable childcare limits employment and educational opportunities for some residents, further constricting the pool of available labor.</p>
<p><b>Poverty.</b> The poverty rate in Fresno has hovered around 25% to 30% (2011 to 2021), typically three percentage points above the county rate and 12 to 13 points higher than the state average.</p>	<p>Poverty reduces the level of aggregate demand in the economy, making it poorer and typically requires government to institute enhanced welfare programs, leading to increased government spending.</p>

# Threats

Threats are external factors that detract from a community’s economic development competitiveness, or put a community or its economy at risk. While these factors are often beyond the community’s direct control, jurisdictions that want to be competitive put in place programs or have contingency plans to mitigate or respond to threats.

Fortunately, Fresno County and the other participating jurisdictions (including the City of Fresno) developed a multi jurisdictional hazard mitigation plan to make the region less vulnerable to future identified hazards.

External Challenges (Threats)	Significance
<p>State and federal regulatory environment, i.e.</p> <ul style="list-style-type: none"> <li>▪ Burden placed on small businesses and fast-food operations by the increased minimum wage.</li> <li>▪ Proposed SB531 will change where sales tax receipts are collected and will impact City’s revenue stream.</li> <li>▪ Potential impact on local jurisdictions’ revenue stream due to the State budget shortfall</li> </ul> <p>Utility (gas and electric) disruptions caused by wildfires and other natural disasters</p> <p>Long-term sustainability of water supply</p> <p>Sustained improvement in air quality</p> <p>Natural and weather-related disasters</p> <p>Health-related disasters</p>	<p>Business seeking a location for new or expanding operations strive to eliminate or at least reduce risk—financial, operational, etc.</p> <p>Each of these factors presents a potential risk to a business’ ability to be successful.</p>

# Opportunities

Opportunities refer to factors that offer a potential competitive advantage and contribute to goal and objective achievement. Below is a discussion of the City of Fresno’s opportunities and significance to economic development.

Opportunities	Significance
<p>Development of ten Economic Centers that support short- and long-term industrial, commercial, entrepreneurial and small business investment and job creation.</p> <p>Funding and completion of critical infrastructure projects that support economic growth in the Economic Centers.</p>	<p>The identified economic centers offer the most promising short- and long-term opportunity for entrepreneurial, business, and industry growth with land entitlements and infrastructure in place for business development.</p>
<p>A robust organizational ecosystem that can be relied upon to lead, support, and implement priority initiatives.</p>	<p>Numerous government, nonprofit, and community organizations exist in Fresno. Greater coordination and collaboration among these entities could significantly increase their socio-economic impacts.</p>
<p>Fresno’s growing population and strong entrepreneurial spirit could support entrepreneurial and small business growth adding a more diverse mix of businesses, including industry offering higher wages.</p>	<p>Increasing the educational attainment and skill level of the workforce will significantly impact the number and types of businesses attracted to the city.</p>
<p>Leadership and participation in the Central San Joaquin Valley Community Economic Resilience Fund (CERF) to support CEDS goals.</p>	<p>Regional efforts, like the CERF, can significantly leverage the City’s efforts to achieve CEDS goals.</p>