2 Demographic, Economic, and Fiscal Conditions

This Chapter describes the demographic, economic, and fiscal conditions and trends relevant to the General Plan Update process. The analysis is primarily based on existing and historical data from a variety of public and private sources. This Chapter also provides a low and high forecast of population, employment and land use demand for Turlock based on methodology and analysis developed as part of this effort.

2.1 DEMOGRAPHIC CONDITIONS AND TRENDS

Population

As the second largest City in Stanislaus County behind Modesto, Turlock population growth has been relatively strong since 1990 with an average increase of almost 3 percent per year, compared to 2 percent for the County as a whole (Table 2-1). Overall, the City gained approximately 28,000 new residents between 1990 and 2008, a 66 percent increase, according to Department of Finance (DOF). Only Modesto gained more residents during this period although it grew at a much slower rate.

A variety of factors account for Turlock's relatively fast growth rate, some unique to Turlock and some reflective of County and even Statewide trends. At the State level, California has experienced significant growth, driven by employment opportunities and quality of life amenities. Statewide population pressures, in turn, have pushed population groups to the Central Valley in search of lower-cost housing opportunities. In addition, the Central Valley's strong agricultural based economies have attracted immigrant populations with higher birth rates.

Although all of these trends have influenced Turlock's growth, other factors such as a diversifying economy and increased urbanization of the County as a whole have also played a role. By way of example, despite relatively strong growth in Stanislaus County, population in the unincorporated areas has expanded only marginally. In other words, the County's population is increasingly being accommodated in urban areas, including Turlock. Meanwhile the agricultural sector in both Stanislaus County and Turlock has declined as the primary economic driver, replaced by growth in other sectors, as described further in subsequent sections.

Table 2-1: Historical Population Growth in Stanislaus County (1990-2008)

City	*1990*		*2000*		*2005*		*2008*		*Avg. Annual Growth (1990-2008)*	
	#	%	#	%	#	%	#	%	*Total*	*% Rate*
Incorporated County										
Ceres	26,413	7.1%	34,609	7.7%	38,697	7.7%	42,813	8.1%	16,400	2.7%
Hughson	3,259	0.9%	3,980	0.9%	5,925	1.2%	6,187	1.2%	2,928	3.6%
Modesto	164,746	44.5%	188,861	42.3%	207,029	41.2%	209,936	39.9%	45,190	1.4%
Newman	4,158	1.1%	7,092	1.6%	9,108	1.8%	10,586	2.0%	6,428	5.3%
Oakdale	11,978	3.2%	15,503	3.5%	17,388	3.5%	19,337	3.7%	7,359	2.7%
Patterson	8,626	2.3%	11,606	2.6%	16,110	3.2%	21,229	4.0%	12,603	5.1%
Riverbank	8,591	2.3%	15,826	3.5%	19,926	4.0%	21,757	4.1%	13,166	5.3%
Turlock	42,224	11.4%	55,811	12.5%	66,815	13.3%	70,158	13.3%	27,934	2.9%
Waterford	4,771	1.3%	6,924	1.5%	7,874	1.6%	8,763	1.7%	3,992	3.4%
Subtotal Incorporated	*274,766*	*74.2%*	*340,212*	*76.1%*	*388,872*	*77.3%*	*410,766*	*78.1%*	*136,000*	*2.3%*
Unincorporated County	95,756	25.8%	106,785	23.9%	114,131	22.7%	115,137	21.9%	19,381	1.0%
Total County	**370,522**	**100.0%**	**446,997**	**100.0%**	**503,003**	**100.0%**	**525,903**	**100.0%**	**155,381**	**2.0%**

Source: Department of Finance

A further break-down of the changing age and ethnic composition of the City and County provides further insight into regions demographic trends, as described below.

Age

The working age population cohort (ages 25-55) represents by far the largest population segment in both Turlock and the County at about 42 percent of the total and represented the largest growth in absolute terms between 2000 and 2007. Meanwhile, the young adult and college-age cohort (ages 18-24) had the highest annual growth rate in both the City and the County for the same period, with 6.3 percent and 3.2 percent, respectively.

Both trends are consistent with strong migration trends driving population growth and also suggest that the City and County currently and will likely continue to maintain a large labor pool.

Turlock actually experienced a decrease in the young children population (ages 0-4) by 1.7 percent annually, whereas the County experienced an increase with an average growth rate of 2.3 percent. But the City experienced a significant amount of growth in the 5-17 age group compared to the County with 3.2 percent and 0.3 percent, respectively. Both trends suggest that high fertility rates have been less of a contributor to population growth in the City relative to the County. Table 2-2 compares population by age in Turlock and Stanislaus County.

The 55 and older age group grew 3.0 percent annually in the County, but at a slower rate in the City with 1.7 percent. However, the County and City are expected to experience a shift in proportional distribution between the age groups of 25-54 and 55 and older by 2011 when the Baby Boomer generation population reaches 65 years old. Woods & Poole Economics, Inc., which is an independent firm specializing in long-term county demographic and economic projections, projects the 65 years and older age group to increase from 10 percent of the total County population in 2008 to 15 percent in 2030, as shown in Table 2-3.

Table 2-2: Population by Age

Age Group	*Turlock*		*Avg. Annual Growth (2000-2007)*		*Stanislaus County*		*Avg. Annual Growth (2000-2007)*	
	2000	*2007*	*Growth*	*% Rate*	*2000*	*2007*	*Growth*	*% Rate*
0-4 years								
Population	4,362	3,872	(490)	(1.7%)	35,164	41,166	6,002	2.3%
% of Total	*7.9%*	*5.6%*			*7.9%*	*8.1%*		
5-17 years								
Population	12,035	14,996	2,961	3.2%	103,652	105,782	2,130	0.3%
% of Total	*21.7%*	*21.6%*			*23.2%*	*20.7%*		
18-24 years								
Population	6,463	9,900	3,437	6.3%	43,603	54,460	10,857	3.2%
% of Total	*11.6%*	*14.3%*			*9.8%*	*10.7%*		
25-54 years								
Population	22,360	29,018	6,658	3.8%	185,543	212,430	26,887	2.0%
% of Total	*40.3%*	*41.9%*			*41.5%*	*41.6%*		
55 and older								
Population	10,268	11,544	1,276	1.7%	79,035	97,425	18,390	3.0%
% of Total	*18.5%*	*16.7%*			*17.7%*	*19.1%*		
Total	**55,488**	**69,330**	**13,842**	**3.2%**	**446,997**	**511,263**	**64,266**	**1.9%**
% of Total	***100.0%***	***100.0%***			***100.0%***	***100.0%***		

Sources: U.S. Census Bureau and EPS.

Table 2-3: Projected Population by Age Group in Stanislaus County

Age	*2008*		*2010*		*2020*		*2030*	
	#	%	#	%	#	%	#	%
0 to 17 years	145,740	28.1%	146,614	27.5%	166,593	27.3%	183,700	26.7%
18 to 24 years	56,011	10.8%	58,808	11.0%	53,596	8.8%	64,156	9.3%
25 to 64 years	264,553	51.0%	273,823	51.3%	314,739	51.6%	335,584	48.8%
65 and older	52,429	10.1%	54,555	10.2%	75,541	12.4%	104,867	15.2%
Total Population	**518,733**	**100.0%**	**533,800**	**100.0%**	**610,469**	**100.0%**	**688,307**	**100.0%**

Source: Woods & Poole Economics, Inc.

Race/Ethnicity

Whites continue to constitute the predominant population group in both Turlock (61 percent) and the County as a whole (50 percent). However, in Turlock, unlike the County, the White population has continued to increase at a relatively fast pace, increasing by almost 30 percent between 2000 and 2007. In fact, if not for the substantial growth in White population in Turlock, the County's overall White population would have substantially declined. Countywide, Hispanics represent the fastest growing population group with an average growth rate of 5 percent per year. Table 2-4 shows population by race in Turlock and Stanislaus County.

Socio-Economic Indicators

The socio-economic profile of Turlock residents is relatively comparable to other cities in the San Joaquin Valley although there are noteworthy differences. Overall, indicators such as education, median income, and employment rates suggest a relatively stable, working class community, as described further below.

Education

Residents in the City are more educated than the County, as shown in Table 2-5. In 2007, about 55.2 percent of the population in the City attained education levels beyond a high school diploma, compared to 46.7 percent of the population in the County and 56.7 percent in the State.

Overall, about 23 percent of the City's population holds a bachelor degree or higher compared to 17 percent for the County and 27 percent for the State. The City, however, has fewer individuals with less than a high school education (17 percent) than either the County (24 percent) or the State (23 percent).

The City also experienced a significant decrease in the proportional distribution of non-high school graduates by 12.8 percent annually, compared to 5.4 percent Countywide. In terms of proportional distribution of attainment levels for a bachelor's degree or higher, the City experienced a modest increase of 3.6 percent, compared to 2.3 percent Countywide between 2000 and 2007.

Table 2-4: Population by Race

	Turlock		*Avg. Annual Growth (2000-2007)*		*Stanislaus*		*Avg. Annual Growth (2000-2007)*	
Race	*2000*	*2007*	*Total*	*% Rate*	*2000*	*2007*	*Total*	*% Rate*
White	33,224	42,689	9,465	3.6%	254,650	256,243	1,593	0.1%
% of Total	*59.9%*	*61.6%*			*57.0%*	*50.1%*		
Hispanic/Latino	16,481	19,091	2,610	2.1%	141,926	199,543	57,617	5.0%
% of Total	*29.7%*	*27.5%*			*31.8%*	*39.0%*		
Black	684	1,794	1,110	14.8%	9,957	13,915	3,958	4.9%
% of Total	*1.2%*	*2.6%*			*2.2%*	*2.7%*		
American Indian\Alaska Native	192	573	381	16.9%	3,342	2,923	(419)	(1.9%)
% of Total	*0.3%*	*0.8%*			*0.7%*	*0.6%*		
Asian/Other Pacific Islander	2,547	3,892	1,345	6.2%	19,542	27,343	7,801	4.9%
% of Total	*4.6%*	*5.6%*			*4.4%*	*5.3%*		
Some other race alone	69	0	(69)	(100.0%)	959	428	(531)	(10.9%)
% of Total	*0.1%*	*0.0%*			*0.2%*	*0.1%*		
Two or more races	2,291	1,291	(1,000)	(7.9%)	16,621	10,868	(5,753)	(5.9%)
% of Total	*4.1%*	*1.9%*			*3.7%*	*2.1%*		
Total population	**55,488**	**69,330**	**13,842**	**3.2%**	**446,997**	**511,263**	**64,266**	**1.9%**
% of Total	***100.0%***	***100.0%***			***100.0%***	***100.0%***		

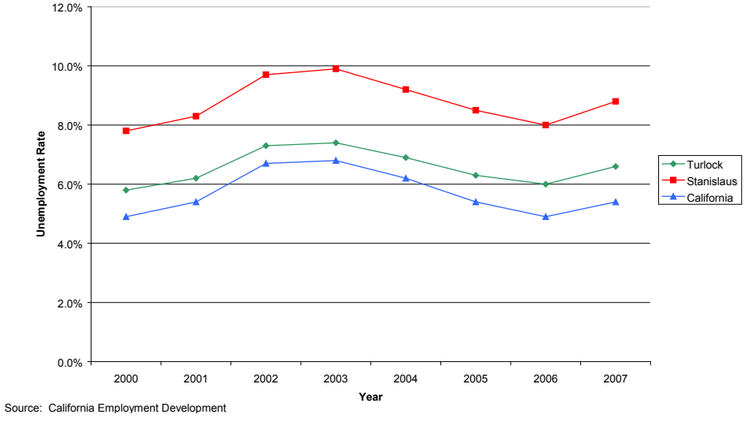
Sources: U.S. Census Bureau and EPS.

Table 2-5: Educational Attainment for Population 25 Years and Over

	2000		2007		Avg. Annual Growth (2000-2007)	
Educational Attainment	#	%	#	%	*Growth*	*% Rate*
City of Turlock						
Non High School Graduate	9,644	29.6%	6,810	16.8%	(405)	(4.8%)
High School Graduate	8,009	24.5%	11,362	28.0%	479	5.1%
Some College	6,970	21.4%	10,156	25.0%	455	5.5%
Associate Degree	1,778	5.4%	3,014	7.4%	177	7.8%
Bachelor's Degree or Higher	6,227	19.1%	9,220	22.7%	428	5.8%
Subtotal City of Turlock	*32,628*	*100.0%*	*40,562*	*100.0%*	*1,133*	*3.2%*
Stanislaus County						
Non High School Graduate	78,427	29.6%	75,014	24.2%	(488)	(0.6%)
High School Graduate	68,945	26.1%	91,383	29.5%	3,205	4.1%
Some College	62,493	23.6%	72,018	23.2%	1,361	2.0%
Associate Degree	17,534	6.6%	20,658	6.7%	446	2.4%
Bachelor's Degree or Higher	37,179	14.1%	50,782	16.4%	1,943	4.6%
Subtotal Stanislaus County	*264,578*	*100.0%*	*309,855*	*100.0%*	*6,468*	*2.3%*
California						
Non High School Graduate	4,619,689	19.8%	4,942,743	23.2%	46,151	1.0%
High School Graduate	5,389,637	23.1%	4,288,452	20.1%	(157,312)	(3.2%)
Some College	4,666,352	20.0%	4,879,336	22.9%	30,426	0.6%
Associate Degree	1,773,214	7.6%	1,518,403	7.1%	(36,402)	(2.2%)
Bachelor's Degree or Higher	6,882,870	29.5%	5,669,966	26.6%	(173,272)	(2.7%)
Subtotal California	*23,331,762*	*100.0%*	*21,298,900*	*100.0%*	*(290,409)*	*(1.3%)*

Source: U.S. Census Bureau

Figure 2-1: Historical Unemployment Rate (2000-2007)



Source: California Employment Development

Median Household Income

Expressed in 2008 dollars, the City's median household income in 2007 was lower than the median household income in the County and the State as a whole with $49,643 (Table 2-6). However, this lower medium income is partially mitigated by a generally lower cost of living. In addition, the City experienced a significant increase in median income between 1990 and 2007 at 6.7 percent, compared to the County and the State with a percentage change of 2.9 percent and 1.5 percent, respectively.

Unemployment Trends

Historically, the City's unemployment rate has been lower than the County and higher than the State as a whole. Figure 2-1 shows the unemployment rate trend between 2000 and 2007. The lowest unemployment experienced by the City occurred in 2000 with 5.4 percent at the peak of the dot-com boom. The highest unemployment rate occurred in 2003 with 7.4 percent. As of 2007, the City experienced an unemployment rate of 6.6 percent, compared to the County and the State with 8.8 percent and 5.4 percent, respectively.

Table 2-6: Median Household Income (2008$)

	Household Income[1]			*% Change*
Place	*1990*	*2000*	*2007*	*(1990-2007)*
City of Turlock	$46,516	$50,694	$49,643	6.7%
Stanislaus County	$50,776	$52,059	$52,265	2.9%
California	$61,011	$61,655	$61,901	1.5%

1. Income inflated to 2008 dollars based on the Consumer Price Index.

Sources: U.S. Census Bureau and EPS.

Commute Patterns

Commute patterns play an increasingly important role in population growth and thus, land use demand. Information on Turlock's jobs-housing balance and the travel patterns of both local residents and employees provide important insight into its evolving role in the regional economy. In the long-run, areas such as Turlock which are not centrally located relative to major job centers will need to expand economically in order to sustain future population.

Historical data on Turlock's jobs-housing balance and jobs to employee ratios suggest that the City has maintained relatively balanced population and employment growth. Specifically, since 1991 the City has consistently provided about 1.1 jobs per household (Table 2-7). This ratio compares favorably to the County as a whole which provides about one job per household. In addition, the City provided about one job per resident in the workforce in 2007, a 12 percent increase from 1991. Again, the City has out-performed the County in this regard as the County currently provides about 0.8 jobs per resident in the workforce.

The 2000 Census provides detailed data on travel patterns by both place of work and place of residence. Although relatively dated, this data also suggest that most of Turlock's residents and employees work and live locally. Specifically, about 48 percent of the City's employed residents worked in Turlock while about 82 percent worked in the County in 2000 (Table 2-8). In addition, about 54 percent of Turlock employees live in the City and about 81 percent live in the County.

These figures are relatively consistent with more up-to-date data on average commute times. As shown in table 2-9, a majority of the City's residents (41 percent) commute less than 14 minutes to work in 2007. Approximately 75 percent of the residents in the City commute less than 30 minutes to work, and the remaining 25 percent commute more than 30 minutes.

Projected Population Growth

This analysis relies on forecasts provided at the County level by various public and private sources[1]. Given the various demographic factors that could influence population growth in the City, this analysis relies on these Countywide forecast to provide a high and low range estimate for Turlock to bracket potential outcomes. The actual outcome will depend on a variety of demographic and policy considerations as well as differences between the City and County growth patterns.

Public and private entities that project population cite a variety of factors driving growth in the Central Valley in general and Stanislaus County in particular. According to the Public Policy Institute of California (PPIC), over half of the growth in the Central Valley has been due to migration. Job growth, affordable housing, and strong family relationships are the primary reasons for migrating to the Central Valley. Although most of the migration comes from coastal California where housing is less affordable, an additional component is also generated from outside the U.S. (e.g. Latin America, Asia). Additionally, the Central Valley's newest residents are more likely than its out-migrants to be married and have children.

This trend is supported by analysis from the Center for the Continuing Study of the California Economy (CCSCE). According to the CCSCE, net migration (the difference between immigration into and emigration from the area) now accounts for the majority of the population growth in the San Joaquin Valley.

1 Forecasts were not available at the city level.

Additionally, net migration has been the largest component of growth in the Stanislaus County since 2000.

According to the Stanislaus County of Governments (StanCOG), another factor driving population growth in the County is a significant growth in interregional commuters. Specifically, the County is expected to expand its role as a "bedroom community" for residents who commute to their jobs to areas such as the Bay Area. Overall, StanCOG projects that about 60,000 jobs will be held by residents commuting outside of the region by 2030, compared to 14,000 in 2000. However, more localized data described previously suggest that this trend may be driven by Modesto, the County's largest city, given its closer proximity to employment centers outside the County. It appears less applicable to Turlock.

The low and high end population projection for Turlock developed as part of this analysis is summarized in Table 2-10. As shown, the City is estimated to gain between 36,000 to 53,700 new residents by 2030.

EPS considered multiple sources of forecast data at the County level in determining a range of potential population growth outcomes for the City of Turlock. The low end forecast projects 106,500 people by 2030, or a 51 percent increase over current levels; this forecast assumes the City's percentage share of County population of 13.2 percent remains constant.

In contrast, the high end forecast projects124,000 people by 2030, or a 76-percent increase over current levels; this forecast assumes that the change in the City's population growth rate relative to historic trends will mirror the projected change in the County's population growth rate. In both cases, County population growth is based on the average projection figures derived from StanCOG, California Department of Transportation (Caltrans), California Department of Finance, Claritas, and Woods & Poole Economics, Inc.

It is important to note that current economic conditions have placed a strain on the Central Valley that may require a longer recovery period than other areas of the State. The Central Valley's relatively high growth rates over the last twenty-five years is largely attributable to its role in providing low-cost housing and employment opportunities that are particularly attractive to immigrant populations, primarily related to agriculture and food processing. At this time, Central Valley towns are experiencing unemployment rates three to four times the national average; these rates are reflective of overall national conditions as well as more severe local conditions, including numerous cities with some of the highest foreclosure rates in the Country. These conditions are exacerbated by drought issues—an ongoing lack of water continues to prevent farmers from planting crops and has created even high job losses.[2] Until these conditions stabilize, growth will likely occur at a substantially slower rate in the short-term.

2 The New York Times, February 22, 2009. "Drought Adds to Hardships in California" by Jesse McKinley. www.nytimes.com

Assuming that water issues can be overcome, growth rates will probably increase in the medium and long term.

Nevertheless, current economic conditions suggest the possibility of relatively slow growth over the next three to five years, reducing the total growth that occurs by 2030. Thus, a relatively conservative "slow growth" scenario would result in between 98,000 and 112,000 in total population by 2030, which represents about 8,000-12,000 fewer new residents than the baseline projections, or a 25 percent reduction. On the employment side, (discussed in the next section), a similar slow down would result in between 42,000 and 55,000 total jobs by 2030, or from 4,000 to 8,000 fewer jobs than under the baseline scenarios. This alternative slow-growth scenario is provided due to current economic conditions and uncertainties; however, it is not carried through the remainder of the analysis of land demand and capacity.

Table 2-7: Jobs to Employees Ratio and Jobs to Housing Unit Ratio

County/City	*1991*	*2001*	*2007*
Stanislaus County			
Jobs to Housing Unit Ratio			
Jobs[1]	133,549	164,475	175,124
Housing Units[2]	132,027	150,807	176,622
Jobs to Housing Unit Ratio	**1.01**	**1.09**	**0.99**
Jobs to Employees Ratio			
Employees[3]	159,100	196,400	210,900
Jobs to Employees Ratio	**0.84**	**0.84**	**0.83**
City of Turlock			
Jobs to Housing Unit Ratio			
Jobs[1]	18,720	22,906	28,258
Housing Units[2]	15,921	19,096	23,993
Jobs to Housing Unit Ratio	**1.18**	**1.20**	**1.18**
Jobs to Employees Ratio			
Employees[3]	19,800	24,900	26,700
Jobs to Employees Ratio	**0.95**	**0.92**	**1.06**

Sources:
1. California EDD Quarterly Census of Employment and Wages
2. California Department of Finance
3. California Employment Development Department Labor Market Info

Table 2-8: Summary of Employed Residents' Place of Work and Residence in 2000

	Turlock		*Modesto*	
Place[1]	*Total*	*% of Total*	*Total*	*% of Total*
Local Residents				
Place of Work				
Turlock	10,000	48.6%	2,360	2.0%
Modesto	3,920	19.0%	42,480	36.8%
Ceres	555	2.7%	1,690	1.5%
Other Cities	1,055	5.1%	46,200	40.1%
Remainder of County	2,305	11.2%	8,915	7.7%
Subtotal Stanislaus County	*16,780*	*81.5%*	*101,645*	*88.1%*
Other Counties				
Alameda	213	1.0%	2,835	2.5%
San Joaquin	754	3.7%	6,710	5.8%
Merced	2,090	10.1%	1,009	0.9%
Remainder of Other Counties	756	3.7%	3,128	2.7%
Subtotal Other Counties	*3,813*	*18.5%*	*13,682*	*11.9%*
Total Employed Residents	**20,593**	**100.0%**	**115,327**	**100.0%**
City Jobs				
Place of Residence of Employees				
Turlock	10,000	54.4%	3,920	5.5%
Modesto	2,360	12.8%	42,480	59.8%
Ceres	775	4.2%	4,325	6.1%
Other Cities	1,850	10.1%	6,890	9.7%
Remainder of County	1,815	9.9%	6,045	8.5%
Subtotal Stanislaus County	*14,950*	*81.3%*	*63,660*	*89.6%*
Other Counties				
Alameda	38	0.2%	105	0.1%
San Joaquin	338	1.6%	3,859	5.4%
Merced	2,764	13.4%	2,360	3.3%
Remainder of Other Counties	307	1.5%	1,075	1.5%
Subtotal Other Counties	*3,447*	*18.7%*	*7,399*	*10.4%*
Total City Jobs	**18,397**	**100.0%**	**71,059**	**100.0%**

1. Data available for the year 2000 only.

Source: U.S. Census

Table 2-9: Commute Time to Work (1990-2007)

	1990 [1]		*2000* [2]		*2007* [3]	
Travel Time to Work	*#*	*%*	*#*	*%*	*#*	*%*
Workers who did not work at home						
Less than 10 minutes	5,065	30%	5,176	25%	6,546	22%
10 to 14 minutes	3,317	19%	4,040	19%	5,661	19%
15 to 19 minutes	2,102	12%	2,682	13%	4,393	15%
20 to 24 minutes	2,184	13%	2,975	14%	3,450	12%
25 to 29 minutes	806	5%	1,333	6%	2,182	7%
30 to 34 minutes	1,717	10%	2,040	10%	3,273	11%
35 to 44 minutes	478	3%	671	3%	1,091	4%
45 to 59 minutes	701	4%	862	4%	1,327	5%
60 or more minutes	749	4%	1,387	7%	1,533	5%
Total	**17,119**	**100%**	**21,166**	**100%**	**29,485**	**100%**
Mean travel time to work (minutes)	19		22.2		21.5	

Sources:

1. U.S. Bureau of the Census, 1990 Census of Population and Housing

2. U.S. Census Bureau, Census 2000 Summary File 3, Matrices P30, P31, P33, P34, and P35.

3. U.S. Census Bureau, 2005-2007 American Community Survey

Table 2-10: Summary of Historical and Projected Population (1990-2030)

	Historical			*Projected*		
City/County	*1990*	*2000*	*2008*	*2010*	*2020*	*2030*
Existing Data Sources						
Stanislaus County						
Caltrans	-	451,025	544,327	568,439	682,708	-
Claritas	370,522	446,997	528,525	550,755	-	-
Census	370,522	446,997	-	-	-	-
DOF	370,522	446,997	525,903	559,708	699,144	857,893
StanCOG	-	446,997		567,645	693,600	821,963
Woods & Poole	375,312	449,933	531,172	533,800	610,469	734,192
County Average	*371,720*	*448,158*	*532,482*	*556,069*	*671,480*	*804,683*
City of Turlock						
Census	42,198	55,810	-	-	-	-
Claritas	43,565	55,810	70,837	74,639	-	-
DOF	42,224	55,811	70,158	-	-	-
City Average	*42,662*	*55,810*	*70,498*	*74,639*	-	-
Turlock Population Projections[1]						
Lower Range: Uniform County Growth				74,015	89,842	106,535
Higher Range: Turlock Centered-Growth				74,639	96,278	124,191
City Average				*74,237*	*93,060*	*115,363*

1. Projected by EPS.

Sources: Caltrans, Claritas, U.S. Census Bureau, Department of Finance, StanCOG, Woods & Poole Economics, Inc., and EPS.

2.2 ECONOMIC CONDITIONS AND TRENDS

The section evaluates the historical growth and existing composition of both the Turlock and Stanislaus County economy in order to shed light on its competitive position and future prospects. The section concludes with a high and low range employment projection for Turlock based on countywide forecasts provided by various public and private sources.

Employment by Industry

Modesto currently serves as the primary employment center in Stanislaus County, providing about 70 percent of the total jobs, with Turlock a distant second at about 20 percent (Table 2-11). Overall, the key economic drivers in the County are manufacturing, retail trade, and public or non-profit (e.g. health care) related sectors. While the manufacturing sector reflects the regions competitive location and labor force characteristics, the latter two sectors are primarily population driven.

Turlock's employment composition is reflective of the County as a whole. Turlock's major sectors are State and Local Government (15 percent), Retail Trade (14 percent), Manufacturing (14 percent), Health Care and Social Assistance (12 percent) and Hotel and Food Services (10 percent. For the County, Manufacturing and Retail Trade represent the largest employment sectors, followed by "Health Care & Social Assistance" (these three sectors account for about 40 percent of total jobs in Turlock and 45 percent Countywide). In contrast, Manufacturing is less significant in Modesto where Local Government (5.3 percent), Health Care & Social Assistance (14.4 percent), and Retail Trade (13.5 percent) play a predominant role.

The leading employers in Turlock and the County reflect the trends described above. As shown in Table 2-12, the Turlock Unified School District (TUSD) employs the highest number of employees in the City with 2,200 employees. Emanuel Medical Center is second, with over 1,500 employees. The City's two poultry processing plants, Foster Farms and Valley Fresh Foods, are among the top employers with the City with a total of 1,760 employees. Overall, the top ten employers employ a total of 8,330 employees in the City or close to 30 percent of the total. As shown in Table 2-13, four of the top employers within the County are located in the City, which includes California State University (CSU) Stanislaus, Emanuel Medical Center, Foster Farms, and Stanislaus County Community Services. The following appendix provides further detail on the potential expansion and contribution of CSU Stanislaus to the local economy.

For the most part historical employment growth has reinforced the economic patterns described above and substantiates the declining importance of agriculture both regionally and locally. Specifically, population driven sectors such as State and Local Government, Health Care & Social Assistance and Accommodations & Food Services have provided the largest contributions to employment growth in Modesto, Turlock and the County as a whole since 2000. Meanwhile, agriculture was the only sector to experience declining employment across all jurisdictions during this period. Turlock also experienced a significant decrease in Management of Companies and Enterprises (with 1,100 jobs) and Construction (with 300 jobs) (Table 2-14).

Projected Employment Growth

Similar to population, this analysis relies on forecasts provided at the County level by various public and private sources to project City employment. Given the various economic factors that could influence future growth in the City, this analysis relies on these Countywide forecast to provide a high and low range estimate for Turlock and bracket potential outcomes. Again, the actual outcome will depend on a variety of demographic and policy considerations as well as differences between the City and County growth patterns.

Public and private entities posit a number of factors driving job growth in the Central Valley in general and Stanislaus County in particular. According to CCSCE, a significant proportion of the future job growth in the County will be related to providing goods and services to the local and regional population. In other words, growth in the local population and workforce will be an important driver for future employment growth.

According to PPIC, most jobs in South San Joaquin's economy (Fresno, Madera, Kern, Kings, and Tulare) are low-paying, so the area will continue to attract mainly lower-skilled workers and remain competitive for manufacturing. However, North San Joaquin's economy (Merced, Stanislaus, and San Joaquin) will get a boost in economic growth from the continued expansion of educational facilities such as CSU Stanislaus and UC Merced, as well as spill-over from the San Francisco Bay Area economy.

According to StanCOG, the region anticipates more rapid growth in the Service and Retail Trade industry sectors relative to education or other industries. Government jobs are expected to experience minimal growth. Additionally, because of the changing nature of the local economy, StanCOG anticipates unemployment levels will gradually decrease by 2030, and become more reflective of statewide rates.

The low and high end employment projections for Turlock developed as part of this analysis are summarized in Table 2-15. As shown, the City is estimated to gain between 17,200 and 35,000 new jobs by 2030. The low end forecast (46,200 total jobs or a 59-percent increase over current levels) assumes the City's percentage share of County employment of 14.3 percent remains constant. The high end forecast (64,000 total jobs by 2030 or a 121 percent increase over current levels) assumes that the change in the City's employment growth rate relative to historic trends will mirror the projected change in the County's employment growth rate.

For both scenarios, County employment growth is based on the average projection figures derived from StanCOG, Caltrans, California Employment Development Department, Claritas, and Woods & Poole Economics, Inc. Although EPS also estimated employment assuming the City maintains a constant jobs-housing balance going forward, this methodology generated results between the two scenarios.

Table 2-11: Employment Industries in Stanislaus County and Other Cities (2007)

	Stanislaus County		*Turlock City*		*Modesto City*	
Major Industry[1]	#	%	#	%	*Total*	*% of Total*
Accommodation & Food Services	13,629	9.4%	2,693	9.5%	8,060	7.9%
Admin & Support & Waste Mgmt.	7,732	5.3%	1,140	4.0%	5,589	5.5%
Ag., Forestry, Fishing & Hunting	12,880	8.9%	1,840	6.5%	3,392	3.3%
Arts, Entertainment, & Recreation	1,660	1.1%	N/A	N/A	1,184	1.2%
Construction	11,164	7.7%	1,793	6.3%	5,856	5.7%
Educational Services[2]	2,246	1.5%	100	0.4%	712	0.7%
Federal Government	41	0.0%	90	0.3%	749	0.7%
Finance & Insurance	3,985	2.7%	725	2.6%	2,583	2.5%
Health Care & Social Assistance	19,821	13.7%	3,398	12.0%	14,701	14.4%
Information	2,331	1.6%	203	0.7%	1,285	1.3%
Local Government	280	0.2%	2,908	10.3%	15,561	15.3%
Mgmt. of Companies and Enterprises	1,866	1.3%	207	0.7%	1,571	1.5%
Manufacturing	22,771	15.7%	4,004	14.2%	11,908	11.7%
Mining	29	0.0%	0	0.0%	N/A	N/A
Non-Classified	71	0.0%	N/A	N/A	36	0.0%
Other Services	7,595	5.2%	1,211	4.3%	3,089	3.0%
Professional, Scientific, & Tech Skills	5,460	3.8%	676	2.4%	3,889	3.8%
Public Administration	66	0.0%	0	0.0%	0	0.0%
Real Estate & Rental & Leasing	2,166	1.5%	252	0.9%	1,500	1.5%
Retail Trade	22,111	15.3%	4,018	14.2%	13,754	13.5%
State Government (Includes CSU Stanislaus)[2]	95	0.1%	1,227	4.3%	205	0.2%
Transportation & Warehousing	892	0.6%	1,034	3.7%	2,352	2.3%
Utilities	0	0.0%	0	0.0%	N/A	N/A
Wholesale Trade	6,027	4.2%	739	2.6%	3,917	3.8%
Total Employment (All Industries)	**144,918**	**100.0%**	**28,258**	**100.0%**	**101,893**	**100.0%**
Total Employment as a % of County	*100.0%*		*19.5%*		*70.3%*	

1. Based on the annual average employment for each industry. N/A represents confidential data.
2. According to the U.S. Census NAICS code for 2007, public schools and college universities are generally categorized in the Educational Services industry. However, California EDD included the primary and secondary public schools in Local Government and higher education (e.g. CSU Stanislaus) employees in the State Government category.

Sources: California EDD and EPS

Table 2-12: City of Turlock Top 10 Major Employers

Employer	*Industry*	*Number of Employees*[1]
Turlock Unified School District	School District	2,202
Emanuel Medical Center	Healthcare Facility	1,549
Foster Farms	Poultry Processor	1,500
CSU, Stanislaus	Public University	1,100
Turlock Irrigation District	Water & Electric Utility	495
Wal-Mart	Retailer	415
City of Turlock	City Government	351
Valley Fresh Foods	Poultry Processor	260
Mid-Valley Dairy (Sunny Side Farms)	Dairy Products	215
Sensient Dehydrated Flavors Inc.	Food Manufacturer	180
Subtotal		*8,267*
Estimated Jobs in Turlock in 2008		**28,995**
% of Total Turlock Jobs		28.5%

1. Information as of March 2008.

Source: Indicators (Stanislaus Economic Development & Workforce Alliance) and City of Turlock.

Table 2-13: Stanislaus County Top 25 Major Employers

Employer Name	*Industry*	*Location*
CSU Stanislaus	***Schools-Universities & Colleges Academic***	***Turlock***
Carlo Rossi Winery	Wineries (Manufacturers)	Modesto
Con Agra Foods, Inc.	Canning (Manufacturers)	Oakdale
Copperidge Winery	Wineries (Manufacturers)	Modesto
County of Stanislaus	Social Service & Welfare Organization	Modesto
Del Monte Foods Co.	Canning (Manufacturers)	Modesto
Doctor's Medical Center	Hospitals	Modesto
E & J Gallo Winery	Wineries (Manufacturers)	Modesto
Ecco Domani Winery	Wineries (Manufacturers)	Modesto
Emanuel Medical Center	***Hospitals***	***Turlock***
Fairbanks Cellars	Wineries (Manufacturers)	Not Available
Foster Farms	***Poultry Processing Plants***	***Turlock***
Gallo Winery	Wineries (Manufacturers)	Modesto
Hornsby's Pub Draft Cider Ltd.	Nonclassified Establishments	Not Available
Memorial Hospital	Emergency Medical Surgical Service	Modesto
Memorial Medical Center	Hospitals	Modesto
Modesto Bee	Newspaper (Publishers)	Modesto
Modesto Junior College	Schools-Universities & Colleges Academic	Modesto
Patterson Frozen Foods	Frozen Food Processors	Patterson
Peter Vella Winery	Wineries (Manufacturers)	Modesto
Stanislaus County Community Services	Government Offices-County	Modesto
Stanislaus County Community Services	***Government Offices-County***	***Turlock***
Sutter Gould Medical	Physicians & Surgeons	Modesto
Sutter Gould Medical Foundation	Diabetes Information Center	Modesto
Zabaco Winery	Wineries (Manufacturers)	Modesto

Source: California Employment Development Department

Table 2-14: Employment Growth by Industry Sector in Stanislaus County and Other Cities (2001-2007)

	Stanislaus County		*Turlock City*		*Modesto City*	
Major Industry[1]	#	%	#	%	#	%
Accommodation & Food Services	1,886	13.2%	703	13.1%	1,369	13.0%
Admin & Support & Waste Mgmt.	(259)	(1.8%)	421	7.9%	(16)	(0.2%)
Ag., Forestry, Fishing & Hunting	(1,222)	(8.5%)	(169)	(3.2%)	(651)	(6.2%)
Arts, Entertainment, & Recreation	440	3.1%	N/A	N/A	184	1.7%
Construction	(15)	(0.1%)	(301)	(5.6%)	575	5.4%
Educational Services	1,528	10.7%	17	0.3%	158	1.5%
Federal Government	5	0.0%	90	1.7%	568	5.4%
Finance & Insurance	532	3.7%	232	4.3%	114	1.1%
Health Care & Social Assistance	3,227	22.5%	1,589	29.7%	1,342	12.7%
Information	123	0.9%	(137)	(2.6%)	(286)	(2.7%)
Local Government	40	0.3%	550	10.3%	1,119	10.6%
Manufacturing	77	0.5%	(1,105)	(20.6%)	717	6.8%
Mgmt. of Companies and Enterprises	(2,846)	(19.9%)	185	3.5%	(1,631)	(15.5%)
Mining	4	0.0%	0	0.0%	N/A	N/A
Non-Classified	60	0.4%	N/A	N/A	36	0.3%
Other Services	1,395	9.7%	172	3.2%	(164)	(1.6%)
Professional, Scientific, & Tech Skills	1,357	9.5%	265	5.0%	789	7.5%
Public Administration	66	0.5%	0	0.0%	0	0.0%
Real Estate & Rental & Leasing	252	1.8%	(26)	(0.5%)	227	2.2%
Retail Trade	862	6.0%	683	12.8%	(269)	(2.5%)
State Government	(110)	(0.8%)	410	7.7%	104	1.0%
Transportation & Warehousing	(2,832)	(19.8%)	421	7.9%	483	4.6%
Utilities	(221)	(1.5%)	0	0.0%	N/A	N/A
Wholesale Trade	550	3.8%	251	4.7%	586	5.6%
Total Employment	**14,321**	**100.0%**	**5,352**	**100.0%**	**10,554**	**100.0%**

1. Based on the annual average employment for each industry. N/A represents confidential data.

Sources: California EDD and EPS

Table 2-15: Historical and Projected Employment (1990-2030)

	Historical			*Projected*		
County/City	*1990*[1]	*2000*	*2008*	*2010*	*2020*	*2030*
Existing Data Sources						
Stanislaus County						
EDD	136,704	162,674				
StanCOG	-	188,303	211,393	224,530	278,110	349,770
Caltrans	-	154,870	171,230	178,010	202,600	-
Woods & Poole	173,180	209,910	227,671	233,562	264,628	298,413
Average County Employment	*154,942*	*178,939*	*203,431*	*212,034*	*248,446*	*324,092*
City of Turlock	18,720	23,599	28,995	-	-	-
Turlock Employment Projections [2]						
Lower Range: Uniform County Growth				30,221	35,411	46,192
Low Range: Balanced Employment Growth				30,570	38,274	47,447
High Range: Trend Based Growth				30,526	39,486	51,076
Higher Range: Turlock-Centered Growth				31,160	44,671	64,039
Average City Employment				*30,619*	*39,461*	*52,189*

1. Turlock data is based on 1991 because employment data prior to 1991 is not available.
2. Projected by EPS.

Sources: California Employment Development Department, StanCOG, Caltrans, Woods & Poole Economics, Inc., and EPS.

Table 2-16: Land Use Density Assumptions

Assumptions	*Amount*
Persons per Household	3.05
Households	
Low Range	34,954
High Range	40,747
Unit Type Allocation [1]	
Single-Family	75%
Multifamily [2]	25%
Units per Acre	
Single-Family	6
Multifamily/Attached	20
F.A.R. per Net Acre [3]	
Retail	0.25
Office/R&D	0.35
Warehouse/Industrial	0.35
Net-to-Gross Ratio [4]	0.75
Building Vacancy Rate	
Residential [5]	3.6%
Retail	4.0%
Office/R&D	8.0%
Warehouse/Industrial	8.0%

1. Based on assumptions by EPS and Dyett & Bhatia.
2. Multifamily includes single family attached housing.
3. Floor Area Ratio
4. Refers to the total development footprint relative to the public infrastructure, such as roads, sidewalks, utilities, and other public r.o.w. (excluding parks and schools).
5. Based on current vacancy rate provided by Department Of Finance as of 2008.

Sources: EPS and Dyett & Bhatia.

2.3 MARKET BASED REAL ESTATE DEMAND

This section estimates market-based building and land demand from residential and nonresidential development (retail, office, and industrial) based on the high and low range population and employment projections provided in the previous sections. The purpose of this analysis is to verify the appropriateness of the Planning Area and the existing General Plan land use designations for current estimates of future growth. The land demand values generated by this analysis are not necesarily representative of the exact amount of future land that will be developed; rather, they are intended to ensure that the city has allocated an overall adequate amount of land to plan within, based upon historical trends and the current development pattern.

The lower range scenario assumes the City will experience a slower population and employment growth while the higher range scenario assumes the City will experience faster population and employment growth. Actual growth and development patterns are likely to ultimately reflect a combination of the above assumptions, as well as policy considerations.

Each demand scenario relies on a set of assumptions regarding the preponderance of various real estate prototypes and the likely development density associated with each. The key density assumptions used in the land demand analysis are summarized in Table 2-16. The assumptions are generally consistent with current development patterns and densities in Turlock. However, future buildout in Turlock may occur at different densities, depending upon what policies are adopted in the new General Plan. The resulting real estate demand projections for residential and nonresidential land use are further explained below.

Residential Land Demand

Demand for single-family and multifamily/attached land uses is based on the projected growth in households by 2030 assuming the existing average of 3.05 persons per household in 2008 remains constant. By 2030, the City is projected to have a low range of 35,000 households and a high range of 40,700 households, as shown in Table 1-16.

According to DOF, the housing mix in the City in 2008 consisted of 71 percent single family and 29 percent multifamily and attached single family housing (Table 2-17). However, growth over the last eight years has been lower density, with 83% single family and 17% multi-family. As a mid-point, this land demand analysis assumes that 75 percent of the new housing will be single family units and the remaining 25 percent will be multifamily housing by 2030. The analysis also assumes that the density for single family is 6 units per acre and 20 units per acre for multifamily/attached housing, consistent with current General Plan densities.

Based on the projected number of households and density assumptions described above, the City will demand a low range of 9,200 units of single family housing and 3,000 multifamily/attached housing units by 2030 (Table 2-18). This growth equates to about 2,200 acres of new land demand through 2030 (2,000 acres for single-family and 200 multifamily/attached). In a higher demand scenario, the City will demand 13,700 single family units and 4,600 multifamily/attached housing units by 2030. This growth equates to about 3,300 acres of new land demand through 2030 (3,000 acres for single-family and 300 multifamily/attached).

Nonresidential Building and Land Demand

As part of this analysis, EPS converted employment projections into demand for building space based on assumptions regarding square foot and building requirements by employee type. The assumptions regarding the allocation of employees to building type are summarized in Table 2-19. Appendix B provides further detail on the projected employment by each industry sector.

Table 2-20 shows the demand for each land use based on the average square feet per employee and the total employment growth. Demand for office and industrial land use are derived from the projected employment growth, whereas retail demand is estimated based on employment growth as well as consumer demand, as described further below. Based on these methodologies, the total projected nonresidential demand for office, retail, and industrial building space and land ranges from 6.0 to 13.3 million square feet (550 to 1,300 acres). Land demand projections for each real estate sector are described further below.

Office Building and Land Demand

The demand for future office development is based on employment projections by sector and assumptions regarding the space needs of different types of employees. As shown in Table 1-20, the City is expected to gain a lower range of 7,300 employees and a higher range of 14,600 employees in industry sectors that rely heavily on office space, such as Health Care and Social Assistance, Real Estate, and State and Local Government. Based on the assumption of one employee per 275 square feet, this equates to approximately 2.0 to 4.0 million additional office square feet or between 180 and 350 acres of land by 2030.

Industrial Building and Land Demand

Similar to office, the demand for industrial development is based on employment projections by sector and the space needs of different types of employees. As shown in Table 1-20, the City is expected to gain a lower range of 3,700 employees and a higher range of 8,000 employees in industrial-intensive sectors, such as

Table 2-17: Residential Land Use (2000-2008)

	Historical		*(2000-2008)*		*2008*	
Land Use	*2000*	*2008*	*Change*	*% Total*	*Total*	*% Total*
Single-Family Detached	12,524	16,614	4,090	83%	16,614	71%
Single-Family Attached	963	961	(2)	0%	961	4%
Multifamily						
2 to 4 Units	1,746	1,977			1,977	
5+ Units	3,259	3,837			3,837	
Subtotal Multifamily	*5,005*	*5,814*	*809*	*17%*	*5,814*	*25%*
Total	**18,492**	**23,389**	**4,897**	**100%**	**23,389**	**100%**

Sources: Department of Finance and EPS.

Table 2-18: Turlock Development Demand by Residential Land Use (2008-2030)

	Lower Range Scenario[1]			*Higher Range Scenario[2]*		
Item	*%*	*Units[3]*	*Acreage[4]*	*%*	*Units[3]*	*Acreage[4]*
Residential (Units)						
Single-Family Housing	75%	9,187	2,042	75%	13,688	3,042
Multifamily Housing	25%	3,062	204	25%	4,563	304
Subtotal Residential		**12,250**	**2,246**		**18,251**	**3,346**

1. Assumes the City experiences a slower population growth.
2. Assumes the City experiences a faster population growth.
3. Total residential units are based on the total number of households and vacancy rate of 3.6%.
4. Total acreage for residential land uses are based on total units per acre (6 du/ac for single family and 20 du/ac for multifamily) and net-to-gross ratio of 75%.

Source: EPS

Table 2-19: Building Space Allocation for Non-Residential Growth by Land Use Type

Major Industry	*Retail*	*Office*	*Industrial*	*Other*
Accommodation & Food Services	80%	5%	5%	10%
Admin & Support & Waste Mgmt. & Remediation	0%	90%	10%	0%
Agriculture, Forestry, Fishing & Hunting	0%	5%	25%	70%
Arts, Entertainment, & Recreation	95%	5%	0%	0%
Construction	0%	10%	80%	10%
Educational Services	5%	40%	5%	50%
Finance & Insurance	10%	90%	0%	0%
Health Care & Social Assistance	0%	80%	0%	20%
Information	0%	60%	30%	10%
Management of Companies & Enterprises	0%	100%	0%	0%
Manufacturing	0%	5%	90%	5%
Mining	0%	5%	50%	45%
Other Services	60%	10%	0%	30%
Professional, Scientific, & Technical Skills	5%	90%	5%	0%
Real Estate & Rental & Leasing	5%	95%	0%	0%
Retail Trade	85%	10%	5%	0%
Transportation & Warehousing	5%	10%	80%	5%
Utilities	0%	10%	0%	90%
Wholesale Trade	0%	5%	95%	0%
Federal Government	0%	90%	0%	10%
State & Local Government	0%	80%	10%	10%

Source: EPS

Table 2-20: Supportable Additional Square Feet by Nonresidential Land Use (2008-2030)

	Lower Range (Slower Employment Growth)				*Higher Range (Faster Employment Growth)*			
Land Use	*Employment Growth (2008-2030)*	*Estimated Sq. Ft. per Employee[1]*	*Estimated Supportable Sq. Ft.[2]*	*Estimated Acreage*	*Employment Growth (2008-2030)*	*Estimated Sq. Ft. per Employee[1]*	*Estimated Supportable Sq. Ft.[2]*	*Estimated Acreage*
Office	7,357	275	2,023,296	177	14,606	275	4,016,638	351
Industrial	3,747	800	2,997,782	262	8,074	800	6,458,967	565
Retail	4,120	N/A	930,400	114	8,156	350	2,854,618	350
Other	1,973	N/A	N/A	N/A	4,209	N/A	N/A	N/A
Total	**17,197**		**5,951,478**	**553**	**35,045**		**13,330,223**	**1,266**

1. Provided by the ULI BP & Ind. Dev Handbook (2001).
2. Total estimated square feet for retail is calculated based on total retail sales and projected household expenditures.

Source: EPS

Construction, Transportation and Warehousing, and Manufacturing. Based on the assumption of one employee per 800 square feet, this equates to approximately 3.0 to 6.5 million additional industrial square feet or between 260 and 570 acres of land by 2030.

Consumer Based Retail Building and Land Demand

The future demand for retail space will be determined in part by locally generated consumer demand (households, businesses, and employees). Consequently, this analysis considers retail demand based on future consumer demand and employment-based retail building and land projections provided above. Specifically, total retail building and land demand are estimated based on the projected expenditures of household residents, nonresident employees, and businesses within the City.

Table 2-21 shows the amount of retail expenditures generated by household residents in the City based on the number of households, median household income, and the percentage of expenditures spent on retail. These estimates are derived from the U.S. Bureau of Labor Statistics (BLS) data. The City currently generates $400 million in retail expenditures and is anticipated to generate $654 million in retail expenditures in 2030 (expressed in 2008 dollars).

Table 2-22 details the amount of retail expenditures spent by nonresident employees in the City, based on the low-end employment projection of 46,200 employees. According to the U.S. Census Bureau, approximately 50 percent of the employees in the City do not reside within the City. Assuming that nonresident employees spend approximately $15 a day on retail goods within the City, these employees will generate $126 million in retail expenditures in the City.

Finally, Table 2-23 estimates retail purchases by businesses in Turlock based on data from Implan related to the typical spending patterns of various industry sectors in the County. The County business expenditure patterns are converted into a per employee measure in order to estimate future demand in Turlock based on the low-end employment projection. Assuming an 80 percent capture rate, businesses are estimated to spend an additional $128 million in additional on retail goods within the City by 2030.

Table 2-24 shows the summary of the expenditures generated by residents, employees and businesses in the City. The current total amount of retail sales in the City in 2008 is $908 million. In other words, the City currently captures $376 million more in retail sales than would be expected based on the expenditure potential of its residents, employees, and businesses. This suggests that a variety of consumer groups commute to Turlock from other jurisdictions to purchase retail goods.

The consumer demand based estimate provided here assumes that the City's existing retail sales capture rate remains constant over time. In other words, the City will continue to capture more retails sales than suggested by its internal consumer base but this level will not increase over time. Consequently, new demand growth will be generated by local population and employment growth only. Based on this approach the City will gain about $349 million in net new retail expenditures by 2030. Based on the average retail sales per square feet assumption of $375, the City would experience demand of approximately 930,000 additional square feet in supportable retail building space on 114 acres by 2030. This estimate serves as a low-end demand estimate since it assumes the low-end employment projections described earlier.

Table 2-21: Consumer Retail Expenditures by Turlock Residents (2008$)

Item	*2008*	*2030*
Residential Expenditures		
Households (units)	23,130	37,850
Median Household Income[1]	$39,644	$39,644
% of Retail Expenditures[2]	43.6%	43.6%
Avg. Retail Expenditures per Household	$17,285	$17,285
Total Retail Expenditures by Households in Turlock (Rounded)	**$399,800,000**	**$654,200,000**

1. Median household income provided by Claritas for 2008.
2. Percentage of retail expenditures provided by the U.S. Bureau of Labor Statistics.

Sources: Claritas (2008), U.S. Bureau of Labor Statistics, and EPS.

Table 2-22: Potential Future Retail Demand from Employees (2008$)

Item	*2008*	*2030*	*2008-2030*
Total Turlock Employees [1]	28,995	46,192	17,197
% of Nonresident Employees [2]	50%	50%	50%
Total Nonresident Employees	14,497	23,096	8,599
Annual Expenditures per Employee			
($105 X 52 weeks) [3]	$5,460	$5,460	$5,460
Total Expenditures from Nonresident Employees (Rounded)	**$79,200,000**	**$126,100,000**	**$46,900,000**

1. Projected Turlock employment is based on the low range demand shown in Table 1-15.
2. Percentage is calculated by the U.S. Census Bureau. This analysis does not include employees that are residents in Turlock because retail sales generated by residents.
3. The International Council of Shopping Centers 2003 expenditure summary for suburban areas estimated that white collar office employees spent $143 in 2003 each week. This analysis adjusts the annual expenditure per employee to reflect Turlock's employment, which consists of a higher proportion of blue collar jobs compared to white collar jobs.

Source: U.S. Census Bureau, International Council of Shopping Centers, and EPS.

Table 2-23: Estimated Retail Demand by Businesses and Institutions

Item	*2008*	*2030*	*2008-2030*
Stanislaus Employment	203,431	324,092	203,431
Estimated Retail Purchases (2008 $) [1]	$703,360,731	$703,360,731	703,360,731
Business Retail Purchases per Employee	$3,457	$3,457	$3,457
Turlock Employment [2]	28,995	46,192	17,197
Estimated Business Spending			
Estimated Business Spending	$100,200,000	$159,700,000	$59,500,000
% Spending in Turlock [3]	80%	80%	80%
Total Business Spending in Turlock	**$80,160,000**	**$127,760,000**	**$47,600,000**

1. Does not include personal or household employee spending. Data was provided in 2006 figures and EPS inflated the total estimated retail purchases to 2008 dollars using the Consumer Price Index.
2. Projected Turlock employment is based on the low range demand shown in Table 1-15.
3. EPS assumes that Turlock captures 80 percent of the total estimated business spending in Turlock.

Source: MIG, Inc., IMPLAN 2006, and EPS.

Table 2-24: Summary Retail Sales and Expenditures (2008$)

Item	*2008*	*2030*
Total Retail Sales (Rounded) [1]	$935,500,000	$935,500,000
Retail Expenditures by Type		
Households	$399,800,000	$654,200,000
Employees	$79,200,000	$126,100,000
Businesses	$80,160,000	$127,760,000
Total Retail Expenditures	**$559,160,000**	**$908,060,000**
Estimated Capture/(Leakage)	$376,340,000	
Additional Supportable Retail Space		
Total Net Demand (2008-2030)		$348,900,000
Avg. Sales per Sq. Ft. [2]		$375
Est. Additional Supportable Retail Sq. Ft.		930,400

1. Total retail sales is calculated by households and total taxable sales provided by the 2006 data from California Board of Equalization. Total taxable sales are inflated to 2008 dollars using the Consumer Price Index.
2. Average sales per square feet is estimated by EPS.

Source: Department of Finance, ULI Dollars and Cents (2007), IMPLAN, and EPS.

Summary of Total Building and Land Demand

Table 2-25 summarizes total projected building space and land demand in Turlock by 2030 under for the low and high growth scenarios described above. As shown, under the low population and employment scenarios the City is estimated to need an additional 6.0 million square feet of non-residential building space and 12,200 new residential units, for a total of 2,800 acres of land. Under the high population and employment scenarios the City is estimated to need an additional 13.3 million square feet of non-residential building space and 18,300 new residential units, for a total of 4,600 acres of land. Again, the actual amount of building and land required to accommodate new development will also depend on supply and City policies related to zoning and development density.

Table 2-25: Turlock Development Demand (2008-2030)

	Lower Range Scenario [1]		*Higher Range Scenario [2]*	
Item	*Units or Sq. Ft.*	*Acreage*	*Units or Sq. Ft.*	*Acreage*
Residential (Units)				
Single-Family Housing	9,187	2,042	13,688	3,042
Multifamily Housing	3,062	204	4,563	304
Subtotal Residential	**12,250**	**2,246**	**18,251**	**3,346**
Nonresidential (Sq. Ft.)				
Retail	930,400	114	2,854,618	350
Office	2,023,296	177	4,016,638	351
Industrial	2,997,782	262	6,458,967	565
Total Nonresidential	**5,951,478**	**553**	**13,330,223**	**1,266**
Total Acres (All Land Uses)		**2,799**		**4,612**

1. Assumes the City experiences a slower employment growth.
2. Assumes the City experiences a faster employment growth.
3. Residential units are based on the projected number of households. Nonresidential square feet is based on projected employment growth.
4. Total acreage is based on total units or square feet per acre and net-to-gross ratio.

Source: EPS

2.4 FISCAL CONDITIONS

This fiscal review looks at the trends in General Fund revenues and expenditures in Turlock) over the last eight year period. Data from the City's Adopted budgets for Fiscal Years 2000-01, 2004-05, and 2008-09 were analyzed to provide a base, midterm and current perspective. To control for the impact of inflation on revenues and expenses over this eight year period an inflation adjustment has been incorporated to the analysis. All financial data is presented in current Fiscal Year 2008-09 dollars.

External Factors

While there are a variety of issues that have impacted the City's General Fund over the last eight years, two external factors, population growth and an inflation-adjusted increase in total City assessed property value (AV), appear to have the most significant impact (Figure 2-2 and Figure 2-3). Since Fiscal Year 2000-01 the City's population has increased by more than 23 percent. In Fiscal Year 2000-01 the reported City population was 58,386. In the following four years the City's population increased more than 14 percent to 66,815 in Fiscal Year 2004-05. Since Fiscal Year 2004-05 the City's population increased an additional 8 percent to 72,064.

To accommodate the population increases, between Fiscal Year 2000-01 and Fiscal Year 2008-09 the City experienced a significant increase in new development. This new development, occurred at the same time as housing costs were growing at a rate that outpaced inflation. This resulted in an inflation adjusted 73 percent increase in the City's total assessed value, from $2.9 billion in Fiscal Year 2000-01 to an estimated $5.1 billion in Fiscal Year 2008-09. On an unadjusted basis the City's assessed value increased 113 percent.

Revenue Trends

After adjustments for inflation, the City's General Fund revenues have increased significantly over the past decade (Table 2-26). Overall, General Fund revenues increased 15 percent between Fiscal Year 2000-01 and Fiscal Year 2004-05. In the most recent four year period, Fiscal Year 2004-05 to Fiscal Year 2008-09 the City's General Fund revenues increased an additional 27 percent. As would be expected, individual revenue sources experienced different rates of change.

General Fund revenues can be divided into two categories: Discretionary Revenues and Non-Discretionary Revenues. Discretionary Revenues are those revenues which are usually generated independent of any City activities and can be used to fund any City General Fund activity or transferred to other funds, such as Public Safety, to provide additional financial resources to critical City functions. Non-discretionary revenues are those General Fund revenues that are generated by a specific City activity and are used to fund the activity that is responsible for generating the revenue.

Discretionary Revenues

Discretionary revenues, adjusted for inflation, increased over 45 percent between Fiscal Year 2000-01 and Fiscal Year 2008-09. During this same period, discretionary revenues also increased as a percentage of total General Fund revenues. Discretionary revenues represented 86.2 percent of all City General Fund revenue in Fiscal Year 2000-01. In Fiscal Year 2008-09 they account for 87.4 percent of General Fund revenues.

Sales Tax

Sales tax revenues represent the largest single revenue source in the City's General Fund. In Fiscal Year 2008-09 sales tax revenues accounted for more than 26 percent of the City's General Fund revenues. At $10.6 million, the Fiscal Year 2008-09 budget for sales tax revenues represents an inflation adjusted 36 percent increase over sales tax revenues budget in Fiscal Year 2000-01. Comparatively, the City's population increased 23.4 percent over this same eight year period. This increase in the per capita generation of sales tax revenues would indicate that the City's retail base has grown sufficiently to increase its capture rate or the income levels, and related purchasing power, of City residents has increased, thereby increasing their retail spending. For the City to remain economically viable over the long term it should strive to continue expanding its retail base by creating a more diverse retail environment and possibly looking at mechanisms to increase the market demand for higher income residential properties within the City to attract new residents with greater purchasing power.

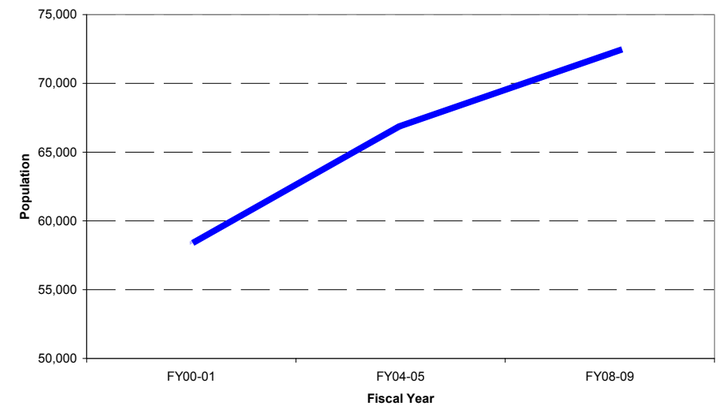
Property Tax

As noted previously, primarily as a result of the national housing boom that was particularly strong in the Central Valley region of California, the City has experienced a significant 73.1 percent increase in total AV over the last eight years. Despite the State redirecting some property tax revenue to cover unmet financial obligations to schools between Fiscal Year 2000-01 and Fiscal Year 2008-09 the City experienced an inflation-adjusted 35.6 percent increase in property tax revenues.

Property Tax In-Lieu of VLF and Motor Vehicle License Fees

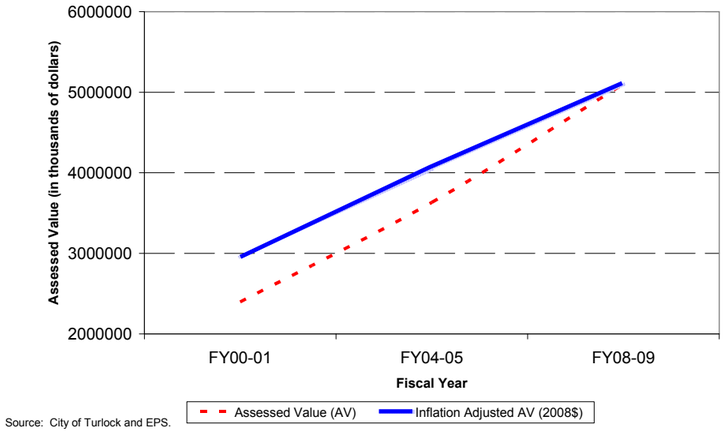
The increase in property tax revenues noted above does not include the state-mandated adjustments in revenues that have resulted in local jurisdiction receiving

Figure 2-2: City of Turlock Population



Source: California Department of Finance

Figure 2-3: City of Turlock Assessed Value



Source: City of Turlock and EPS.

Table 2-26 General Fund Revenues

	Budget (2008$)			*% Change*		
Item	*FY 2000-01*	*FY 2004-05*	*FY 2008-09*	*FY 2000-01 to FY 2004-05*	*FY 2004-05 to FY 2008-09*	*FY 2000-01 to FY 2008-09*
Population	58,386	66,815	72,064	14.40%	7.86%	23.43%
City of Turlock Assessed Value	$2,947,690,657	$4,050,479,769	$5,103,508,447	37.40%	26.00%	73.14%
Discretionary Revenues						
Property Tax	$3,075,486	$3,624,899	$4,171,000	17.90%	15.07%	35.62%
Sales Tax	$7,884,165	$9,529,836	$10,691,000	20.90%	12.18%	35.60%
Property Transfer Tax	$150,589	$314,484	$175,000	108.80%	-44.35%	16.21%
Property Tax In-lieu of VLF	$0	$0	$5,060,000	0.00%	0.00%	0.00%
Vehicle License Fee	$2,814,095	$3,707,423	$200,000	31.70%	-94.61%	-92.89%
Fees & Charges for Service	$0	$0	$8,000	0.00%	0.00%	0.00%
License, Permits & Franchises	$2,325,026	$2,707,600	$2,834,200	16.50%	4.68%	21.90%
Fines, Forfeitures & Penalties	$91,657	$234,748	$172,000	156.10%	-26.73%	87.66%
Intergovernmental	$0	$0	$60,000	0.00%	0.00%	0.00%
Transient Occupancy Tax	$120,385	$228,614	$350,000	89.90%	53.10%	190.73%
Use of Money & Property	$351,927	$228,614	$835,434	-35.00%	265.43%	137.39%
Reimb. for Administrative Services	$966,575	$874,193	$1,735,707	-9.60%	98.55%	79.57%
Subtotal Discretionary Revenues	*$17,779,906*	*$21,450,411*	*$26,292,341*	*20.60%*	22.57%	47.88%
Non-Discretionary Revenues						
Fees & Charges for Service	$1,849,817	$1,118,325	$1,367,630	-39.50%	22.29%	-26.07%
License, Permits & Franchises	$154,698	$186,317	$977,040	20.40%	424.40%	531.58%
Fines, Forfeitures & Penalties	$276,817	$128,024	$305,500	-53.80%	138.63%	10.36%
Intergovernmental	$474,629	$468,325	$526,000	-1.30%	12.32%	10.82%
Use of Money & Property	$615	$68,250	$72,300	10994.80%	5.93%	11656.10%
Reimb. for Administrative Services	$90,287	$308,022	$555,140	241.20%	80.23%	514.86%
Subtotal Non-Discretionary Revenues	*$2,846,863*	*$2,277,263*	*$3,803,610*	*-20.00%*	67.03%	33.61%
Total General Fund Revenues	**$20,626,769**	**$23,727,673**	**$30,095,951**	**15.00%**	**26.84%**	**45.91%**

Sources: City of Turlock, DOF, and EPS.

higher property tax revenues in exchange for lower allocations of Motor Vehicle In-lieu License Fees (VLF) revenue. As a result of the State's decrease in the VLF rate, the City experienced a nearly 93 percent reduction in VLF revenue between Fiscal Year 2000-01 and Fiscal Year 2008-09. In inflation-adjusted dollars this realignment of revenues resulted in a loss of over $2.6 million of VLF revenue. This loss of revenue has been more than offset by an increase of $5.0 million in the replacement revenue, Property Tax In-Lieu of VLF (PTILVLF). The City's PTILVLF revenue increases in direct proportion to the percentage change in the City's annual total assessed value. The significant increase in the City's total AV also accounts for the growth in PTILVLF. This state-mandated change to City revenues has had a significant impact on City revenues. It is unlikely that VLF revenue would have increased City revenues as significantly as PTINVLF.

Other Revenues

While not as significant in total dollars, other Discretionary revenues, such as Property Transfer Tax, Licenses, Permits & Franchises, Transient Occupancy Tax, Use of Money & Property and Reimbursements for Administrative Services, have also increased at a rate that is higher than inflation over the last eight years. While it is likely that new development and the accompanying increase in population contributed to these increases, based on the budget data, it would appear the City has also negotiated more favorable Franchise agreements. Revenues associated with garbage collection have increased more than 40 percent since Fiscal Year 2000-01 accounting for an inflation adjusted increase of more than $400,000 annually. Similar but more modest increases are noted in the Charter Communications related revenues and the Pacific Gas & Electric franchise fees. The City also experienced a significant increase in Business License tax revenue and Transient Occupancy Taxes. These increases are likely the result of either an increase to market (e.g. more businesses or more hotels/motels), a change in the City's tax rate, or a combination of both factors.

Non-Discretionary Revenues

Non-discretionary revenues, adjusted for inflation, increased nearly 34 percent between Fiscal Year 2000-01 and Fiscal Year 2008-09. During this same period, however, non-discretionary revenues decreased as a percentage of total General Fund revenues. Non-discretionary revenues represented 13.8 percent of all City General Fund revenue in Fiscal Year 2000-01. In Fiscal Year 2008-09 they account for 12.6 percent of General Fund revenues. Changes in the City's accounting practices make it difficult to access the factors that change in non-discretionary revenues. These non-discretionary revenues correlate directly to the budget for expenses to provide specific services, and thus the change in accounting treatment is not a significant issue to the fiscal trends discussed in this analysis.

Fees & Charges for Service

Fees & Charges for Service represents the largest source of non-discretionary revenue. In Fiscal Year 2000-01 Fees & Charges for Services represented 65 percent of the City's non-discretionary revenues. In Fiscal Year 2008-09 they account for approximately 36 percent of non-discretionary revenues. In Fiscal Year 2000-01 the City collected nearly $1.3 million in various types of building permits. These funds were accounted for in the General Fund. They have since been moved to a separate fund and are no longer included in the General Fund. While the City's General Fund budgets for Fiscal Year 2004-05 and Fiscal Year 2008-09 do not include this building permit revenue, these budgets include Fee & Charges for Service revenues of nearly $800,000 and $1.1 million, respectively, for Recreation programs.

License, Permits & Franchises

License, Permits & Franchises revenues increased significantly during the eight year period of this analysis. In Fiscal Year 2000-01 License, Permits & Franchises accounting for approximately $125,000. In Fiscal Year 2008-09, this revenue is expected to be over $977,000. While all the components of this revenue category increased, two revenues experienced very dramatic increases: Business Licenses and Garbage Collection. Business License revenues, including the portion allocated to Police Services, increased from nearly $420,000 (after accounting for 116) to $1.5 million in Fiscal year 2008-09. Garbage Collection revenues have increased from slightly more than $1.0 million in Fiscal Year 2000-01 to $1.4 million in Fiscal year 2008-09.

Other Non-discretionary Revenues

While not as significant in total dollars, other Non-discretionary revenues, such as, Intergovernmental Revenues, Fines, Forfeitures & Penalties, Use of Money & Property, and Reimbursement for Administrative Services also increased over the last eight years. As noted previously, these increased revenues offset increased costs experienced by the departments responsible for generating or collecting these revenues.

Expenditure Trends

City General Fund expenditures also experienced growth beyond the impact of inflation over the eight year period from Fiscal Year 2000-01 to Fiscal Year 2008-09 (Table 2-27). Some of this inflation-adjusted growth can be attributed to the increased service levels required to meet the demands of the previously discussed increases in City population. However, per capita expenditures by major City functions also shows higher rates. All functional areas, with the

Table 2-27: General Fund Expenditures

	Budget (in 2008$)								
	FY00-01		*FY04-05*		*FY08-09*		*Per Capita % Change*		
Item	*Amount*	*Per Capita*	*Amount*	*Per Capita*	*Amount*	*Per Capita*	*FY00-01 to FY04-05*	*FY04-05 to FY08-09*	*FY00-01 to FY08-09*
Public Safety									
Police	$9,625,520	$164.86	$12,034,109	$180.11	$17,431,009	$241.88	9.3%	34.3%	46.7%
Fire	$4,609,331	$78.95	$5,751,483	$86.08	$7,780,558	$107.97	9.0%	25.4%	36.8%
Animal Services & Control	$231,998	$3.97	$316,251	$4.73	$412,620	$5.73	19.1%	21.0%	44.1%
Neighborhood Services	$0	$0.00	$284,384	$4.26	$440,524	$6.11	0	43.6%	0
Subtotal Public Protection	*$14,466,849*	*$247.78*	*$18,386,228*	*$275.18*	*$26,064,711*	*$361.69*	*11.1%*	*31.4%*	*46.0%*
Community Development	$1,930,536	$33.07	$937,146	$14.03	$789,978	$10.96	(57.6%)	(21.8%)	(66.8%)
Parks, Recreation & Facilities									
Public Facilites	$298,654	$5.12	$374,675	$5.61	$357,879	$4.97	9.6%	(11.4%)	(2.9%)
Park Maintenance	$983,454	$16.84	$1,104,317	$16.53	$1,388,321	$19.27	(1.9%)	16.6%	14.4%
Recreation & Community Svcs.	$0	$0.00	$1,384,658	$20.72	$1,532,081	$21.26	0	2.6%	0
Subtotal Parks, Rec. & Facilities	*$1,282,108*	*$21.96*	*$2,863,650*	*$42.86*	*$3,278,281*	*$45.49*	*95.2%*	*6.1%*	*107.2%*
Administration	$4,083,609	$69.94	$3,479,524	$52.08	$3,869,228	$53.69	(25.5%)	3.1%	(23.2%)
Total Expenses	**$21,763,102**	**$372.75**	**$25,666,548**	**$384.14**	**$34,002,198**	**$471.83**	**3.1%**	**22.8%**	**26.6%**

Sources: Department of Finance and City of Turlock.

exception of Community Development, Public Facilities and Administration, experienced higher inflation-adjusted per capita costs in Fiscal Year 2008-09 than was reported for Fiscal Year 2000-01.

It should also be noted that annual expenditure budgeting is the result of competing priorities and available resources. Therefore, while the following discussion of major expenditure areas in the General Fund provides some insight on the reported eight year trends, it is difficult to establish a causal relationship without an in-depth analysis of the budget decisions made during each fiscal year.

Public Safety

Public Safety costs account for the most significant demand on General Fund resources. Over the last eight years, Public Safety costs have grown from 66 percent of the General Fund expenditures to 77 percent of the City's General Fund budget. Over this period, inflation-adjusted Public Safety expenditures increased 80.2 percent from $14.5 million in Fiscal Year 2000-01 to $26.01 million in Fiscal Year 2008-09. On a per capita basis over this same period annual Public Safety expenditures increased from $248 to $362.

Police Department

Police Department expenditures account for approximately 51 percent of all City General Fund expenditures. On an inflation adjusted basis, Police Department costs increased by nearly 81 percent, an increase from $9.6 million in Fiscal Year 2000-01 to $17.4 million in Fiscal Year 2008-09. On a per capita basis Police Costs increased nearly 47 percent from $165 per capita in Fiscal Year 2000-01 to $242 in Fiscal Year 2008-09. Over this same period budgeted sworn officer positions in the Police Department increased 48 percent, from 56 positions in Fiscal year 2000-01 to 86 positions in Fiscal Year 2008-09. While a portion of the increase in budgeted positions can be attributed to the previously noted 23 percent increase in the City's population, and it is likely that salaries and benefits have grown at a faster rate than inflation, it appears the City has also increased service levels as measured by police officers per 1,000 residents. In Fiscal Year 2000-01 the Police Department had 1.0 budgeted sworn officer positions per 1,000 residents. In Fiscal Year 2008-09 the Police Department budget includes nearly 1.2 sworn officers per City resident.

Fire Department

After the Police Department, at 23 percent, the Fire Department accounts for the next highest demand on General Fund resources. After adjusting for inflation, Fire Department costs have increased almost 69 percent in the last eight years. Similar to the Police Department, this increase in costs is significantly above the growth in cost per capita of 37 percent. The increased costs appear to be the result of the additional positions necessary to staff a new fire station. While management and supervisory positions are practically unchanged (there is one new Fire Battalion Chief) the other 14 authorized positions added to the Fire Department budget between Fiscal Year 2000-01 and Fiscal Year 2008-09 are five Engineers and nine Firefighters. While this analysis does not attempt to account for all changes that have impacted departmental expenditures, similar to the Police Department, it is likely that salary and benefits increasing above the rate of inflation account for a portion of the noted 37 percent increase in the inflation adjusted cost per capita.

Community Development

On an inflation adjusted basis, General Fund support for the Community Development Department has decreased significantly in both total dollars (nearly 60 percent) and cost per capita (nearly 70 percent). In Fiscal Year 2000-01 the budget for the Community Development Department was $1.9 million (in 2008$). For Fiscal Year 2008-09 the department's General Fund budget is just under $800,000. The reduction in demand on General Fund resources appears to be the result of a change in accounting methodology. Beginning in Fiscal year 2004-05, Building Permit revenues previously credited to the General Fund were reassigned to the Building and Safety Division Fund (Fund 128). The Community Development expenditures supported by this revenue were also moved to this Fund, thereby making a commensurate reduction in related General Fund revenues and expenditures. The Community Development costs that remain in the General Fund support approximately 50 to 60 percent of the City's Planning Department.

Parks, Recreation & Facilities

On an inflation-adjusted basis, General Fund support for Parks, Recreation & Facilities related activities more than doubled between Fiscal Year 2000-01 and Fiscal Year 2008-09 going from approximately $1.3 million to nearly $3.3 million or from $22 to over $45 annually on a per capita basis. This is the result of another change in accounting methodology. The Fiscal year 2000-01 Budget does not include the recreation related activities. The Fiscal Year 2008-09 Budget includes $1.5 million in the General Fund for Recreation & Community Services. It should also be noted that more than half of these General Fund costs are offset by nearly $880,000 in Fees and Charges for Services revenues generated by Recreation & Community Services sponsored activities. After adjusting costs for offsetting revenues, Parks, Recreation & Facilities accounts for less than seven percent of the City's General Fun budget and, therefore, does not represent a significant factor in the City's fiscal wellbeing.

Administration

Administration represents approximately 11 percent of the costs budgeted in the City's General Fund. Between Fiscal Year 2000-01 and Fiscal Year 2008-09, Administration expenditures on an inflation–adjusted basis, decreased slightly more than 5 percent. On a per capita basis Administration costs dropped more than 23 percent over this same period. Administration encompasses the City's support departments (i.e. City Council, City Manager, Human Resources, Finance, etc.). It also includes a department referred to as General Government (or Auxiliary Government). General Government accounts for General Fund expenditures that support costs that provide City-wide benefit but are not tied to a specific City function. General Government accounts for most of the noted reduction in Administration costs. While there is insufficient information in the available budget documents, it is likely this reduction in costs is more the result of changes in accounting methodology than reduction in service levels or increased efficiency.

Fiscal Challenges

The General Plan Update will require an evolving assessment of the City's ability to pay for services provided to existing areas while extending those same services to the areas of future development. The assessment will need to incorporate not just the impact new development will have on General Fund services, but will have to be cognizant of the potential impact the State's recent budget crisis could have on property tax, sales tax and other significant sources of current City revenues.

It is likely that the City will continue to be fiscally challenged for the next several years as the data used in this analysis does not fully reflect the significant downturn in the economy. At this time it is unclear how long the current recession will last, and whether it will get significantly worse before the recovery begins. Significant new development is unlikely to occur and the revenues generated by existing development (property tax, sales tax, etc.) can be expected in the short term at least, to go down. The fiscal challenges presented by the recession are not going to just impact the City's ability to improve public services through increased service levels, but may force reductions to current service levels.

The City is already being impacted by the problems in both the national and local economy. The Fiscal Year 2008-09 Final Budget included a General Fund deficit of nearly $1.3 million. This deficit is being mitigated through the use of the Unreserved General Fund Reserve. While the City will maintain a significant balance in the Unreserved General Fund Reserve Fund, these funds should only be used to maintain the City's fiscal stability. It would be inappropriate to rely on reserves to fund increased service levels or the expansion of public services to meet the demands of new development.

The next steps in fiscal impact evaluation for the General Plan Update will be to test the mix of land uses and funding priorities for each of the Plan's alternatives. This analysis will involve using the trends noted in this analysis, projected changes in City service levels or the manner in which services are provided and basic revenue and expenditure relationships from recent City budget experience.

2.5 APPENDIX A: CSU STANISLAUS

CSU Stanislaus Impact on Local Economy

The California State University Stanislaus (CSU Stanislaus) serves the northern portion of the San Joaquin region, which includes Calaveras, Mariposa, Merced, San Joaquin, Stanislaus, and Tuolumne counties. The University's main campus is located in Turlock with an off-campus site in the City of Stockton (Stockton Campus). CSU is profiled here because it is considered a vital community asset with the potential to greatly impact economic development prospects in the City.

Key Characteristics of CSU Stanislaus

CSU Stanislaus has approximately 6,800 full-time equivalent (FTE) students. Over the last five years, enrollment has grown overall by more than eleven percent, though in individual years the university has experienced negative or positive growth (Table A-1). This pattern is reflective of the funding process for the CSU system, which is adjusted annually based on the CSU allocation from the California state budget.

The CSU system seeks to serve major regional population centers, and CSU Stanislaus primarily draws its students from Northern San Joaquin Valley (Table A-2). Compared to the CSU system as a whole, this campus has a relatively lower share of full-time students-- about seventy percent of CSU system students are full-time, while about sixty percent of CSU Stanislaus students are enrolled on a full-time basis (Table A-3). The racial composition of CSU Stanislaus mirrors the County's overall population-- the largest ethnic groups for both the university and the County are Whites and Hispanics. In addition, like the County, Hispanics comprise the largest university growth segment.

CSU Stanislaus currently awards about two-thirds of its degrees in six disciplines: business, liberal arts and sciences, social sciences, psychology, education, and security and protective services (Table A-4). Most of these are also disciplines that have experienced significant and/or rapid growth over the last five years. Health Services and Bio-Medical Sciences constitute two other major growing disciplines, and enrollment is rapidly growing in agriculture, physical sciences, foreign languages, and communications. In the case of agriculture, CSU Stanislaus offers a new undergraduate program in Agricultural Studies that focuses on agricultural production, distribution, and management, and encourages collaboration with local businesses for research, internships, and recruitment. Such collaboration efforts may help retain graduates within the County.

Regional Economic Impact

In 2005, the CSU retained a consultant to study the regional economic impacts of each CSU campus. This research suggests that CSU Stanislaus generated about $145 million in annual spending in the northern San Joaquin Valley region and generated a total impact of $258 million on the entire San Joaquin Valley economy in 2005 (Figure A-1). This impact sustains more than 5,000 jobs in the region, and generates more than $13 million per year in tax revenue.

In addition, CSU Stanislaus is among the top employers within the County and employs about 1,100 people. Over time, CSU Stanislaus plans to increase the number of employees and generate additional jobs to support projected student growth. For example, the CSU Stanislaus Master Plan proposes to increase faculty by 70 percent from 430 to 730 faculty members by 2027.

Master Planning Efforts

CSU Stanislaus has prepared a master which is scheduled to go to the CSU Trustees in March 2009. The master plan is based on the addition of 5,000 FTE students by 2027, and calls for about 4 million new square feet of building space and 300 new faculty positions to accommodate enrollment growth.

According to the master plan, CSU Stanislaus plans to increase on-campus student housing from 650 to 3,000 beds (25 percent of FTE Students). The proposed infrastructure improvements for these new housing and other planned building facilities would generate additional jobs related to construction and maintenance to the local economy.

The economic boost expected to be generated from the University and its proposed infrastructure plans will depend on the availability of state funding. Currently, state budget constraints have placed a temporary cap on the number of FTE students at CSU Stanislaus, of 2,070 FTE for 2009-2010; enrollment beyond this timeframe has not been determined. According to CUS Stanislaus representatives, funds for capital improvement projects will be delayed. As a result, a delay in the master plan timeline will likely occur, though an official impact to the timeline has not yet been identified.

Table A-1: Total CSU Stanislaus FTES (2003-2007)

Year	*FTES*	*% Change*
2003	6,140	-
2004	6,030	(1.8%)
2005	6,260	3.8%
2006	6,470	3.4%
2007	6,840	5.7%
2003-2007		**11.4%**

Source: California Postsecondary Education Commission, December 2008.

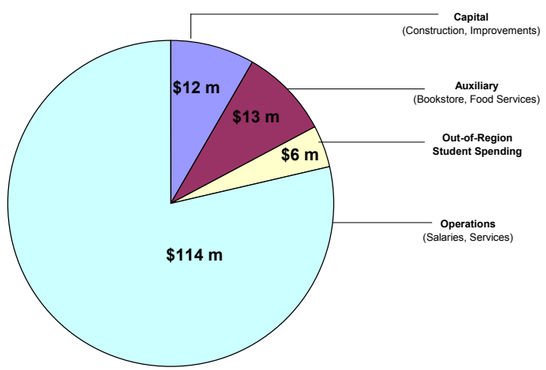
Table A-2: CSU Stanislaus Freshman Enrollment by Region (2003-2007)

	2007	
Region	*Total*	*% of Total*
North San Joaquin Valley		
Stanislaus County	412	43.1%
Merced County	195	20.4%
San Joaquin County	145	15.2%
Other Counties [1]	31	3.2%
Subtotal North San Joaquin Valley	*371*	*38.8%*
South San Joaquin Valley	12	1.3%
Other Regions	162	16.9%
Total Freshmen Enrollment	**957**	**100.0%**

1. Other counties include: Calaveras, Fresno, Madera, Mariposa, and Tuolumne.

Source: California Postsecondary Education Commission, December 2008.

Figure A-1: CSU Stanislaus Annual Spending in 2005



Source: California State University

Table A-3: Student Ethnicity and Enrollment Status (2003-2007)

	2007		*2003-2007 Growth*	
Item	*Total*	*% Total*	*Total*	*% Change*
Ethnicity (FTES)				
White	2,860	41.8%	30	1.1%
Latino	1,910	27.9%	420	28.2%
Asian	650	9.5%	110	20.4%
Other[1]	1,420	13.2%	140	10.9%
Total FTES	**6,840**	**100.0%**	**700**	**11.4%**
Enrollment Status (Headcount)				
CSU Stanislaus				
Full-Time	5,380	60.9%	720	15.5%
Part-Time	3,460	39.1%	50	1.5%
Total Enrollment	**8,840**	**100.0%**	**770**	**9.5%**
CSU System (2006)[2]				
Full-Time	294,254	70.5%	N/A	N/A
Part-Time	122,902	29.5%	N/A	N/A
Total Enrollment	**417,156**	**100.0%**	**N/A**	**N/A**

1. Other include Black, Filipino, Native American, Nonresident Aliens and non responses.
2. Data available for 2006 only.

Source: California Postsecondary Education Commission, Dec. 2008.

Table A-4: CSU Stanislaus Degrees Awarded

	Year[1]	
Discipline/Instructional Program	*2003*	*2007*
Total Degrees Awarded	1,425	1,671
Top Disciplines (% of Total)		
Business	15.8%	20.5%
Liberal Arts and Sciences, General Studies, and Humanities	26.7%	16.3%
Social Sciences	11.6%	10.2%
Psychology	6.9%	7.4%
Education	3.4%	6.3%
Security and Protective Services	5.5%	6.3%
Subtotal Top Disciplines	*69.8%*	*66.9%*
Remaining Disciplines[2]	30.2%	33.1%

1. Enrollment ranked based on 2007 data.
2. Includes a total of 15 other disciplines.

Source: California Postsecondary Education Commission, December 2008.

Table A-5: Growing Disciplines (2003-2007)

	Year		(2003-2007) Total	(2003-2007) % Total
Discipline/Instructional Program	*2003*	*2007*	*Growth*	*Change*
Disciplines Experiencing Significant Growth[1]				
Business	1,080	1,435	355	32.9%
Health Services/Allied Health/Health Sciences	301	549	248	82.4%
Psychology	463	603	140	30.2%
Security and Protective Services	340	484	144	42.4%
Biological/Biomedical Sciences	344	437	93	27.0%
Disciplines Experiencing Rapid Growth[2]				
Agriculture	15	57	42	280.0%
Health Services/Allied Health/Health Sciences	301	549	248	82.4%
Physical Sciences	75	133	58	77.3%
Security and Protective Services	340	484	144	42.4%
Foreign Languages, Literatures, and Linguistics	48	67	19	39.6%
Business	1,080	1,435	355	32.9%
Psychology	463	603	35	30.2%
Communication/Journalism	177	229	13	29.4%

1. Includes disciplines that experienced the highest amount of growth.
2. Includes disciplines that experienced the highest rate of growth.

Source: California Postsecondary Education Commission, December 2008.

Table A-6: CSU Stanislaus Proposed Master Plan (2027)

	Year		
Category	*2007*	*2027*	% Change
Land Area by Acreage			
Structures	17.4	27.5	58.0%
Parking	21.8	21.8	0
Other[1]	188.1	178.0	(5.4%)
Total	**227.3**	**227.3**	
Campus Buildings			
Gross Square Feet (GSF)	1,267,674	2,700,999	113.1%
Assignable Square Feet[2]	760,537	1,701,629	123.7%
Statistics			
Enrollment FTE	7,042	12,000	70.4%
Faculty Total	432	736	70.4%
Student/Faculty Ratio	15.41	15.41	0
Housing[3]	656	3,000	357.3%
Parking[4]	2,667	6,000	125.0%

1. Other includes water areas, outdoor physical activity area, and open areas.
2. Amount of space used for classrooms, laboratories, offices, study areas, special use space, general use areas, support rooms, health care, residential, and unclassified space
3. Based on total number of beds at 25 percent of total FTE.
4. Based on total number of parking spaces at 50% of total FTE.

Source: CSU Stanislaus Physical Master Plan, January 2009.

2.6 APPENDIX B: EMPLOYMENT GROWTH BY INDUSTRY

Employment by Industry Sector and Land Use

EPS extrapolated the City's projected employment for each industry sector using existing data provided by EDD and projected employment data for the County provided by Woods & Poole Economics, Inc. Using the projected total employment derived from Table 1-15, EPS calculated the projected employment for each industry by applying the projected proportional distribution of total employment by each industry provided by Woods & Poole Economics, Inc. Employment projections for each land use are based on assumptions regarding square footage and building requirements by employee type.

As shown, the City is estimated to gain between 17,200 and 35,000 new jobs by 2030. The low-end forecast (46,200 total jobs or a 59-percent increase over current levels) assumes the City's percentage share of County employment of 14.3 percent remains constant. The high-end forecast (64,000 total jobs by 2030 or a 121 percent increase over current levels) assumes that the change in the City's employment growth rate relative to historic trends will mirror the projected change in the County's employment growth rate.

Based on this methodology, the City's top three leading industry in terms of job growth between 2008 and 2030 are Health Care and Social Assistance, Retail Trade, and Other Services (e.g., businesses services, personal care services, repair and maintenance, various civic and social organizations, etc.).

Table B-1: Employment by Industry and Land Use - Slow Growth Scenario (2008-2030)

	Total	*Retail*		*Office*		*Industrial*		*Other*	
	Employees	*% Bldg.*		*% Bldg.*		*% Bldg.*		*% Bldg.*	
Major Industry[1]	*(2008-2030)*	*Occupancy*	*Total*	*Occupancy*	*Total*	*Occupancy*	*Total*	*Occupancy*	*Total*
Accommodation & Food Services	1,194	80%	955	5%	60	5%	60	10%	119
Admin & Support & Waste Mgmt.	537	0%	0	90%	484	10%	54	0%	0
Ag., Forestry, Fishing & Hunting	533	0%	0	5%	27	25%	133	70%	373
Arts, Entertainment, & Recreation	597	95%	567	5%	30	0%	0	0%	0
Construction	1,255	0%	0	10%	125	80%	1,004	10%	125
Educational Services[2]	219	5%	11	40%	88	5%	11	50%	110
Finance & Insurance	396	10%	40	90%	356	0%	0	0%	0
Health Care & Social Assistance	2,455	0%	0	80%	1,964	0%	0	20%	491
Information	445	0%	0	60%	267	30%	134	10%	45
Mgmt of Companies & Enterprises	26	0%	0	100%	26	0%	0	0%	0
Manufacturing	804	0%	0	5%	40	90%	723	5%	40
Mining	6	0%	0	5%	0	50%	3	45%	3
Other Services	1,335	60%	801	10%	134	0%	0	30%	401
Prof., Scientific, & Tech. Skills	1,071	5%	54	90%	964	5%	54	0%	0
Real Estate & Rental & Leasing	1,081	5%	54	95%	1,027	0%	0	0%	0
Retail Trade	1,872	85%	1,591	10%	187	5%	94	0%	0
Transportation & Warehousing	944	5%	47	10%	94	80%	756	5%	47
Utilities	42	0%	0	10%	4	0%	0	90%	38
Wholesale Trade	575	0%	0	5%	29	95%	547	0%	0
Federal Government	45	0%	0	90%	41	0%	0	10%	5
State & Local Government[2]	1,763	0%	0	80%	1,410	10%	176	10%	176
Total Employment	**17,197**		**4,120**		**7,357**		**3,747**		**1,973**

1. The percentages of employees by land use and employment industry are estimated by EPS.
2. According to the U.S. Census NAICS code for 2007, public schools and college universities are generally categorized in the Educational Services industry. However, California EDD included the primary and secondary public schools in Local Government and higher education (e.g. CSU Stanislaus) employees in the State Government category.

Sources: Woods & Poole, California EDD, and EPS.

Table B-2: Employment by Industry and Land Use - Fast Growth Scenario (2008-2030)

	Total	*Retail*		*Office*		*Industrial*		*Other*	
	Employees	*% Bldg.*		*% Bldg.*		*% Bldg.*		*% Bldg.*	
Major Industry[1]	*(2008-2030)*	*Occupancy*	*Total*	*Occupancy*	*Total*	*Occupancy*	*Total*	*Occupancy*	*Tota*
Accommodation & Food Services	2,415	80%	1,932	5%	121	5%	121	10%	242
Admin & Support & Waste Mgmt.	1,266	0%	0	90%	1,139	10%	127	0%	0
Agriculture, Forestry, Fishing & Hunting	1,594	0%	0	5%	80	25%	398	70%	1,11
Arts, Entertainment, & Recreation	977	95%	928	5%	49	0%	0	0%	0
Construction	2,605	0%	0	10%	260	80%	2,084	10%	260
Educational Services[2]	386	5%	19	40%	154	5%	19	50%	193
Finance & Insurance	881	10%	88	90%	793	0%	0	0%	0
Health Care & Social Assistance	4,522	0%	0	80%	3,617	0%	0	20%	904
Information	767	0%	0	60%	460	30%	230	10%	77
Management of Companies & Enterprises	126	0%	0	100%	126	0%	0	0%	0
Manufacturing	2,224	0%	0	5%	111	90%	2,002	5%	111
Mining	14	0%	0	5%	1	50%	7	45%	6
Other Services	2,502	60%	1,501	10%	250	0%	0	30%	751
Professional, Scientific, & Technical Skills	1,956	5%	98	90%	1,760	5%	98	0%	0
Real Estate & Rental & Leasing	1,976	5%	99	95%	1,877	0%	0	0%	0
Retail Trade	4,010	85%	3,408	10%	401	5%	200	0%	0
Transportation & Warehousing	1,638	5%	82	10%	164	80%	1,311	5%	82
Utilities	80	0%	0	10%	8	0%	0	90%	72
Wholesale Trade	1,156	0%	0	5%	58	95%	1,098	0%	0
Federal Government	164	0%	0	90%	147	0%	0	10%	16
State & Local Government[2]	3,785	0%	0	80%	3,028	10%	379	10%	379
Total Employment (All Industries)	**35,045**		**8,156**		**14,606**		**8,074**		**4,2(**

1. The percentages of employees by land use and employment industry are estimated by EPS.
2. According to the U.S. Census NAICS code for 2007, public schools and college universities are generally categorized in the Educational Services industry. However, California EDD included the primary and secondary public schools in Local Government and higher education (e.g. CSU Stanislaus) employees in the State Government category.

Sources: Woods & Poole, California EDD, and EPS.