

**ECONOMIC IMPACT STUDY
LISTING OF FULTON MALL
ON NATIONAL REGISTER
OF HISTORIC PLACES**

SEPTEMBER 2008

**Prepared for:
CITY OF FRESNO**

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September 29, 2008

City of Fresno
Office of the City Manager
2600 Fresno Street
Fresno, CA 93721-3601

Attention: Kelly S. Riddle
Economic Development Coordinator

**RE: POTENTIAL IMPACTS OF PLACEMENT OF FULTON MALL ONTO
NATIONAL REGISTER OF HISTORIC PLACES**

Dear Kelly:

The following study is designed to determine the impacts that would occur if the Fulton Mall were placed onto the National Register of Historic Places (the "Register"). While we understand that the State Historical Resources Commission does not consider economic impacts of their decisions as a criterion in the process, an understanding of this aspect of the placement of Fulton Mall onto the Register is necessary for the City of Fresno to establish a position relative to support or opposition to the Application.

In addition to quantifiable economic impacts, placement of the Fulton Mall on the Register could have broader implications and effects on the future direction of economic revitalization efforts in Downtown Fresno. Thus, the secondary purpose of this analysis is to catalog and describe those impacts as well.

The study is based on our analysis of primary and secondary research, including a series of interviews with key individuals having a range of involvement and interests in the future of Fulton Mall. Our primary conclusions are summarized in an Executive Summary that appears at the beginning of the study.

We appreciate this opportunity to be of service, and would be pleased to answer any questions.

Sincerely,
MARKET PROFILES INC.

A handwritten signature in dark ink, appearing to read 'Reicher', is written over the printed name.

Robert Reicher
Principal

EXECUTIVE SUMMARY AND CONCLUSIONS

EXECUTIVE SUMMARY AND CONCLUSIONS

The following pages contain a summary of primary findings and conclusions in the Market Profiles study of the Fulton Mall, a six-block long pedestrian mall (including a number of cross-mall streets) in the City of Fresno, California. The purpose of the study is to evaluate the potential economic impacts¹ resulting from placement of the Fulton Mall onto the National Register of Historic Places, based on a nomination to do so that has been filed by the Downtown Fresno Coalition, a private consortium.

The study is based on extensive primary and secondary research, including a series of interviews with key individuals in the Fresno area who are involved in or have interests related to the Fulton Mall. A list of interviewees appears in the Appendix to this report. The study includes an evaluation of opportunities and potential for economic activity on or near the mall, as well as an analysis of the dynamics related to the property being listed on the National Register of Historic Places. In addition, the study provides a brief review of the experience at pedestrian malls in other locations throughout the United States.

BACKGROUND

Fulton Mall was converted to its current configuration as part of an effort to revitalize the Downtown Fresno area, and it was intended to enhance the central business district's retail environment and halt declining property values. Designed by master landscape architect Garrett Eckbo and completed in 1964, the Mall initially was a success, capturing a significant share of the City's retail market sales. However, as Fresno evolved and new residential and commercial development was concentrated outside the Downtown area, the Mall began to decline in popularity and condition, and that decline has continued to the present time.

Today, Fulton Mall functions largely as an urban park, characterized by relatively low levels of retail and other economic activity and (despite the presence of Chukchansi Park, home of the minor league Fresno Grizzlies baseball team) largely devoid of any significant activity on weeknights after 5 PM, when the Downtown area's more than 40,000 daytime workers leave their places of employment. Vacancies are common among the storefronts (and especially in spaces above the ground level) along the Mall, and those outlets that are located on the Mall often cater to small niche markets, including numerous ethnic retailers.

¹ An attempt has been made to quantify the economic impact resulting from listing on the National Register, based on research and analysis, as summarized in this report. It appears that the primary impacts of such an event would be in the nature of limiting the ability (or at least increasing the level of difficulty, challenge and therefore expense) to make any substantive changes to the listed site. These, in turn, would limit future options to revitalize the Mall and surrounding area, but the extent of those limitations cannot be established precisely because of the subjective nature of the potential litigation process.

Although they account for 1.3 percent of retail outlets throughout the City, Mall merchants currently account for just 0.2 percent of all taxable retail sales activity in the City of Fresno.

Over the years, the Mall has been the subject of numerous studies prepared by both public and private sector organizations, with most of the studies focusing on ways to improve the viability and performance of the economic and life-enhancing aspects of the Mall. While some of the studies concentrated on other aspects of the project, many of them addressed the questions related to re-introducing some form of vehicular traffic to some or all of the length of the mall, and many (but not all) concluded that this action could be a key factor in the ultimate economic vitality of the area².

ECONOMIC OPPORTUNITIES

Section III of this report contains a detailed analysis of the economic and demographic characteristics of the Fresno area and Downtown Fresno specifically, and provides projections of future demand for various land uses that could be accommodated on portions of the Fulton Mall and surrounding areas.

- ❑ Retail development and leasing success is highly dependent on the quality of the location and its access to potential customers, and the nature of tenants attracted to a given site is influenced strongly by the quality and quantity of those customers. Although the Downtown area in general currently attracts a disproportionate share (relative to resident population) of Fresno market sales, this is largely due to the 40,000 daytime employees (who leave the area at night), and Fulton Mall's share of Downtown activity has been decreasing steadily. Without significant changes to the current nature of the Mall environment and its customer base, it is unlikely that additional quality retailers can be attracted to the site, and the level of retail activity along the mall could deteriorate further.
- ❑ Office users, including government agencies, represent a significant share of demand for commercial space within the Downtown area, and Market Profiles projects that the Downtown area can absorb between 35,000 and 70,000 square feet of new office space annually. The quality and configuration of the space, as well as the nearby amenities that support it, can have a significant influence on the ability of a given site to capture office users in any significant numbers. While certain buildings along Fulton Mall currently house some office users, most of the occupied space consists of government activities, which are clustered near the northern end of the Mall. If the environment of the Mall were more supportive of quality office users, it is likely that other types of tenants, including higher-level

² According to the Urban Land Institute's *Mixed Use Development Handbook*, generally accepted retail planning and development practices dictate that "shoppers and pedestrians will walk about a quarter mile if it is interesting . . . Shoppers resist walking horizontally more than three city blocks." While it is crossed by two streets that carry vehicular traffic, Fulton Mall extends for six city blocks, a linear distance of about ½-mile (2,670 feet), and the mall effectively functions as a single, six block long array of storefronts that cannot be viewed by drive-by traffic.

professionals, might be attracted to buildings along the Mall, including spaces in the upper floors of the currently mostly vacant historical buildings located there.

- ❑ Residential development opportunities in and around the Mall area are relatively limited, in part because the area is mostly built out but also because the residential environment of Downtown is less desirable than in other parts of Fresno, at least for the general market. While there may be opportunities to serve those residents of the Fresno area that are attracted to an urban lifestyle, to date the projects that have targeted this niche of the market have had only limited success in selling their converted spaces. Based on projected employment growth, the Downtown area can support approximately 70 to 75 new households per year, although this number might be expanded if there were a more supportive base of everyday living amenities and a better quality of life in the area.

The amount of future activity that could be captured on the Mall itself is dependent on a large number of factors, some of which will be influenced by the economic development and stimulation options available to the City. These, in turn, are dependent on the future course of the Mall itself and whether it becomes a listed property on the National Register of Historic Places.

NATIONAL REGISTER LISTING

The National Register of Historic Places was created to help property owners and groups coordinate, identify and protect historic sites in the United States. To qualify for listing on the National Register, a site or building must meet certain criteria and undergo a series of evaluation steps. Ultimately, listing of a site is determined by the Keeper of the National Register in Washington, D.C., but that determination is based on recommendations flowing out of a series of intermediate approval steps, including hearings at the local and state level.

If a property is placed on the National Register, it is not necessarily protected from change, although the ability to make significant changes (up to and including demolition) is subject to a rigorous process, including evaluation under the California Environmental Quality Act (CEQA). Although some changes do not trigger a full Environmental Impact Report (EIR), those that do are subject to challenge through various means, up to and including filing of lawsuits. Desirable or otherwise potentially beneficial public and private sector projects have been withdrawn by their sponsors to avoid the cost and time delays of the litigation process.

Given the likelihood that any proposed revisions to the Mall area would be controversial and subject to litigation challenges, experts in CEQA matters³ have indicated that it is

³ Three environmental experts and an attorney experienced in CEQA litigation were interviewed and consulted in preparation of this study. A list of Key Individuals Interviewed appears in the Appendix.

unlikely that any significant alterations or modifications of design or circulation features of the Mall could take place following registration on the National Register.

Section IV of this report reviews the implications of the nomination including the potential limitations as well as benefits from listing the Mall on the National Historic Register. Specifically, the range of funding and grant options available to National Register properties is analyzed, and based on that analysis Market Profiles concludes that any of the funding options that might benefit the Mall could be obtained even if the Mall is not placed on the National Register Of Historic Places.

OTHER PEDESTRIAN MALLS

In preparation of this report, Market Profiles conducted an extensive review of pedestrian malls that have been constructed across the nation, and determined that a total of approximately 200 such facilities were developed by municipalities, mostly during the Urban Renewal era of the 1950's, 1960's and 1970's. The vast majority of these developments proved to be unsuccessful and have been reopened to some form of vehicular traffic.

Those malls that have been successful in maintaining their pedestrian-only configurations typically have benefited from extraordinary circumstances, including being at the terminus of significant sources of traffic (e.g., Brooklyn's Fulton Street Mall, which is served by 14 train lines and 11 bus lines providing 100,000 daily visitors) or having the benefit of extremely high demographics and proximity to highly desirable amenities (e.g., Santa Monica's Third Street Promenade, located less than a mile from the Pacific Ocean).

ECONOMIC OPPORTUNITY CALCULATIONS

Based on current Assessed Valuation of properties along the mall as well as Taxable Retail Sales figures obtained from the California State Board of Equalization, as it currently is configured and operating, the City's share of property tax (including the portion going to the City itself as well as the amounts credited to the Redevelopment Agency⁴) generates a total of \$220,613 per year in property tax revenue. The City's share of sales tax generates an additional \$145,356 per year for the benefit of Fresno citizens. **Combined, these two sources of revenue currently contribute a total of \$365,969 to the City's coffers.**

Even without limitations that might occur if the Mall were to be placed on the National Register, it is clear that the Mall's full potential can only be realized if significant changes are made to the basic configuration and environment inherent in the Mall itself.

⁴ Technically, the RDA is a separate entity and its revenues are not combined into the City's general fund. However, for purposes of this analysis the two revenue streams have been considered as if they were flowing to a single receiving agency, which would be the case at some point in the future following expiration of the Plan (currently due to expire January 1, 2012).

In Section VI of this report, an attempt is made to determine what the maximum potential (in terms of City property tax and sales tax collections) for the Mall would be, if it could in fact be developed to its full development capacity. Section VI also evaluates how achievement of that maximum potential might be impacted if the Mall were to be placed on the National Register.

While the calculations shown in Section VI are merely hypothetical and based on assumptions (detailed in the section) that might prove untrue, the numbers that come out of the analysis provide a look at what might be possible if everything came to fruition. As shown in that analysis, at full development the Mall and adjacent buildings have the potential to generate approximately \$184,000,000 in annual retail sales and a total property valuation in excess of \$283,000,000.

In terms of annual revenue to the City of Fresno, in addition to fees and other benefits associated with a revitalized Downtown, **the full buildout and utilization of the Mall would provide annual sales tax revenue of \$1,748,760 and annual property tax revenue of \$4,702,500 for the City's coffers, or a combined total of approximately \$6,451,260 million per year from the two revenue sources.**

Although it cannot be calculated with certainty, most likely the impact of the placement of the Mall onto the National Register would be to limit the potential for additional revenue to a point somewhere between the current situation (total revenue from combined property and sales tax of approximately \$365,969) and the ultimate buildout potential combined revenue from the two sources of approximately \$6,451,260).

Assuming that development potential would be limited to about 50 percent of its long term potential⁵, that would mean that the combined revenue from real estate and sales taxes would be reduced by approximately \$3,225,630. Thus, the potential economic impact from listing Fulton Mall on the National Register of Historic Places would be a loss in potential sales and property taxes of \$2,859,661 per year⁶ (in 2008 dollars).

While Fresno's Fulton Mall has certain elements that could provide the basis for future success, Market Profiles concludes that *its future options for revitalization and thus the potentials for revenue to the City would be impaired significantly* if the site were to be listed on the National Register of Historic Places.

⁵ In its current condition, the Mall is generating property and sales tax revenue at a level that is approximately 5.7 percent of the ultimate potential. Although economic activity could be enhanced through various actions following the listing of the Mall on the National Register, it is highly unlikely that the basic paving element of the Mall could be altered significantly and therefore no vehicular traffic could ever be re-introduced to the street. Thus, Market Profiles assumes (for purposes of this analysis) that the desirability of the Mall to future retailers would be impaired significantly, and that future development potential of any of the potential uses along the Mall would achieve at most about half of their optimum level.

⁶ This represents the net amount of incremental annual revenue (above the current level of \$365,969) that would not be collected because the Mall was only developed to 50 percent of its full buildout potential.

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SECTION I
INTRODUCTION

SECTION I INTRODUCTION

INTRODUCTION

The following report presents an economic opportunity/impact analysis for the Fulton Mall in the City of Fresno, California. This analysis has been designed to evaluate potential economic impacts that may occur if the Fulton Mall were placed onto the National Register of Historic Places.

Fulton Street, located in downtown Fresno, was once the busiest and most successful retail center of the greater Fresno region. However, in the years after the Second World War the population of Fresno began to move further from the City's downtown. As the decentralization of residential population continued new retail centers began cropping up in these growing outlying areas. This trend was not unique to Fresno as this decentralization was experienced in cities throughout the country and took its toll on the economies of numerous downtown areas. In an effort to compete with the new suburban shopping centers, the City of Fresno converted its main retail street, Fulton Street, into a six block long pedestrian mall in 1964, completely prohibiting automobile traffic.

BACKGROUND

When the Fulton Mall was completed in 1964, it was initially deemed a success. It gained nine percent in retail sales and achieved a total of 57 percent of the entire retail market. The Mall was also nationally recognized for its planning and design. The Mall originally came out of a comprehensive plan for Downtown Fresno by Victor Gruen and Associates, which was commissioned by the City of Fresno in an effort to enhance the central business district's retail environment and halt declining property values. The Mall was anchored by Gottschalk's and JC Penney at its southern end and Montgomery Ward at the northern end, until Montgomery Ward closed in 1970. That same year Fashion Fair Mall, an indoor regional shopping mall, opened in north Fresno near the City's rapidly growing suburbs. The opening of Fashion Fair directly coincided with a rapid decline in downtown Fresno's retail business. The northern end of the Mall never regained another anchor tenant, while JC Penney closed its Fulton Mall location in 1986 and Gottschalk's went dark in 1988.

In 1989, after the last major department store, Gottschalk's, left Downtown Fresno the Central Area Community Plan was adopted, calling for a mix of specialty retail, offices and residential uses along the Mall as opposed to creating a regional shopping destination. By this same time cities all over the U.S. began to rethink their downtown plans and many pedestrian malls were being modified or completely removed.

Revitalizing the Fulton Mall as an integral part of bringing an economic resurgence to Downtown Fresno has been the focus of a large number of discussions, studies, plans and workshops since the late 1980s.

REVIEW OF PRIOR PLANS AND STUDIES

Numerous studies and plans have been made in efforts to revitalize Downtown and more specifically the Fulton Mall Area. Brief summaries of these plans and studies are found below.

Central Area Community Plan (1989)

The Central Area Community Plan, which is still followed today, suggests that the Mall remain a pedestrian only environment. The plan also suggests that the Mall and its immediate surroundings be “served by a comprehensive management organization (public/ private partnership) and be given renewed action-oriented attention toward redevelopment, revitalization, maintenance and modernization efforts.”

Ratkovich Plan (1992)

The Ratkovich plan suggested a partial opening and redesign of the Fulton Mall, a Farmers Market on the Mall, the restoration of two-way traffic to surrounding streets as well as the development of a baseball stadium. The plan resulted in the restoration of two-way traffic to Van Ness, Broadway and Inyo as well as the development of the stadium.

Downtown Fresno CA (1999) - ULI Advisory Services Panel

This report by an Urban Land Institute Advisory Panel addresses the Fulton Mall in its recommendations by suggesting the “restoration of part of the street grid, developing people oriented attractions (such as new and improved Farmer’s Market), updating street furniture and implementing a stricter maintenance program.”

“Vision 2010” Plan (2002) - Redevelopment Agency of Fresno

The Fresno Redevelopment Agency’s 2010 plan, which was never adopted by the City, calls for revitalization of the Fulton Mall "with possible limited traffic and refurbished pedestrian and landscaped areas."

Fulton Street Market Potential and Repositioning (2002) – Gregory Stoffel and Associates

This market potential study recommends a tenant mix of dining, entertainment/ leisure, quality retail and lodging along Fulton Mall. The study also concludes that the Mall would benefit from “full vehicular traffic” and that the city should plan for “an open access (pedestrian AND vehicles) district oriented to leisure patronage.”

Fulton Street Revitalization (2002) – ELS Architecture and Urban Design

This report’s recommendations focused on the reintroduction of limited car traffic to the Fulton Mall.

Fulton Mall Report (2006) – Fulton Mall Working Group

The Fulton Mall Working Group was established to conduct research on other pedestrian malls, develop and oversee the collection of community input and analyze the results so that the Council and Agency could make a decision on how to proceed with the Fulton Mall. Some of the report's suggestions included that the south blocks of the Mall be a major focus of redevelopment, bringing in a several-days-a-week Farmers Market, investing more money in the façade improvement program and the creation of a Property Based Improvement District (PBID). In regards to traffic on the mall the report specifically concludes that, "whether or not to open the Mall to traffic, or improve access by other means, remains an open issue."

Fresno Downtown Traffic and Infrastructure Study (DTIS) (2007) – Wilbur Smith and Associates

The study addressed the Fulton Mall by discussing its current condition, discusses future options and makes some recommendations for investment in the Mall. The report concludes that there is no strong reason for traffic circulation to drive any decisions regarding the retention of the Mall's current configuration, partial opening or complete opening of the mall. However, the report does recommend immediate upgrades to the Mall's streetscape, lighting, wayfinding, visibility and other items as well as maintaining flexibility to entertain options in the future to make "changes to the use and configuration of the Mall."

NOMINATION TO THE NATIONAL REGISTER OF HISTORIC PLACES

Fulton Mall has been nominated for inclusion in the National Register of Historic Places. The application was prepared and submitted by the Downtown Fresno Coalition, a private consortium. The Fulton Mall is a public property held in trust by the City of Fresno, and unlike properties that are owned by private sector entities, under the process by which properties are added to the National Register, the City cannot successfully keep public property from the National Register merely by objecting to its inclusion.

The Fresno Historic Preservation Commission (FHPC) will be asked to make a recommendation on the nomination at their hearing on October 13, 2008. Mayor Autry, the CEO of the City, will also submit a recommendation regarding the nomination and both recommendations will be sent together to Sacramento. The nomination of the Mall to the National Register will then be reviewed by the State Historical Resources Commission (SHRC) in November 2008. If approved by the SHRC the nomination will be sent to the State Historical Preservation Officer (SHPO). Only the State Historical Preservation Officer can officially nominate a property for inclusion on the National Register. The final determination is made 45 days after receipt by the Keeper of the National Register in Washington, D.C.

The Fulton Mall is nominated for inclusion on the National Register of Historic Places under criterion A¹, “Social History”, as well as criterion C, “Design / Construction”. The Mall was nominated under criterion A for its importance as public social gathering place. The nomination document also asserts that the Mall is “the finest example of pedestrian mall design resulting from the federal government’s Urban Renewal Programs,” as well as being a “major achievement” of its designer, the late “master” landscape architect, Garrett Eckbo. Lastly, the nomination also cites the Mall as “an excellent example of the influence of Modernist design ideas on landscape architecture.” The application for nomination to the Register asserts that contributing objects include works of art, water features, pools, seating areas and plantings.

OTHER CITY ACTIVITIES

Prior to the FHPC meeting on October 13, the City of Fresno and the Downtown Association together are conducting a series of public workshops regarding the Fulton Mall nomination. These workshops, forums and meetings are intended to facilitate a meaningful public discussion of this important issue. The three-part public workshop/ education series includes the following:

- September 3: History of the Fulton Mall

Tour of the mall followed by discussion

- September 22: What Does National Historic Designation Mean?

Nomination Q and A

- October 1: Sustainability: Next Steps

¹ Although Criterion “A” was not included in the National Register of Historic Places Registration Form provided to the City by SHPO in May 2008, subsequently this criterion has been added to the application being considered by SHRC as it relates to listing of Fulton Mall.

SECTION II

FULTON MALL OVERVIEW

SECTION II FULTON MALL OVERVIEW

INTRODUCTION

The Fulton Mall consists of the six linear blocks between Tuolumne Street on the north and Inyo Street to the south. The Mall also includes some segments of three streets (Merced Street, Mariposa Street, and Kern Street) that intersect the six-block north/south portion. Both Fresno Street and Tulare Street intersect the mall with cross traffic, but the Mall still functions as an integrated six-block facility.

The mall has a total length of 4,620 feet, (2,670 feet in the six block stretch of the mall and 1,950 feet in the cross segments). Every right of way along the mall is approximately 80 feet wide. Including the cross mall areas, the mall has approximately 670,900 square feet of ground floor commercial space and an additional approximately 865,000 square feet of space (most of it non-retail in nature) located above ground level.

CURRENT STATUS

Physical

- The mall boasts a unique design, by world renowned landscape architect Garrett Eckbo. The mall features a stained concrete hardscape, mature landscaping and numerous fountains and sculptures throughout the entire site. There are numerous public seating areas, fountains, pools and planters designed by Eckbo himself. Many of these features, however, are in need of repair and / or a higher quality of maintenance. The public art placed along the Mall is also substantial with 19 sculptures and fountains designed by both local and international artists.
- The Mall has mature landscaping that gives it a very “park-like” feel while also providing shade to visitors. However, much of the vegetation appears to be aging and overgrown, blocking the sightlines throughout the mall for both businesses and pedestrians.
- Many of the fountains and pools along the Mall are not currently functioning; some have been drained while others are being used as planters.
- There is inadequate lighting along the Mall in the evening hours. The original light standards have been replaced with more modern, moderate quality street lamps.
- There are two modern vintage tot lots along the Mall that are in good condition and utilized by families with young children that visit the Mall.

- ❑ The Mall is lined with a number of historically significant buildings. At this time a number of these buildings have been restored and very well maintained while others are in need of some repair and/or a higher level of maintenance. Some historic building owners have reported difficulty in obtaining institutional financing to refurbish their properties or to bring them up to more modern standards.
- ❑ Many of the storefronts are unattractive and feature multiple signs from prior businesses or blank walls and are lacking in sophisticated merchandise displays. In a number of cases, modern facades have been placed over original building fronts.
- ❑ The Mall's public restrooms are substandard and unattractive. The Mall would benefit from public restrooms that match the quality of those found in major suburban shopping malls.
- ❑ Chukchansi Stadium is located directly off the Mall at the western terminus of Kern Street. Since the Ballpark opened in 2002 the Mall has been unable to attract or capture business from any significant share of the stadium's patrons.
- ❑ The lighting along the Mall is in need of an upgrade. Currently the mall is very dark and uninviting in the evenings. Also, many of the Mall's pools and fountains have lighting features which are currently not functional and should be repaired and utilized for their originally designed purpose. These updates would make the Mall a more attractive, inviting and safe destination for evening visitors.

Existing Land Use

Although the Mall was designed to and does function as an integrated whole, for descriptive purposes, the north/south expanse of six blocks has been separated into three general areas where similar tenant types have clustered.

- ❑ The Northern portion, running from Tuolumne Street to Fresno Street, is characterized as primarily institutional in nature. This portion of the Mall houses government offices and public-serving facilities, including a Juvenile Court and the offices of the Fresno County Housing Authority, Department of Health and the Department of Child and Family Services.
- ❑ The Central portion, between Fresno Street and Tulare Street, is primarily retail in nature, providing space for a range of mostly ethnic-oriented stores and restaurants. This section includes many of the public space areas of the Mall, featuring the Free Speech platform and the Clock Tower. A number of historically significant buildings (one listed on the National Historic Register and five more listed on the Local Register), including some that are totally vacant and others that are actively being leased and/or redeveloped, are found in this portion of the Mall. Second floor spaces in this area are largely vacant, but are targeted to office users.

- ❑ The Southern portion, between Tulare Street and Inyo Street includes the main entry (along Kern Street) to Chuckchansi Stadium. This section of the Mall is characterized by discount retailers, including two large discount malls featuring a number of small retailers, Mammoth Mall at 920 Fulton Mall and Fresno Discount Mall (located in the old Gottschalk's department store building). A large number of the storefronts in this portion of the mall are vacant, and a number of the buildings have been remodeled to include modern facades over the original building exterior walls.

Representative pictures of portions of the Mall are found on the following pages.



Looking north along Fulton Mall to its current terminus (Tuolomne Street).



Longs Drugs, located at the northern most section of the mall, is the Mall's highest sales tax grossing tenant.



The existing land use on the northern portion of the Mall looking south. The building to the west is the Fresno County Housing Authority.



Looking west on Mariposa Mall over parking and pedestrian underpass towards Fulton

Mall Tenants

- ❑ Currently the Mall supports a number of uses including: professional office space, government office space, dining and specialty retail space.
- ❑ There are a number of vacant storefronts along the mall, and an even greater number of vacancies in those units on the floors above the first story.
- ❑ As summarized above, the activity along the Mall can generally be divided into three different sections
- ❑ There is currently no central management or even management strategy for the businesses along the mall. As a result of this there are no consistent mall business hours among the various merchants. With no mandatory hours of operation a large number of storefronts, although not vacant, may be closed throughout the day.

**EXHIBIT II-1
CURRENT TENANT MIX BY STORE TYPE**

Rank	Category	#	%	SF	%
1	Apparel and Shoes	17	19%	144,231	21%
2	Food and Restaurants	15	17%	58,887	9%
3	Vacant	12	13%	93,164	14%
4	Variety Stores	9	10%	122,583	18%
5	Jewelry	8	9%	24,958	4%
6	Health and Beauty	7	8%	37,078	6%
7	Services - Institutional	6	7%	65,438	10%
8	Services - Legal/ Immigration	6	7%	40,337	6%
9	Services - Medical/ Dental	3	3%	30,508	5%
10	Music and Electronics	3	3%	13,533	2%
11	Children's Clothes and Toys	2	2%	14,290	2%
12	Services - Misc.	1	1%	25,900	4%
13	Services Travel	1	1%		
Total - All Merchants		90*	100%	670,907	100%

*based on field observation and follow up research from various sources.

Mall Traffic and Patrons

- There is pedestrian activity during the daytime hours, but customer traffic generally ceases around 5:00 pm and most stores are closed after that hour.
- There is a general lack of activity along the mall in the evenings.
- There is a strong base of Latino shoppers and visitors including families.
- The Mall is visited during the workweek by many professionals and government workers who are employed in businesses and agencies located along the Mall and nearby in the Downtown area.
- There is a considerable homeless presence at the Mall.

Mall Ingress and Egress

The Mall itself is not easily visible from surrounding streets, and unless a potential patron is aware of its existence from other sources there are no readily available aids to help a visitor to find it.

According to a Transportation and Infrastructure Study completed earlier this year, direct routes to the Fulton Mall have inadequate wayfinding aids and a lack of sense of direction, and there is no celebration of the Mall as a destination. The Transportation Study also noted that there are a number of parking options available to Mall visitors, but that the access to the parking is unclear and pedestrian routes between those parking options and the Mall are generally unpleasant.

The following figures are Annual Average Daily Traffic Counts (AADT) measured by CalTrans as of 2006.

- ❑ 112,000 AADT at the junction of Highway 41 and Highway 99, 1.1 miles from the Mall
- ❑ 163,000 AADT on Highway 41 at M Street just 0.6 miles from Fulton Mall
- ❑ 120,000 AADT at the junction of Highway 41 and Highway 180, 1.6 miles from the Mall
- ❑ 46,300 AADT on Highway 180 at Tuolumne, 0.5 miles from the Mall

Downtown Fresno

The Mall is centrally located in Downtown Fresno near the 99, 41 and 180 freeways. State Route 99 is a major trucking and passenger route through the San Joaquin Valley. Downtown Fresno is a major employment center with a daytime worker population of over 40,000.

Maps on the following page show the location of Fulton Mall in a regional and local area context.

EXHIBIT II-2 SUBJECT SITE REGIONAL LOCATION MAP

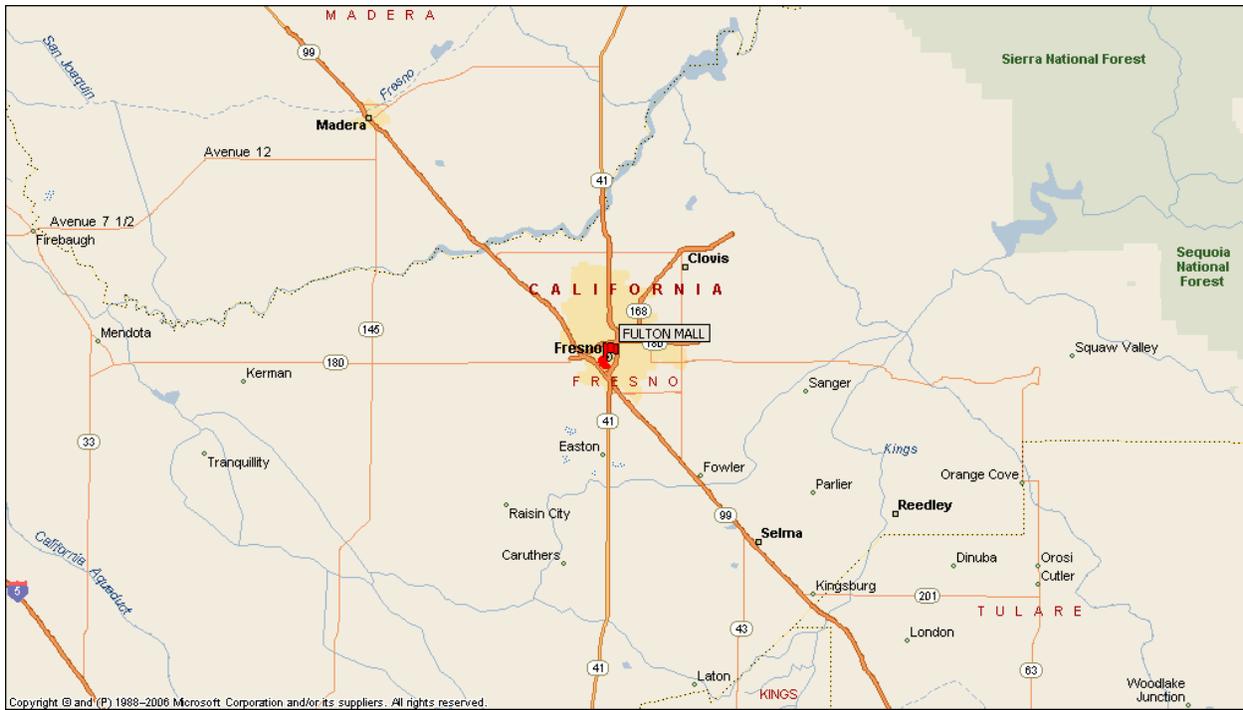
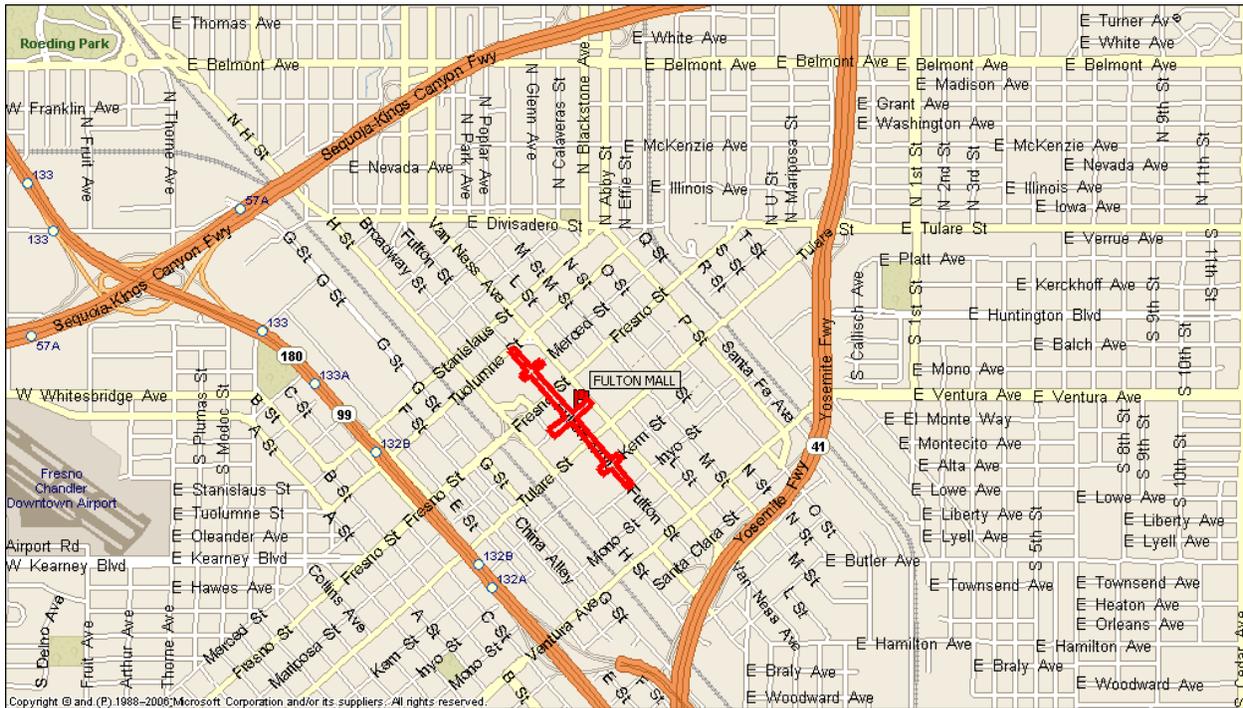


EXHIBIT II-3 SUBJECT SITE LOCAL MAP



Boundaries are approximate

FULTON MALL SALES TAX

Based on a special analysis of sales tax receipts prepared by the City of Fresno, Fulton Mall stores account for a relatively small share of total taxable sales in the City, and that share has been decreasing over time.

Exhibit II-4 presents taxable retail sales data for annual periods from 1993 through 2007 for stores within Fulton Mall and compares them to results achieved throughout the City of Fresno.

EXHIBIT II-4 TAXABLE RETAIL SALES BY AREA FULTON MALL AND CITY OF FRESNO TOTALS

Year	FULTON MALL TOTALS			MALL SHARE OF CITY	
	Locations	Sales Tax	Sales Tax per Outlet	Locations	Sales Tax
1993	103	184,002	1,786	1.4%	0.5%
1994	102	188,874	1,852	1.4%	0.5%
1995	110	187,159	1,701	1.5%	0.5%
1996	111	174,328	1,571	1.5%	0.4%
1997	110	163,808	1,489	1.5%	0.4%
1998	121	172,988	1,430	1.6%	0.4%
1999	130	183,647	1,413	1.7%	0.4%
2000	131	197,106	1,505	1.7%	0.4%
2001	128	189,784	1,483	1.6%	0.4%
2002	123	176,789	1,437	1.6%	0.3%
2003	121	165,313	1,366	1.5%	0.3%
2004	118	164,398	1,393	1.5%	0.3%
2005	113	152,276	1,348	1.4%	0.2%
2006	110	147,189	1,338	1.4%	0.2%
2007	100	145,356	1,454	1.3%	0.2%

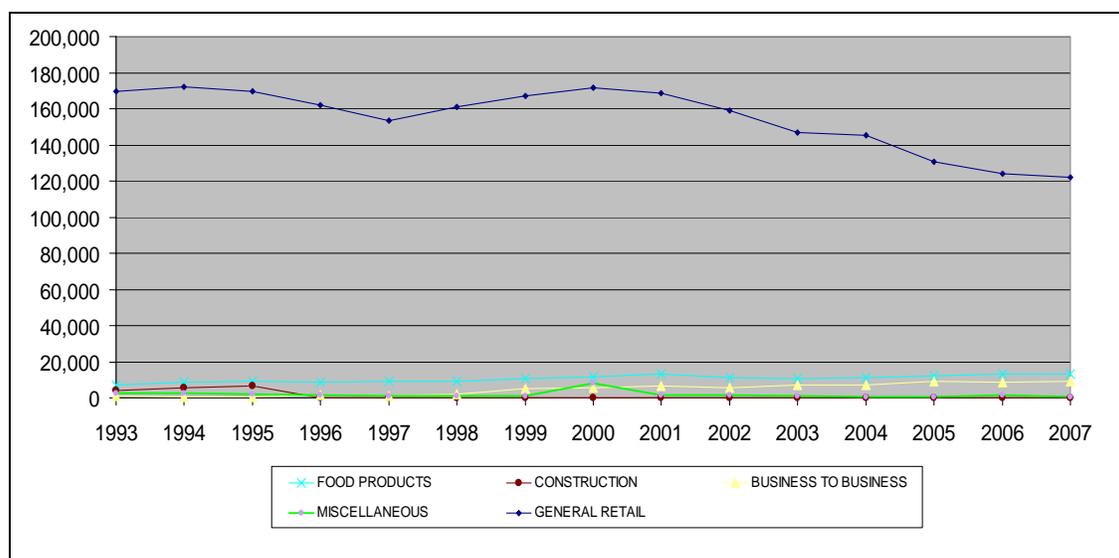
Sources: City of Fresno, Market Profiles

As shown in the exhibit, the number of retail locations in the Mall has ranged between 100 (the current number) and 131 (in the peak year of 2000), and since 2000 the number of outlets has been decreasing, with 10 fewer outlets in 2007 than in 2006. In 2007, the number of taxable retail sales outlets located in Fulton Mall represented just 1.3 percent of all retail outlets in the City of Fresno, the lowest share of market (in terms of outlets) in at least 15 years.¹

¹ A field survey conducted in preparation of this study found that the number of occupied spaces currently is well below 100.

More importantly, the level of taxable sales (and thus sales tax receipts) in the Mall has also been decreasing through at least 2007, last year reaching its lowest point in the 15 years for which data was provided. Taxable sales in Fulton Mall outlets represented just 0.2 percent of total taxable sales for the City in 2007. On a sales per outlet basis, the average outlet in the City of Fresno achieves a level of sales that is 6.5 times the average of outlets located within Fulton Mall, and the disparity between performance among Mall retailers compared to those in the rest of Fresno has been worsening nearly every year since at least 1993.

**EXHIBIT II-5
ANNUAL SALES TAX BY RETAIL CATEGORY
FULTON MALL STORES-ALL MAJOR CATEGORIES
1993 TO 2007**



The category of General Retail accounts for the largest share of outlets and generates the most sales tax revenue of any category of outlet within the Mall. The General Retail category accounts for 79 percent of the retail mix at the Mall.

Among the other categories of retailers at the Mall, both the Food Products and Business-to-Business retail have shown a general increasing trend in sales tax revenue. The Construction category began decreasing in tax revenue in 1996 and the only Mall's construction materials retailer left the Mall in 1997. The Miscellaneous sales tax category has remained relatively steady at a low level with the exception of a large peak in 2000, which was followed by an immediate return to more typical levels.

The pattern of sales at stores in the other categories (excluding General Retail) is shown in Exhibit II-6 on the following page.

**EXHIBIT II-6
ANNUAL SALES TAX BY RETAIL CATEGORY
FULTON MALL STORES-SELECTED CATEGORIES
1993 TO 2007**

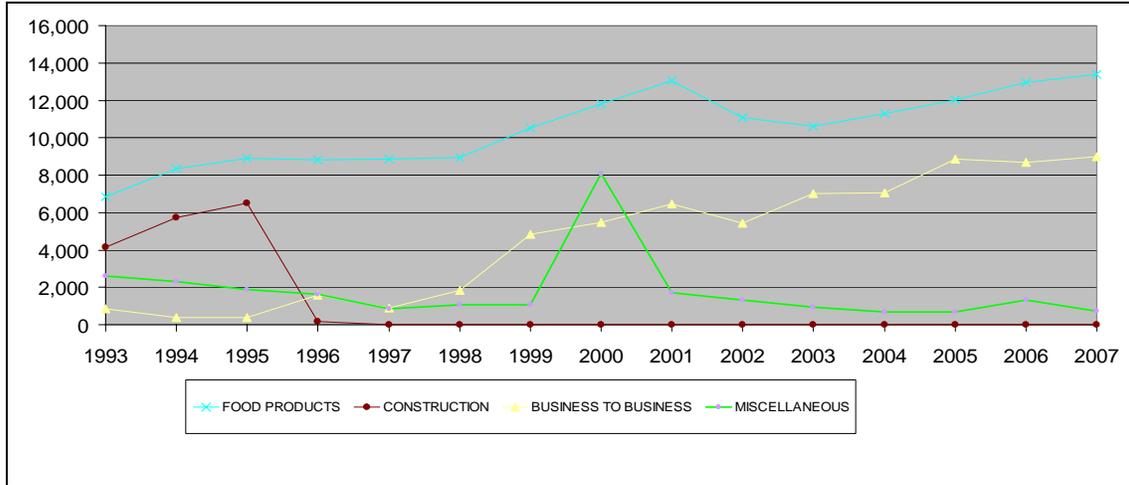


Exhibit II-7 shows a historical breakdown of the number of Fulton Mall retail establishments in each category. As mentioned above, the vast majority of stores are categorized as General Retail, which includes apparel, recreation, furniture and department stores among other types. The number of General Retail establishments has been consistently decreasing since 2000. Since 1993 there has been an overall increasing trend in the number of establishments within the Food Product category. There has also been a small increase in the number of Business-to-Business retailers along the mall, while the number of retailers categorized as Miscellaneous has decreased and, as noted earlier, there are no longer any construction related retailers along the mall.

**EXHIBIT II-7
NUMBER OF FULTON MALL OUTLETS BY CATEGORY**

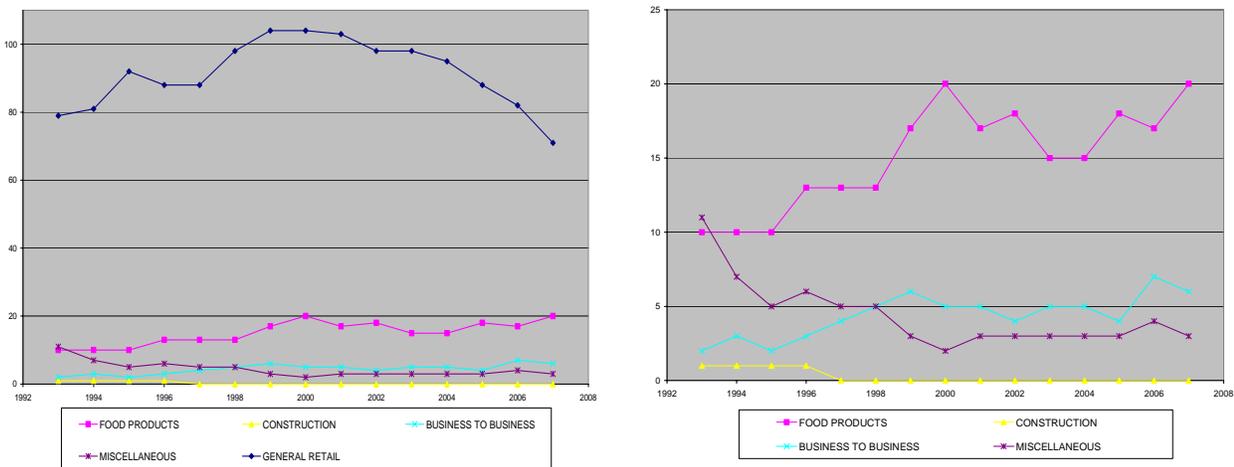


Exhibit II-8 summarizes the number of retailers currently located within Fulton Mall by merchandise sub-category as of the end of 2007. As noted in the exhibit, Apparel Stores are the most common type of outlet in the Mall, followed by Restaurants. Nearly half of all outlets on Fulton Mall fall into one of those two store type categories.

**EXHIBIT II-8
FULTON MALL RETAIL OUTLETS BY SUB CATEGORY
2007**

	SUB CATEGORY	2007
GENERAL RETAIL	APPAREL STORES	28
	DEPARTMENT STORES	1
	FURNITURE/APPLIANCE	1
	DRUG STORES	1
	RECREATION PRODUCTS	3
	FLORIST/NURSERY	2
	MISCELLANEOUS RETAIL	35
	TOTAL CATEGORY	71
FOOD PRODUCTS	RESTAURANTS	16
	FOOD MARKETS	4
	TOTAL CATEGORY	20
CONSTRUCTION	BLDG.MATLS-WHSLE	0
	TOTAL CATEGORY	0
BUSINESS TO BUSINESS	OFFICE EQUIPMENT	0
	BUSINESS SERVICES	2
	HEAVY INDUSTRY	3
	LIGHT INDUSTRY	0
	LEASING	1
	TOTAL CATEGORY	6
MISCELLANEOUS	HEALTH & GOVERNMENT	2
	MISCELLANEOUS OTHER	1
	TOTAL CATEGORY	3
TOTAL ALL CATEGORIES		100

FULTON MALL PROPERTY TAX

The map below shows properties aligning the Fulton Mall, as defined by the red boundary, that have been included in an assessment of taxable value and property taxes received by the City of Fresno.

**EXHIBIT II-9
MAP OF FULTON MALL ADAJECT PROPERTIES**

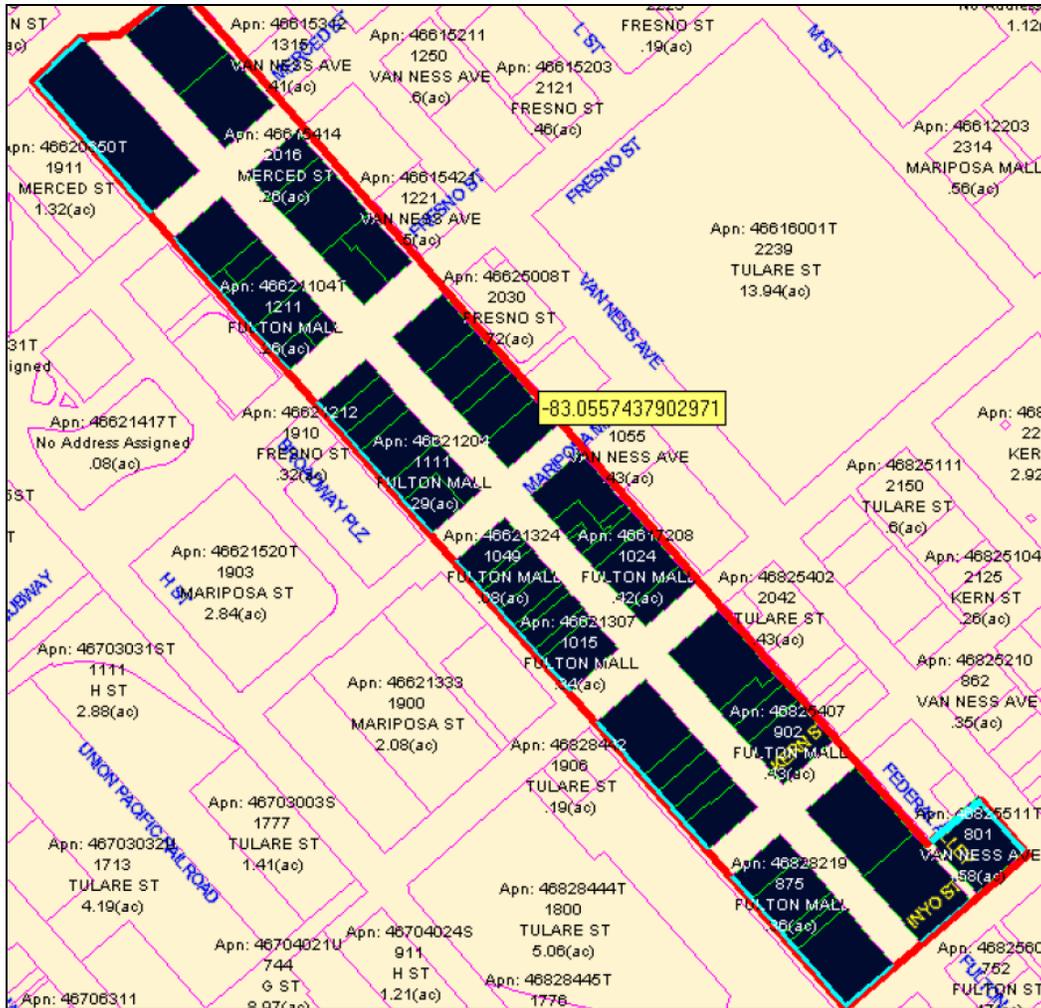


Exhibit II-10 on the following page summarizes taxable property values and property tax revenues for the properties (identified by Assessor's Parcel Number, or APN) along the Mall as outlined in Exhibit II-9. The table also shows the current total assessed value of all the properties within the Central Business District Project Area (CBDPA) as well as the increase in that value since 1961, when the CBDPA was established by the Fresno Redevelopment Agency. The property values in the Project Area have increased a total of 447 percent over the 47 year period, an average of about a 9.5 percent increase per year.

**EXHIBIT II-10
FULTON MALL PROPERTY TAX ASSESSMENT
Central Business District Project Area**

Assessed Value	118,925,228	22,646,000	141,571,228
Frozen Base	31,352,348	9,449,170	40,801,518
% Increase	479.318%	339.661%	446.975%
Fulton APN	LAND	IMPR	Taxable Value
46615314	354,587	728,026	1,082,613
46615318	351,900	40,800	392,700
46615411	200,000	1,800,000	2,000,000
46615412	126,188	252,379	378,567
46615413	40,148	276,985	317,133
46615414	120,227	477,780	598,007
46615431	115,000	10,000	125,000
46617111	120,000	380,000	500,000
46617112	120,000	445,000	565,000
46617113	102,527	228,718	331,245
46617114	109,854	439,426	549,280
46617207	68,978	461,625	530,603
46617208	153,875	907,332	1,061,207
46617212	179,982	2,511,776	2,691,758
46617215	55,913	216,513	272,426
46621105	79,134	219,857	298,991
46621106	60,633	68,217	128,850
46621112	121,561	1,021,574	1,143,135
46621120	44,102	121,288	165,390
46621201	153,000	6,324,000	6,477,000
46621203	140,413	239,874	380,287
46621204	150,000	1,850,000	2,000,000
46621216	79,590	880,802	960,392
46621217	42,735	294,667	337,402
46621302	95,479	143,221	238,700
46621303	86,035	103,244	189,279
46621304	48,418	133,051	181,469
46621305	63,672	360,810	424,482
46621306	32,472	319,317	351,789
46621307	162,364	757,701	920,065
46621324	51,341	182,036	233,377
46626001	71,161	168,217	239,378
46627001	35,803	143,221	179,024
46825407	147,302	301,011	448,313
46825408	69,987	247,294	317,281
46825409	78,568	207,153	285,721
46825410	278,207	446,427	724,634
46825507	252,178	1,308,984	1,561,162
46828101	270,608	1,515,404	1,786,012
46828102	60,000	240,000	300,000
46828103	75,370	186,482	261,852
46828104	70,965	232,791	303,756
46828105	157,729	369,098	526,827
46828205	42,012	165,898	207,910
46828219	86,675	762,863	849,538
46828222	26,011	85,819	111,830
Total Fulton APN	5,352,704	28,576,681	33,929,385
RDA Portion	3,941,567	16,652,901	20,594,468
City/County/State	1,411,137	11,923,780	13,334,917
City Portion (11%)	155,225	1,311,616	1,466,841
Tax Revenues:			
City Portion	1,552	13,116	14,668
RDA	39,416	166,529	205,945
Total City + RDA	40,968	179,645	220,613
CBD Project Area			1,007,697
Fulton Mall as a % of CBD Project Area			21.89%

Does not include tax-exempt parcels.
Source: City of Fresno

The table also shows the total taxable value of the properties aligning the mall to be nearly \$34 million. Currently the Redevelopment Agency receives taxes on just over 60 percent of the total taxable value and the City of Fresno's share of property taxes is about 11 percent. Given that the base property tax rate is one percent of assessed value, in the current tax year the City collected \$14,668 from Fulton Mall properties and the Redevelopment Agency collected \$205,945 for a total of \$220,613.

SECTION III

DEMOGRAPHIC AND ECONOMIC BACKGROUND

SECTION III

DEMOGRAPHIC AND ECONOMIC BACKGROUND

INTRODUCTION

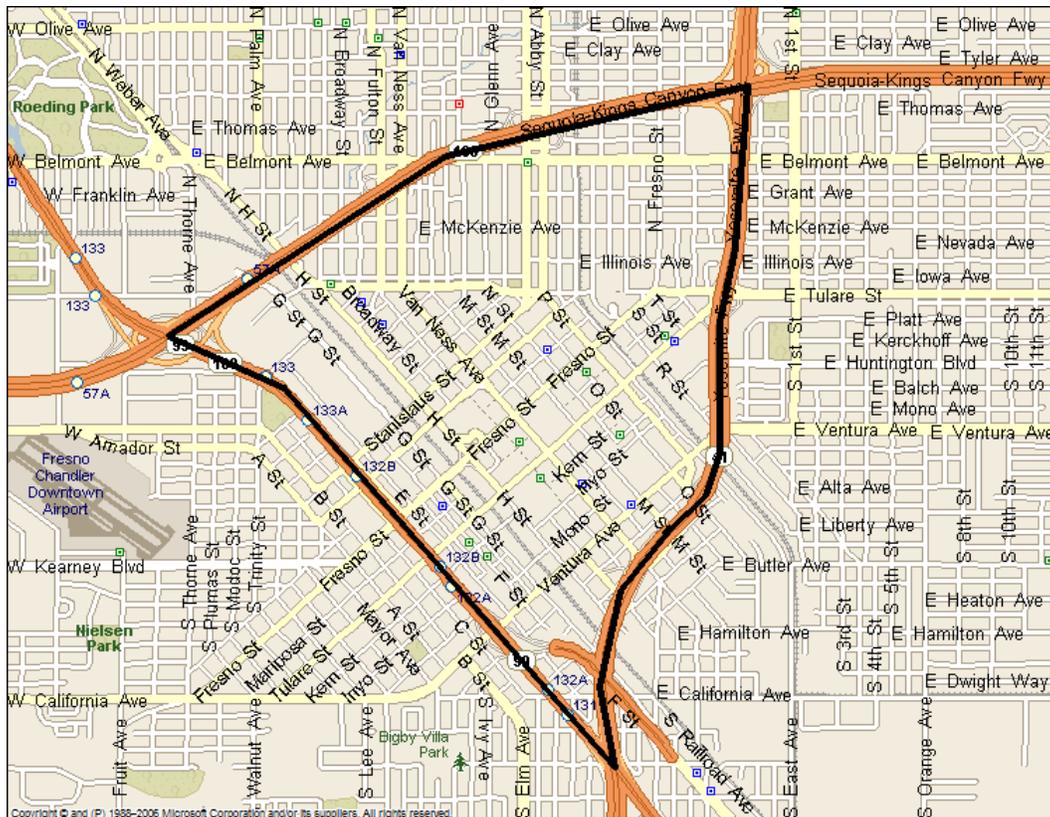
This section of the study presents an economic overview of the City of Fresno, and of the Downtown Fresno area in particular. To provide an understanding of dynamics that underlie the Downtown area, the analysis includes demographic and income profiles, descriptions of employment composition and trends, retail sales, housing profiles, and residential and commercial construction activity.

The majority of the supporting exhibits that are referenced are located following the text portion of this section.

DOWNTOWN MARKET AREA

For the purposes of this analysis, Downtown Fresno is essentially defined by the confluence of three freeways – the 99, 180, and the 41. The triangular-shaped area bounded by these three freeways has been designated as the “Downtown Area” and that area designation is found in the text and tables that follow. This Area is shown in Exhibit III-1 below.

EXHIBIT III-1
DOWNTOWN AREA



DEMOGRAPHIC AND INCOME PROFILE

Exhibit III-2 presents a demographic profile of the Downtown Area, along with profiles of the City of Fresno and of Fresno County. The population of the Downtown Area totals 14,863 persons. The population has been declining slightly over the past several years because the Area is virtually built-out, and nearly two thirds of the housing stock was constructed prior to 1970. Since that period, most new development activity (particularly commercial and residential construction) has occurred outside the Downtown Area. The declining population trend could be reversed if new residential units were constructed. The Area's residential growth potential is evaluated below (see POTENTIAL RESIDENTIAL UNIT DEMAND).

The income composition of the households in the Downtown Area is modest. The median household income is only \$15,264. This figure is far below the median income figures of \$40,965 for the entire city and \$44,552 for all of Fresno County. Incomes of households living closest to Fulton Mall are generally lower than those of households living farther away, and the disparity increases as the distance from Fulton Mall increases.

HOUSING PROFILE

Exhibit III-3 on the following page presents a profile of the Downtown Area's housing stock. Multi-family units account for two thirds of the housing units. This is in contrast to the city's overall proportion of 35 percent multi-family units.

Nearly 90 percent of the Downtown Area's households are renters compared to a citywide proportion of 48 percent. The median home value (value of all existing homes) in the Downtown Area is \$157,249, compared to a median value of \$261,651 for the city.

**EXHIBIT III-3
HOUSING PROFILE
DOWNTOWN AREA
AND THE CITY OF FRESNO
2008**

DESCRIPTION	Downtown Area	City of Fresno
YEAR ROUND UNITS IN STRUCTURE	4,031	163,076
SINGLE UNITS DETACHED	28.73%	59.00%
SINGLE UNITS ATTACHED	4.42%	3.96%
DOUBLE UNITS	5.28%	2.87%
3 TO 19 UNITS	40.04%	18.24%
20 TO 49 UNITS	5.11%	3.73%
50+ UNITS	16.25%	9.69%
MOBILE HOME OR TRAILER	0.05%	2.36%
ALL OTHER	0.10%	0.15%
OCCUPIED UNITS	3,475	153,425
OWNER OCCUPIED	13.78%	51.71%
RENTER OCCUPIED	86.22%	48.29%
AVERAGE PERSON PER HH	3.28	3.04
OWNER OCCUPIED PROPERTY VALUES	479	79,343
UNDER \$80,000	4.81%	4.10%
\$80,000 TO \$99,999	5.43%	1.07%
\$100,000 TO \$149,999	34.66%	6.44%
\$150,000 TO \$199,999	35.07%	16.41%
\$200,000 TO \$299,999	8.14%	35.64%
\$300,000 TO \$399,999	1.25%	18.87%
\$400,000 TO \$499,999	3.97%	7.31%
\$500,000 TO \$749,999	1.25%	6.45%
\$750,000 TO \$999,999	0.21%	1.95%
\$1,000,000+	5.01%	1.75%
MEDIAN PROPERTY VALUE	\$157,249	\$261,651
HOUSING UNITS BY YEAR BUILT	4,031	163,076
BUILT 1999 TO PRESENT	4.34%	12.99%
BUILT 1995 TO 1998	1.09%	5.67%
BUILT 1990 TO 1994	2.63%	8.98%
BUILT 1980 TO 1989	8.96%	16.71%
BUILT 1970 TO 1979	19.97%	19.27%
BUILT 1960 TO 1969	15.38%	12.80%
BUILT 1950 TO 1959	13.55%	11.71%
BUILT 1940 TO 1949	14.07%	6.23%
BUILT 1939 OR EARLIER	20.00%	5.65%

Source: Claritas, Market Profiles

EMPLOYMENT GROWTH

The composition and dynamics of the Fresno economy have an important influence on the vitality of the Downtown Area. New jobs attract new households to the region thereby fueling future population and housing growth. Jobs also fuel the need for new business space, and they provide the purchasing power needed to support retail expansion.

Non-agricultural employment growth in Fresno County provides the best indicator of the health of the local and regional economies. Exhibit III-4 below shows that the county's job base increased at healthy annual rates (above 3.3 percent in 1999 and 2000). The growth rate fell to less than one percent in 2003, then rebounded to a rate of 1.5 percent in 2004, and improved further in 2005 and 2006 with employment increases of 2.5 percent and 2.6 percent, respectively.

**EXHIBIT III-4
NON-AGRICULTURAL EMPLOYMENT GROWTH
FRESNO COUNTY
1990-2008**

Year	Total Employment	Annual Change	
		Number	Percent
2008	308,000	2,000	0.7%
PROJECTED			
2007	306,000	3,400	1.1%
2006	302,600	8,300	2.8%
2005	294,300	7,400	2.6%
2004	286,900	4,200	1.5%
2003	282,700	700	0.2%
2002	282,000	6,100	2.2%
2001	275,900	5,300	2.0%
2000	270,600	8,600	3.3%
1999	262,000	8,500	3.4%
1998	253,500	3,700	1.5%
1997	249,800	3,000	1.2%
1996	246,800	3,300	1.4%
1995	243,500	6,300	2.7%
1994	237,200	3,600	1.5%
1993	233,600	6,300	2.8%
1992	227,300	2,800	1.2%
1990	224,500	N.A.	N.A.

Source: California Employment Dept., Market Profiles

Due primarily to the slowdown in the new home market, job growth slowed to 1.1 percent in 2007. Based on data for the first half of this year, employment in Fresno County is projected to increase by less than one percent in 2008. The regional economy will be slowed by declining employment in the Residential Construction and Finance sectors, and by more modest consumer spending due to flat or declining home prices.

Over the next ten years, the rate of job growth is projected to average about 2.0 percent per year – about the same pace as that experienced on average over the previous 15 years. The continued expansion of the economy will support future population growth which will increase the demand for residential units, retail centers, and other types of business space in the City of Fresno.

As of June 2008, there were 366,100 jobs in Fresno County and the unemployment rate was 9.7 percent. This compares to unemployment rates of 7.0 percent for California and 5.7 percent for the United States. The relatively high unemployment rate for Fresno County is typical of regions that have a large Agriculture industry, due in part to seasonally-influenced high unemployment rates in that sector.

RESIDENTIAL CONSTRUCTION

Exhibit III-5 on the following page shows the pattern of residential construction in the City of Fresno and throughout Fresno County, as represented by building permit authorizations. In response to strong new home demand, the number of single family homes permitted in the City of Fresno accelerated from 1,547 homes in 2003 to 2,247 homes in 2005. Subsequently, the market cooled in 2006 and 2007 and permits for 1,600 and 2,016 homes were issued in those years, respectively. Market demand has remained weak in 2008.

After high volumes of multi-family permit issuances in 2005 and 2006 (1,147 & 1,189 units, respectively), the multi-family permit volume fell to 871 units in 2007, and only 181 units were permitted in the first half of 2008.

**EXHIBIT III-5
RESIDENTIAL BUILDING PERMITS
CITY OF FRESNO
AND FRESNO COUNTY
1989 THROUGH FIRST HALF 2008**

Year	City of Fresno			Fresno County		
	SF*	MF*	Total	SF*	MF*	Total
2008						
First Half	832	181	1,013	N.A.**	N.A.**	N.A.**
2007	2,016	871	2,887	3,214	1,179	4,393
2006	1,600	1,189	2,789	2,723	1,281	4,004
2005	2,247	1,147	3,394	5,865	1,535	7,400
2004	2,106	891	2,997	5,399	1,614	7,013
2003	1,547	749	2,296	4,538	1,216	5,754
2002	1,139	173	1,312	3,655	182	3,837
2001	1,588	90	1,678	3,620	150	3,770
2000	1,398	48	1,446	2,909	247	3,156
1999	1,459	268	1,727	2,607	364	2,971
1998	1,576	98	1,674	2,785	288	3,073
1997	1,323	219	1,542	2,511	268	2,779
1996	1,625	201	1,826	3,021	269	3,290
1995	1,488	551	2,039	3,071	985	4,056
1994	1,782	456	2,238	3,707	930	4,637
1993	1,778	234	2,012	3,754	402	4,156
1992	2,340	559	2,899	4,159	837	4,996
1991	1,897	557	2,454	3,492	872	4,364
1990	2,041	1,297	3,338	3,872	1,481	5,353
1989	3,233	1,704	4,937	4,830	2,274	7,104

* SF=Single Family; MF=Multi Family

** Census Bureau not reporting data for 2008 for Fresno County.

Source: Economic Sciences Corporation, U.S. Census Bureau, Market Profiles

RETAIL SALES AND SPENDING PATTERNS

Exhibit III-6 on the following page shows the pattern of retail sales-per-capita that was generated during 2006 (the latest full year for which such data is available from the State Board of Equalization¹) in the cities of Fresno and Clovis, along with the data for Fresno County. Also shown for comparative purposes are the data for California. The sales figures show the relationship between the volume of retail sales being captured within the cities, county, and state as compared to each jurisdiction's population, shown as sales-per-capita.

¹ Sales tax data found in other portions of this study are based on special analyses of sales taxes obtained through the City of Fresno.

EXHIBIT III-6
ANNUAL RETAIL SALES PER CAPITA
BY RETAIL OUTLET CATEGORY
CITIES OF FRESNO AND CLOVIS
FRESNO COUNTY AND CALIFORNIA
2006*

Retail Category	City of Fresno	City of Clovis	2-City Totals	Fresno County	California
Apparel	\$588	\$394	\$557	\$370	\$530
General Merchandise	\$2,080	\$3,625	\$2,328	\$1,463	\$1,411
Drugs	N.A.**	N.A.**	N.A.**	\$228	\$275
Food Stores	\$2,292	\$2,930	\$2,395	\$2,133	\$1,752
Packaged Liquor Stores	N.A.***	N.A.***	N.A.***	\$79	\$71
Eating and Drinking	\$1,339	\$1,283	\$1,330	\$995	\$1,315
Furniture and Appliances	\$550	\$205	\$494	\$338	\$464
Building Materials	\$763	\$1,105	\$818	\$952	\$685
Auto Dealers and Supplies	\$2,334	\$3,603	\$2,538	\$2,139	\$1,912
Parts & Supplies	N.A.	N.A.	N.A.	\$195	\$160
Specialty and Other	\$1,967	\$1,337	\$1,866	\$1,277	\$1,628
Specialty	N.A.	N.A.	N.A.	\$1,075	\$1,461
Other	N.A.	N.A.	N.A.	\$202	\$166
TOTALS:	\$11,913	\$14,481	\$12,326	\$9,973	\$10,045

* Most recent year for which data has been published.

** Data for this category is included in General Merchandise.

*** Data for this category is included in Specialty and Other.

Source: California Board of Equalization, Market Profiles

Several of the sales-per-capita figures for the City of Fresno are well above the county and state baseline figures. These large differentials cannot be explained solely by household income characteristics or differences in the shopping patterns of local residents. Rather, the sales per capita differentials are most likely due to the capture of patronage from the high volumes of traffic on Highway 99 (the primary north/south regional highway serving San Joaquin Valley) and Highway 41 (connecting the Fresno area with Yosemite National Park to the north), along with sales from residents of the surrounding communities (i.e., residents of areas outside of the cities of Fresno or Clovis).

There are large volumes of both vacation and business travelers that pass through Fresno each day, and it appears that a large number of these travelers stop in Fresno to refuel, rest, eat, and shop. In addition, the city attracts shoppers from the surrounding rural communities that have no shopping options (or only limited ones) locally.

In comparison to the county averages, the retail sales per capita figures for the City of Fresno are very high in several categories including Apparel, General Merchandise, Eating and Drinking, Furniture and Appliances, and Specialty and Other. These are the categories that you would expect to be bolstered by highway patronage. The sales per capita figures exceed the countywide figures in these merchandise categories by between 35 and 64 percent. Exhibit III-7 below shows the specific sales per capita differentials between the City of Fresno and Fresno County for selected merchandise categories.

EXHIBIT III-7
ANNUAL RETAIL SALES PER CAPITA
BY SELECTED RETAIL OUTLET CATEGORIES
CITY OF FRESNO AND FRESNO COUNTY
2006*

Retail Category	City of Fresno	Fresno County	Percent Difference
Apparel	\$588	\$370	58.9%
General Merchandise	\$2,080	\$1,463	42.2%
Eating and Drinking	\$1,339	\$995	34.6%
Furniture and Appliances	\$550	\$338	62.7%
Specialty and Other	\$1,967	\$1,277	54.0%

* Latest full year for which data has been released by the state.

Source: California Board of Equalization, Market Profiles

These differentials are far too great to be accounted for solely by the household income characteristics or shopping patterns of local residents. The figures indicate that retail centers in Fresno are attracting considerable amounts of retail patronage from travelers and from non-local residents. The majority of this extra-local patronage is being captured by large, high-profile retail centers situated adjacent to the 99 and 41 freeways (principally in the vicinity of Riverpark, which is adjacent to the 41 freeway).

RETAIL SALES DEMAND-SUPPLY ANALYSIS

Exhibit III-8 shows the retail expenditure potential (demand) that is associated with residents of the Downtown Area. Based on the projected pattern of retail expenditures for a population with demographic characteristics matching those of the residents of the Downtown Area, retail expenditures are projected to total about \$58 million per year. The expenditures are projected to be distributed among the major retail merchandise categories as shown in the exhibit.

Comparison of the projected retail expenditures (demand) with estimated sales (supply) indicates that the volume of sales being generated in the Downtown Area is far in excess of that attributable to the local resident population. The total annual retail sales figure of \$233.6 million is four times that which is attributable to the local population base. These additional retail sales are the result of patronage from a large and generally affluent base of workers that are employed by downtown businesses and government agencies, together with visitors. As shown in Exhibit III-9, it is estimated that there are about 42,000 persons employed in the Downtown Area, including over 13,600 in Government agencies.

The largest amounts of extra-local sales attraction are being captured by home improvement stores (\$35 million), drug stores (\$31.5 million), and restaurants (\$31.4 million). With the exception of General Merchandise Stores, all major merchandise categories are attracting substantial extra-local patronage.

COMMERCIAL CONSTRUCTION TRENDS

Exhibit III-10 shows the annual pattern of commercial and industrial construction in the cities of Fresno and Clovis, along with Fresno County, as represented by building permit valuations. Industrial buildings (including "Other/Misc.") have accounted for the majority of the construction activity. The next largest category has been that of office buildings. This is a very unusual circumstance for a community the size of Fresno.

Over the last six years, office building permits have accounted for 32 percent of the non-residential building permit valuations in Fresno. In contrast, offices accounted for a more typical proportion of 19 percent of non-residential building permit valuations in the City of Bakersfield, another large Central Valley city. The large amount of office construction in Fresno is largely due to high proportions of jobs in Government, Health Services, and Social Services. Exhibit III-9 shows that over 70 percent of the Government jobs in the City are located in the Downtown Area.

DEMAND FOR OFFICE SPACE

As noted in Exhibit III-9, office-related employment in the City of Fresno equates to 0.31 jobs per capita and in Downtown Fresno the ratio is 2.34 office jobs per capita, both of which are unusually high ratios, especially in comparison to large metro areas in other parts of Southern and Central California. Data for major Southern California metro areas – Los Angeles-Long Beach (Los Angeles County), Anaheim-Santa Ana (Orange County and Inland Empire (Riverside and San Bernardino Counties) show that the ratios of office jobs per capita are lower in the more suburban San Bernardino-Riverside region than in the more urbanized counties of Los Angeles and Orange².

Given the identified intensity of office jobs per capita in Fresno, together with the projected rate of future employment growth (about 2 percent per year), the demand for new general office space in Fresno is estimated to average between approximately 150,000 to 300,000 square feet per year beginning in 2010 (i.e., following recovery from the current economic slowdown).

² For reference, there are approximately 0.15 office jobs per capita in Inland Empire, compared to 0.22 per capita in Los Angeles Count and 0.15 per capita in Orange County.

Exhibit III-9 shows that the Downtown Area accounts for 24 percent of Fresno's office-related employment. Assuming that this relationship continues, the Downtown Area can be expected to capture between 35,000 and 70,000 square feet of the new office space demand annually.

RESIDENTIAL MARKET TRENDS

Exhibit III-11 shows the pattern of market activity in the new home and resale sectors of Fresno County. The data clearly show the scope of the market slowdown that has occurred. Sales volumes have dropped significantly, as have home values. The market psychology is such that several months or more will be required to regain a "normal" market condition.

POTENTIAL RESIDENTIAL UNIT DEMAND

The primary determinant of the strength of demand for housing in a region is employment growth. Following the anticipated recovery of the housing sector over the coming 6 to 12 months, the demand for new residential units in Fresno is projected to average 2,054 homes per year. This is a realistic demand factor (formulated by Claritas, Inc.) that equates to a growth rate of just 1.33 percent per year.

Exhibit III-12, shows a summary of the growth factors that underlie the demand forecast. The projected rate of household growth in Fresno of 2,054 households per year is based on the following factors:

1. Employment growth in Fresno County is projected to average about 1.5 percent per year over the next five years.
2. The growth forecast that is shown in Exhibit III-12 was formulated by Claritas, Inc. This forecast is a projection of the actual growth that is expected to occur in Fresno, based on historical experience and other reasonably identifiable factors.
3. Fifty five percent of the new households are projected to be homeowners.

In the Downtown Area, there has been very little residential construction for the past several years. If new rental and/or for sale housing at market level pricing were made available, the population of the Downtown Area could be expanding. It is projected that, assuming that sufficient new residential construction did occur, the Area's household base could expand at a rate of about 2.0 percent per year, or 72 households per year. It is estimated that the demand would be about evenly divided between renter and owner household.

**EXHIBIT III-2
DEMOGRAPHIC PROFILE
DOWNTOWN AREA
CITY OF FRESNO AND FRESNO COUNTY**

DESCRIPTION*	Downtown Area	City of Fresno	Fresno County
POPULATION			
2013 ESTIMATE	15,240	511,206	1,005,687
2008 ESTIMATE	14,863	474,818	919,844
2000 CENSUS	14,920	427,652	799,407
1990 CENSUS	15,790	356,035	667,588
GROWTH 2008-2013	2.54%	7.66%	9.33%
GROWTH 2000-2008	-0.38%	11.03%	15.07%
GROWTH 1990-2000	-5.51%	20.12%	19.75%
HOUSEHOLDS			
2013 ESTIMATE	3,545	163,697	310,505
2008 ESTIMATE	3,475	153,425	286,714
2000 CENSUS	3,576	140,079	252,940
1990 CENSUS	3,921	122,413	220,962
GROWTH 2007-2013	2.01%	6.70%	8.30%
GROWTH 2000-2008	-2.82%	9.53%	13.35%
GROWTH 1990-2000	-8.80%	14.43%	14.47%
AVERAGE PERSON PER HH	3.28	3.04	3.14
ESTIMATED POPULATION BY RACE			
WHITE	33.18%	46.38%	51.01%
BLACK	10.89%	8.27%	5.26%
ASIAN & PACIFIC ISLANDER	8.76%	11.84%	8.59%
OTHER RACES	41.83%	27.87%	30.00%
TWO OR MORE	5.34%	5.65%	0.0514
ESTIMATED POPULATION			
HISPANIC ORIGIN	65.07%	45.02%	48.21%
ESTIMATED HOUSEHOLDS BY INCOME			
UNDER \$15,000	49.53%	17.76%	15.12%
\$15,000 TO \$24,999	18.50%	13.43%	12.49%
\$25,000 TO \$34,999	12.72%	12.50%	12.28%
\$35,000 TO \$49,999	9.87%	15.86%	15.89%
\$50,000 TO \$74,999	5.44%	17.54%	18.21%
\$75,000 TO \$99,999	2.01%	9.74%	10.70%
\$100,000 TO \$149,999	9.80%	8.52%	9.65%
\$150,000 TO \$249,999	0.32%	3.27%	4.05%
\$250,000 TO \$499,999	0.55%	0.98%	1.20%
\$500,000 AND OVER	0.90%	0.40%	0.42%
EST. AVERAGE HOUSEHOLD INCOME	\$24,416	\$56,095	\$60,677
EST. MEDIAN HOUSEHOLD INCOME	\$15,264	\$40,965	\$44,552
EST. PER CAPITA INCOME	\$7,079	\$18,326	\$19,232

* All data is as of 2008 unless noted.

Source: Claritas, Market Profiles

**EXHIBIT III-3
HOUSING PROFILE
DOWNTOWN AREA
AND THE CITY OF FRESNO
2008**

DESCRIPTION	Downtown Area	City of Fresno
YEAR ROUND UNITS IN STRUCTURE	4,031	163,076
SINGLE UNITS DETACHED	28.73%	59.00%
SINGLE UNITS ATTACHED	4.42%	3.96%
DOUBLE UNITS	5.28%	2.87%
3 TO 19 UNITS	40.04%	18.24%
20 TO 49 UNITS	5.11%	3.73%
50+ UNITS	16.25%	9.69%
MOBILE HOME OR TRAILER	0.05%	2.36%
ALL OTHER	0.10%	0.15%
OCCUPIED UNITS	3,475	153,425
OWNER OCCUPIED	13.78%	51.71%
RENTER OCCUPIED	86.22%	48.29%
AVERAGE PERSON PER HH	3.28	3.04
OWNER OCCUPIED PROPERTY VALUES	479	79,343
UNDER \$80,000	4.81%	4.10%
\$80,000 TO \$99,999	5.43%	1.07%
\$100,000 TO \$149,999	34.66%	6.44%
\$150,000 TO \$199,999	35.07%	16.41%
\$200,000 TO \$299,999	8.14%	35.64%
\$300,000 TO \$399,999	1.25%	18.87%
\$400,000 TO \$499,999	3.97%	7.31%
\$500,000 TO \$749,999	1.25%	6.45%
\$750,000 TO \$999,999	0.21%	1.95%
\$1,000,000+	5.01%	1.75%
MEDIAN PROPERTY VALUE	\$157,249	\$261,651
HOUSING UNITS BY YEAR BUILT	4,031	163,076
BUILT 1999 TO PRESENT	4.34%	12.99%
BUILT 1995 TO 1998	1.09%	5.67%
BUILT 1990 TO 1994	2.63%	8.98%
BUILT 1980 TO 1989	8.96%	16.71%
BUILT 1970 TO 1979	19.97%	19.27%
BUILT 1960 TO 1969	15.38%	12.80%
BUILT 1950 TO 1959	13.55%	11.71%
BUILT 1940 TO 1949	14.07%	6.23%
BUILT 1939 OR EARLIER	20.00%	5.65%

Source: Claritas, Market Profiles

**EXHIBIT III-4
NON-AGRICULTURAL EMPLOYMENT GROWTH
FRESNO COUNTY
1990-2008**

Year	Total Employment	Annual Change	
		Number	Percent
2008	308,000	2,000	0.7%
PROJECTED			
2007	306,000	3,400	1.1%
2006	302,600	8,300	2.8%
2005	294,300	7,400	2.6%
2004	286,900	4,200	1.5%
2003	282,700	700	0.2%
2002	282,000	6,100	2.2%
2001	275,900	5,300	2.0%
2000	270,600	8,600	3.3%
1999	262,000	8,500	3.4%
1998	253,500	3,700	1.5%
1997	249,800	3,000	1.2%
1996	246,800	3,300	1.4%
1995	243,500	6,300	2.7%
1994	237,200	3,600	1.5%
1993	233,600	6,300	2.8%
1992	227,300	2,800	1.2%
1990	224,500	N.A.	N.A.

Source: California Employment Dept., Market Profiles

**EXHIBIT III-5
RESIDENTIAL BUILDING PERMITS
CITY OF FRESNO
AND FRESNO COUNTY
1989 THROUGH FIRST HALF 2008**

Year	City of Fresno			Fresno County		
	SF*	MF*	Total	SF*	MF*	Total
2008						
First Half	832	181	1,013	N.A.**	N.A.**	N.A.**
2007	2,016	871	2,887	3,214	1,179	4,393
2006	1,600	1,189	2,789	2,723	1,281	4,004
2005	2,247	1,147	3,394	5,865	1,535	7,400
2004	2,106	891	2,997	5,399	1,614	7,013
2003	1,547	749	2,296	4,538	1,216	5,754
2002	1,139	173	1,312	3,655	182	3,837
2001	1,588	90	1,678	3,620	150	3,770
2000	1,398	48	1,446	2,909	247	3,156
1999	1,459	268	1,727	2,607	364	2,971
1998	1,576	98	1,674	2,785	288	3,073
1997	1,323	219	1,542	2,511	268	2,779
1996	1,625	201	1,826	3,021	269	3,290
1995	1,488	551	2,039	3,071	985	4,056
1994	1,782	456	2,238	3,707	930	4,637
1993	1,778	234	2,012	3,754	402	4,156
1992	2,340	559	2,899	4,159	837	4,996
1991	1,897	557	2,454	3,492	872	4,364
1990	2,041	1,297	3,338	3,872	1,481	5,353
1989	3,233	1,704	4,937	4,830	2,274	7,104

* SF=Single Family; MF=Multi Family

** Census Bureau not reporting data for 2008 for Fresno County.

Source: Economic Sciences Corporation, U.S. Census Bureau,
Market Profiles

EXHIBIT III-6
ANNUAL RETAIL SALES PER CAPITA
BY RETAIL OUTLET CATEGORY
CITIES OF FRESNO AND CLOVIS
FRESNO COUNTY AND CALIFORNIA
2006*

Retail Category	City of Fresno	City of Clovis	2-City Totals	Fresno County	California
Apparel	\$588	\$394	\$557	\$370	\$530
General Merchandise	\$2,080	\$3,625	\$2,328	\$1,463	\$1,411
Drugs	N.A.**	N.A.**	N.A.**	\$228	\$275
Food Stores	\$2,292	\$2,930	\$2,395	\$2,133	\$1,752
Packaged Liquor Stores	N.A.***	N.A.***	N.A.***	\$79	\$71
Eating and Drinking	\$1,339	\$1,283	\$1,330	\$995	\$1,315
Furniture and Appliances	\$550	\$205	\$494	\$338	\$464
Building Materials	\$763	\$1,105	\$818	\$952	\$685
Auto Dealers and Supplies	\$2,334	\$3,603	\$2,538	\$2,139	\$1,912
Parts & Supplies	N.A.	N.A.	N.A.	\$195	\$160
Specialty and Other	\$1,967	\$1,337	\$1,866	\$1,277	\$1,628
Specialty	N.A.	N.A.	N.A.	\$1,075	\$1,461
Other	N.A.	N.A.	N.A.	\$202	\$166
TOTALS:	\$11,913	\$14,481	\$12,326	\$9,973	\$10,045

* Most recent year for which data has been published.

** Data for this category is included in General Merchandise.

*** Data for this category is included in Specialty and Other.

Source: California Board of Equalization, Market Profiles

**EXHIBIT III-8
RETAIL DEMAND-SUPPLY ANALYSIS
DOWNTOWN AREA
2008**

Retail Merchandise Category	Projected Annual Expenditures (Demand)	Current Annual Retail Sales (Supply)	Extra-Local Sales Attraction	Estimated Sales Per Square Foot	Additional Square Feet Supportable
Furniture and Home Furnishings Stores	\$1,407,006	\$13,600,180	\$12,193,174	\$250	48,773
Electronics and Appliance Stores	\$1,999,653	\$19,401,770	\$17,402,117	\$675	25,781
Building Material, Garden Equip Stores	\$4,420,326	\$39,485,624	\$35,065,298	\$375	93,507
Food and Stores (Supermarkets)	\$15,943,439	\$20,032,189	\$4,088,750	\$400	10,222
Health and Personal Care Stores (Drugs)	\$4,670,105	\$36,178,487	\$31,508,382	\$650	48,474
Clothing and Clothing Accessories Stores	\$4,471,956	\$19,409,269	\$14,937,313	\$400	37,343
Sporting Goods, Hobby, Book, Music Stores	\$1,689,467	\$3,089,625	\$1,400,158	\$300	4,667
General Merchandise Stores					
Department Stores Excl Leased Depts	\$5,400,706	\$1,554,623	-\$3,846,083	\$250	-15,384
Other General Merchandise Stores					
Warehouse Clubs and Super Stores	\$6,120,695	\$1,550,966	-\$4,569,729	\$500	-9,139
All Other General Merchandise Stores	\$724,051	\$954,789	\$230,738	\$300	769
Automotive Parts/Accsrs, Tire Stores	994,561	7,125,605	\$6,131,044	\$250	24,524
Miscellaneous Retail Stores	\$1,610,958	\$32,974,469	\$31,363,511	\$300	104,545
Foodservice and Drinking Places (Restaurants)	\$8,517,630	\$38,241,128	\$29,723,498	\$400	74,309
Total Retail Sales	\$57,970,553	\$233,598,724	\$175,628,171		448,391

Source: Claritas, Inc., Market Profiles

EXHIBIT III-9
JOBS BY BUSINESS SPACE CATEGORY
DOWNTOWN AREA AND THE CITY OF FRESNO
CONTRASTED WITH ORANGE AND LOS ANGELES COUNTIES
2008

TYPE OF BUSINESS	Downtown Area	City of Fresno	Orange County	Los Angeles County
TOTAL JOBS PER CAPITA	2.82	0.56	0.58	0.47
TOTAL JOBS	41,927	265,223	1,793,880	4,822,588
RETAIL BUILDINGS				
JOBS PER CAPITA	0.15	0.10	0.12	0.09
TOTAL JOBS	2,259	45,475	357,515	911,092
HOME IMPROVEMENT STORES	131	2,922	36,479	70,338
GENERAL MERCHANDISE STORES	21	6,383	27,076	80,308
FOOD STORES	279	5,650	36,349	116,193
APPAREL & ACCESSORY STORES	97	2,523	23,222	71,311
FURNITURE/HOME FURNISHINGS	187	3,012	43,026	87,864
EATING & DRINKING PLACES	972	18,495	131,939	339,986
MISCELLANEOUS RETAIL STORES	572	6,490	59,424	145,092
OFFICE BUILDINGS				
JOBS PER CAPITA	2.34	0.31	0.27	0.22
TOTAL JOBS	34,753	145,182	835,028	2,203,046
BANKS, SAVING, & LENDING INST.	323	5,715	62,727	104,136
SECURITIES, BROKERS & INVEST.	82	1,390	25,105	63,920
INSURANCE CARRIERS & AGENCIES	434	6,673	34,534	73,807
REAL ESTATE	613	6,949	70,850	153,031
PERSONAL SERVICES	537	10,294	64,892	217,452
BUSINESS SERVICES	1,452	18,498	208,930	469,652
HEALTH SERVICES	12,563	37,561	139,535	464,777
LEGAL SERVICES	934	3,242	24,401	87,660
EDUCATION SERVICES	1,467	18,678	98,018	364,978
SOCIAL SERVICES	1,957	9,188	34,807	10,024
OTHER SERVICES	782	8,237	71,229	193,609
GOVERNMENT	13,609	18,757	57,561	191,296
INDUSTRIAL BUILDINGS				
JOBS PER CAPITA	0.24	0.13	0.16	0.13
TOTAL JOBS	3,612	60,512	502,867	1,378,110
AGRICULTURE	117	4,067	21,799	28,997
MINING	0	16	1,016	4,698
CONSTRUCTION	916	13,924	89,864	185,926
MANUFACTURING	955	16,685	218,841	539,137
TRANS., COMMUN. / PUBLIC UTILITIE	1,014	10,812	68,339	265,799
WHOLESALE TRADE	610	15,008	103,008	353,553
OTHER				
JOBS PER CAPITA	0.09	0.03	0.03	0.03
TOTAL JOBS	1,303	14,054	98,470	330,340
AUTO DEALERS & GAS STATIONS	290	5,802	38,461	102,285
HOTELS & LODGING	266	2,532	28,029	53,368
MOTION PICTURE & AMUSEMENT	747	5,720	31,980	174,687
POPULATION	14,863	474,818	3,080,180	10,224,764
HOUSEHOLDS	3,475	153,425	997,448	3,321,181
JOBS/HOUSEHOLD	12.07	1.73	1.80	1.45

Source: Claritas, Market Profiles

**EXHIBIT III-10
COMMERCIAL AND INDUSTRIAL BUILDING PERMIT VALUATIONS
BY SUBCATEGORY
CITIES OF FRESNO AND CLOVIS
AND FRESNO COUNTY
2000 THROUGH 2007**

Permit Valuations in Thousands*								
Building Category	2000	2001	2002	2003	2004	2005	2006	2007
Fresno								
Retail Stores	\$27,723	\$30,812	\$41,274	\$45,128	\$32,689	\$42,222	\$29,654	\$31,334
Office Buildings	\$37,830	\$24,370	\$59,195	\$55,651	\$52,748	\$48,699	\$71,604	\$38,222
Hotels	\$0	\$0	\$0	\$3,947	\$0	\$3,907	\$15,290	\$0
Other Comm'l	\$17,231	\$1,042	\$588	\$2,090	\$7,801	\$323	\$152	\$0
Total Commercial	\$82,784	\$56,224	\$101,057	\$106,816	\$93,238	\$95,151	\$116,700	\$69,556
Industrial	\$40,640	\$16,704	\$41,446	\$29,965	\$21,018	\$17,970	\$15,287	\$40,990
Other Misc.	\$9,022	\$9,065	\$8,744	\$11,913	\$14,685	\$23,428	\$200,113	\$15,488
Total Ind'l & Misc.	\$49,662	\$25,769	\$50,190	\$41,878	\$35,703	\$41,398	\$215,400	\$56,478
Totals	\$132,446	\$81,993	\$151,247	\$148,694	\$128,941	\$136,549	\$332,100	\$126,034
Clovis								
Retail Stores	\$10,164	\$9,447	\$13,476	\$13,983	\$873	\$21,170	\$14,537	\$15,397
Office Buildings	\$5,004	\$3,295	\$2,440	\$1,123	\$4,756	\$13,863	\$6,417	\$16,173
Hotels	\$0	\$0	\$0	\$0	\$2,273	\$0	\$0	\$5,496
Other Comm'l	\$1,372	\$608	\$629	\$226	\$0	\$0	\$7,000	\$1,250
Total Commercial	\$16,540	\$13,350	\$16,545	\$15,332	\$7,902	\$35,033	\$27,954	\$38,316
Industrial	\$13,165	\$997	\$1,418	\$8,699	\$4,750	\$20,479	\$0	\$4,743
Other Misc.	\$5,325	\$11,463	\$36,306	\$20,929	\$18,156	\$21,525	\$16,375	\$11,229
Total Ind'l & Misc.	\$18,490	\$12,460	\$37,724	\$29,628	\$22,906	\$42,004	\$16,375	\$15,972
Totals	\$35,030	\$25,810	\$54,269	\$44,960	\$30,808	\$77,037	\$44,329	\$54,288
Fresno County								
Retail Stores	\$52,153	\$42,799	\$62,127	\$60,152	\$41,792	\$69,678	\$49,504	\$53,822
Office Buildings	\$43,890	\$27,877	\$65,618	\$57,444	\$59,147	\$65,375	\$79,066	\$85,483
Hotels	\$1,510	\$0	\$0	\$3,947	\$2,273	\$5,304	\$15,290	\$5,496
Other Comm'l	\$19,802	\$2,249	\$1,217	\$2,316	\$7,801	\$495	\$7,152	\$1,445
Total Commercial	\$117,355	\$72,925	\$128,962	\$123,859	\$111,013	\$140,852	\$151,012	\$146,246
Industrial	\$76,131	\$27,826	\$55,549	\$52,755	\$43,491	\$57,123	\$41,806	\$66,958
Other Misc.	\$28,221	\$59,515	\$67,684	\$72,754	\$66,179	\$84,037	\$67,166	\$49,883
Total Ind'l & Misc.	\$104,352	\$87,341	\$123,233	\$125,509	\$109,670	\$141,160	\$108,972	\$116,841

**EXHIBIT III-11
NEW HOME AND RESALE MARKET TRENDS
FRESNO COUNTY
1996 THROUGH FIRST QUARTER 2008**

Year	Resale Homes				New Homes			
	# of Sales	Percent Change	Median Price	Percent Change	# of Sales	Percent Change	Median Price	Percent Change
2008 1st Qtr	1,142	-34.8%	\$232,487	-13.2%	591	-37.9%	\$263,352	-13.5%
2007	6,294	-36.1%	\$258,955	-5.4%	3,773	-19.4%	\$293,118	-16.6%
2006	9,856	-31.5%	\$273,612	4.6%	4,679	7.0%	\$351,339	12.0%
2005	14,395	1.1%	\$261,662	29.2%	4,374	15.3%	\$313,661	24.6%
2004	14,236	5.9%	\$202,591	30.1%	3,792	17.8%	\$251,683	21.6%
2003	13,441	6.2%	\$155,756	23.7%	3,220	11.8%	\$206,997	17.9%
2002	12,661	20.5%	\$125,917	13.9%	2,879	28.0%	\$175,609	7.6%
2001	10,507	11.1%	\$110,525	15.2%	2,250	15.0%	\$163,256	13.3%
2000	9,454	3.3%	\$95,923	4.5%	1,956	-1.6%	\$144,068	3.5%
1999	9,148	8.1%	\$91,835	2.6%	1,987	0.1%	\$139,225	9.1%
1998	8,459	17.7%	\$89,481	2.9%	1,985	10.3%	\$127,602	4.9%
1997	7,187	1.5%	\$86,970	-0.9%	1,800	-13.3%	\$121,691	-2.5%
1996	7,080	2.4%	\$87,746	0.9%	2,076	-9.0%	\$124,757	4.8%

Source: Real Estate Research Council, Market Profiles

**EXHIBIT III-12
HOUSING GROWTH SUMMARY
CITY OF FRESNO AND THE DOWNTOWN AREA
1990 - 2013**

Year	City of Fresno				Downtown Area -- Potential Demand			
	Total	New HH*	Tenure		Total	New HH*	Tenure	
	Households	Per Year	Owner	Renter	Households**	Per Year**	Owner**	Renter**
1990	122,413	N.A.	N.A.	N.A.	3,921	N.A.	N.A.	N.A.
to								
2000	140,079	1,767	919	848	3,576	-35	-3	-31
to								
2008	153,425	1,907	1,144	763	3,475	-14	-1	-13
to								
2013**	163,697	2,054	1,130	924	3,837	72	36	36

* HH = Households

** Downtown Area projections for 2013 were formulated by Market Profiles.

Source: Claritas Inc., Market Profiles

SECTION IV

NATIONAL REGISTER REVIEW

SECTION IV NATIONAL REGISTER REVIEW

The National Register of Historic Places is the Nation's official list of cultural resources worthy of preservation. The National Register is part of a national program to organize and support public and private efforts to identify, evaluate, and protect our historic and archeological resources. Properties listed in the Register include districts, sites, buildings, structures, and objects that are significant in American history, architecture, archeology, engineering, and culture.

The National Register was created to help property owners and groups coordinate, identify, and protect historic sites in the United States. While National Register listings are mostly symbolic, they can provide some financial incentive to listed property owners.

During the nomination process, the property is evaluated in terms of the four primary criteria for inclusion on the National Register of Historic Places (NRHP). For a property to be listed it must meet at least one of the four NRHP key criteria.

- To meet the "Event" category, criterion A, the property must make a contribution to the broad patterns of American history.
- Criterion B, "Person," is associated with significant people in the American past.
- The third criterion, C, "Design/Construction," is associated with the distinctive characteristics of the building through its construction and architecture, including having high artistic value or being the work of a master.
- The final criterion, D, "Information potential," is satisfied if the property has yielded or may be likely to yield information important to prehistory or history.

The criteria are applied differently for different types of properties. For instance, maritime properties have different application guidelines than buildings.

FULTON MALL NOMINATION

The nomination of the Fulton Mall was prepared and submitted by the Downtown Fresno Coalition, a private consortium. The Fulton Mall is a public property held in trust by the City of Fresno, and unlike properties that are owned by private sector entities, under the process by which properties are added to the National Register, the City cannot successfully keep public property from the National Register merely by objecting to its inclusion.

The Fulton Mall is nominated for inclusion on the National Register of Historic Places under criterion C, "Design/ Construction". The nomination document asserts that the Mall is "the finest example of pedestrian mall design resulting from the federal government's Urban Renewal Programs," as well as being a "major achievement" of its designer, the late "master" landscape architect, Garrett Eckbo. Lastly, the nomination also cites the Mall as "an excellent example of the influence of Modernist design ideas on landscape architecture." In addition, one part the application claims that the Mall "deserves listing . . . for regional significance under Criterion A – Recreational and Social History" but it is not formally cited in another part of the copy of the application as it was provided to the City by SHPO in May 2008¹.

Since the Mall was completed less than 50 years ago (having opened in 1964) it must also qualify for listing on the Historic Register under criterion G, "Properties that Have Achieved Significance Within the Past Fifty Years."

The application for nomination to the Register asserts that there are 25 (or 26)² "contributing objects" within the Fulton Mall, including works of art, water features, pools, seating areas and plantings. In addition, it cites one "noncontributing object" within the Mall site.

IMPLICATIONS OF LISTING

If the Mall is placed on the National Register of Historic Places, it will automatically be listed in the California Register of Historical Resources. Under the listed status, the California Environmental Quality Act, CEQA, requires that all projects on the Mall would have to be evaluated to consider the potential impact to the historic resource, which may complicate the environmental evaluation beyond one in which historic resources are not otherwise involved. As the lead agency in the CEQA process within its jurisdiction, the City of Fresno, which also is the property owner, has discretion to state whether or not projects fall in the area of indirect effects, including properties adjacent to the Mall, which would also need to be considered for potential impacts to the historic resource.

The California Environmental Quality Act was created in order to inform government agencies and the public of a development project's potential significant environmental impacts, determine possible mitigation measures, and require changes in projects when feasible. While it is not necessarily intended to limit development, the presence of a

¹ In printed portions of the National Register of Historic Places Registration Form (NSPS Form 10-900), which was filed by the applicants, Criterion A actually specifies "Property is associated with events that have made a significant contribution to the broad patterns of our history." Although the text of the application's Statement of Significance (section 8, page 1) claims that the Mall "deserves listing" under Criterion A, in the summary table at the beginning of the application only Criterion C has been checked; Criterion A was not checked.

² A summary table in Section 5 of the application states there are 25 Contributing Objects, but in the written descriptions of Contributing Objects in Section 7 the applicants enumerate 26 items.

CEQA review does insure that any development taking place will be evaluated in terms of its impact on a range of quality of life and other factors. Under CEQA, consideration of potential impacts does not always require an Environmental Impact Report (EIR). Consideration of the historic resource can be assessed through Negative Declarations, Mitigated Negative Declarations, or Environmental Impact Reports. A full EIR is only prepared for identified environmental impacts that cannot otherwise be mitigated.

Mitigation of significant impact must lessen or eliminate the physical impact that a proposed project will have on the historical resource. Mitigation measures can range from documentation (such as photos) to relocation or incorporating the “essence” of the resource’s design in the proposed project.

POTENTIAL ECONOMIC BENEFITS

There are a number of economic benefits in the form of tax incentives, tax credits and grants available to properties and districts listed on the National Register of Historic Places³. Market Profiles has determined that no additional sources of funding or incentives reviewed would be available for the Fulton Mall that would not be available if the Mall were not on the National Register. Below are a few examples of some of the sources found as potential economic benefits for preservation related projects.

Even if listed as a Historical Resource on the National Register of Historic Places the Fulton Mall will not be eligible for the **Federal Historic Preservation Tax Incentives Program**. Although National Register listing is the chief criterion for the incentives, the property is also required to be income producing and the Mall itself (the buildings lining it are not part of the nomination) is not.

Preserve America is a White House Initiative that supports communities in their efforts to preserve and manage priceless cultural and natural heritage sites. Benefits of designation as a Preserve America Community include White House recognition, a Preserve America road sign (“wayfinding”), authorization to use the Preserve America logo, a national and regional press release and eligibility for Preserve America Grants. Preserve America offers grants to designated Preserve America Communities (Fresno is already designated as one), State Historic Preservation Offices, and Tribal Historic Preservation Offices on a competitive basis twice a year. Preserve America granted \$4.86 million in to 72 communities in 2007, an average of \$67,500 per winner.

The 2008 fiscal year budget for Preserve America Grants is \$7.5 million. These grants, however, are not to be used for any repair, rehabilitation, or maintenance. Instead the grant money is to be used towards research and documentation,

³ In preparation of this study, Market Profiles reviewed the opportunities presented in a keynote address presented by Donovan Rypkema presented at the Alexandria Historic Preservation Conference and Town Meeting in May of 2007 entitled “The Economics of Historic Preservation”, as well as reviewing those sources of funding identified by the National Trust for Historic Preservation and other reference sources.

training, interpretation and education, planning or marketing efforts. Another stipulation of the preserve America Grants requires that for every dollar of federal funds awarded, the grantee must supply a dollar of nonfederal matching funds. It is important to note that this grant is not limited to projects listed on the National Register.

Community Development Block Grants from the U.S. Department of Housing and Urban Development. Listing on the National Register of Historic Places is not a requirement to become an eligible grantee.

The **California's Sate Historical Building Code** was established to protect California's architectural heritage by allowing greater flexibility in the rehabilitation, restoration, preservation or relocation of structures deemed as "historic". A property is a qualified historic resource if it is listed, or determined eligible for listing, on a national, state or local register of historic places as well as official inventories such as the State Historic Landmarks or the State Points of Historical Interest. The Historic Building Code can make it more financially feasible to carryout restoration projects on the Mall by allowing those projects to be regulated by a less stringent building code.

Heritage Tourism is defined by the National Trust for Historic Preservation as, "traveling to experience the places, artifacts and activities that authentically represent the stories and people of the past and present." The National Trust also points out that not every community can have a successful cultural heritage tourism program. The community must have nourished their cultural potential and not lost too much of their heritage or it may not have the historical, cultural and natural resources it takes to draw heritage tourists. An assessment of a community's attractions, visitor services, organizational capabilities, protection and marketing can help determine if the community has a viable site for heritage tourism. Although the amount of benefit is difficult to quantify and can vary greatly, a successful program can have a significant economic impact on the community, creating new businesses and jobs and raising property values.

LIMITATIONS ON ACTIVITY

Listing on the Register is primarily an honorary designation, and being placed on the National Register does not provide absolute protection from actions that may affect the property. In the extreme, there are numerous examples across the country of registered resources that have been demolished, often in the interests of public safety.

Ultimately it is the judicial system that ensures and/or determines that public agencies are fulfilling their obligations under CEQA. This gives any individual or organization the right to pursue litigation against a public agency that is perceived to have violated its CEQA obligations. As a result, projects that may be perceived to impact a historic

resource can become very difficult and costly to realize. CEQA lawsuits can be extremely lengthy, costly and very subjective, and the outcome of a case is not always easy to determine at the outset of the legal process.

Some otherwise desirable or potentially beneficial public and private sector projects subject to the CEQA process have been cancelled by their sponsors before the lawsuits come to trial, rather than undergoing the expense and time delays inherent in litigation.

The environmental review process triggered by any proposed alterations to a National Historic Resource is itself lengthy (5-14 months) and carries a potential litigation risk. These types of lawsuits can last for years (typically one to three) and litigation costs can reach into the hundreds of thousands of dollars. In California, these types of lawsuits are commonly used by opposing parties to kill or delay a project. Opposing parties can include competing developers, neighboring businesses, community groups, environmental groups or preservationists.

The case of Saint Vibiana's Cathedral in Downtown Los Angeles illustrates how a preservation group can successfully stop a redevelopment project. In the mid 1990's, the Los Angeles Conservancy, a historical preservation group, successfully sued the City of Los Angeles twice under CEQA in order to stop the demolition of the aged cathedral and the construction of a new cathedral on the site. The delay and cost killed the project and the Roman Catholic Archdiocese of Los Angeles was forced to find another site for a new facility needed to accommodate their growing congregation.

In the case of the Fulton Mall the risk of litigation can be assessed as high because of the conflicting nature of the Mall's numerous stakeholder interests.

EXCLUDED OPPORTUNITIES OR ACTIVITIES

The nomination for registration of the Mall impacts only the public roadway (and various elements affixed to it) that currently is used as a pedestrian mall. Buildings along the Mall, one of which is already included on the National Register of Historic Places, are not incorporated within the areas that are being requested for registration in the National Register.

In essence, any action that has potential impact on the integrity of the "contributing elements" of a listed resource is subject to the CEQA process, and thus might be prohibited as a result of the CEQA process. It is unlikely that minor activity related to buildings lining the mall (including, but not limited to awnings or building facades that may encroach slightly into the airspace of the Mall and/or non-permanent seating for alfresco dining at restaurants), as well as non-obtrusive vending carts located on the Mall, would be excluded from CERA review. However, any activity that permanently alters or damages the elements of the Mall (including the concrete pavement, which is

noted to be a design element in the nomination application) most likely would not be possible under the designated status.

An analysis⁴ of potential CEQA-related issues that might be raised following listing of the Mall, if it were to occur, considered two hypothetical scenarios that would trigger CEQA reviews. Following is a summary of that analysis.

Hypothetical Scenario #1: Open Mall to Traffic

- Considered Significant Impact
- EIR required - 9-14 months
- Requires review and possible approval by Historic Preservation Commission - 1-2 months
- Litigation Potential/Risk - High
- Litigation Cost - \$75,000-\$150,000 (or \$250,000 if required to pay petitioners attorneys fees)
- Litigation Time - 1-3 Years (Depending on whether goes on Appeal to Fifth and/or Supreme Court)

Real Example #1 - large office development proposed to relocate five historical homes - CEQA lawsuit on adequacy of mitigation measures and finding - taken 3 years and \$150,000 plus potential risk of paying petitioners attorneys fees.

Costs for project to be held up - possibly \$100,000's.

Hypothetical Scenario #2: Conduct Repair of Existing Fountain (requires damage to pavement and possible destruction of fountain character)

- Possible Significant Impact
- Potentially Mitigated Negative Declaration or even Cat Exemption
 - Historic Preservation Commission will need to make finding that can meet Secretary of Interior's Standards.
- Time for CEQA review and HPC review - 4-5 months
- Litigation Potential - Depends on opposition to project
- Litigation Cost - \$40,000-\$250,000 (if goes up to appeal and City has to pay petitioner's attorneys fees)

Real Example #2 - Project to demolish 4-plex 90 year old structure - 3 years of litigation - went up to Supreme Court on petition for review - cost is approximately \$40,000 (handled in house) - Petitioner's seeking attorney's fees (possibly \$45,000). Project has not been completed.

⁴ By Kathryn Phelan, Deputy City Attorney of the City of Fresno

Real Example - #3 - project to put flagpole on steps of an auditorium - lost at trial - project didn't go forward - estimated time - 12 months. Cost - estimating at \$15,000- \$30,000.

Further, given the likelihood that any proposed revisions to the Mall area would be controversial and subject to litigation under the CEQA process, according to experts in CEQA matters it is *unlikely* that any significant alterations or modifications of design or circulation features of the Mall could take place following registration on the NRHP. This, in turn, would limit the potential alternatives available to the City to improve the Mall's economic performance and thus its ability to generate increased revenues in the form of property taxes or retail sales taxes.

SECTION V

REVIEW OF PEDESTRIAN MALLS

SECTION V

REVIEW OF PEDESTRIAN MALLS

Pedestrian Malls are generally public areas that are reserved for pedestrian traffic and designed as a promenade among a series of strip retail establishments. In the United States, pedestrian malls began to gain popularity in the 1960's and 1970's as a way for cities to help their downtown retail districts remain competitive with the new shopping centers and malls that were beginning to crop up in suburban areas across the country. In many cases, including the Fulton Mall, federal funds were made available for the creation of these downtown malls through the Urban Renewal programs of the 1950's, 1960's and 1970's.

Across the Nation, a total of approximately 200 malls were installed, blocking off vehicular traffic to downtown retail corridors. The vast majority of these malls were ultimately unsuccessful and most have been reopened to some form of vehicular traffic. A list of prominent pedestrian malls has been compiled for this report and is attached at the end of this section as Exhibit V-1. This review of 50 pedestrian malls shows that only 14 percent of the malls have remained successful and in their original pedestrian-based form, while 78 percent have returned vehicular traffic and the remaining eight percent are actively considering restoring traffic to the streets on which they are placed.

REVIEW OF EXPERIENCE

Case studies of four pedestrian malls have been included in this report to give a more detailed look at the experiences of other Urban Renewal Era pedestrian malls.

Malls Reopened to All Traffic

Kalamazoo, Michigan: Burdick Street Mall

The first Pedestrian Mall created within the U.S. under the standards described above was installed in downtown Kalamazoo, Michigan. The Burdick Street Mall opened in 1959 originally as a two block stretch designed by Victor Gruen (who was involved in creation of Fresno's Fulton Mall). One more block was added to the mall the following year, 1960, and a fourth was added in 1975. Throughout this period of the mall's history it seemed to achieve its purpose of keeping Downtown Kalamazoo's retail viable despite the expansion of suburban shopping options. However, by the end of the 1980's the mall was in a steady decline, as was the case of most other downtown malls.

The two southern blocks of the mall were reopened to vehicular traffic in 1999. The retail along the mall is finally seeing resurgence with a new 12 screen movie theater and residential development along the mall.

Burdick Street Kalamazoo, MI



City Center Mall, Eugene Oregon

Broadway Street, as well as portions of cross streets, in the City of Eugene, Oregon were converted to a pedestrian mall in 1972. By 1991 nearly all anchor businesses had left the mall and it had increasingly become a magnet for transients and panhandlers. Residents voted that year and again in 1994 to reopen the mall to traffic. In response, two blocks of Olive Street were reopened to vehicular traffic in 1992, and the two blocks of Willamette Street were reopened in 1996.

In 2002, the remaining three-block section of Broadway was reconstructed for vehicular traffic and bikeways. Each one way, two-lane cross section provides parking bays on each side with wider lanes for the mix of autos and bicycles. This concept was introduced so that both motorists and bicyclists have a communal opportunity on Broadway Street while offering pedestrian visibility and discouraging high speeds.

Broadway Street Eugene, OR



Mall Opened to Public Transit

K Street Mall Sacramento, California

K Street Mall was originally opened in 1969 serving as a 7 1/2 block pedestrian and transit only street. The original mall was designed by Garrett Eckbo (designer of Fulton Mall) and included several amenities, which are no longer a part of the mall. The amenities included similar pools of water, fountains, artistically designed concrete and benches to the ones placed in the Fulton Mall. In the 1990's the Regional Transit Authority of Sacramento, in an attempt to revitalize the failing retail corridor, constructed a light rail line down the middle of the mall.

Currently, the mall, located in the Central Business District, has suffered from lack of investments and experiences increased crime rates, panhandlers, deteriorating buildings and storefronts. The City has confirmed its plans for the K Street Streetscape Project, which includes new road surfacing, light fixtures, unique shopping, dining and entertainment opportunities that appeal to people, both young and old and which will take place at the end of the year.

K Street Mall Sacramento, CA



Failing Transit Mall

Successful Pedestrian Mall

Pearl Street Mall in Boulder, Colorado

The Mall was first opened in 1977 as a four block pedestrian-only mall. It is a popular destination for tourists visiting Boulder and for students attending the nearby University of Colorado. The success of Pearl Street Mall is related to the locally-owned and operated businesses and restaurants as well as free weekend parking, community transit, and the regional highway system. The Mall is also filled with public art, including numerous fountains and sculptures as well as a sandbox for children, and a number of small gardens.

Pearl Street Mall Boulder, CO



Successful pedestrian mall

EXPERIENCE SUMMARY AND IMPLICATIONS FOR FULTON MALL

While reopening a former pedestrian mall to some type of transit or vehicular traffic may not guarantee improved economic vitality, based on the experience at numerous former pedestrian malls across the country (see Exhibit V-1 following the text of this section) this appears to be the most common response by municipalities faced with the dilemma of a failed pedestrian-only facility.

The few pedestrian malls that have survived or even thrived typically have been located near high traffic generators (e.g., Pearl Street Mall in Boulder, Colorado), at the terminus of a significant number of transit corridors (e.g., Fulton Street Mall in Brooklyn, New York, which boasts over 100,000 daily visitors), or in a very strong demographic area with nearby traffic-generating amenities (e.g., Third Street Promenade in Santa Monica, California, located less than ½-mile from the Pacific Ocean and Santa Monica Beach).

None of these conditions is present to support Fulton Mall in Fresno.

**EXHIBIT V-1
OTHER PEDESTRIAN MALLS IN THE UNITED STATES**

Mall Name	Location	Designer	Yr Blt	Length (blocks)	Cost	Type at Opening	Reopened	Current Status
Third Street Promenade	Santa Monica, CA	Roma/redesign	1965	3		Full	No	Redesigned in 1988 after opening of Santa Monica Place, Very Successful
Pearl Street	Bolder, Colorado		1977	4	1.85	Full	No	Remains closed/ successful
Burdick Street Mall	Kalamazoo, Michigan	Gruen	1959	4	60,000	Full	Yes	Reopened 2 of the four blocks to limited automobile traffic in 1998
City Center Mall	Eugene, Oregon		1972	7.5	1.35	Full	Yes	1985 2 blocks re-opened, 2002 remaining sections of mall reopened to two way traffic
Fayetteville Street Mall	Raleigh, North Carolina		1976			Full	Yes	In 2006 it was returned to accommodate traffic
Main Street	Charlottesville, Virginia		1976	8	4.1	Full	Yes	1990's remodel
Granby Street Mall	Norfolk, Virginia		1976	6		Full	Yes	Reopened to 2 way traffic in 1988
Lake Street	Oak Park, Illinois		1972	4		Full	Yes	3 of the blocks were reopened to traffic in 1988, The last block Marrion St. was opened late 2007
Washington Square	Lansing, Michigan		1975	3	850000	Full	Yes	Reopened in 2001
Downtown Mall	Las Cruces, New Mexico		1973	6		Full	Yes	Two blocks reopened, in 2005 master plan adopted calling for two narrow lanes of traffic
K Street Mall	Sacramento, California		1969	12		Full	Yes	Light rail introduced in 1980s
Franklin Street Mall	Tampa, Florida		1973	5		Full	Yes	Reopened in 2001. 2 blocks will close on week days during lunch hours
Main Mall	Tulsa, Oklahoma	HTB inc.	1978	3		Full	Yes	Began reopening in 2001 completed in 2005
Mid-America Mall	Memphis, Tennessee		1976	12	6M	Full	Yes	Transit mall renovation with electric trolley service in 1993
Captain's Walk	New London, Connecticut		1973	6	1426009	Full	Yes	Reopened in 1991
Harbor Center	Sheboygan, Wisconsin		1976	3.5	1.6M	Full	Yes	The full mall was removed and traffic was restored after the mall proved unsuccessful
Broadway Plaza	Tacoma, Washington		1976	2	1.5M	Full	Yes	The mall was opened to limited through traffic with one lane each direction 1980's
Oldtown Mall	Baltimore Maryland		1976	2	2.6M	Full	Yes	Currently about 50% of the buildings along the mall are vacant.
Fort Street Mall	Honolulu, Hawaii		1969	6	2766450	Full	N/A	
Ithaca Commons	Ithaca, New York		1975	3	1.13M	Full	Yes	Features specialty and boutique shops
North 14th Street Mall	St. Louis, Missouri		1977	2		Full	Yes	20 bldg pedestrian shopping district mostly vacant and many bldgs deteriorating
Washington Street Mall	Cape May, New Jersey		1971	3		Full	Yes	Located within a National Historic District, Tourist Destination, renovated in 2008

**EXHIBIT V-1
OTHER PEDESTRIAN MALLS IN THE UNITED STATES**

Mall Name	Location	Designer	Yr Blt	Length (blocks)	Cost	Type at Opening	Reopened	Current Status
Golden Mall, San Fernando Blvd	Burbank, California		1969			Full	Yes	Reopened in 1989
Jefferson St.	Burlington, Iowa		1970s	2		Full	Yes	Reopened in 1990
Neil Street	Champaign, Illinois		1975	1.5		Full	Yes	Project short lived reopened 1986
Main Street	Freeport, New York		1977			Full	Yes	Reopened in 1989
Post Office Street	Galveston, Texas		1970	2	69,000	Full	Yes	Reopened in 1986
Main Street	Little Rock, Arkansas		1977	6		Full	Yes	Reopened in 1991
East Liberty	Pittsburgh, Pennsylvania		1969	5		Full	Yes	Reopened 1999 and restored one-way surrounding streets to 2 way traffic
	Battle Creek, Michigan		1975	4 (1 full/ 2 semi)	2000000	Full/ Semi	Yes	Mall was reopened in 1992
Parkway Mall	Napa, California		1974	3/6	8M	Full/ Semi	Yes	
Penn Square	Reading, Pennsylvania		1975	2	1.6M	Full/ Semi	Yes	Reopened in 1993
State Street	Madison Wisconsin		1974	6	15M	Buses/ bikes	Yes	Successful with over 200 retailers, bars and restaurants
State Street	Chicago, Illinois		1979	9	17M	Busses	Yes	Reopened to private vehicles in 1996
Hamilton Mall	Allentown, Pennsylvania		1973	4	5M	Semi	Yes	Reopened
16th Street	Denver, Colorado	I.M. Pei	1982	13	76M	Shuttle	Yes	
Lincoln Road	Miami Beach, Florida	Morris Lapidus	1959	7		Tram	Yes	
Pioneer/ Portland Transit Mall	Portland, Oregon		1977	22	15M	Transit	Yes	Evolved from a bus transit mall. Light rail will open in 2009
Nicollet Mall	Minneapolis, Minnesota	Lawrence Halprin	1967	12		Transit Buses/	Yes	Very successful with upscale retail tenants and high credit office tenants along the mall
Main Street	Buffalo, New York		1986	10		Transit Light Rail	Yes	Currently considering reopening the mall to two way traffic

**EXHIBIT V-1
OTHER PEDESTRIAN MALLS IN THE UNITED STATES**

Mall Name	Location	Designer	Yr Blt	Length (blocks)	Cost	Type at Opening	Reopened	Current Status
Chestnut Street	Philadelphia, Pennsylvania		1976	12	7.4M	Transit/ Busses until	Yes	Reopened to traffic in...
Main Street	Evansville, Indiana		1971	7		Trolley	Yes	Reopened to traffic in 2002 after district was placed on National Register
4th Street/ The Galleria/ River City Mall	Louisville, Kentucky		1973	8	1.7M	Trolley	Yes	1989/2000 scaled down
Church Street	Burlington, Vermont		1981	4			No	Remains closed/ successful
Monroe Mall	Grand Rapids, Michigan		1970				Yes	Reopened to one way traffic
Market Square	Knoxville, Tennessee			1			N/A	
Wyoming Avenue Plaza	Scranton, Pennsylvania		1978	1	1000000		Yes	Added three additional semi blocks in 1983
Main Street	Ashtabula, Ohio		1975	4			Yes	Reopened in 1983
Market Street Mall	Trenton, New Jersey		1974	2			Yes	Reopened
Main Street	St. Joseph, Missouri		1974	5			Yes	Reopened 1991

Sources: Individual Properties, Urban Land Institute, ICSC, Market Profiles

SECTION VI

ECONOMIC OPPORTUNITY CALCULATIONS

SECTION VI

ECONOMIC OPPORTUNITY CALCULATIONS

INTRODUCTION

Even in its current condition and without the potential restrictions on future changes that would result from listing of Fulton Mall in the National Register of Historic Places, it appears unlikely that the full development potential of the targeted area will be realized *unless there are significant changes to the configuration and other characteristics of the site*. As noted earlier, the linear distances that must be traversed by potential shoppers are well beyond generally accepted retail planning principles, parking is inconveniently located and unattractive, the site is virtually invisible to those who do not have prior knowledge of its location, and there is only a limited resident population base to provide patronage after the surrounding business district offices close at the end of the business day.

Nonetheless, based on the volume of square footage in the buildings that line the Mall, given certain assumptions about performance and use mix it is possible to calculate an approximate estimate of the **maximum economic activity potential** of the Mall, if there were no restrictions on re-configuration such as those which would likely result from placement of the Mall onto the National Register. The following paragraphs provide the assumptions under which such a calculation is made, and the basis for those assumptions.

1. Based on inventories of space in buildings along the Mall, there appear to be a total of approximately 635,000 square feet of first floor space, and a total (including the ground floor) of approximately 1,500,000 total square feet in the buildings, meaning that there are approximately 865,000 square feet of space above the ground floor. For purposes of this analysis, it is assumed that 100 percent of the ground floor space could be available for retail users, with the balance (on floors above ground level) available for a combination of other uses, including limited retail, but mostly office and residential uses in a mixed use environment.
2. If the mall were developed to its full potential, it is assumed that retail users could (for purposes of this analysis) achieve sales levels (on a per square foot basis) at least equal to the levels achieved on average throughout the City of Fresno. Under this simplifying assumption, that means that the mix of retailers within the Mall would be similar to citywide averages, and that the retailers would be able to match sales performance of comparable outlets even though their locations were different. Based on other research performed in other City locations as well as national average data, it appears that the overall average sales per square foot of retail space in the City are approximately \$290 to \$300 per square foot. For purposes of this analysis, an average potential retail sales figure of \$295 per square foot will be utilized. For purposes of real estate income calculation, an

average retail rent of approximately \$1.50 per square foot is assumed, which is about the midpoint of retail rents across the Fresno market (ranging from around \$1.00 per square foot in older retail centers to above \$2.00 in newer centers). Average retail vacancy citywide is in the range of approximately 4.0 percent.

3. Above the ground floor, given the right mix of circumstances it could be possible to develop the space with a mix of uses, emphasizing office and residential.
 - a. For the office space, average office rents across the market area are approximately \$2.15 for Class A space and \$1.50 for Class B space, with an overall market office vacancy rate of about 10.0 percent. For purposes of income calculation in this analysis, we assume that office space in buildings along the Mall would be considered Class B level, and thus assume an average rent of approximately \$1.50 per square foot.
 - b. The only example of mixed use residential space along the Mall that is currently being marketed is priced at approximately \$400 per square foot, which is significantly higher than the for-sale average price of approximately \$160 per square foot for new homes (average size 2,000 square feet) across the Fresno market. For purposes of this analysis, we assume an average selling price for residential units in buildings along the Mall of approximately \$280 per square foot.

For purposes of this *hypothetical* calculation, the following mix of uses is assumed if the Mall were to be built out to its full potential:

Retail	650,000 square feet
Residential (300 units @ 1,500 square feet)	450,000 square feet
Office	415,000 square feet

To establish a potential valuation of the non-residential space, the simplest methodology (which requires a significant set of simplifying assumptions) is to apply a capitalization rate to the net operating income of the asset. Capitalization rates generally have been increasing in the difficult market conditions of recent periods and are subject to change as conditions in general improve or deteriorate, and they vary by property type but for purposes of this analysis an average cap rate of 6 percent has been assumed.

The table on the following page presents a summary of estimated economic performance of the Mall under an optimistic (and totally hypothetical) development scenario that assumes ***full buildout of all space without the types of restrictions that might be in place if the Mall were to be placed on the National Register.*** Note that placement on the National Register would put significant limitations on the City's

flexibility to institute any significant changes that would upgrade the Mall's potential, and thus the City would be limited to revenues from sales and property taxes close to or below those currently being experienced¹.

**EXHIBIT VI-1
MAXIMUM POTENTIAL ECONOMIC ACTIVITY
FULTON MALL BUILDOUT
(2008 DOLLAR BASIS)**

	Retail	Office	Residential
Total Square Footage	650,000	415,000	450,000
Vacancy Rate	4.0%	10.0%	5.0%
Net Occupied Square Feet	624,000	373,500	427,500
Sales per Square Foot	\$295	na	\$400
Total Sales	\$184,080,000	na	\$171,000,000
Rent per Square Foot (monthly)	\$1.50	\$1.50	na
Total Rent per month	\$936,000	\$560,250	
Total Annual Rent	\$11,232,000	\$6,723,000	
Capitalization Rate	6.0%	6.0%	na
Estimated Valuation	\$187,200,000	\$112,050,000	\$171,000,000
Annual Real Estate Taxes at 1%	\$1,872,000	\$1,120,500	\$1,710,000
Sales Tax at 0.95%	\$1,748,760		

As noted in the table, if the Fulton Mall could be developed and built out to its full potential, under the assumptions summarized in the preceding pages retail sales totaling over \$184 million (in 2008 dollars) would be achieved annually, and the total valuation of the properties along the mall would be approximately \$470,250,000.

In addition to fees and other benefits associated with a revitalized Downtown area, revenues for the City of Fresno generated by activity at a built out and fully utilized Fulton Mall would include:

Sales Tax	\$1,748,760 per year
Real Estate Property Tax	\$4,702,500 per year

¹ As noted in Exhibit II-4 Section II of this report, currently the Mall merchants generate approximately \$145,000 per year in sales taxes for the City, and the trend has been generally downward since 2000.

Combined, the two sources would generate a total (in 2008 dollars) of \$6,451,260. This can be considered a “best case” scenario for the Mall, and could only be accomplished if the Mall were not placed on the Register, which would inhibit the ability of the Mall to be developed to its full potential.

In comparison to this optimized scenario, as detailed in Section II of this report, the Mall currently generates the following levels of Sales Tax and Real Estate Property Tax.

Sales Tax	\$220,613 per year
Real Estate Property Tax	\$145,356 per year

The combined **\$365,969 currently being generated by the Mall from these two sources can be considered to be a “worst case” scenario**, which assumes that placement on the National Register would, in effect, prohibit any changes to the current configuration and condition of the Mall.

Most likely, if the Mall were to be placed on the National Register, Market Profiles concludes that there would be significant obstacles to making any major changes to the configuration and character of the Mall, and most likely this would extend to the prohibition of consumer vehicular traffic from being re-introduced to the roadway. This would severely limit the desirability of the Mall for retailers (who depend to some extent on drive-by traffic for both its convenience and the added exposure it allows for their stores), and Market Profiles estimates that this would limit the ultimate buildout of the Mall area and its surrounding buildings to about 50 percent of the “best case” potential as outlined above.

Thus, **in the “most likely” scenario the Mall would generate a total revenue from sales tax and real estate property tax of approximately \$3,591,589.** Thus, under the “most likely” scenario **the city would lose the potential for incremental annual revenue of approximately \$2,859,661 (in 2008 dollars), which is the net amount remaining after credit is given for the \$365,969 per year in property and sales taxes that the Mall generates currently.**

APPENDIX

**KEY INDIVIDUALS INTERVIEWED
FULTON MALL STUDY**

Individual	Title	Organization
Karana Hattersley-Drayton	Historic Preservation Officer	City of Fresno
Harold Tokmakian	Principal	Downtown Fresno Coalition
Linda J. Zachritz, Esq.	Principal	Downtown Fresno Coalition
Jan Minami	Executive Director	Downtown Association of Fresno
Al Smith	President/CEO	Greater Fresno Area Chamber of Commerce
Kelly Riddle	Economic Development Coordinator	City of Fresno - City Manager's Office
Marlene Murphey	Executive Director	City of Fresno Redevelopment Agency
Lupe Perez	Senior Project Coordinator	City of Fresno Redevelopment Agency
Saundra King	Owner	The Lofts @ 1060 Fulton
Terri Saldivar	Executive Assistant	City of Fresno – City Manager's Office
V. Kendle	Owner	Milano Restaurant – Fulton Mall
Steve	Manager	Long's Drugs – Fulton Mall
Tom Tang	Principal	CRM Tech – Cultural Resource Consultants
Betsy Lindsay	President/ CEO	Ultra Systems – Environmental Planning and Consulting
Michael Brandman	President/ CEO	Michael Brandman Associates – Environmental Planning Services
Kathryn Phelan	Deputy City Attorney II	City of Fresno – City Attorney's Office