



ECONOMIC DEVELOPMENT MONTHLY UPDATE

Hobby Lobby is Coming to Tracy!

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Our community spoke and we listened! Hobby Lobby was identified as one of Tracy's top 10 desired retailers, based on the results of City's 2019 Retail Survey. The national retailer is scheduled to open its new store location in Tracy in early 2022 in the former JCPenney building at the West Valley Mall on Naglee Road. Hobby Lobby will join Target and Macy's as the mall's co-anchors. This location allows Hobby Lobby to leverage freeway visibility and accessibility for local and regional shoppers.

"We're very excited to welcome Hobby Lobby to the Tracy community," said Tracy Mayor, Nancy Young. "For several years, Tracy residents have expressed their desire for a Hobby Lobby, and through our business attraction efforts, the company has decided to make an investment in our community. This is great for both shoppers and our local economy."



Hobby Lobby's expansion highlights the various advantages of a Tracy location, which includes the City's proximity to major highways, access to customers in several major markets, a skilled workforce, business mix, recreational amenities, and a high quality of life.

Small Business Financial Relief Update

On February 8, the State closed the application period for Round 2 of the small business COVID-19 Relief Grant program. Notifications about selection are scheduled for February 11 through 18, and notifications about rejection are scheduled for February 24. The Economic Development Team continues to closely track programs available for local businesses, including the next round of the proposed Federal Coronavirus relief package.

Additionally, the Economic Development Team is wrapping up the City's small business relief grant program. With over 200 applications received since December 22, the first 100 businesses are receiving \$5,000 payments from the City based on a first-come, first-served basis subject to meeting eligibility criteria. Many funding recipients have indicated that the funding has enabled survival during a very difficult and uncertain time.

Introducing East Bay Community Energy

[East Bay Community Energy](#) (EBCE) will be providing greener electricity to Tracy homes and business starting in April. EBCE is a public agency that has been supplying electricity throughout most of Alameda County since 2018. In April all electric accounts in Tracy will be enrolled in EBCE service.



Residential and commercial customers will be automatically enrolled in EBCE's [Community Choice Energy program](#), which allows public agencies to procure electric power in order to provide more choice, increase renewable energy, reduce rates, and create local jobs. The City of Tracy elected to have customers placed on Bright Choice service, which has a 1% discount compared to PG&E. While customers will see EBCE's charges on their monthly bill, along with a credit from PG&E, everything else will remain unchanged. PG&E will continue to administer energy transmission, distribution, repair, customer service, and billing. EBCE is coordinating notices with additional information, one each month starting in February 2021. [LEARN MORE](#)

Tracy in Business Xpansion Journal



The Economic Development Team continues to be strategic in promoting Tracy to site selectors, brokers, business owners, and developers. While in-person trade shows and conferences have been cancelled during the pandemic, staff pursues out-of-the-box opportunities. The City's advertisement and reshoring article is being featured in the January/February issue of the *Business Xpansion Journal*. The journal has a print circulation of 10,000 and digital circulation of 65,000. The digital issue of the publication can be found [here](#).



CALIFORNIA: CITY OF TRACY

Approximately two of every three North American manufacturers have been impacted by the coronavirus COVID-19 pandemic. Business executives across the country are reevaluating cost savings strategies. The city of Tracy is a manufacturing hub with a highly skilled and trained workforce, and distribution space. Tracy is the best place to grow your business.

To find out more information about the advantages of doing business in Ontario, California, visit [www.ontariothinksbusiness.com](#) or contact Tracy on Twitter.

Tracy is a community of choice for U.S. manufacturers and distributors. It is located in the heart of the Central Valley, offering a strategic location for U.S. manufacturers and distributors. Tracy is a community of choice for U.S. manufacturers and distributors. It is located in the heart of the Central Valley, offering a strategic location for U.S. manufacturers and distributors.

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Regional Stay Home Order Ends, County Remains in Purple/Widespread Tier

The Regional Stay at Home Order ended on January 25 based on projected hospital capacity, and California counties returned to their appropriate tier under the [Blueprint for a Safer Economy](#). The updated four-week ICU projections released on February 9 show improvements in much of the State, including the San Joaquin Valley Region - the second hardest hit region in the state.

Projected capacity depends on four variables:

- Current estimated ICU capacity available
- Current community transmission
- Current regional case rates
- Proportion of cases admitted to the ICU

Stay up-to-date on current regional ICU capacity by visiting [sjready.org](#). View guidance by industry sector [here](#).

Current tier assignments as of February 16, 2021

Tier assignments may occur any day of the week and may occur more than once a week. Select a county to see what region it's in.

County: San Joaquin

San Joaquin County
San Joaquin Valley Region
Eligible to exit Regional Order effective 1/25/2021
Was placed on Regional Stay Home Order 12/6/2020 3:59 PM

COUNTY RISK LEVEL
Widespread*

Many non-essential indoor business operations are closed

COUNTY METRICS
24.4 New COVID-19 cases per day per 100K
25.1 Adjusted case rate for tier assignment
7.8% Positivity rate (7-day average)
10.3% Health equity quartile positivity rate

3 weeks prior 1/26
2 weeks prior 2/2
1 week prior 2/9
Current 2/16

Legend: Widespread (Purple), Substantial (Red), Moderate (Orange)

*See California Blueprint Data Chart for tier determination

Last Updated 2/16/2021

STATEWIDE METRICS

24.2 New COVID-19 positive cases per day per 100K

6.5% Positivity rate (7-day average)

17.2% ICU availability

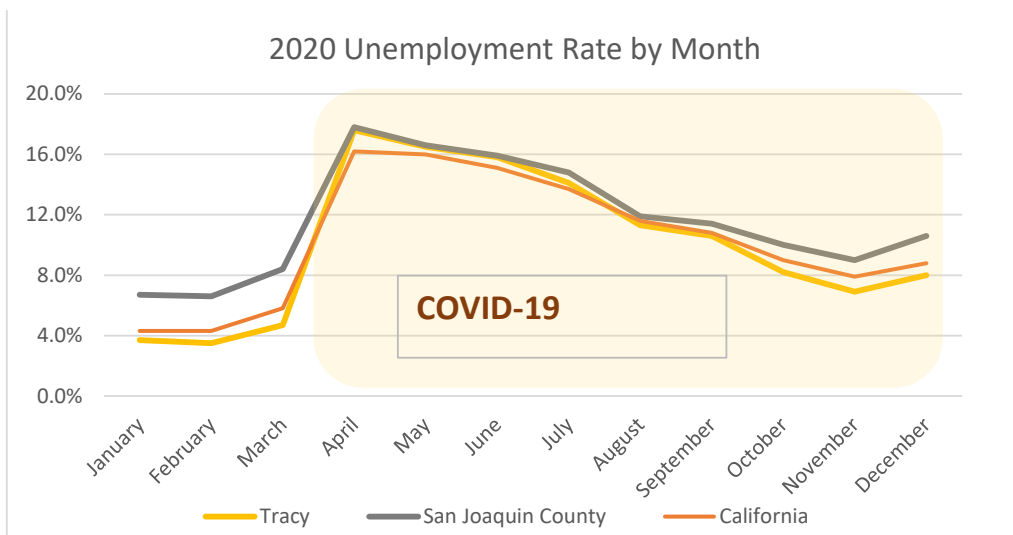
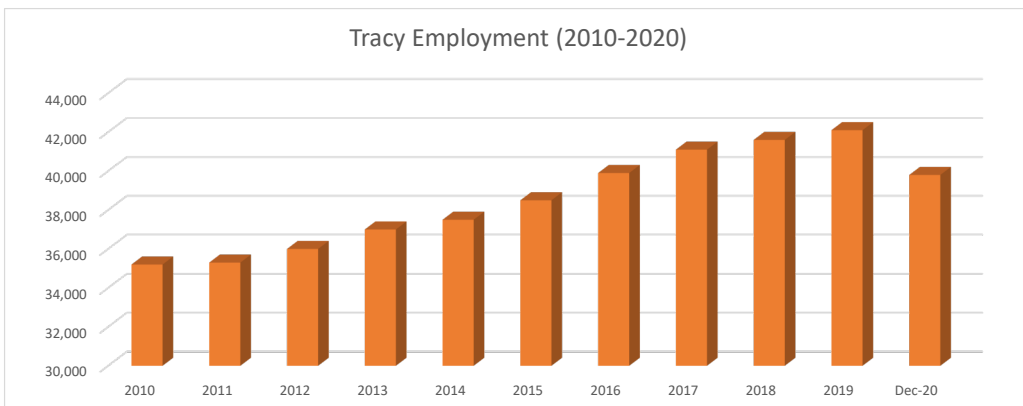
Economic Outlook and Employment Trends



Tracy's unemployment slightly spiked in December due to the Stay Home Order issued by the State on December 6. The order restricted many businesses (e.g. restaurants limited to take out) and completely shut down some industries, like personal care services. Despite December business closures, the unemployment rate for the year remained substantially below the April 2020 high. Tracy's unemployment rate of eight percent in December remains below the County's rate of 10.6 and the State's average of 8.8 percent, suggesting a relative resilience of the local economy and benefit of the City's expedited small business relief grant deployment*. According to the San Joaquin Council of Governments, San Joaquin County had the least amount of job loss in the Northern California megaregion. The largest declines were experienced in the tourism-dependent coastal regions.

With the recent shift back into the Purple Tier and distribution of the vaccines to the general public on the horizon, the economic outlook for 2021 is cautiously optimistic. While there is a debate about the pace and extent for the economic recovery, Tracy's unemployment rate is expected to decrease as various sectors continue to recover from the impacts of the pandemic. .

** Data reported by the California Employment Development Department. Due to the reporting methodology, there is a 2-month lag.*



New Development Activity

Tracy continues to experience a strong level of development activity during the pandemic, though slightly below that in 2019. According to the San Joaquin Council of Governments, five out of six building permits for commercial properties exceeding \$50 million in San Joaquin County were located in Tracy over the last two years. Despite nationwide economic uncertainty, industrial activity in the U.S. continued to set new records in 2020, driven by strong growth in online shopping and e-commerce expansion. Tracy is well-positioned to continue capitalizing on this trend with over 25 million square feet in industrial and flex space inventory.

Item	2019	2020	Annual Change
Issued Permits			
Residential	2,159	2,083	-3.5%
Commercial*	152	126	-17.1%

*Includes industrial uses.

New Development Activity (continued)



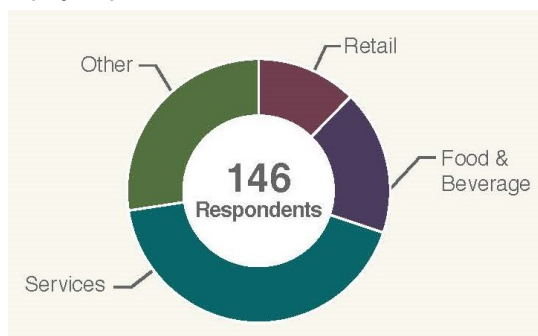
The Michaels Companies, Inc. is the latest large-scale industrial user to choose Tracy as its new location in a corporate effort to consolidate their West Coast wholesale distribution operations and expand the e-commerce business division. Michaels is planning a \$40 to \$50 million investment in infrastructure improvements with creation of over 400 new jobs. The Michaels Companies, Inc. is the largest arts and crafts specialty retailer in North America (based on store count) providing materials, project ideas and education for creative activities.

After considering other West Coast locations, Michaels signed a lease for a 925,000 square foot industrial building at 9375 West Sugar Road, at the property adjacent to the City limits. The site enables Michaels to leverage its strategic location to reach retailers and customers from Oregon to Louisiana.



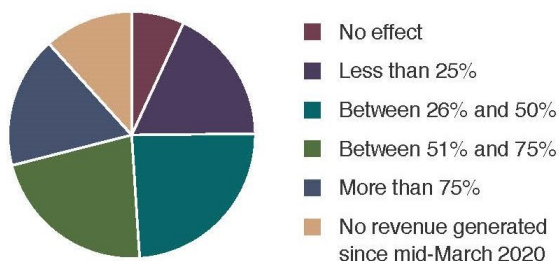
Small Business Survey Results

On December 1, Economic Development staff created a small business survey to assess the challenges experienced by small businesses in Tracy. Small businesses are the backbone of the local economy with most being disproportionately affected by COVID. The survey was promoted to the public and was sent directly to nearly 3,100 small businesses in the City. The survey found that 63% of the businesses have experienced a revenue decline of at least 25%, with most reporting general loss of revenue and inability to pay expenses. Over half of the businesses reported only being able to survive for six months or less, with 70% of respondents having five or fewer employees. These initial survey results highlight the difficult economic reality created by the Stay at Home Order, and have left many local businesses vulnerable to closure.

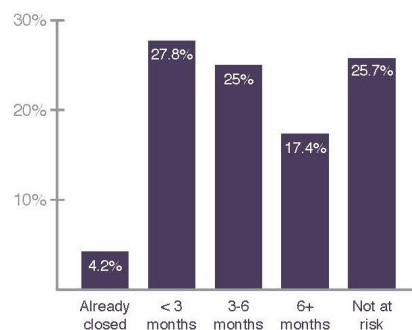


The survey gave way to strategies implemented by the newly-formed Small Business COVID-19 Strategies Committee, comprised of small business representatives and City staff. The committee meets weekly to explore options to help existing businesses survive COVID-induced challenges and explore strategies for encouraging "Shopping Local." To join the committee, please reach out to the [Economic Development team](#).

Most business respondents have experienced an impact of 25% or more.



Most business respondents can survive less than 3 months.



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