



CITY OF
TRACY CALIFORNIA
Think Inside the Triangle™

TEN-YEAR

Economic Development Strategic Plan



September 2023

Published by

City of Tracy
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Tracy, CA 95376
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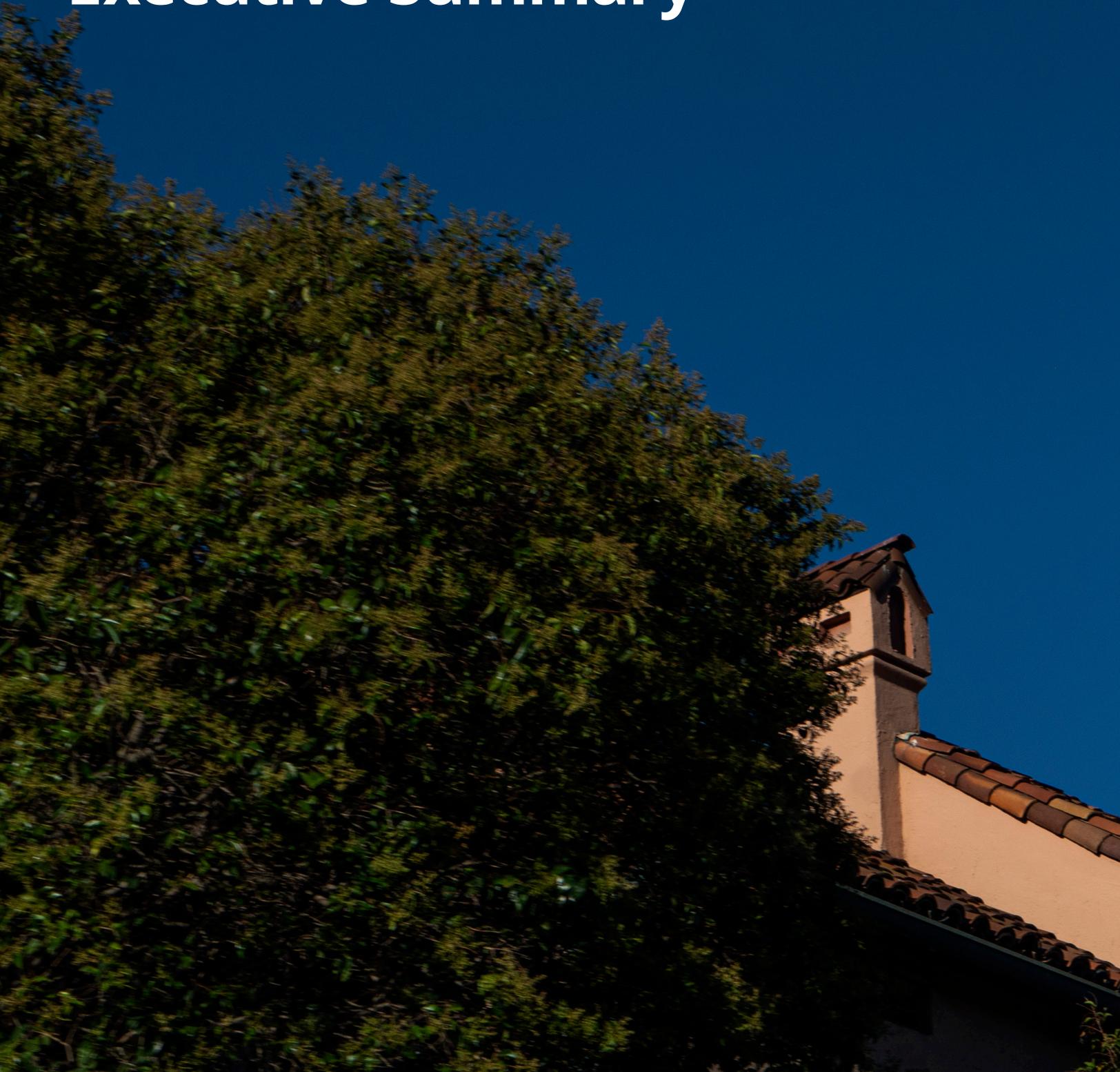
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Executive Summary



Introduction

This Economic Development Strategic Plan provides The City of Tracy with a strategic framework and roadmap to enhance economic development and community resiliency.

The plan aligns with established Economic Development Administration (EDA) guidance which frames economic development and resiliency as a set of factors which speak to the capacity of a region to recover quickly from a shock, withstand a shock, or the ability to avoid the shock altogether, with a specific focus on regional susceptibility.

The following three distinct sets of forces are:

1. Global Factors such as the impact of recessions and broader downturns in regional / national / global economic activity which impact regional demand for goods and services. Global events such as the "Great Recession" from 2008-2009 and COVID-linked global instability are examples of economic shocks which have impacted the Bay Area and Tracy.
2. Structural changes within core regional industries, including decline or unexpected / accelerated growth, loss of a military base or major employer. While the Bay Area has endured its share of these disruptions, particularly closed military installations, dramatic growth can create different, but equally destabilizing effects; emergence of Silicon Valley since 2000 is one example.
3. Economic consequences of Natural Disasters are realized as major shocks (a hurricane or 500-year flood event) or as stressors (extreme temperatures or recurring 100-year flood events which do not necessarily result in a disaster declaration). For the Bay Area, these challenges are broad, from drought and fire risk, to excessive rainfall, earthquake and sea level rise. Federal policy has increasingly focused on the idea of "building back better"; leveraging recovery funds to reposition local economies and enhance resiliency.

The plan is intended to support the City of Tracy in leveraging data-driven decision-making supported by stakeholder consensus to focus implementation efforts on strategic economic development priorities.



Strategy Overview: Developing the Framework

Strategy development goals included identifying local industry clusters that may align with those positioned for growth, conducting a market and land use assessment, identifying and understanding gaps in the local market/economy, engaging stakeholders to help identify Tracy's strengths, weaknesses, opportunities, and threats, identifying catalyst/opportunity sites where place-based economic development makes the most sense, developing recommended tactical strategies and supporting actions, and identifying organizational capacity needs.

To identify and assess Tracy's strengths, weaknesses, opportunities, and threats, the project team conducted a Listening Tour, a series of meetings with over 50 individuals and more than 30 companies, agencies, and groups. Discussions focused on high-level impressions, identification of issues, challenges, and pathways for success, as well as recommendations for organizing the structure of economic development in Tracy. The stakeholders involved included:

- Mayor & City Council
- City Departments
- Tracy Chamber of Commerce
- Workforce Development and Education (Tracy Unified School District)
- Real Estate Developers and Landowners (Prologis)
- Non-profit and Social Assistance (San Joaquin County Housing Authority)
- Large Employers across industries
- Small and Medium Businesses across industries
- Retail
- Tourism
- Economic Development Organizations (San Joaquin Partnership)

City of Tracy Economic Development Strengths, Weaknesses, Opportunities and Threats Analysis (SWOT)

STRENGTHS

An educated and skilled labor force, proximity to Bay Area, Stockton, Sacramento, high-quality K-12 education system, robust local business, community, abundant buildable land and infill opportunities, active civic organizations, walkable downtown with excellent arts center and growing restaurant scene, airport and rail infrastructure, economic development is a clear city council priority.

WEAKNESSES

Limited professional and technical jobs base, small daytime population due to out-commuting, no higher education institution and limited workforce training, few midscale and upscale retail and restaurant options, low residential density downtown limiting retail and restaurant potential, lack of clear community identity, especially to visitors, Economic Development staff capacity stretched thin.

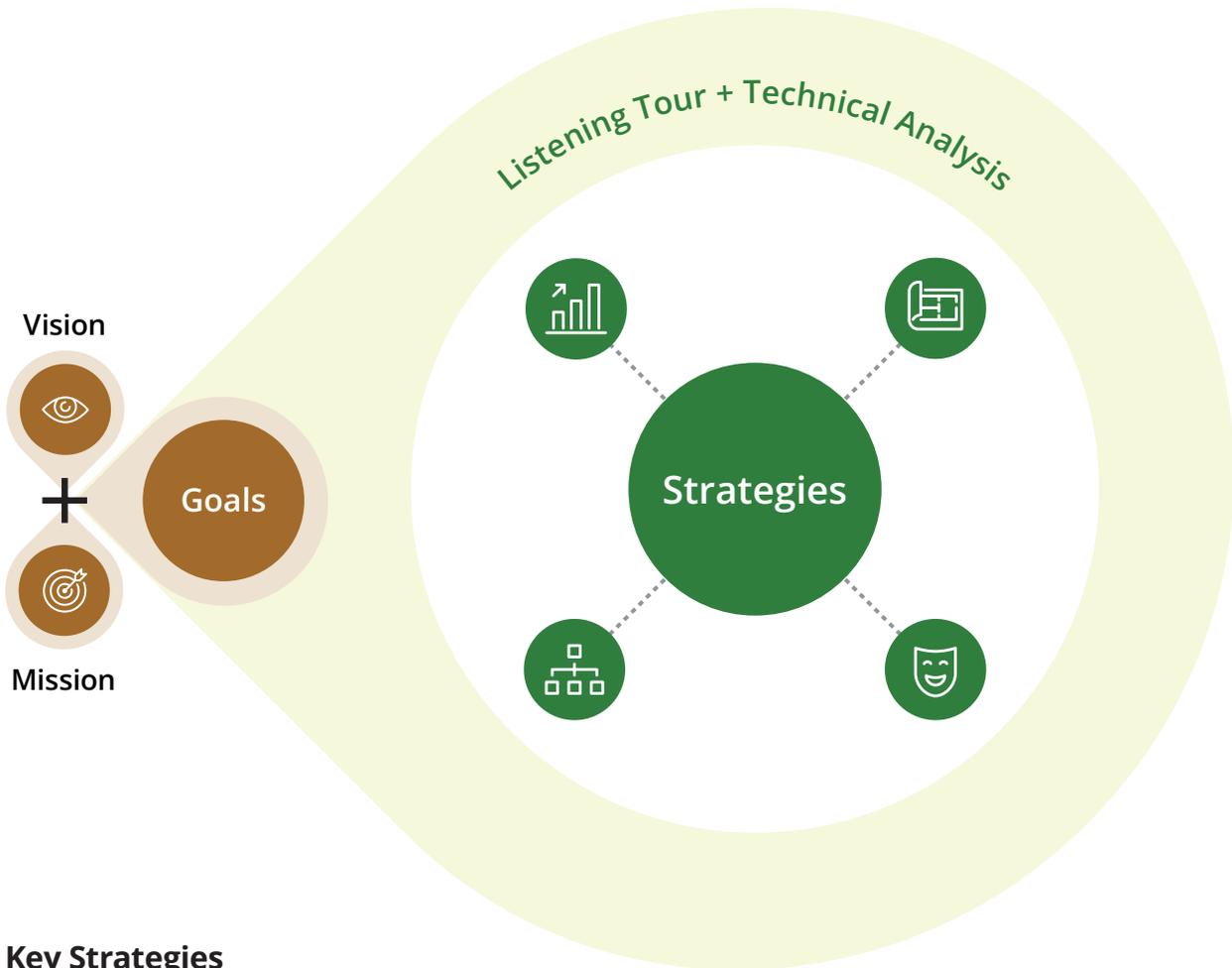
OPPORTUNITIES

Hybrid and remote work enabling commuters to spend more time in Tracy, availability of new federal infrastructure funds, Valley Link rail and Transit Oriented Development, Measure V funds for parks and recreation amenities, and maximizing alignment between Economic Development functions and transportation, housing and workforce development.

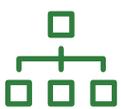
THREATS

Lack of community consensus on future growth priorities, Lack of affordable housing options for low- and middle-income workforce, intense competition from neighboring cities for distinctive regional retailers, continued decline of the West Valley Mall, residential growth ordinance limiting infill development potential.

Insights gained from the Listening Tour and the Technical Analysis were leveraged to provide clarity regarding vision, mission and goals around future economic development priorities in Tracy. Four strategies were identified to serve as pathways to measurable actions, cutting across organizational capacity, diverse and resilient economy, real estate and development, and quality of life and place. For each strategy, a prioritization framework was provided a short term, medium term, and long term milestone timeline.



Key Strategies



Organizational Capacity



Diverse & Resilient Economy



Real Estate & Development



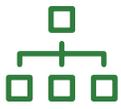
Quality of Life & Place

Milestone Timeline

● **Short Term**
Years 0 – 2

●● **Medium Term**
Years 2 – 5

●●● **Long Term**
Years 5+



ORGANIZATIONAL CAPACITY

Strengthen organizational capacity to enhance economic resilience, expand market access, and enhance regional collaboration

GOAL 1 Increase capacity to deliver economic development services within Tracy.

ACTIONS

- Expand the City’s Economic Development Team with two additional staff to support implementation of a business retention and expansion (BRE) program to support recovery and growth of local businesses, and to expand retail offerings on the south side of Tracy.
- Align internal economic development efforts with other City planning efforts to ensure maximum capacity and collaboration.
- Evaluate potential future City-led economic development incentives to support small business growth (revolving loan fund, innovation investment fund, or a business incubator).
- Support the Tracy Chamber of Commerce in the expansion of City-wide business resources and marketing opportunities.

GOAL 2 Increase workforce development capacity in collaboration with regional partners to support business growth and expansion.

ACTIONS

- Ensure that Tracy businesses have visibility and are aware of workforce development programs offered by the San Joaquin County Workforce Development Board, and bring awareness to programs currently offered to the Tracy community, including Adult Schools medical pathway and ESL courses, and expand on these opportunities.
- Work with Tracy Unified School District to expand career and technical education pathway programs, and dual enrollment programs.

- Work with the San Joaquin County Community College District to offer and promote community college offerings in Tracy.



DIVERSE & RESILIENT ECONOMY

Foster resilience through strategies which encourage economic inclusion and diversification

GOAL 1 Reignite conversations with healthcare providers and stakeholders in northern California to expand healthcare services and workforce opportunities in Tracy.

ACTION

- Identify a City “sector champion” to own and lead conversations with health care providers.

GOAL 2 Leverage the City’s “Inside the Triangle” brand to expand regional and national awareness of Tracy’s value proposition.

ACTIONS

- Enhance site selection webpage on the Economic Development website as a first step in expanding business attraction across target industries.
- Ensure that local small businesses are made aware of new and existing local, state, and federal programs and resources.

GOAL 3 Encourage policies which enable entrepreneurship and innovation among small businesses in Tracy.

ACTIONS

- Leverage data to understand neighborhoods where economic disparities exist in order to reduce barriers to economic growth.
- Conduct a study to evaluate the current status of regional innovation ecosystems and Tracy’s place within those ecosystems.

The analysis will need to consider funding, community resources, facilities, and training to identify gaps.

- Work with City Development Services staff to ensure that zoning codes differentiate between lower-value warehouse vs higher-value advanced manufacturing activities.



REAL ESTATE & DEVELOPMENT

Encourage investment in “catalytic” opportunity areas through targeted infrastructure investments which build on Tracy’s competitive strengths

GOAL 1 Optimize underperforming, underdeveloped, and underutilized properties in need of development/redevelopment.

ACTIONS

- Evaluate TOD opportunities near ACE and Valley Link transit stations and support execution of Valley Link, and initiate planning for infrastructure improvements near transit stations.
- Regarding West Valley Mall, assess existing infrastructure capacity and evaluate tools such as zoning overlays to ensure that mall reuse outcomes are consistent with stated public policy goals.
- Maintain focus on Housing Element of the General Plan to ensure future supply of workforce housing needs, in part through provision of “missing middle” housing typologies (consider application of state law such as CA AB-2295).
- Sustain a long-term engagement strategy with Union Pacific Railroad (UPRR) to maintain focus on reuse of currently under-utilized railroad property and evaluate strategies and grant funding to mitigate potential environmental concerns.

GOAL 2 Ensure City capital improvement projects have a high impact on the local economy by incorporating Smart City infrastructure elements.

ACTIONS

- Assess vulnerability of infrastructure in key redevelopment areas where higher intensity uses are envisioned.
- Work with real estate brokers, lenders, and potential developers via public-private partnership model to identify opportunities for development of mixed-use projects.
- Conduct fiscal assessments of proposed projects to ensure that long-term maintenance costs for existing City roads can be financially sustained.



QUALITY OF LIFE & PLACE

Encourage quality of life and place improvements through placemaking enhancements and cultural amenities

GOAL 1 Improve the aesthetic appearance of Tracy’s main entrances by commissioning a gateway master improvements plan.

ACTIONS

- Improve branding, landscaping, signage and wayfinding along I-205 access points into Tracy, particularly.
- Partner with Cultural Arts Division to identify and implement civic art opportunities.

GOAL 2 Strengthen Tracy’s tourism by continuing to promote the arts, music, festivals, and sports and leisure activities.

ACTIONS

- Support the Tracy City Center Association in adopting Main Street Program principles to support expansion of Downtown Tracy as a regional destination.
- Consider expanding the capacity of recreational assets and cultural arts facilities to support both resident demand and attracting visitor demand.



02

Existing Conditions

With the onset of the COVID-19 pandemic by March of 2020, the California economy, and Tracy's competitive position within it, entered a period of volatility and change. While economic recovery in 2021 and 2022 has been impressive, expansionary federal monetary policy also introduced significant inflationary pressures which have only begun to relent in 2023, and economists are now weighing the likelihood of a second pandemic-linked recession by spring 2024. Given the unique nature of COVID's impacts relative to past recessions, our experience argues for the need to delineate the following distinctions and their implications for Tracy:

- A. The extent to which pre-existing economic trends in Tracy re-emerge post-pandemic; or,
- B. Whether short-term economic trends due to the pandemic strengthen and dictate different future trajectories



Core Findings

Our analysis has yielded the following core statements about Tracy and its economic positioning:

Regional Economic Shifts

Well before the pandemic, the underlying center of economic gravity across the 20-county Northern California Mega Region was shifting generally eastward toward Tracy, Stockton, and Sacramento. These shifts in employment have encouraged locations such as Tracy and San Joaquin County to gain population arguably at the expense of the larger region into 2019. Additionally, broader statewide out-migration trends connected with higher costs of living and broader quality of life challenges are also significant. With development shifting eastward, Tracy needs to consider more intentional economic development policies to better differentiate itself within the region, and to ensure that benefits of growth are maximized.

Retail Trends

Analysis of employment across retail, hotel, restaurant, and tourism and attractions reinforce a broader theme of underdevelopment, with the implication that Tracy residents are seeking these opportunities outside of the City, with limited capacity to draw in visitors and tourists. With continued population growth in Tracy, and with the “Retail Apocalypse” now declared over, traditional retail fundamentals are expected to return to the forefront, with a focus on locations which can leverage strong traffic counts and visibility to encourage neighborhood-serving retail or destination-oriented experiential retail and integrated mixed-use projects. These insights argue for consideration of new retail and mixed-use offerings within downtown and areas such as Tracy Hills. Reduced performance of the West Valley Mall is a significant concern anchored with analysis showing the mall as being one of the weakest regional malls within 50 miles.

Industrial Trends

The analysis reinforces consequential significant growth in warehouse activities (with slower growth since 2019), offset by decreasing concentration in industrial and agriculture and relative stability in manufacturing. Strategy outcomes need to ensure a more diversified local economic base, beyond warehouse / e-commerce into advanced manufacturing, construction, production and repair services. Such diversification will encourage a more robust regional tax base, enhancing the City’s fiscal resiliency.

Office Trends

Return to work trends within Northern California reinforce a clear shift in IT worker interest toward full remote and hybrid office arrangements. While these trends have created challenges for traditional downtown office markets such as downtown San Francisco, opportunities for traditional suburban bedroom communities such as Tracy to attract remote workers in the future have expanded. Currently, office-using employment sectors remain highly underdeveloped in Tracy, and more intentional strategies will be needed to offset current gaps, with consideration of efforts across spaces to support business incubation, acceleration, and coworking.

Housing

Analysis reinforces a distinct trend for housing construction in Tracy relative to regional and statewide trends, with single family detached housing comprising roughly 80% of inventory, well above noted benchmarks. Notably, while Tracy has seen growth in multi-family unit construction since 2010 at an annual rate of 1.9% (faster than noted benchmarks), single-family detached unit growth has also been equally rapid (annual rate of 1.1% since 2010). As the community begins to transition out of the pandemic in 2024, housing availability and affordability will become a primary economic development challenge. As well, opportunities to better integrate new multi-family residential projects in mixed use districts, such as downtown Tracy will strengthen destinations, and also attract supporting office use.

“

With development shifting eastward, Tracy needs to consider more intentional economic development policies to better differentiate itself within the region, and to ensure that benefits of growth are maximized.

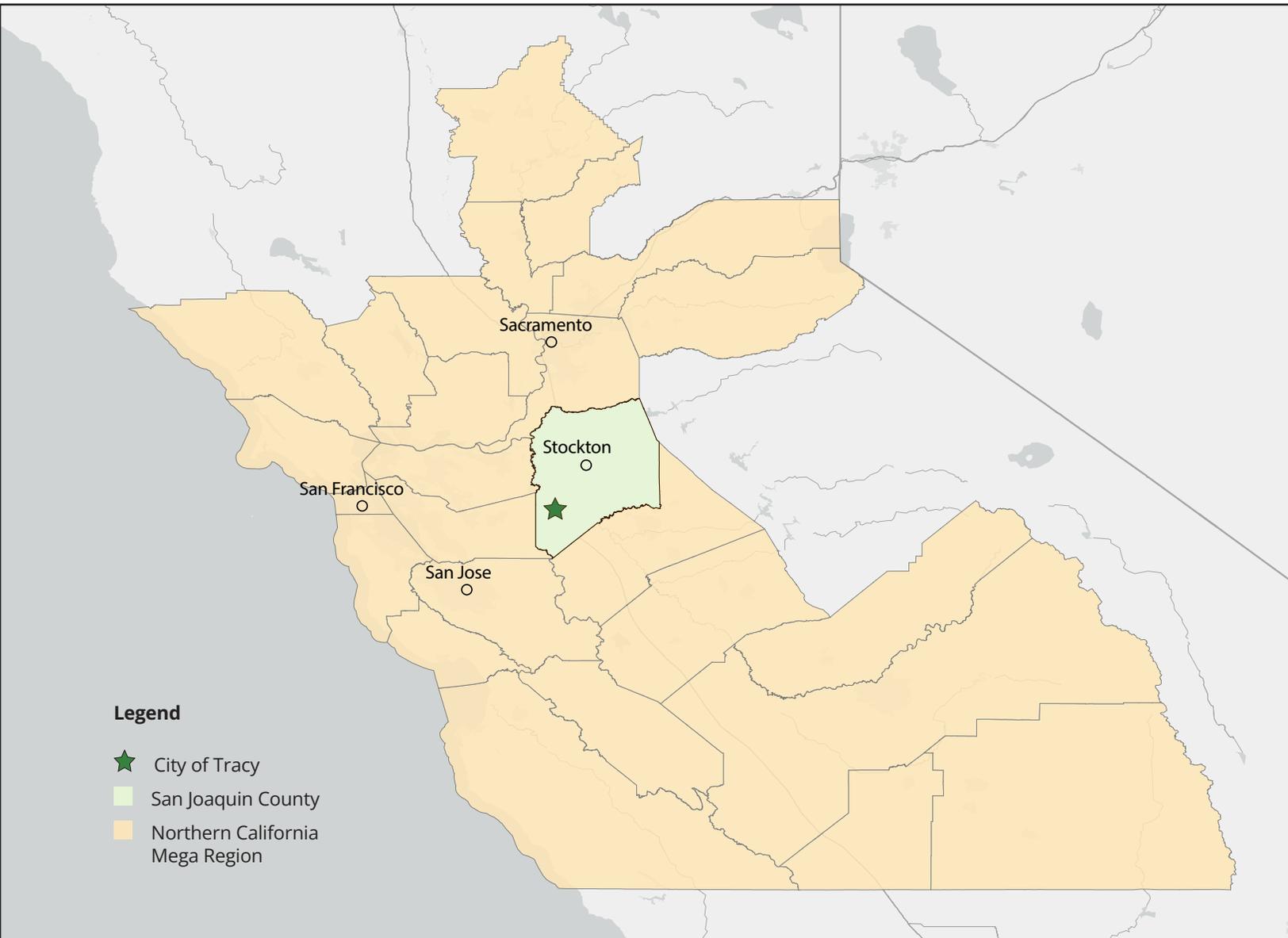
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Regional Growth Dynamics

Our analysis reinforces the economic development implications associated with a clear geographic shift in the Northern California region’s center of gravity. Our analysis places Tracy in context with San Joaquin County and the larger 20-County Northern California “MegaRegion” which includes the larger metropolitan areas within Northern California, inclusive of San Francisco, San Jose, Stockton, and Sacramento.

Before the COVID-19 pandemic, the Northern California MegaRegion was already undergoing a geographic shift in its center of economic activity, as shown in the following table and map; data for Southern California is included for context. The analysis is based on changes in employment by industry correlated with standard commercial real estate categories such as industrial, office, and retail. The Table on the following page shows that there has been a more consequential shift in the concentration of employment of roughly 7 kilometers. The associated map reinforces how the economic center of gravity is shifting geographically to the east, toward Sacramento, Stockton, and Tracy more so for industrial and retail, as opposed to office which has shifted southward, toward San Jose.

Boundaries of Different Study Areas



Legend

- ★ City of Tracy
- San Joaquin County
- Northern California Mega Region

Shifting Center of Economic Gravity

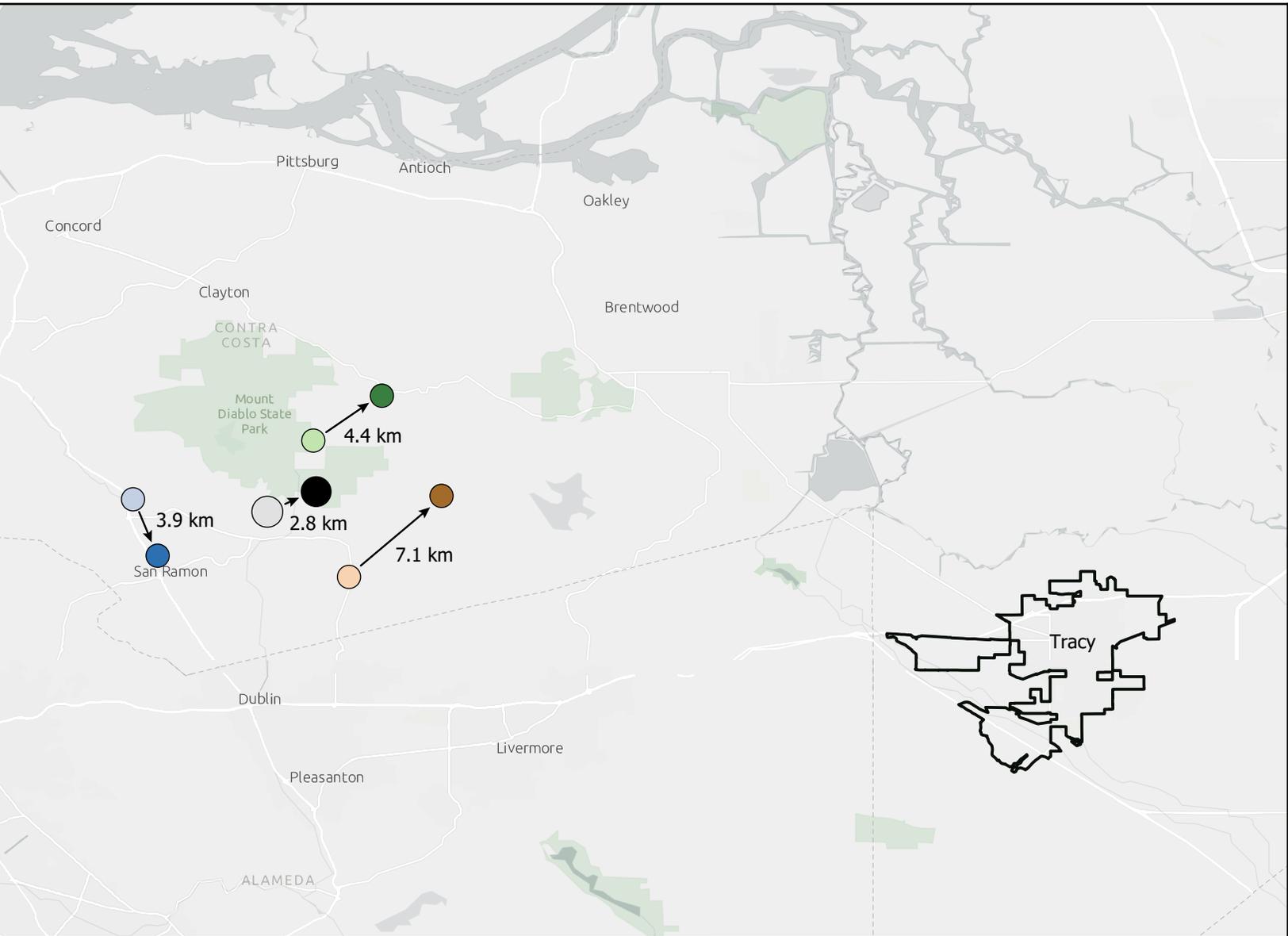
Northern and Southern California MegaRegion

Geographic shifts in economic activity are also influencing population trends, with cities such as Tracy experiencing sustained population growth since 2010 (1.4% annually) in context with San Joaquin County where population growth has increased from 1.2% annually between 2010 and 2019 to 2.8% annually since 2019. In context with these growth rates, our analysis of population estimates from the State of California reinforces how the larger northern California MegaRegion and state are experiencing decreasing populations since 2019, largely due to out-migration linked to higher costs of living and other quality of life challenges.

Legend

Sector	2003	2019
Industrial		
Office		
Retail		
Overall		

Northern California MegaRegion Shifting Center of Economic Gravity



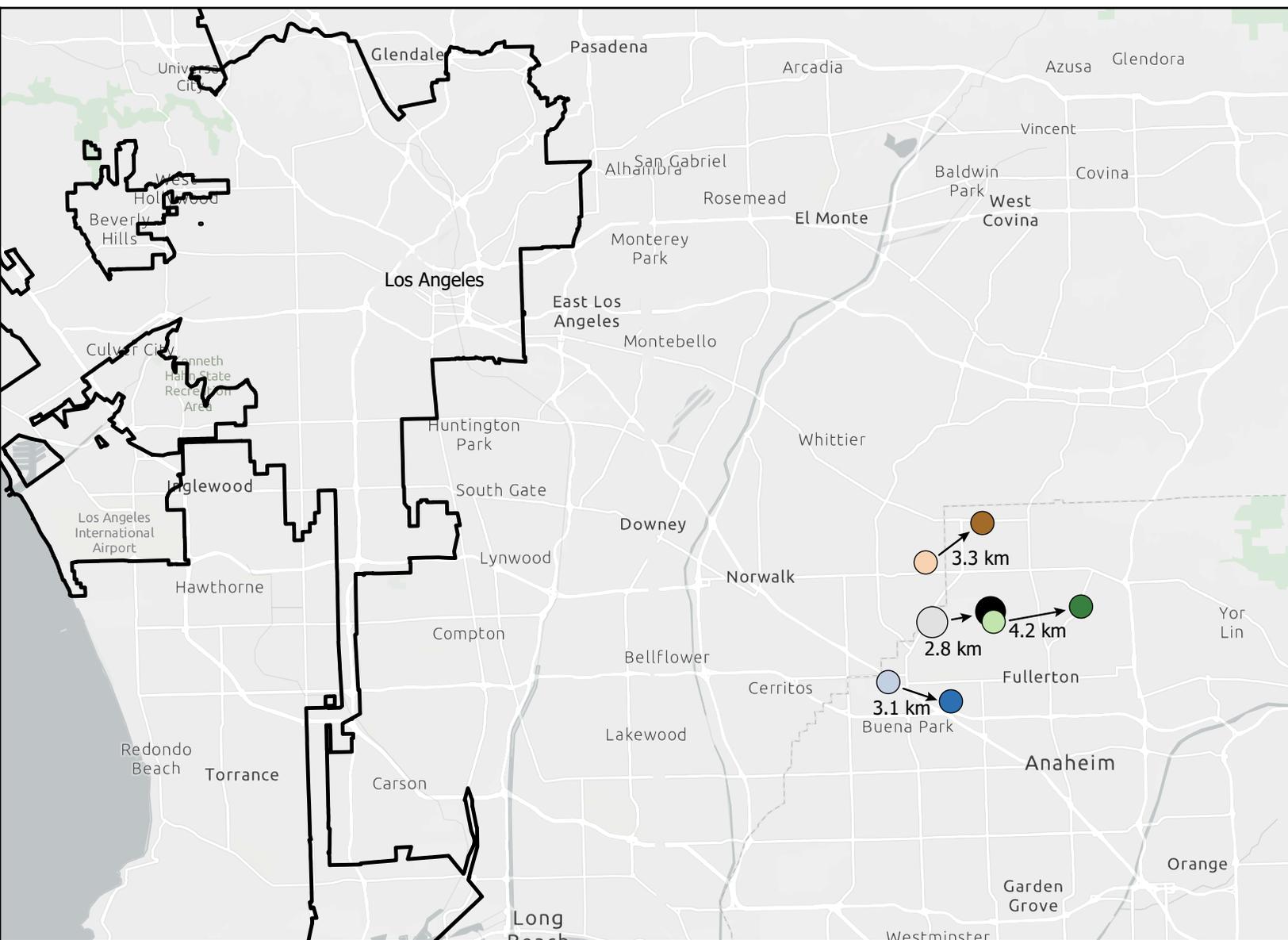
Shift in MegaRegion Employment Center, 2013 - 2019

Employment Sector	Northern California	Southern California
Industrial	7.1 km	3.3 km
Office	3.9 km	3.1 km
Retail	4.4 km	4.2 km

Legend

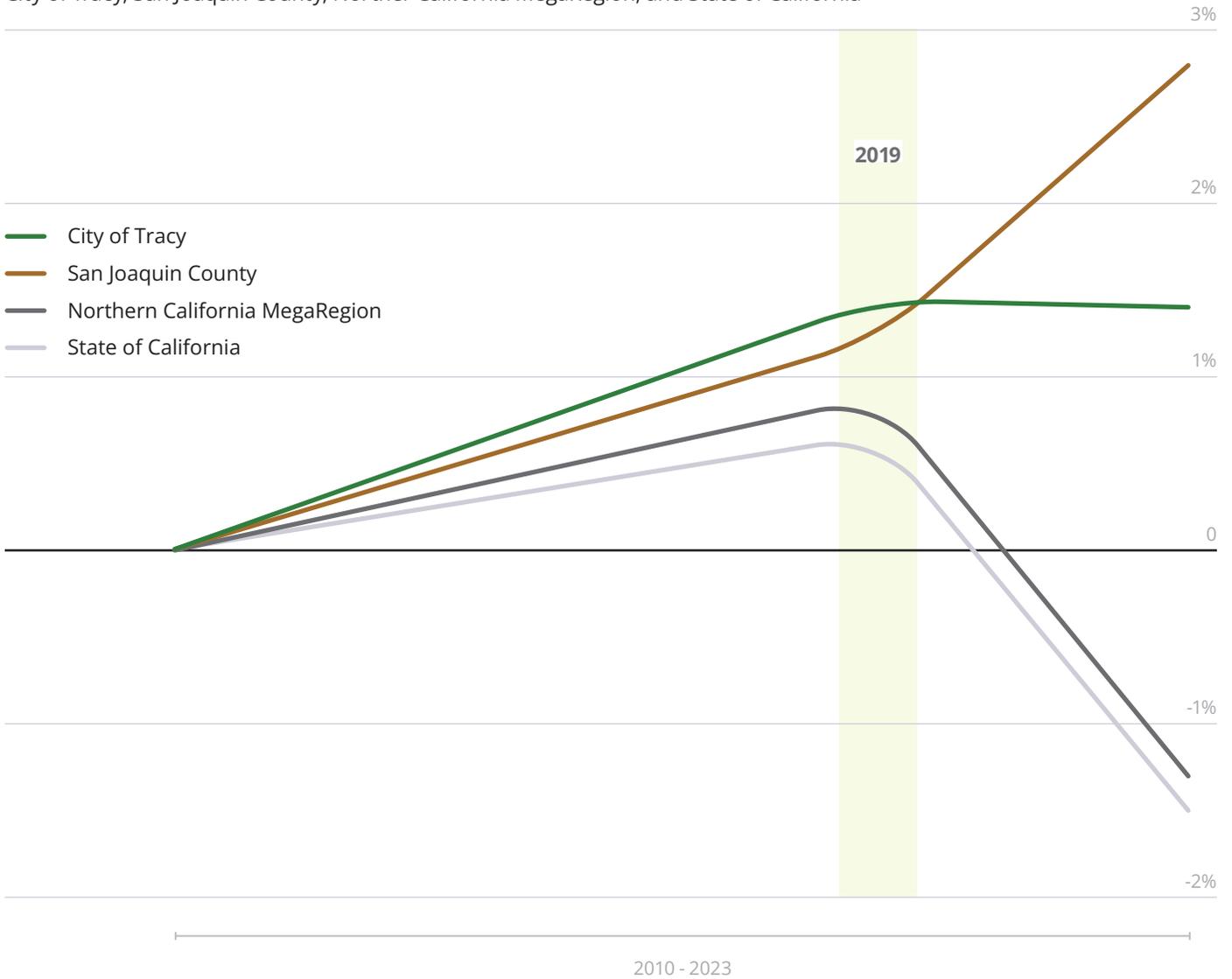
Sector	2003	2019
Industrial		
Office		
Retail		
Overall		

Southern California MegaRegion



Population Trends, 2010 - 2023

City of Tracy, San Joaquin County, Northern California MegaRegion, and State of California



Jurisdiction	2010	2019	2023	2010 - 2019	2019 - 2023
City of Tracy	82,922	94,326	95,615	1.44%	1.40%
San Joaquin County	685,306	764,373	786,145	1.22%	2.80%
Northern California MegaRegion	10,826,653	11,718,499	11,566,855	0.88%	-1.30%
State of California	37,253,956	39,538,245	38,940,231	0.66%	-1.50%

Source: State of California / US Census

The Northern California MegaRegion includes Alameda, Amador, Calaveras, Contra Costa, El Dorado, Marin, Mariposa, Merced, Napa, Sacramento, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus, Tuolumne, and Yolo Counties

Federal Grant Support

Since 2021, the federal government has enacted three major legislative efforts to offset the economic impacts of the COVID-19 pandemic:

- The Bipartisan Infrastructure Law.
\$1.2 trillion over 10 years.
- The CHIPS & Science Act.
\$280 billion over 10 years.
- The Inflation Reduction Act of 2022.
\$393 billion over 10 years.

These federal efforts will support new investments in infrastructure, renewable energy, health care, and advance manufacturing. Sources such as McKinsey have argued that the intent of these policies is to, “improve US economic competitiveness, innovation, and industrial productivity.” Given these trends, it is essential that the City of Tracy sustain collaboration with regional partners as these future dollars are invested across the Northern California MegaRegion in consequential infrastructure and economic development efforts across transit, renewable energy, and health care; the core goal is to ensure that benefits to the City of Tracy can be maximized.

The “Retail Apocalypse” and E-Commerce

Arguably more than other sectors, Retail and restaurants have endured consequential and structural changes linked in part to the pandemic, as follows:

- Growth in e-commerce and omni-channel retail (an experience that allows customers to seamlessly transition between digital and traditional shopping channels), to the extent that between 30% and 50% of all retail transactions are initiated electronically, meaning that the line between e-commerce and brick and mortar retail has effectively blurred. While Tracy has benefited from consequential increases in sales tax revenue due to e-commerce transactions, recent studies by the General Accounting Office (GAO) suggest that congressional action will be needed to resolve uncertainties over out-of-state sales tax payment as individual states have enacted a patchwork of rules following the 2018 Supreme Court decision, *South Dakota v. Wayfair*.
- The COVID-19 pandemic accelerated the structural decline of department stores such as Sears and Kmart and increased pressure on the financial stability of suburban department store-anchored shopping malls, such as the West Valley Mall in Tracy.
- Consumer spending patterns in 2020-2022 shifted decisively away from services, entertainment, and experiences; trends for 2023 suggest that households are only beginning to pivot back.
- Restaurants and grocery stores were particularly impacted, and recovery has been slow. According to data from Lightcast, with the onset of COVID, our analysis shows that the number of employees per restaurant establishment dropped dramatically from about 18 down to less than 14, and as of 2023, remains below pre-COVID thresholds. As Tracy continues to recover from the pandemic, strategies to continue supporting the restaurant sector are needed.
- Amazon announced significant layoffs and delays to warehouse construction as the impact of COVID softened; by summer 2023, this amounted to roughly 115 warehouse projects closed, cancelled or delayed, according to the Wall Street Journal.
- Access to broadband becomes more important for smaller retailers in reaching larger markets.

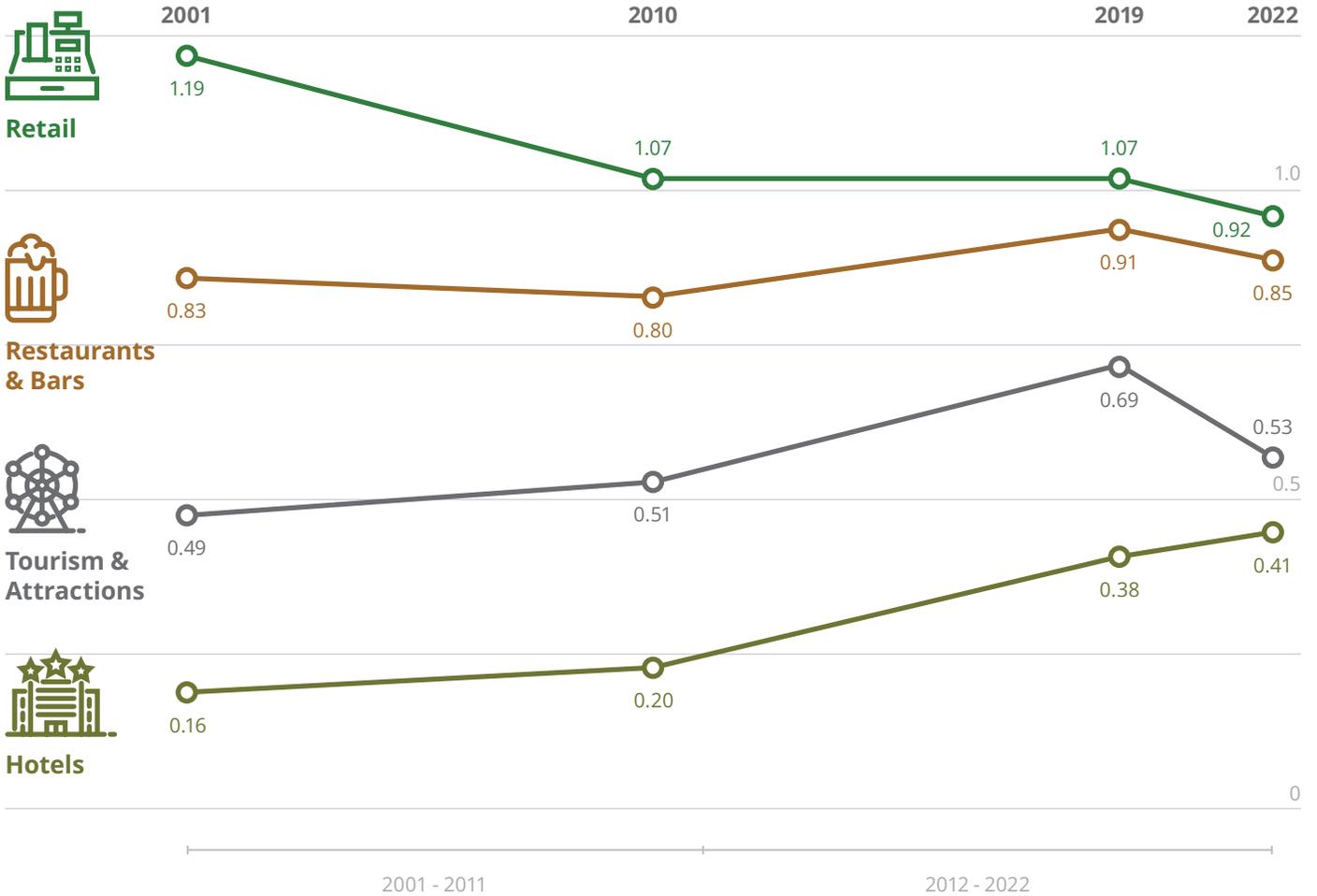
Related economic ripple effects across the food industry continue to unfold, as evidenced by demand for meal delivery services and ghost kitchens, and practical concern over the viability of food delivery business models. For grocery delivery, announcements by Amazon in January 2023 to begin charging fees on Fresh Grocery orders under \$150 also speak to business models which remain in flux.

Analysis of employment by industry in Tracy using a location quotient approach focused on retail, hotel, restaurant, and tourism reinforced a broader theme of under-development. The location quotient tool was used to discern local concentrations of employment relative to US average (< or > 1.0). As shown below, while retail historically was more concentrated than US average (LQ in 2001 of 1.2), levels of local concentration have generally decreased since 2001, decreasing to roughly 0.9 in 2022. This decrease is likely reflective of decline at the West Valley Mall, as well as limited growth in retail offerings since 2010. Trends across restaurants, hotels, and attractions also point to relative under-development, with the implication that residents of Tracy are seeking these opportunities outside of the city.

Retail, Hotel, Tourism & Attraction Location Quotients

City of Tracy, 2001 to 2022

LQ 1.5

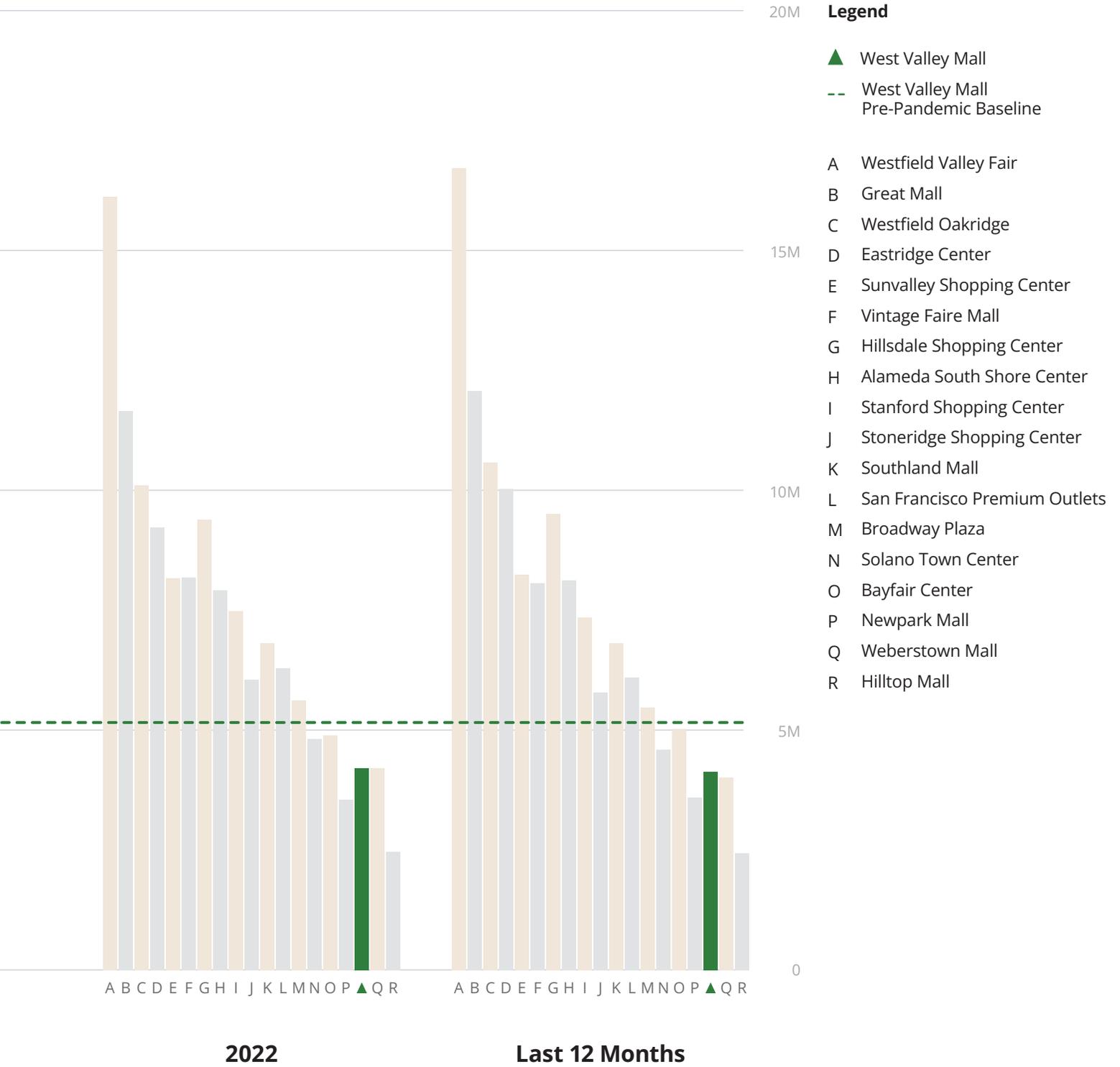


Source: Economic Modeling Specialist International (EMSI)

Note: Includes employment data for zip codes 95304, 95376, 95377, 95378, 95391
 The location quotient approach discerns local concentrations of employment relative to US average;
 local values > 1.0 signal employment concentrations above US average.

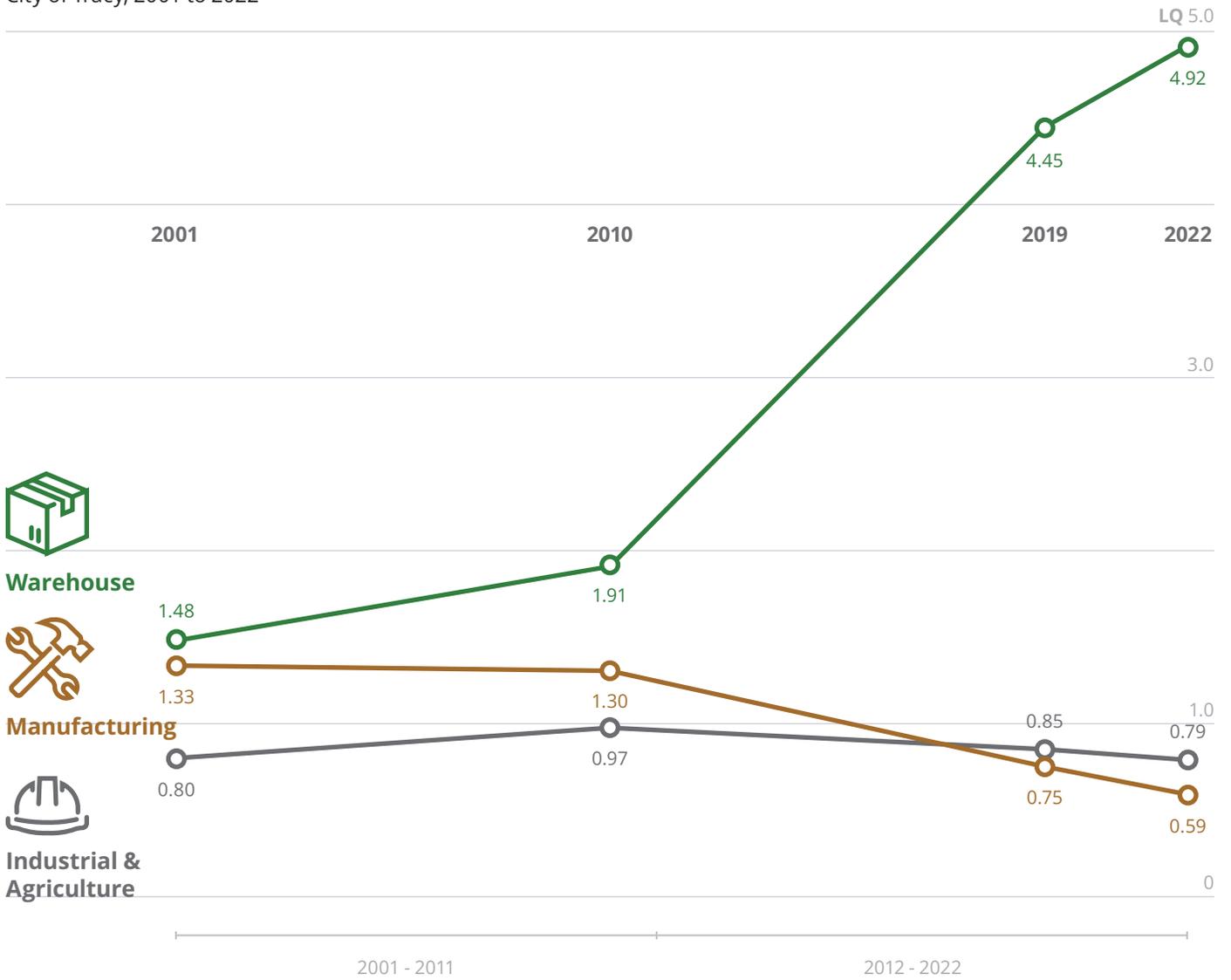
We also looked at visitation trends for competitive shopping malls in proximity to Tracy, as shown in the table on the next page, leveraging data from Placer.ai. The chart ranks West Valley Mall in context with other super-regional malls within 50 miles based on estimated visitation since COVID, relative to a pre-pandemic baseline. While a subset of malls have recovered beyond their pre-COVID levels (including Westfield Valley Fair and Great Mall), the table reinforces how West Valley Mall has struggled to recover, with aggregate visitation levels which remain well below regional averages. These trends are generally consistent with other metro areas, where a narrow subset of shopping malls are able to retain their anchor department stores and thrive, in part due to the presence of more diversified store offerings, including entertainment and restaurants.





Industrial-Related Location Quotients

City of Tracy, 2001 to 2022



Source: EMSI

Note: Includes employment data for zip codes 95304, 95376, 95377, 95378, 95391
The location quotient approach discerns local concentrations of employment relative to US average; local values > 1.0 signal employment concentrations above US average.

There are four distinct drivers of industrial demand:

Our experience with warehouse district and advanced manufacturing projects in Chicago, Dallas, and San Francisco reinforces the need to differentiate that there are four distinct drivers of industrial demand:

1. Pre-COVID growth in e-commerce for order fulfillment beginning in 2010.
2. Pandemic induced supply chain issues triggered short-term need for warehouse space; demand is expected to slow by the end of 2023 and into 2024.
3. Expectations for post-COVID growth in domestic advanced manufacturing linked to shorter and more resilient supply chains.
4. Broader demand for construction, utilities, industrial services, and waste management.

Within Northern California, new warehouse construction has shifted decisively toward the Central Valley, with demolition of roughly 40 million square feet of older space in industrial markets across Santa Clara, Alameda and San Mateo Counties. Cities such as Stockton have emerged as a focal point for new warehouse construction, largely due to lower land costs compared to Tracy.

The table on the left summarizes location quotient trends for the City of Tracy between 2001 and 2022 across industrial sectors inclusive of agriculture, construction, utilities, manufacturing, warehouse, transportation, and logistics, and speaks to significant growth between 2010 and 2019. Decreasing concentration in Industrial & Agricultural activities (with location quotient decreasing from 1.33 in 2001 to 0.59 in 2022) has also unfolded with relative stability in manufacturing activities.

Remote Work and Office Demand

Office markets have been particularly impacted as the pandemic led to accelerated and sustained interest in remote work from home (inclusive of hybrid and pure remote). With office building utilization remaining well below pre-COVID thresholds in 2023, expectations point to a post-COVID hybrid world where workers opt for two or three days a week in the office. While new office buildings with significant amenities seem to be weathering these challenges, the continued mismatch between generally higher real estate values and significantly lower levels of space utilization is creating pressure, with primary focus on older office buildings constructed between a primary focus on from 1980 to 1990. Another important consideration about remote work is the reality that a majority of occupations in the US are not suitable for work from home; many of these positions will tend to be in lower to middle wage positions across retail and services.

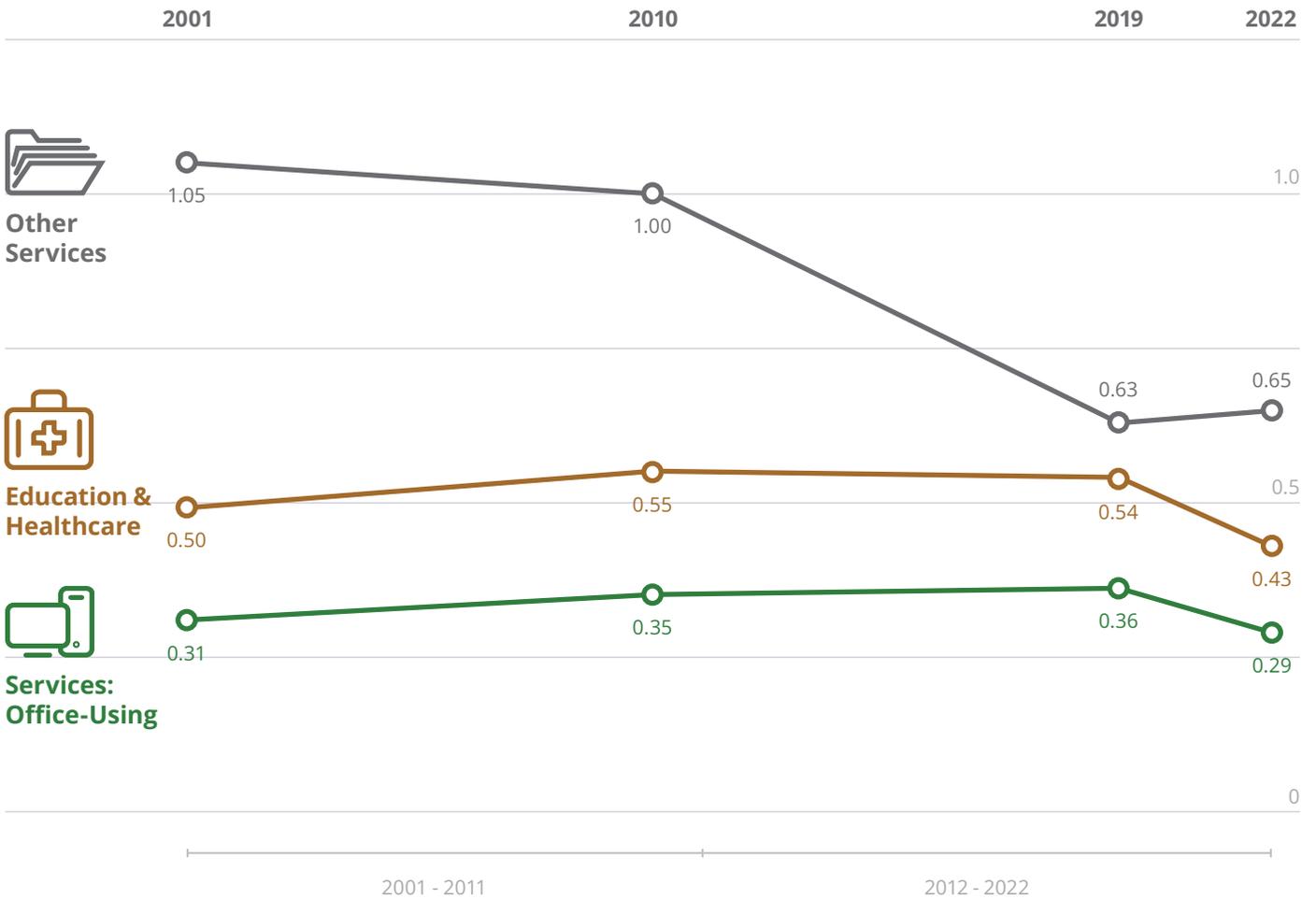
In Tracy, analysis of employment by industry across professional services, education and health care using a location quotient approach reinforces how sectors that would be expected to drive demand for office space remain consequentially underdeveloped relative to the US average or have decreased in concentration since 2001.



Office-Using Employment, Location Quotients

City of Tracy, 2001 to 2022

LQ 1.5



Source: EMSI

Note: Includes employment data for zip codes 95304, 95376, 95377, 95378, 95391
The location quotient approach discerns local concentrations of employment relative to US average; local values > 1.0 signal employment concentrations above US average.

Housing

Although housing markets nationally have been particularly impacted by the pandemic, our experience reinforces how broader structural trends have been impacting housing since 2010, in context with an extended period of economic growth:

- The construction pace of US Housing units has slowed from long-term averages, largely due to housing units which were not built between 2010 and 2015, due to the impact of the Great Recession.
- With slower growth in inventory, there is increasing pressure to reinvest in older (pre-1970) homes; the US Census estimates that about 350,000 housing units annually need to be built just to replace lost units; for Tracy this “minimum replacement rate” could be between 75-100 units per year.
- While US Census data suggests that aggregate residential construction costs have generally accelerated only in line with inflation since 2000, home values have grown at a faster pace. Sources such as the Federal Housing Finance Agency have identified higher land costs as a specific challenge in housing affordability.
- The Missing Middle: The unfolding impact of housing units not built since 1970 due to the advent of “single-family” zoning districts, which have over time encouraged either single family or multi-family housing, at the expense of townhome, rowhouse and duplex construction.
- Research by the Brookings Institute addresses how changes in US household structure over the last 30 years, with fewer 2-parent households and more single-parent and multi-generational households is unfolding in stark contrast to housing construction trends, which continue to favor traditional single-family homes.

Our research indicates that the Tracy housing market’s historic trajectory through 2023 has been distinct relative to regional and statewide trends, as shown in the adjacent tables. Single-family detached housing makes up about 80% of inventory in Tracy, well above the noted benchmarks. Notably, while Tracy has seen growth in multi-family unit construction since 2010 at an annual rate of 1.9% (faster than noted benchmarks), single-family detached unit growth has also been rapid (annual rate of 1.1% since 2010).

Single Family-Unit Share Change

Market	2010	2023
Tracy	81.4%	80.0%
San Joaquin	72.3%	73.4%
NORCAL	59.0%	57.7%
California	58.2%	57.3%

Growth Rate, Housing Units, 2010 - 2023

Market	Single Family-Unit Growth	Multi-Family-Unit Growth
Tracy	1.1%	1.9%
San Joaquin	0.1%	-0.2%
NORCAL	0.5%	0.9%
California	0.4%	0.8%

Source: State of California

“The pace of US housing unit construction has slowed from long-term averages, due in large measure to units not built between 2010 and 2015, due to the Great Recession.



03

Listening Tour Summary and Observations

Particularly since 2010, Tracy has transitioned from being an agricultural focused Central Valley community into a mid-sized city solidly within the Bay Area's sphere of influence. Given consequential growth, continuing the historic single-use land consumption pattern in Tracy may have significant negative consequences, and to be competitive, Tracy needs to change its development approach.

Stakeholders expressed mixed feelings about the pace of growth and community change, with excitement and optimism about the City's direction balanced by concern over the impact of growth on City infrastructure and quality of life. Stakeholders also spoke of tension between longtime residents (so-called "Old Tracy") and recent transplants (so-called "New Tracy") with respect to growth and quality of life priorities.



RAND

**TRIBUTE TO BAD CO.
NOVI W/ LONG TIME
JUL 23 7PM**



Organizational Capacity

Economic development is a clear priority for City leadership, and while there is some disagreement on specific goals, elected officials and department heads recognize the importance of economic development for the City's future. The City Council continues to prioritize economic development as part of their biannual strategic priorities.

Economic Development Division staff are visible in the community and are proactive in pursuing prospective companies. However, staff capacity is limited. The Economic Development Division is challenged to deliver on a diverse set of responsibilities, including marketing, data brokerage, liaising with site selectors and facilitating incentives negotiations, helping local businesses navigate City processes, and representing the City in local and regional partnership associations. The Economic Development Division may need additional staff resources to fulfill these responsibilities for a fast-growing city. In addition, there could be greater coordination and more strategic distribution of responsibilities between the Economic Development Division and the Tracy Chamber of Commerce.

KEY OBSERVATIONS

Tracy needs a more cohesive structural approach to help organize its economic development efforts. Our experience reinforces the importance of staying competitive by hiring staff that directly addresses major gaps in efforts. One specific area of needs is business retention and expansion. While it is beneficial for Tracy to think outside of its jurisdictional borders, there is still a need to balance a more aggressive local approach with the opportunity to optimize regional, collaborative efforts. Ideally, Tracy would have at least two Full Time Equivalents (FTEs) and one or two junior-level Full Time Equivalents (FTEs) to support future economic development efforts.





Diverse & Resilient Economy

A large segment of Tracy's labor force commutes to the Bay Area for higher wage employment opportunities. Numerous stakeholders expressed frustration that, despite being home to so many Bay Area professionals, Tracy has attracted few white-collar jobs, leaving the City with a Bay Area labor force and a Central Valley jobs base. There is also a widespread perception that Tracy's retail, logistics, and service jobs are mainly held by residents of lower-cost communities in the Central Valley. While this claim is true to some extent, it likely underestimates the number of lower-income Tracy residents who work in the city.

Stakeholders do not want to see the City defined by warehouses, though Tracy has emerged as a logistics hub. The logistics sector accounts for thousands of jobs in Tracy and generates tens of millions in sales tax revenues to the City. Some stakeholders expressed concern that logistics employers do not provide quality jobs for the community, while others suggested the public underestimates the higher-wage job opportunities in modern logistics facilities. The locational advantages that make Tracy a logistics hub, coupled with its increasingly educated workforce, could position the City to attract more manufacturing opportunities.

Several stakeholders suggested healthcare as a desirable and realistic growth industry for the City, as there are plans for a new Sutter Health hospital in the Westside Specific Plan area which could serve as an anchor for additional medical office, clinic, and educational development.

Finally, stakeholders praised the Tracy K-12 education system, but noted a need for more career and vocational training opportunities.

“
The logistics sector
accounts for thousands of
jobs in Tracy and generates
tens of millions in sales tax
revenues to the City.



KEY OBSERVATIONS

The cluster analysis portion of the strategy identified gaps across many potential target industries. Even in Tracy's most mature cluster, agriculture, there is room for growth and innovation. To close such gaps, recent efforts among Economic Development Organizations with agriculturally-based economies, are focused on taking advantage of an increasing number of agritech and innovation opportunities by working directly with higher education institutions.

Though the Bay Area is home to a plethora of Fortune 500 firms in the innovation and technology sector, Tracy needs to close the gap in leveraging such opportunities. One example is in the advanced manufacturing sector, particularly in the areas of food production, EV production, clean energy tech, and semiconductor manufacturing.

Healthcare access is another fundamental gap that needs to be addressed in Tracy. Sutter Health's recent investment in the Tracy Care Center located on Eaton Avenue is one positive trend for Tracy. However, as Tracy's population and workforce continues to grow, access to healthcare opportunities will need to keep pace. A proactive, collaborative approach will be necessary that seeks to leverage Bay Area healthcare providers and assets.

Retail opportunities in Tracy have not followed the typical “retail follows rooftops” adage. To help close the gap, Tracy needs to evaluate beyond its borders. To compete with benchmark communities and other growing communities nearby, Tracy will need to be more intentional and proactive in considering ways to attract unique retail opportunities that have the potential to draw from a larger trade (i.e., beyond its jurisdictional borders). Our experience shows that modern-day retail attraction efforts should focus on trade area versus political boundaries. Successful retail attraction can also be tied directly to primary job growth, particularly new employers that can help boost the daytime population.

Educational attainment is critical to Tracy and the Northern California Mega Region. However, there is a clear gap in provision of higher education in Tracy. With two national labs located nearby in Livermore and countless higher ed opportunities directly in the Bay Area, Tracy needs to advocate at the state level for funding sources and possible higher ed partnerships. To achieve the needed level of workforce talent to capitalize on a greater degree of “near-shoring,” Tracy will need to advocate for investments in the California State University system, the community college network, and apprenticeship programs, all of which need to benefit Tracy directly.



Real Estate & Redevelopment

Tracy's General Plan offers a clear growth framework, implemented through a streamlined, flexible zoning code. Stakeholders with experience working with the City's Development Services Department report high levels of transparency and predictability in the project approval process.

However, some stakeholders noted that the pace of approvals is slow relative to some other cities and complicated by the City's residential growth control system.

Tracy's primary big-box retail cluster at I-205 is performing well, but the West Valley Mall is in a troubling state of decline. The mall is one of the most valuable properties in Tracy given its freeway proximity and infrastructure connections. Stakeholders expressed support for the idea of the City taking an active role in determining the future of the property.

Downtown has been on a positive trajectory in recent years, but it lacks residential and employment density to support around-the-clock restaurants and retail. Stakeholders report a general lack of developer interest in infill development Downtown despite there being virtually no height or density limits in the zoning code. Practical barriers may include challenging site assemblies with fractional ownerships, risk related to securing growth allotments for housing, and concern about marketability given Downtown's distance from freeways and rail transit.

Encouraging a greater diversity of market-rate housing options (e.g., smaller apartments, townhomes, and condos), as well as income-restricted affordable housing, could help enable more Tracy workers to live in the community. Many stakeholders highlighted a need for more affordable and workforce housing in the community. Several employers noted that their employees - even those with moderate wages by Central Valley standards—struggle to afford housing in the community.

Core Infrastructure

The City has adopted the use of Infrastructure Master Plans, a systematic approach to planning and funding future infrastructure needs. The Master Plans, which are currently being updated, create standardized fees on new development that are intended to cover the projected cost of future infrastructure needs. As a general rule, development in Tracy is expected to pay for its own infrastructure costs, though the City does offer some deferrals and credits as "soft" incentives.

City engineers report that Tracy's utilities have capacity for growth contingent on planned investments associated with Infrastructure Master Plans. Tracy manages its own water and sewer facilities and privately contracts for garbage services. Electricity is provided by PG&E, which charges higher rates than nearby local electrical utilities. Tracy has two underutilized airport properties that the City is interested in evaluating for logistics and research and development (R&D) uses. Both airports face significant barriers to development. For example, Municipal Airport is not connected to municipal water and sewer, and the New Jerusalem Airport is in a remote location and has virtually no infrastructure aside from the small airstrip. In context with innovation unfolding across concepts such as personal air mobility, the potential for economic development around these local assets needs to be better understood.

Tracy has considerable rail infrastructure owned by the Union Pacific Railroad (UPRR), a Class 1 railroad. This includes an active rail spur that connects sites in the Northeast Industrial Area to the Union Pacific mainline. Tracks on the south side of the City are mainly used for commuter rail (Altamont Corridor Express), and tracks east of downtown are used to store old locomotives. Several stakeholders suggested that Tracy's rail infrastructure and several key sites along the tracks are underutilized.

KEY OBSERVATIONS

Our experience reinforces the importance of Tracy focusing on the continued vitality of its Downtown area. Downtown has the potential to create a valuable mixed-use core that creates a natural pipeline for startups and small, locally-owned businesses to flourish. Improving the offerings in the Downtown core, from retail to entertainment options, needs to equate into Tracy's economic development gap-closing strategy. Current efforts to create a Downtown Specific Plan should align with the Economic Development Strategic Plan.

Other than the Downtown core, there is no genuine mixed-use development in Tracy. Most generational cohorts prefer walkable locations that can sustain a live, work, play, shop, and eat, etc. environment. Future Tracy economic development efforts need to focus on a supply of commercial and residential developments that include amenity-rich environments. This strategic plan identifies eight opportunity, or "catalyst," sites. Many of these sites have the potential to serve as future mixed-use sites.

West Valley Mall is holding Tracy back from realizing its full economic and fiscal benefits. Built in the 90s and now distressed, the mall needs a more holistic and targeted intervention. The intervention will require working with mall ownership to figure out a path forward.

Working with and forging stronger relationships with the local and regional real estate community, including developers, lenders, and brokers, will need to be a primary focus for Tracy. The effort needs to consider and identify what sites and buildings are suitable development targets for prospective owners and tenants alike. Working with local and regional chambers of commerce can help the City create a defined list of targets, which can then be leveraged through Tracy's integration of Bludot, a Customer Relationship database (CRM). Current transitions in economic development leadership underscore need for a stable platform to manage relationships.

Core Infrastructure

Our experience reinforces the need to invest in high-impact capital improvements which have potential encourage additional private-sector investment, or to reduce government expenses. Coordination between economic development and infrastructure planning is necessary, in part because while capital improvement decisions are made over future 5, 10, and 20 year horizons, economic development project needs will tend to unfold within months as new companies scout sites and make location decisions. Coordination between municipalities and utility providers to align spending plans for road and right-of-way utility infrastructure is a second example. Equally, the recent closure of the Hansen Road overpass speaks to the importance of needed improvements to alleviate truck traffic. As the population continues to grow, there is a greater need for providers of capital improvements to formally meet on a frequent basis to troubleshoot and discuss infrastructure needs and to solidify potential opportunities for collaboration.

Our identification of eight opportunity or "catalyst" areas presents an opportunity to coordinate infrastructure investments that can encourage additional private sector investment and align with its economic development goals.

The deployment of smart infrastructure makes local economies more efficient and resilient. Tracy needs to employ the use of smart cities technologies to proactively evaluate and use a data-driven approach to all future infrastructure decision-making processes. Smart infrastructure will help decision-makers identify additional gaps in mobility infrastructure and service provision far in advance.

The Valley Link Rail project aims to close gaps in the statewide rail system by providing a 42-mile, 7-station connection between the Dublin/Pleasanton BART station and the North Lathrop Altamont Corridor Express (ACE) station. The time is now for Tracy to ensure maximum economic benefits from the project. Last mile connections to and from future Valley Link stations will need alignment with the City's General Plan and capital improvements plan.



Quality of Life & Place

Maintaining and improving Tracy's quality of life is a priority for residents. Virtually, all stakeholders noted that Tracy offers desirable quality of life attributes, including safe neighborhoods, fun community events, and a unique small-town atmosphere. However, stakeholders reported the need for more recreation facilities and family-friendly attractions. Tracy voters have shown willingness to fund recreation improvements through the Measure V sales tax, which is supporting the development of Legacy Fields, a long-awaited Aquatics Center, a multi-generational recreation center, and a new nature park.

Stakeholders are eager to see more retail, restaurant, and entertainment opportunities in the City. Numerous stakeholders suggested that Tracy offers little to do for families and young adults, leading many to travel to the Bay Area for shopping, dining, and entertainment. Some highlighted promising additions to the City's restaurant scene (both local and chain offerings) but noted there remains room for further improvement.

Tracy could be doing more to convey a distinct sense of place, especially in its gateways and edges. Stakeholders also suggested the City install more wayfinding signage to help direct visitors from the freeway to Tracy's key attractions, such as Downtown and the I-250 retail cluster.

KEY OBSERVATIONS

Maintaining and improving Tracy's quality of life is a priority for residents. In order to work on enhancing its sense of place and unique identity, Tracy will need to increase its portfolio of destination-oriented amenities and offerings specifically in the arts and culture, restaurant, and entertainment sectors.

Housing supply and affordability are in crisis across the Northern California Megaregion and beyond, including Tracy. Workforce housing is essential to economic development success.



04

Target Clusters



The recommended target clusters are the results of the industry cluster analysis and qualitative findings related to Tracy’s competitive position. AECOM recommends four target clusters, and eight niche industries for Tracy to prioritize for economic development. The identified clusters have all experienced positive job trends in the last decade but despite the positive trends, location quotients in some essential clusters such as Education and Health Services remain low (0.61 and 0.59, respectively). These location quotients indicate that Tracy’s population is not being adequately served by these local clusters. Growth in these clusters should be targeted as a necessity.

Growth Sectors

Undeveloped and Long-Term

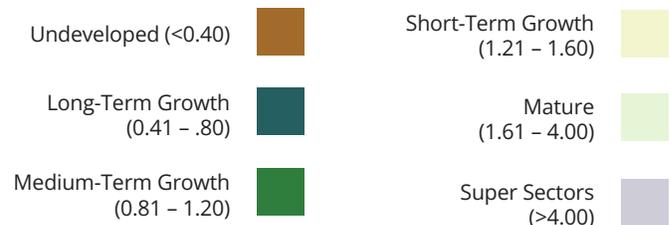
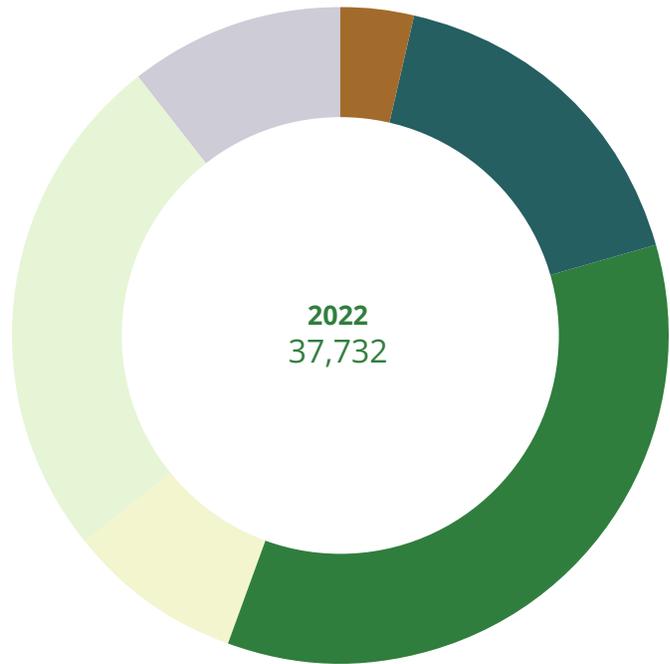
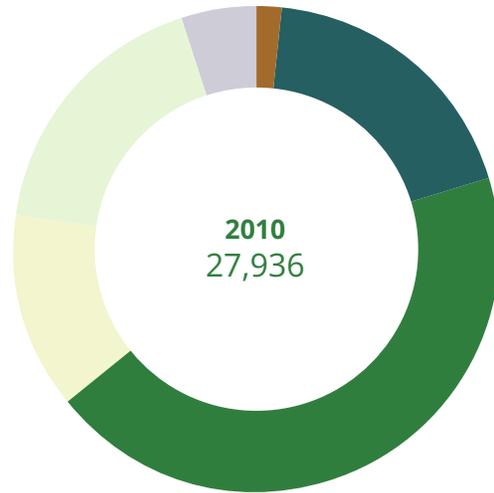
Undeveloped clusters (LQ <0.40) are the hardest to grow – they lack a strong base and will require a large amount of attention in order to become dynamic, job-producing clusters. Long-Term Growth clusters (LQ 0.41 - 0.80) are easier to grow, and already have a foundation off which economic development can strategize. In Tracy, these sectors accounted for 20.3% of all jobs in 2010, and 20.8% of all jobs in 2022. This group of sectors captures several important clusters – Health, Insurance, Education, and Consulting Services. Location quotients below 1 imply unrealized growth potential.

Medium-Term and Short-Term

Medium-Term (LQ 0.81 - 1.20) and Short-Term Growth (LQ 1.21 - 1.60) clusters have strong foundations, and with some Economic Development staff involvement, can be stable, job producing sectors. In Tracy, these sectors accounted for 57.1% of all jobs in 2010, and 43.6% of all jobs in 2022. In 2022, several retail categories are part of the Medium-Term Growth sector. Location quotients in this range indicate a resident-focused job base, with limited visitor attraction. Construction-based clusters (contractors and retail) make up a large part of the Short-Term Growth sector. With a strong foundation and location quotients well above 1.0, these clusters can be further grown by strengthening exports and, where applicable, visitor attraction.

Mature and Super-Sectors

The Mature (LQ 1.61 - 4.00) and Super Sectors (LQ >4.00) capture the most developed and highly concentrated clusters in a region. In Tracy, these sectors accounted for 21.6% of all jobs in 2010, and 35.6% of all jobs in 2022. This growth indicates the presence of several high-concentration, high-employment job producers in the City. Logistics and distribution is the highest concentrated cluster in Tracy, with nearly 4,000 jobs in 2022. Growth in these sectors can be tricky – while there may be growth potential for some clusters, others will have reached the regional concentration, serving not just Tracy, but the regions around Tracy as well.



Target Clusters: A Closer Look

Advanced Manufacturing



Semiconductors & Electric Vehicle Components

Electric vehicle and component manufacturing, and chip and chip-adjacent manufacturing.

Jobs 47 **Location Quotient** 0.75

Electrical Equipment, Appliances, & Components

Electrical equipment, appliances, and component manufacturing – consumer and commercial.

Jobs 127 **Location Quotient** 0.55

Community



Healthcare Services

Hospitals, clinics, in and out-patient care.

Jobs 2,885 **Location Quotient** 0.59

Education Services and R&D

K-12, higher education, and research and development facilities and laboratories.

Jobs 490 **Location Quotient** 0.61

Technology



Computer Systems Design, Data Processing, & Related Services

Software, programming, and other computer related services.

Jobs 103 **Location Quotient** 0.22

Professional Services



Insurance Services

Medical, life, property, and all other insurance carriers.

Jobs 490 **Location Quotient** 0.50

Architectural & Engineering Services

Provision of engineering, architecture, and landscape architecture services.

Jobs 239 **Location Quotient** 4.29

Management, Scientific, & Tech Consulting

Providers of consulting services related to management, the sciences, and information technology.

Jobs 901 **Location Quotient** 0.62

05

Opportunity Sites

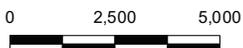
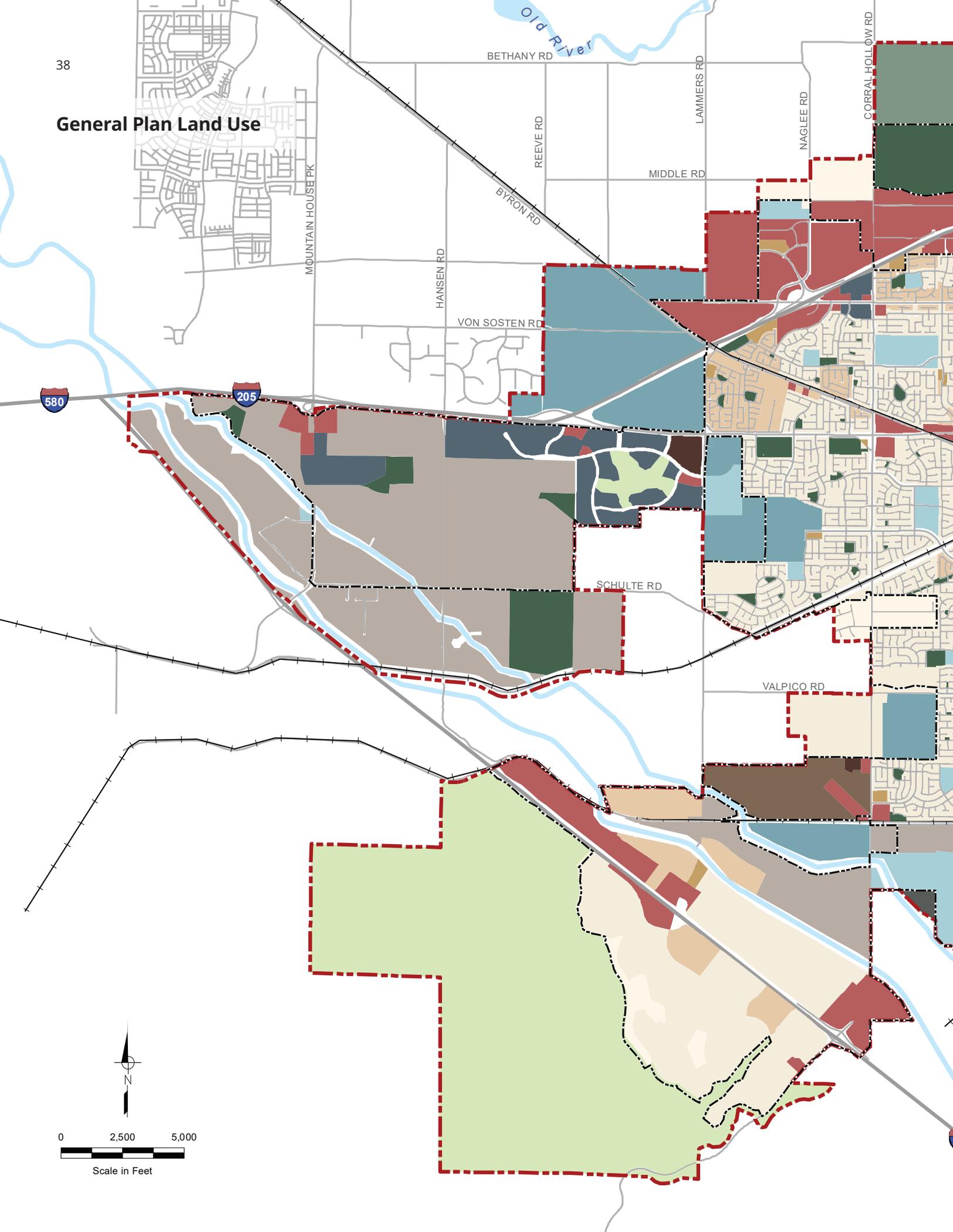
AECOM conducted an assessment of developable land as well as other greenfield and infill sites across the City with a focus on transit-oriented development (TOD) opportunities, either downtown or adjacent to the interstate (Valley Link). This work yielded the identification of opportunity sites for future development, including the evaluation of the 100-acre Chrisman Road property.

A managed growth strategy will improve mixed-use offerings in Tracy, minimize land consumption linked to development of single-family homes, and will create demand for broader commercial real estate offerings across industrial, retail, and office submarkets.

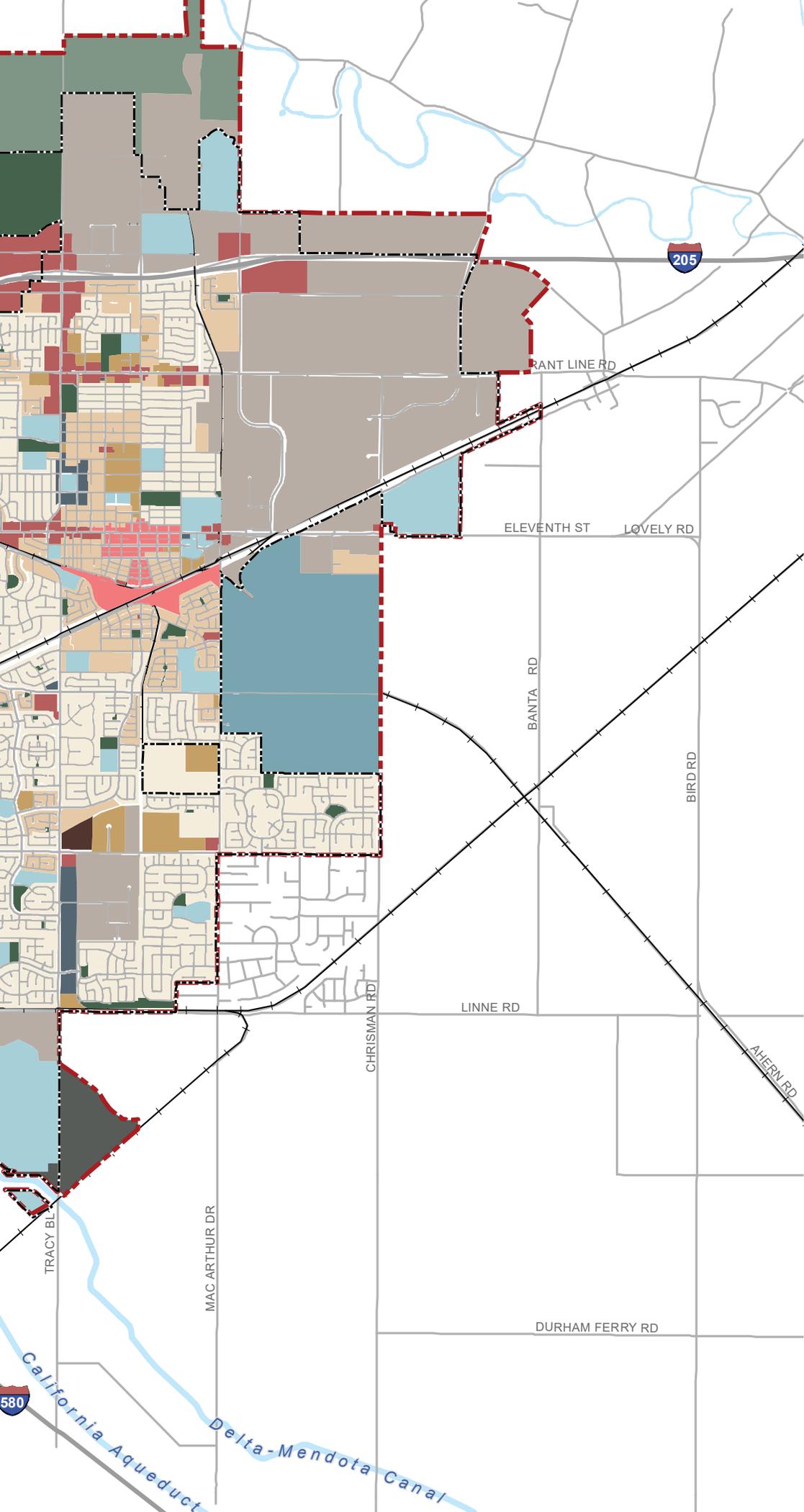




General Plan Land Use



Scale in Feet



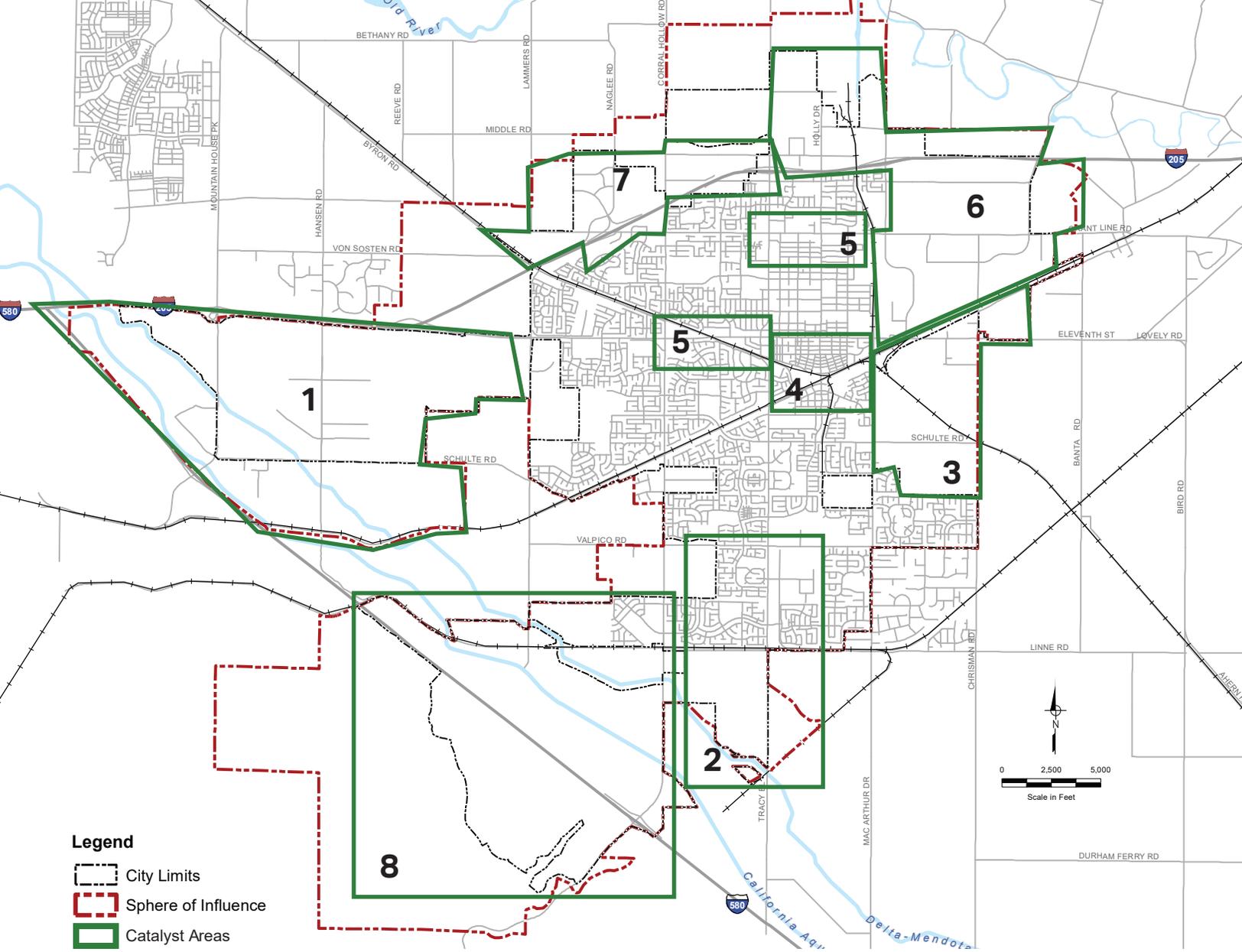
This map summarizes current 2023 land use information for the City of Tracy

Legend

- City Limits
- Sphere of Influence

General Plan Land Use

- Residential Very Low
- Residential Low
- Residential Medium
- Residential High
- Traditional Residential - Ellis
- Commercial
- Office
- Industrial
- Downtown
- Village Center
- Public Facilities
- Park
- Open Space
- Agriculture
- Aggregate
- Urban Reserve



Tracy has 8 Key Areas identified for “catalyst,” or opportunity, sites. They are detailed below in order of suggested prioritization:

I. AREA 4 Downtown

Downtown Tracy is the focus of a currently-unfolding sub-area plan. The downtown area includes retail, restaurant, and office uses generally along N. Central Avenue and 10th Street. The Tracy Transit Center and the Grand Theatre anchor the southern extent of downtown, while Union Pacific Railroad controls considerable vacant land and railroad right-of-way on the southern edge of downtown. Residential districts adjacent to downtown are defined by significantly older (pre-1940) construction. In other cities, the combination of small home sizes and higher home values will tend to encourage pressure for teardowns. Downtown Tracy includes opportunities to support higher-density residential and mixed-use development along key arterials and side streets (N. Central, E/W 7th, and E 11th). Loss of surface parking may dictate eventual need for structured parking.

II. AREA 1 West Side/Prologis

The West Side/Prologis area should be prioritized for commercial development and health care opportunities, as high-visibility land on I-205 remains undeveloped. At current rates of development, this sub-area will be built-out within 10 years. Additional vacant land remains within the sphere of influence generally south of Schulte Road, but sites are being developed. Current demand for warehouse will put pressure on sites zoned for office use, as the sphere of influence includes more intense manufacturing activities (e.g., Owens Corning).

III. AREA 5 **Commercial Corridors**

The general character of two commercial corridors, West 11th Street and Grand Line Road, includes stand-alone retail buildings as well as larger community-oriented shopping centers. While retail occupancies are currently positive, notable vacancies (e.g. former grocery stores) are a concern. Supporting reinvestment of existing older corridor shopping centers will need to remain in focus as the City's resident base expands and new retail locations emerge, with consideration of strategies to reposition sites with surplus parking for mixed-use development.

IV. AREA 6 **Northeast Industrial**

This larger industrial district includes larger-format warehouses, all generally east of N. MacArthur Drive, with major distribution operations associated with Amazon, Crate & Barrel, Home Depot, and similar Fortune 500 companies. Leprino Foods is a consequential food manufacturer along the corridor and a former retail outlet mall has been repositioned for retail and office use; the site has visibility from I-205. North of I-205 along Larch Road, east of Holly Drive, is the City of Tracy Wastewater Treatment Plant. West of Holly Drive is a compact and dense business park, which supports a diverse set of service businesses, with highway-oriented commercial uses including hotels at key interchanges. The area is approaching build-out, as development to the north of I-205 is constrained by flood plains.

V. AREA 7 **Commercial near I-205/West Valley Mall**

This area serves as the primary commercial node in Tracy, with direct access from I-205. The area's retail offerings include a mix of large-format retailers (Home Depot, Target, Walmart, etc.) with additional strip retail redevelopment supporting a large concentration of national chain restaurants. The area also includes several recently built apartment complexes, generally 3-story with surface parking. While the district has a mixed-use flavor, this sub-area remains focused on cars, with limited pedestrian access. Land use changes dramatically north of Auto Plaza Drive due to existing 100-/200-year flood plains generally in San Joaquin County. Proposals for Valley Link Commuter rail service include the option of a new transit station in this sub-area, possibly leveraging the West Valley Mall site. The mall is the primary challenge, linked to a loss of anchor department stores, and conversations should continue with the mall owner to evaluate reuse of this site.

VI. AREA 8 **Tracy Hills**

Tracy Hills is an expansive area on the southwest side of Tracy, with excellent interstate access via I-580. Current development is focused on higher-end single family residential development, with plans for commercial development (existing approved commercial development within the sub-area plan should be preserved). There is an opportunity to revisit the balance of single-family versus multi-family housing in the small area plan, and to increase retail offerings for south side residents. Access between Tracy Hills and the rest of the City of Tracy is constrained, with one primary route, Corral Hollow Road.

VII. AREA 2 **Airport/Transit for Housing and Economic Development**

A complex area which supports industrial activity along Tracy Boulevard between Valpico Road and Linne Road in context with surrounding areas which are defined by residential use. Transit-oriented development could be considered in proximity to the ACE commuter rail station and park/ride facility, located on Linne Road at Tracy Blvd, with adjacent community-oriented retail adjacent to the north, but there is no higher density transit-oriented housing at the site. Tracy Municipal Airport has two runways (4,000 ft and 3,438 ft). Municipal infrastructure is not available to the airport or adjacent sites, which would be needed to support aviation-linked development (such as advanced manufacturing for aviation). Several quarries remain in operations south of Linne Road, with one specifically situated at the southwest quadrant of Linne Road and South Tracy Boulevard. Additional assessment will need to be conducted to evaluate future land use transitions for quarry and other industrial properties when extraction is finished.

VIII. AREA 3 **Chrisman Road Property/East Site**

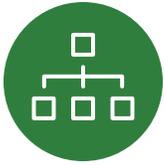
The Chrisman Road Property falls within the City limits of Tracy, and is within the City's sphere of influence. The prevailing use of the site is agricultural, with an existing highway-oriented commercial and light industrial district along W. 11th Street, west of Chrisman Road. State Route 205 eventually connects with Interstate 5, three miles to the east. Given access constraints, this sub-area is not viewed as a near-term priority, though the General Plan identifies a future Chrisman Road interchange on I-205 (new road and grade separation with UPRR would be needed to improve access to I-205). Proposals to introduce commuter rail service through downtown (Valley Link) would encourage development of multi-family housing, while the Chrisman site could be preserved for longer-term economic development opportunities.



06

Strategies





Organizational Capacity

GOAL

Strengthen organizational capacity to enhance economic resilience, expand market access, and enhance regional collaboration.

BACKGROUND

The City is in a unique place where there are multiple open leadership positions for key functions of economic development. There was some concern with a lack of economic development structure and organizational capacity.

Our competitive assessment revealed understaffing of economic development efforts and the need for capacity enhancement across:

1. Retention and expansion of existing businesses in Tracy.
 2. An attraction strategy focused on industry clusters aligned with City positioning.
 3. A retail attraction strategy focused on the south side of Tracy.
 4. Broader outreach to ensure that workforce development needs are being met.
1. Increase capacity to deliver economic development services within Tracy.
 - Expand the City Economic Development Team with two additional staff to support implementation of a business retention and expansion (BRE) program to support recovery and growth of local businesses, and to expand retail offerings on the south side of Tracy.
 - Align internal economic development efforts with other City planning efforts to ensure maximum capacity and collaboration.
 - Evaluate potential future city-led economic development incentives to support small business growth (revolving loan fund, innovation investment fund, or a business incubator).
 - Support the Tracy Chamber of Commerce in the expansion of city-wide business resources and marketing opportunities.
 2. Increase workforce development capacity in collaboration with regional partners to support business growth and expansion.
 - Ensure that Tracy businesses have visibility and are aware of workforce development programs offered by the San Joaquin County Workforce Development Board, and bring awareness to programs currently offered to the Tracy community, including Adult Schools medical pathway and ESL courses, and expand on these opportunities.
 - Encourage City Economic Development staff to serve as a bridge to the Tracy Unified School District (TUSD) to expand career and technical education pathways, dual enrollment programs, and workforce development partnerships.
 - Work with the San Joaquin County Community College District to offer and promote community college offerings in Tracy.

Key ● Short Term
Years 0 – 2

●● Medium Term
Years 2 – 5

●●● Long Term
Years 5+

Fiscal Year
July 1 – June 30



Diverse & Resilient Economy

GOAL

Foster resilience through strategies which encourage economic inclusion and diversification.

BACKGROUND

Comments during the listening tour pointed out a need to diversify beyond “warehouse development.” Stakeholders expressed concern about developing a talent pipeline without higher education opportunities directly in Tracy.

Data analysis identified a need to develop and grow opportunities across all industry clusters and opportunities to expand workforce development efforts by leveraging regional partners, including the San Joaquin Partnership.

1. Reignite conversations with healthcare providers and stakeholders in Northern California to expand healthcare services and workforce opportunities in Tracy.
 - Identify a City “sector champion” to own and lead conversations with health care providers.

2. Leverage the City’s “Inside the Triangle” brand to expand regional and national awareness of Tracy’s value proposition.
 - Improve site selection website and connectivity with regional site selection platforms as a first step in expanding business attraction across target industries.
 - Ensure that local small businesses are made aware of new and existing local, state, and federal programs and resources.

3. Encourage entrepreneurship and innovation through policies which catalyze the emergence of a vibrant innovation ecosystem in Tracy.
 - Leverage data to understand neighborhoods where economic disparities exist in order to reduce barriers to economic growth.
 - Conduct a study to evaluate the current status of regional innovation ecosystems and Tracy’s place within those ecosystems. The analysis will need to consider funding, community resources, facilities, and training to identify gaps.
 - Work with the City staff in Planning and Development Services to ensure that zoning codes differentiate between lower-value warehouse vs higher-value advanced manufacturing activities.



Real Estate & Development

GOAL

Encourage investment in catalytic opportunity areas through targeted infrastructure investments which build on Tracy's competitive strengths.

BACKGROUND

The listening tour identified concerns related to increased housing costs in Tracy, which has traditionally been seen as a relatively affordable place to own a home. Comments from the listening tour also pointed to challenges with limited retail offerings and fine dining. In addition, most listening tour stakeholders overwhelmingly believe Valley Link will be a benefit to the community. Ensuring first/last-mile connections are made via VallyLink stations is valuable for retaining businesses and attracting new business activity to Tracy.

1. Optimize underperforming, underdeveloped, and underutilized properties in need of development/redevelopment.
 - Evaluate TOD opportunities near ACE and Valley Link transit stations and support execution of Valley Link, and initiate planning for infrastructure improvements near transit stations.
 - Regarding West Valley Mall, assess existing infrastructure capacity and evaluate tools such as zoning overlays to ensure that mall reuse outcomes are consistent with stated public policy goals.
 - Maintain focus on Housing Element of the General Plan to ensure future supply of workforce housing needs, in part through provision of "missing middle" housing typologies (consider application of state law such as CA AB-2295).
 - Sustain a long-term engagement strategy with Union Pacific Railroad (UPRR) to maintain focus on reuse of currently under-utilized railroad property and evaluate strategies and grant funding to mitigate potential environmental concerns.

2. Ensure capital improvements have a high impact on local economy by deploying Smart City infrastructure elements in future capital improvement projects.
 - Assess vulnerability of infrastructure in key redevelopment areas where higher intensity uses are envisioned, such as larger warehouse developments where increasing truck volumes will result.
 - Work with real estate brokers, lenders, and potential developers via public-private partnerships to identify opportunities for development of mixed-use projects.
 - Conduct fiscal assessments of proposed projects to ensure that long-term maintenance costs can be financially sustained.



Quality of Life & Place

GOAL

Encourage quality of life and public improvements through placemaking enhancements and cultural amenities.

BACKGROUND

The listening tour identified Tracy as a generally a nice place to live and work. As Tracy transitions from a bedroom community to an inland destination, its quality-of-life offerings need to follow suit. Comments also pointed to a lack of destination- oriented dining options and new venues to attract families. There is an opportunity to establish new cultural and arts programs and tie these into attracting businesses and workers (purely remote and/or hybrid).

1. Improve the aesthetic appearance of Tracy's main entrances by commissioning a gateway master improvements plan.
 - Improve branding, landscaping, signage and wayfinding along I-205 access points into Tracy, and evaluate grant support for enhanced downtown gateway features, art installations, and related improvements.
 - Partner with Cultural Arts Division to identify and implement civic art opportunities.
2. Strengthen Tracy's tourism by continuing to promote the arts, music, festivals, sports and leisure activities.
 - Support the Tracy City Center Association in adopting Main Street Program principles to support expansion of Downtown Tracy as a regional destination.
 - Consider expanding the capacity of recreational assets and cultural arts facilities to support both resident demand and attracting visitor demand.





Appendices

Tracy Economic Development Strategic Plan - Preliminary Draft Strategies



AECOM

Tracy Economic Development
Strategic Plan

Preliminary Draft Strategies



DRAFT STRATEGIES

01

Organizational
Capacity



02

Diverse & Resilient
Economy



03

Real Estate &
Development



04

Quality of Life &
Place



AECOM

DRAFT STRATEGY



Organizational Capacity



Diverse & Resilient Economy



Real Estate & Development



Quality of Life & Place

Strengthen organizational capacity to enhance economic resilience, expand market access, and enhance regional collaboration

1. Increase capacity to deliver economic development services within Tracy

- Hire additional staff and implement a business retention and expansion (BRE) program to support recovery and growth of local businesses
- Evaluate potential future city-led economic development incentives to support small business growth (revolving loan fund, innovation investment fund, or a business incubator)
- Align internal economic development efforts with other City planning efforts to ensure maximum capacity and collaboration
- Support the Tracy Chamber of Commerce in the expansion of city-wide business resources and marketing opportunities

2. Increase workforce development capacity in collaboration with regional partners to support business growth and expansion

- Ensure that Tracy businesses have visibility and are aware of workforce development programs supported by the San Joaquin County Workforce Development Board
- Work with the San Joaquin County Community College District to offer and promote community college offerings in Tracy
- Work with Tracy Unified School District to expand career and technical education pathway programs, and dual enrollment programs

● Short Term Years 0-2 ● Mid Term Years 2-5 ● Long Term Years 5+ Fiscal Year July 1 – June 30



AECOM

DRAFT STRATEGY



Organizational Capacity



Diverse & Resilient Economy



Real Estate & Development



Quality of Life & Place

Foster resilience through strategies which encourage economic inclusion and diversification

1. Reignite conversations with healthcare providers and stakeholders in northern California to expand healthcare services and workforce opportunities in Tracy

- Identify a City "sector champion" to own and lead conversations with health care providers

2. Leverage the City's "Inside the Triangle" brand to expand regional & national awareness of Tracy's value proposition through enhanced economic development marketing

- Improve site selection website and connectivity with regional site selection platforms as a first step in expanding business attraction across target industries
- Ensure that local small businesses are made aware of new and existing local, state, and federal programs and resources

3. Encourage entrepreneurship and innovation through policies which catalyze the emergence of a vibrant regional innovation ecosystem

- Leverage data to understand neighborhoods where economic disparities exist in order to reduce barriers to economic growth
- Conduct a study to evaluate the current status of regional innovation ecosystems and Tracy's place within those ecosystems. The analysis will need to consider funding, community resources, facilities, and training to identify gaps

● Short Term Years 0-2 ● Mid Term Years 2-5 ● Long Term Years 5+ Fiscal Year July 1 – June 30



AECOM

DRAFT STRATEGY



Encourage investment in “catalytic” opportunity areas through targeted infrastructure investments which build on Tracy’s competitive strengths

1. Optimize underperforming, underdeveloped, and underutilized properties in need of development/redevelopment

- Evaluate TOD opportunities near ACE and Valley Link transit stations and support execution of Valley Link, and initiate planning for infrastructure improvements near transit stations
- Regarding West Valley Mall, assess existing infrastructure capacity and evaluate tools such as zoning overlays to ensure that mall reuse outcomes are consistent with stated public policy goals
- Maintain focus on Housing Element of the General Plan to ensure future supply of workforce housing needs, in part through provision of “missing middle” housing typologies (consider application of state law such as CA AB-2295)
- Sustain engagement with UPRR to maintain focus on currently under-utilized rail corridors and adjacent sites

2. Ensure capital improvements have a high impact on local economy by deploying Smart City infrastructure elements in future capital improvement projects

- Assess vulnerability of infrastructure in key redevelopment areas where higher intensity uses are envisioned
- Work with real estate brokers, lenders, and potential developers via public-private partnership model to identify opportunities for development of mixed-use projects
- Conduct fiscal assessments of proposed projects to ensure that long-term maintenance costs for existing city roads can be financially sustained

● Short Term Years 0-2 ● Mid Term Years 2-5 ● Long Term Years 5+ Fiscal Year July 1 – June 30



DRAFT STRATEGY



Encourage quality of life and place improvements through placemaking enhancements and cultural amenities

1. Improve the aesthetic appearance of Tracy’s main entrances by commissioning a gateway master improvements plan

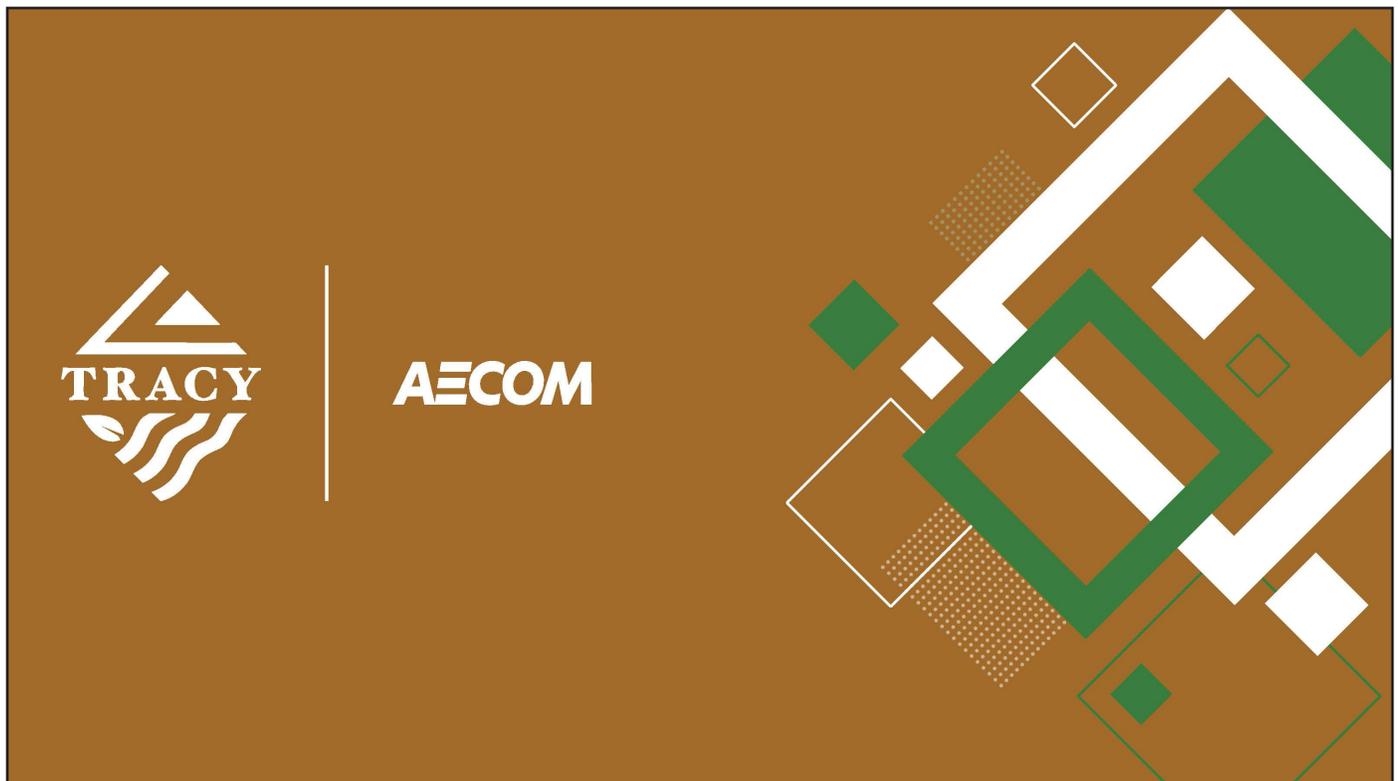
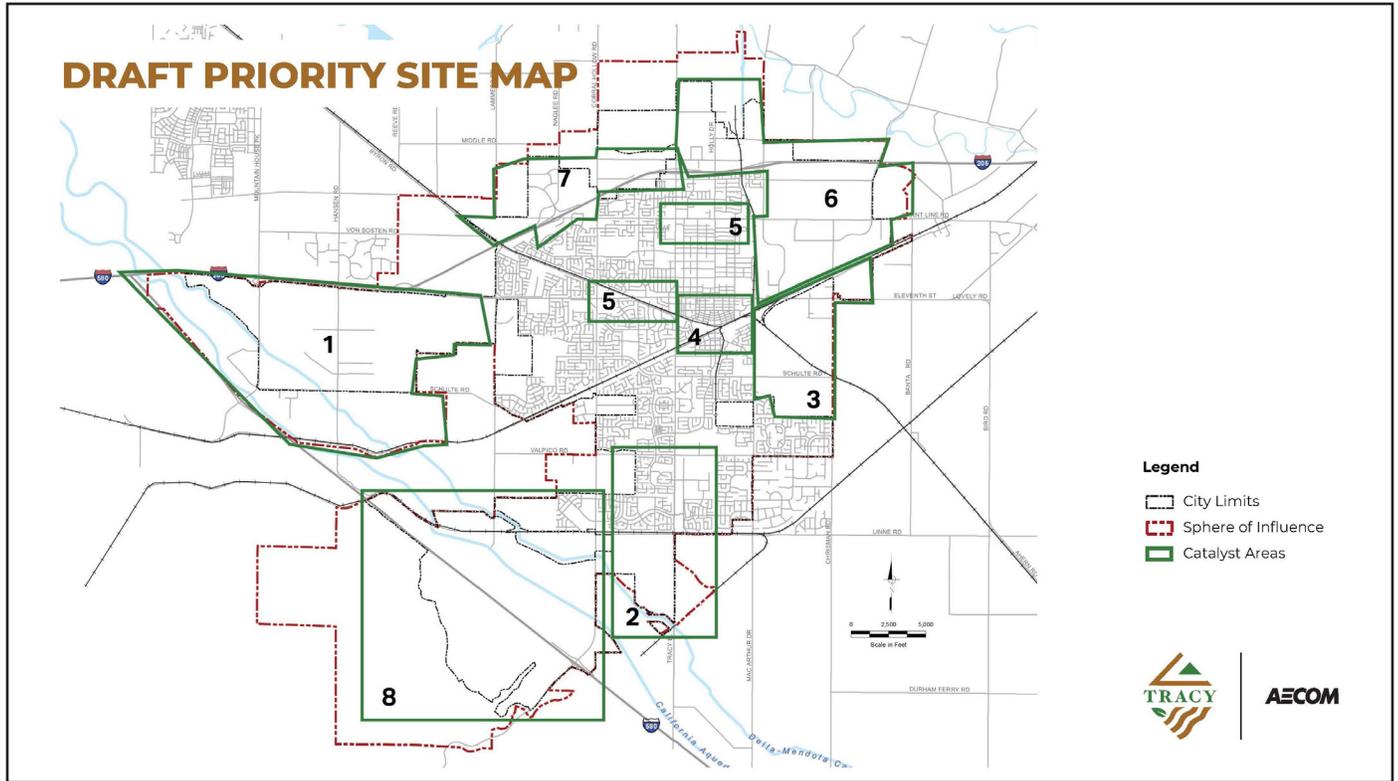
- Improve branding, landscaping, signage and wayfinding along I-205 access points into Tracy, particularly
- Partner with Cultural Arts Division to identify and implement civic art opportunities

2. Strengthen Tracy’s tourism by continuing to promote the arts, music, festivals, and sports and leisure activities

- Support the Tracy City Center Association in adopting Main Street Program principles to support expansion of Downtown Tracy as a regional destination
- Consider expanding the capacity of recreational assets and cultural arts facilities to support both resident demand and attracting visitor demand

● Short Term Years 0-2 ● Mid Term Years 2-5 ● Long Term Years 5+ Fiscal Year July 1 – June 30











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Think Inside the Triangle™