

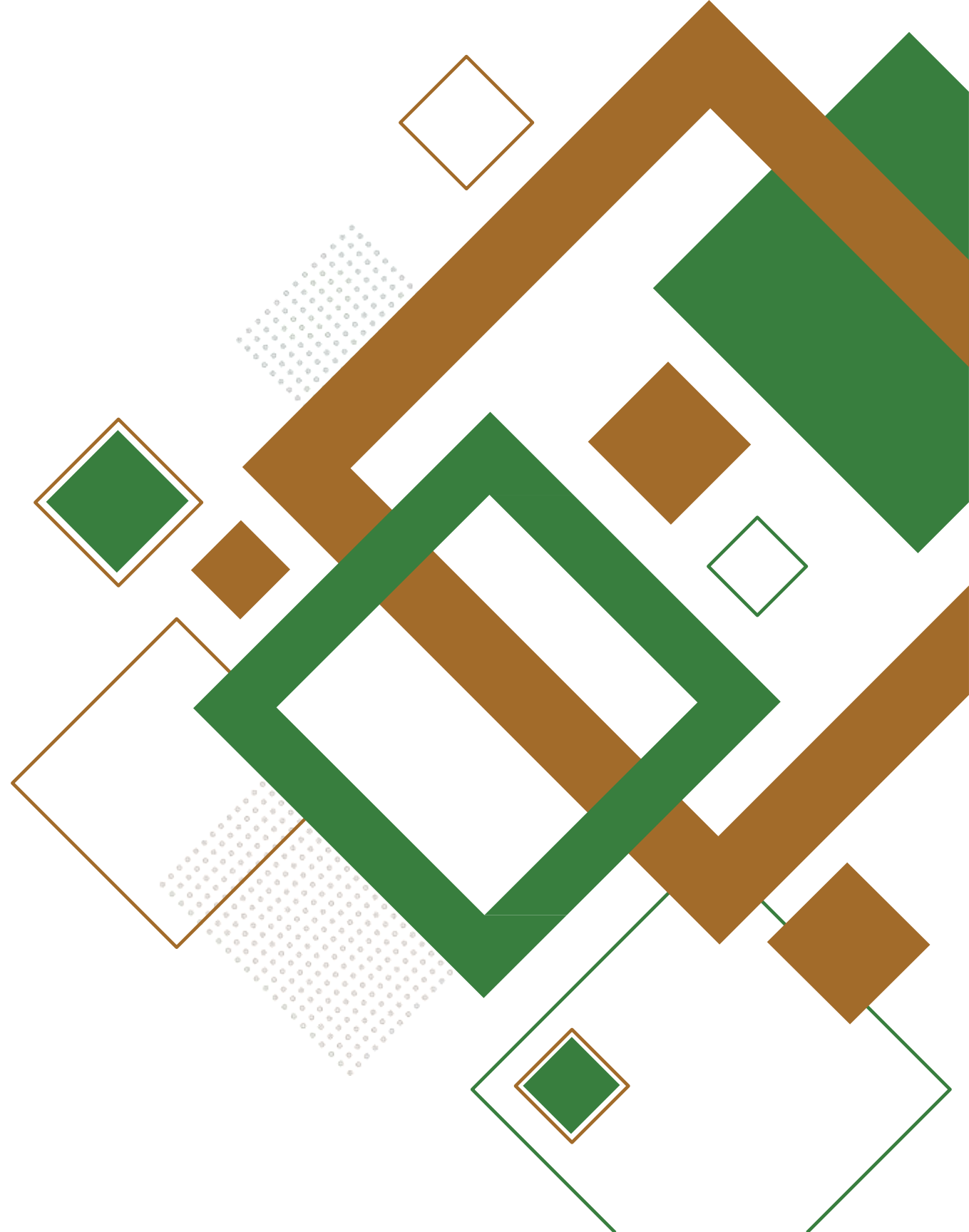


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Council Workshop

May 2023

Tracy Economic
Development Strategic Plan



AGENDA

01

Strategy
Overview

02

Stakeholder
Engagement

03

Key
Observations:
Analysis +
Takeaways

04

Strategic
Framework +
Recommendations

05

Next Steps
+
Discussion



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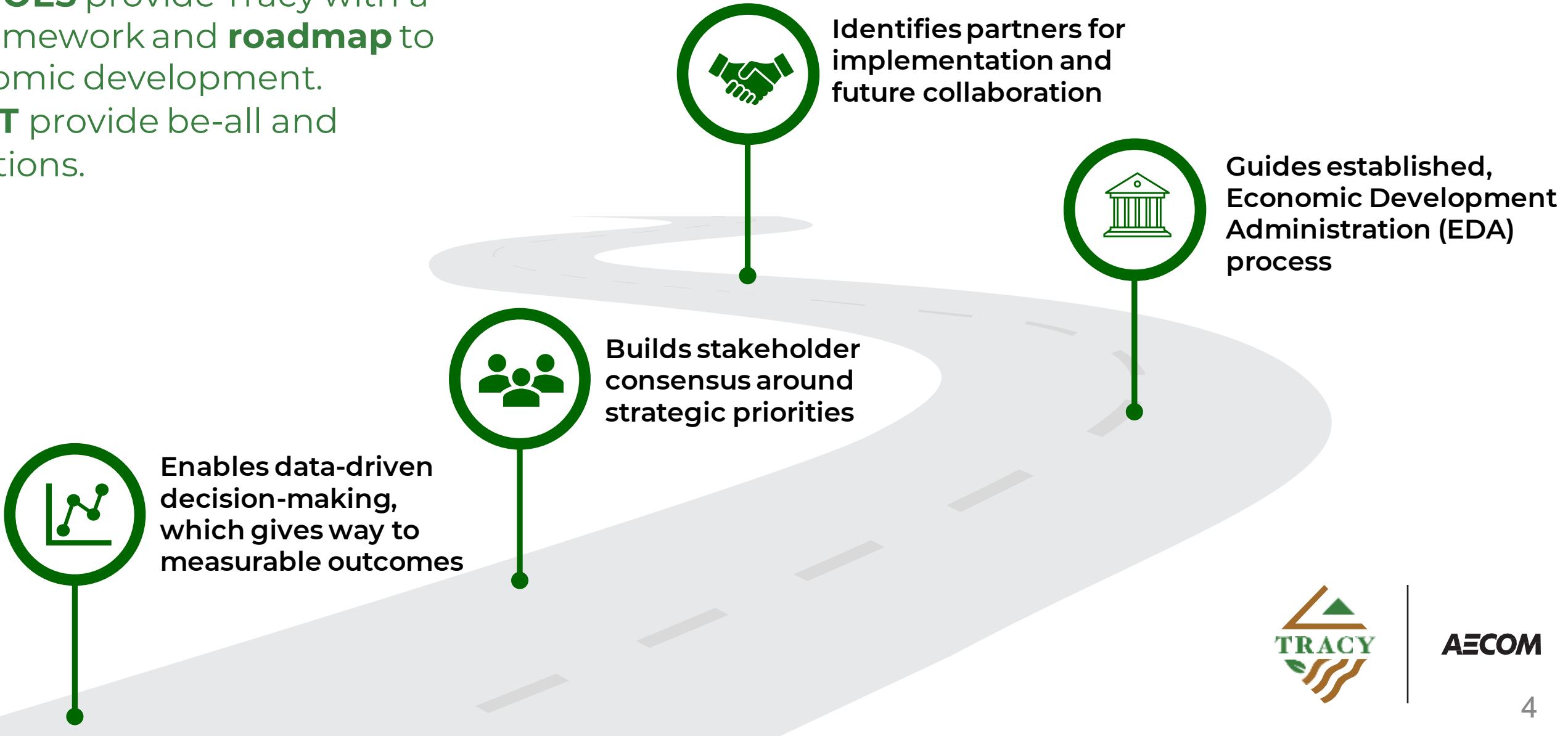
Strategy Overview



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WHAT IS AN ECONOMIC DEVELOPMENT STRATEGIC PLAN?

The EDSP **DOES** provide Tracy with a strategic framework and **roadmap** to guide economic development. It **DOES NOT** provide be-all and end-all solutions.



WHY PLAN? WHY NOW?

Guiding Principles Reflective of the City Council's Economic Development Strategic Priority Goals

- ✓ Support local businesses impacted by Covid-19.
- ✓ **Continue to support Valley Link.**
- ✓ **Continue to advance transit housing and economic development opportunities.**
- ✓ Attract business and jobs that meet the needs and desires of the community.
- ✓ Develop policies to target new jobs in innovative industries.
- ✓ Pursue strategies for balanced and forward-thinking growth in the City.



STRATEGY OVERVIEW

Goals

1

Identify local industry clusters that may align with those positioned for growth

2

Market and land use assessment

3

Understand gaps in local market/economy

4

Engage stakeholders to help identify community's SWOT

5

Identify catalyst/opportunity sites where place-based economic development makes most sense

6

Develop tactical strategies/recommendations and supporting actions

7

Identify organizational capacity needs



STRATEGY OVERVIEW

Developing the Framework

Engagement

- This series of meetings allowed the Project Team to conduct a SWOT analysis with over 50 individuals and more than 30 companies, agencies, and groups.
- City Council members were also interviewed on a one-on-one basis.
- 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.
- Meetings were not recorded in order to drive an open and honest discussion.

Strategic Plan Framework

- Strategies were informed by the Stakeholder Engagement and from the technical analysis.
- Strategies are built on the vision, mission, and goals of the City and its Strategic Priorities.
- Identified strategies will serve as pathways to measurable actions.
- Five Key Strategies: Diverse & Resilient Economy, Real Estate & Redevelopment, Core Infrastructure, Quality of Life & Place, and Organizational Capacity.

Analysis and Competitive Assessment

- Real estate market and land use analysis.
- Catalyst/Opportunity sites identified for place-based economic development.
- Cluster analysis.
- Benchmark against Bay Area/San Joaquin County peers.



Stakeholder Engagement Summary



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STAKEHOLDER ENGAGEMENT

30+

Listening tour
interviews conducted

50+

Individual stakeholder
outreach meetings

- 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
- Local retailers
- Tourism industry
- Regional Economic Development Corporation (San Joaquin Partnership)



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Strengths

- Educated and skilled labor force
- Proximity to Bay Area, Stockton, and Sacramento
- High-quality K-12 education system
- Diverse and growing business community
- Abundant buildable land and infill opportunities
- Active civic organizations
- Walkable downtown with excellent arts center and growing restaurant and nightlife scene
- Airport and rail infrastructure + opportunities for future multi-modal connectivity
- Economic development remains top Council priority



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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 workforce housing
- Lack of clear community identity, especially to visitors
- Limited staff resources and capacity to support economic development



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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 investment
- Moving ED functions into new “Mobility and Housing Department” could help align ED and workforce housing strategies



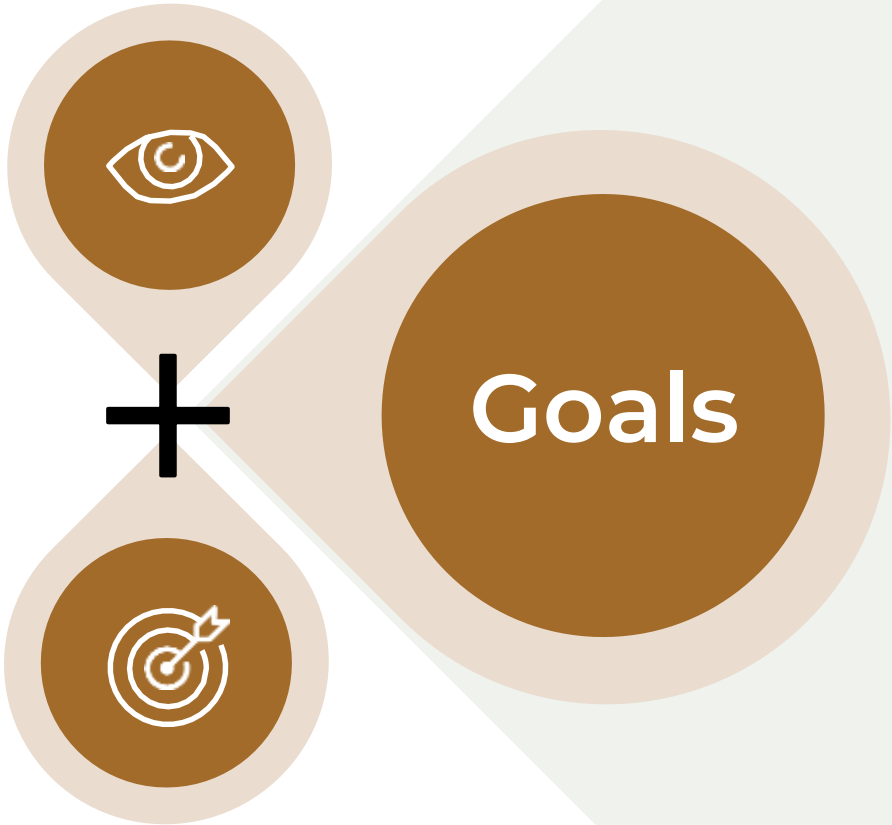
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Threats

- Build 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



STRATEGIC DIRECTIONS



STAKEHOLDER ENGAGEMENT

Key Findings



Diverse & Resilient Economy



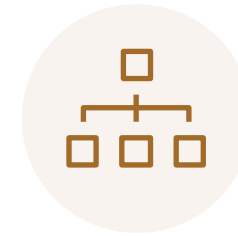
Real Estate & Redevelopment



Core Infrastructure



Quality of Life & Place



Organizational Capacity

Cross-Cutting Themes

Tracy is experiencing “growing pains” as it transitions from a traditionally agricultural-focused Central Valley community to a mid-sized city in the Bay Area’s sphere of influence.

Continuing the single use land consumption pattern in Tracy may have significant negative consequences.

To be competitive, Tracy needs to change identified “perceptions” based on stakeholder feedback.



STAKEHOLDER ENGAGEMENT

Key Findings



Diverse & Resilient Economy



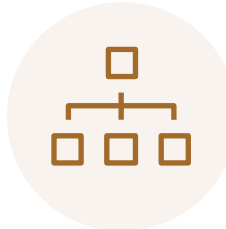
Real Estate & Redevelopment



Core Infrastructure



Quality of Life & Place



Organizational Capacity

Diverse & Resilient Economy

Tracy has a Bay Area labor force and a Central Valley jobs base.

Tracy has emerged as a logistics hub, but stakeholders do not want to see the city defined by warehouses.

Several stakeholders suggested healthcare as a desirable and realistic growth industry for the city.

Stakeholders praised Tracy's K-12 education system but noted a need for more career and vocational training opportunities.



STAKEHOLDER ENGAGEMENT

Key Findings



Diverse & Resilient Economy



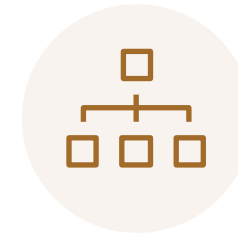
Real Estate & Redevelopment



Core Infrastructure



Quality of Life & Place



Organizational Capacity

Real Estate & Redevelopment

Tracy's General Plan offers a clear growth framework, implemented through a streamlined, flexible zoning code.

Some developer stakeholders with experience working with the City's Development Services Department report good levels of transparency and predictability for their project approval process.

The City's primary big-box retail cluster at I-205 is performing well, but the West Valley Mall is in a troubling state of decline.



STAKEHOLDER ENGAGEMENT

Key Findings



Diverse & Resilient Economy



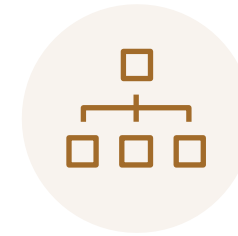
Real Estate & Redevelopment



Core Infrastructure



Quality of Life & Place



Organizational Capacity

Real Estate & Redevelopment

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.

Many stakeholders highlighted a need for more affordable and workforce housing in the community.



STAKEHOLDER ENGAGEMENT

Key Findings



Diverse & Resilient Economy



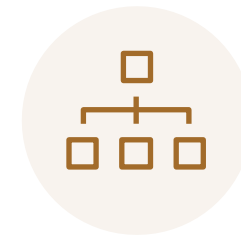
Real Estate & Redevelopment



Core Infrastructure



Quality of Life & Place



Organizational Capacity

Core Infrastructure

The City has adopted the use of Infrastructure Master Plans, a systematic approach to planning and funding future infrastructure needs.

City engineers report that Tracy's utilities have capacity for growth contingent on planned investments associated with Infrastructure Master Plans.

Tracy has two underutilized airport properties that the City is interested in evaluating for logistics and R&D uses.

Tracy has considerable rail infrastructure owned by Union Pacific.



STAKEHOLDER ENGAGEMENT

Key Findings



Diverse & Resilient Economy



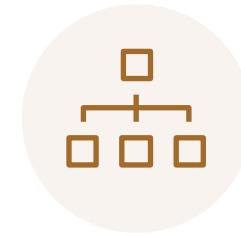
Real Estate & Redevelopment



Core Infrastructure



Quality of Life & Place



Organizational Capacity

Quality of Life & Place

Maintaining and improving Tracy's quality of life is a priority for residents.

Stakeholders are eager to see more retail, restaurant, and entertainment opportunities in the city.

Tracy could be doing more to convey a distinct sense of place, especially in its gateways and edges.



STAKEHOLDER ENGAGEMENT

Key Findings



Diverse & Resilient Economy



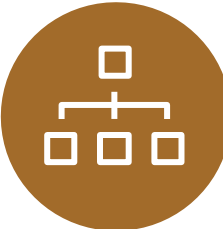
Real Estate & Redevelopment



Core Infrastructure



Quality of Life & Place



Organizational Capacity

Organizational Capacity

Economic development is a clear priority for City leadership.

Economic Development Division staff are visible in the community and proactive in pursuing prospective companies.

There could be greater coordination and more strategic distribution of responsibilities between the Economic Development Division and the Tracy Chamber of Commerce.



Key Observations - Clusters



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TARGET CLUSTERS

Key Definitions

Location Quotient: compares the concentration of an industry within a specific area (e.g., Tracy) to the concentration of that industry nationwide (e.g., U.S.).

Target Clusters: recommended economic development business attraction and recruitment focus areas. Recommendations are based on **existing strengths** in local concentrations of businesses and **emerging or growing global market** opportunities.



TARGET CLUSTERS

Industry Recommendations



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 & 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



Key Observations - Land Use / Real Estate



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REAL ESTATE DEMAND MODEL

Key Takeaways

Status Quo or “Business as Usual”	Managed Growth Scenario
<ul style="list-style-type: none">× Industrial (warehouse) uses will continue current growth trajectory (~8 million SF)× Slow growth for retail and office sectors× Commercial trade areas are limited in reach	<ul style="list-style-type: none">✓ Will improve mixed-use offerings in Tracy✓ Will minimize land consumption by single real estate sector✓ Will create demand for broader commercial real estate offerings across industrial, retail, and office



Key Observations - Catalyst / Opportunity Sites



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CATALYST/OPPORTUNITY SITES

8 Key Areas (see MAP in Appendix)

- Area 1 – West Side / Prologis
- Area 2 – Airport / Transit for Housing and Economic Development
- Area 3 – Chrisman Road Property / East Side
- Area 4 – Downtown
- Area 5 – Commercial Corridors
- Area 6 – NE Industrial
- Area 7 – Commercial near I-205 / West Valley Mall
- Area 8 – Tracy Hills



Key Observations - Gaps



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GAPS



Diverse & Resilient Economy



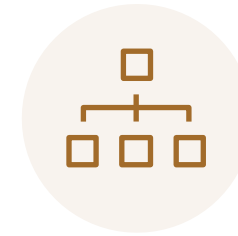
Real Estate & Redevelopment



Core Infrastructure



Quality of Life & Place



Organizational Capacity

Diverse & Resilient Economy

- The cluster analysis portion of the strategy identified gaps across many potential **target industries**.
- 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.
- **Healthcare** access is another fundamental gap that needs to be addressed in Tracy.
- **Retail** opportunities in Tracy have not followed the typical “retail follows rooftops” adage. Tracy needs to evaluate beyond its borders.
- There is a clear gap in provision of **higher education** in Tracy.



GAPS



Diverse & Resilient Economy



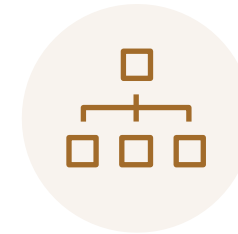
Real Estate & Redevelopment



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Quality of Life & Place



Organizational Capacity

Real Estate & Redevelopment

- Current efforts to create a Downtown Specific Plan should **align** with the Economic Development Strategy.
- Other than the Downtown core, there is not a genuine **mixed-use development** in Tracy.
- **West Valley Mall** is holding back Tracy from realizing its full economic and fiscal benefits.
- 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.



GAPS



Diverse & Resilient Economy



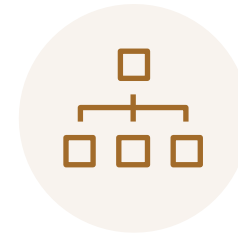
Real Estate & Redevelopment



Core Infrastructure



Quality of Life & Place



Organizational Capacity

Core Infrastructure

- Our experience highlights **higher return on investment at opportunity sites** that are targeted for strategic developments via a public-private partnership approach to infrastructure financing. Coordination with catalyst/opportunity sites is one example of **high-impact infrastructure**.

- The deployment of **smart infrastructure** makes local economies more efficient and resilient. Tracy needs to employ smart technologies.
- The time is now for Tracy to ensure maximum economic and strategic benefits from **Valley Link Rail** project.



GAPS



Diverse & Resilient Economy



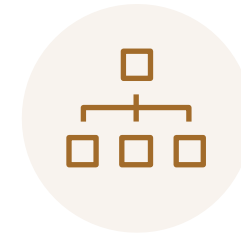
Real Estate & Redevelopment



Core Infrastructure



Quality of Life & Place



Organizational Capacity

Quality of Life & Place

- Tracy will need to **enhance its portfolio of destination-oriented amenities and offerings specifically in the arts and culture, restaurant, and entertainment sectors.**
- Tracy needs to work on **enhancing its sense of place and unique identity.**

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



GAPS



Diverse & Resilient Economy



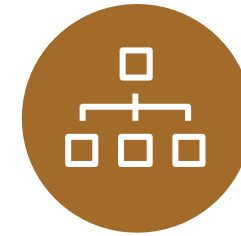
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Core Infrastructure



Quality of Life & Place



Organizational Capacity

Organizational Capacity

- 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 need 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 FTEs and one or two junior level FTEs** to support future economic development efforts.

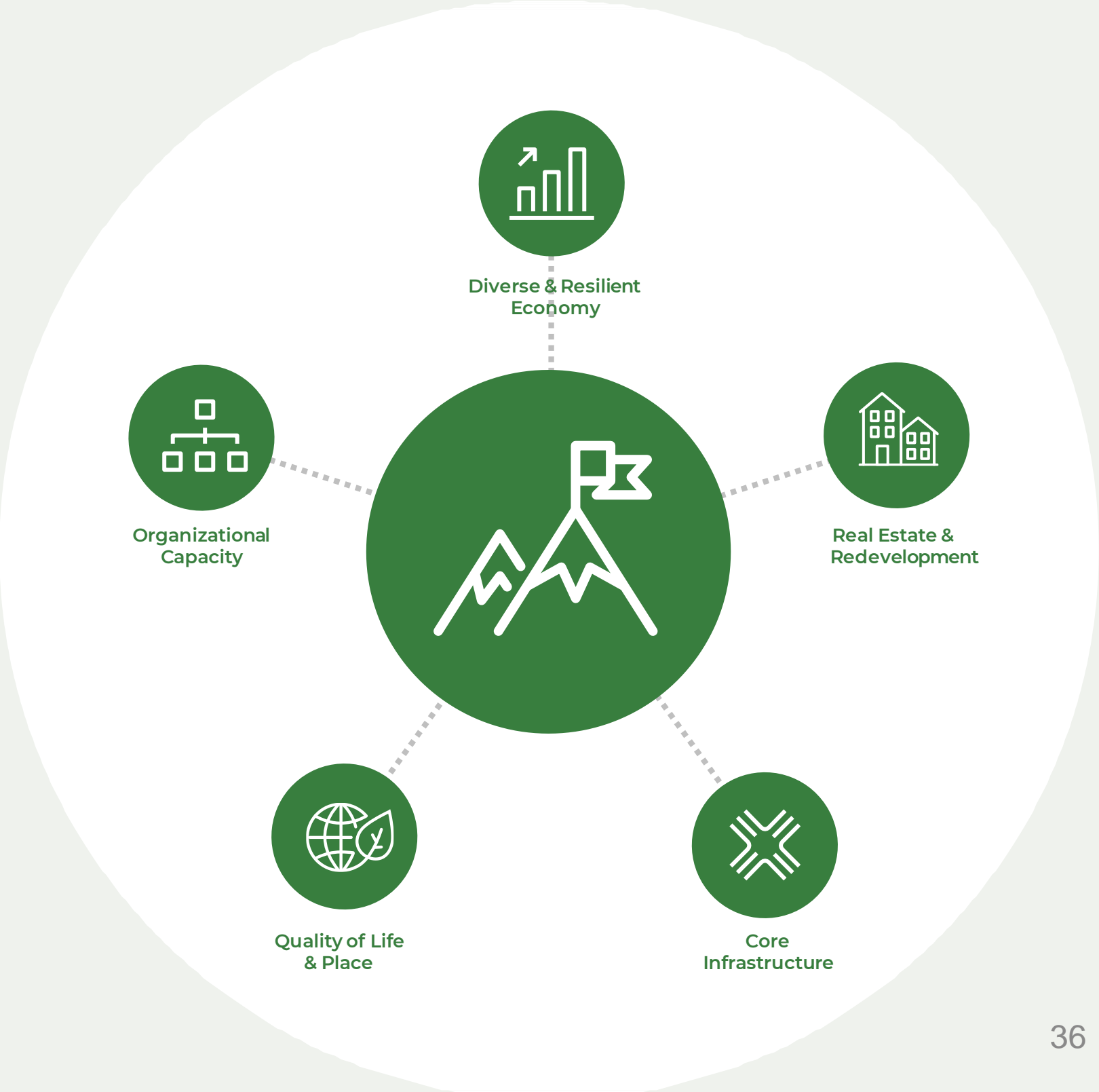
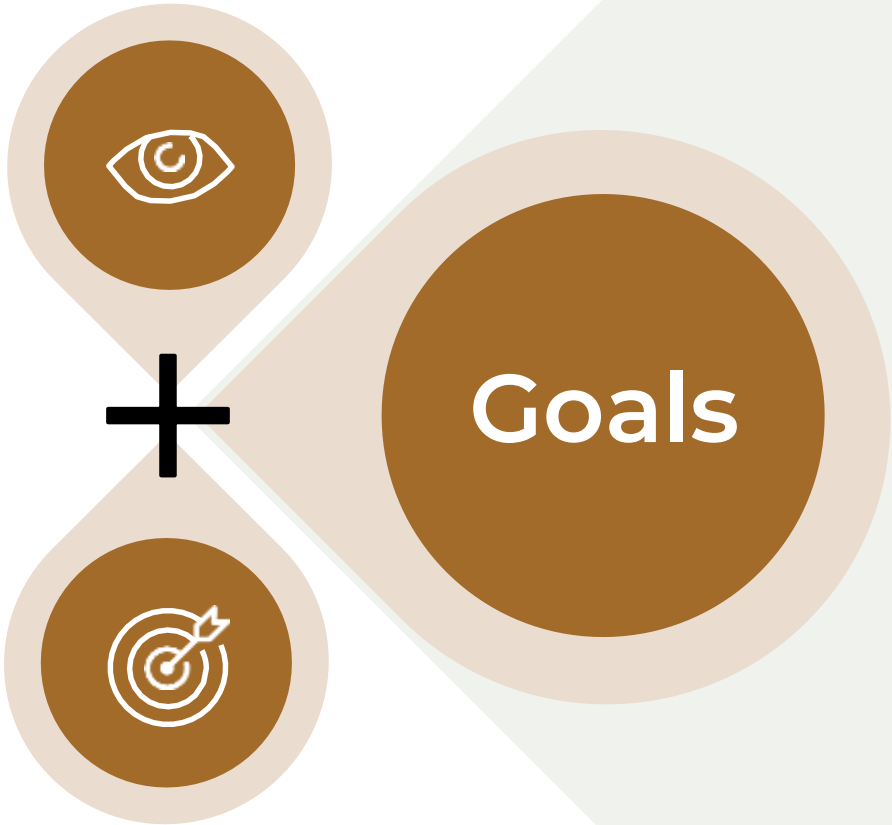


Strategies



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STRATEGIC DIRECTIONS



STRATEGIES



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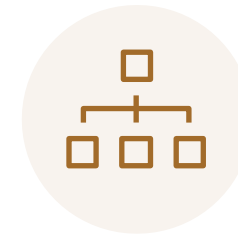
Real Estate & Redevelopment



Core Infrastructure



Quality of Life & Place



Organizational Capacity

Diverse & Resilient Economy

Purpose

To **foster resilience** through strategies which encourage economic inclusion and diversification.

Background

Comments during the listening tour pointed out a **need to diversify beyond “warehouse.”**

Competitive Assessment

Data analysis tasks 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.

Strategies

- **Proactively communicate the Tracy value proposition through an enhanced marketing program.**
- **Engage in a targeted approach to business attraction and recruitment across all target industries.**
- Support local small businesses with targeted programs and resources.
- Consider re-evaluating incentive policy tailored to target industries.
- Encourage the growth of entrepreneurship and innovation through policies and programs.
- **Reignite conversations with healthcare providers and stakeholders in Bay Area.**



STRATEGIES



Diverse & Resilient Economy



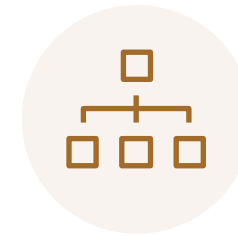
Real Estate & Redevelopment



Core Infrastructure



Quality of Life & Place



Organizational Capacity

Real Estate & Redevelopment

Purpose

Encourage investment of **“catalytic” opportunity areas.**

Strategies

- **Unlock the development potential of catalyst/opportunity sites.**
- Optimize the development potential of underperforming, underdeveloped, and underutilized properties in need of development/redevelopment.

Background

The listening tour identified concerns related to the **increased cost of housing.** Tracy had traditionally been seen as a relatively affordable place to own a home.

- Continue to focus on Housing Element of the General Plan to ensure future supply of workforce housing needs.
- **Consider full range of transit housing and economic development options near potential Valley Link transit stations.**

Competitive Assessment

Data analysis has shown there is potential to leverage demand in key commercial sectors, such as retail. Data also shows extensive **land-consumptive pattern** in Tracy of large-format warehouses and single-family residential developments.



STRATEGIES



Diverse & Resilient Economy



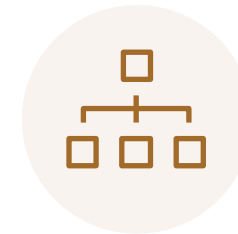
Real Estate & Redevelopment



Core Infrastructure



Quality of Life & Place



Organizational Capacity

Core Infrastructure

Purpose

Promote growth through **strategic infrastructure projects** which build on unique assets and competitive strengths.

Background

Most listening tour interviews overwhelmingly believe **Valley Link** will be a benefit to the community.

Competitive Assessment

Assessment-related research found that post-Covid economic development **site selection** will rely heavily on the provision of the highest quality **infrastructure** in environments full of **amenities**.

Strategies

- **Assess vulnerability of infrastructure in key redevelopment areas where higher intensity uses are envisioned.**
- Support execution of Valley Link Rail project. Initiate planning for last-mile infrastructure improvements near future Valley Link Transit stations.
- Ensure capital improvements in Tracy have a high-impact on local economy.
- Deploy Smart City infrastructure elements in future capital improvement projects.



STRATEGIES



Diverse & Resilient Economy



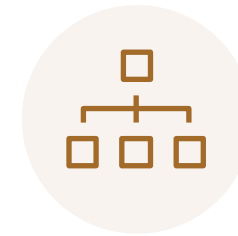
Real Estate & Redevelopment



Core Infrastructure



Quality of Life & Place



Organizational Capacity

Quality of Life & Place

Purpose

Encourage quality of life and place improvements through placemaking enhancements and diverse cultural amenities in order to **attract businesses and the talented individuals** who fuel them.

Strategies

- **Strengthen Tracy's cultural vitality by continuing to promote the arts, music, festivals, and sports and leisure activities.**
- Beautify Tracy's principal commercial corridors by employing the full realm of "complete streets" enhancement possibilities.

Background

The listening tour identified Tracy as 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.

- **Elevate tourism activity by improving destination-oriented offerings in Tracy.**

- Improve Tracy's sense of place by commissioning a gateway master improvements plan.

Competitive Assessment

Data analysis revealed the City does relatively well in retail performance; however, commercial **trade areas are limited** to Tracy.



STRATEGIES



Diverse & Resilient Economy



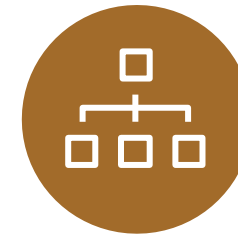
Real Estate & Redevelopment



Core Infrastructure



Quality of Life & Place



Organizational Capacity

Organizational Capacity

Purpose

Strengthen organizational capacity to enhance resilience to changes in economic and business cycles, reduce economic disruptions, and **expand market access**.

Strategies

- **Grow economic development capacity within Tracy.**
- Leverage collaboration with public and private economic development partners.
- Align internal ED efforts with other city planning efforts to ensure maximum capacity.

Background

There was some concern with a **lack of economic development structure and organizational capacity**.

Competitive Assessment

The benchmark portion of the competitive assessment revealed **understaffing of economic development** efforts relative to benchmark and surrounding communities.



Next Steps



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NEXT STEPS

Timeline of Key Events

May: Submit FINAL Strategies Section to Staff
(Strategies, Supporting Actions, Best Practices, Partners, and Metrics)

June: Submit DRAFT and FINAL Strategy Report

June-July: Final Presentation and Adoption



Discussion



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Chris Brewer

Principal in Charge

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Luis Nunez

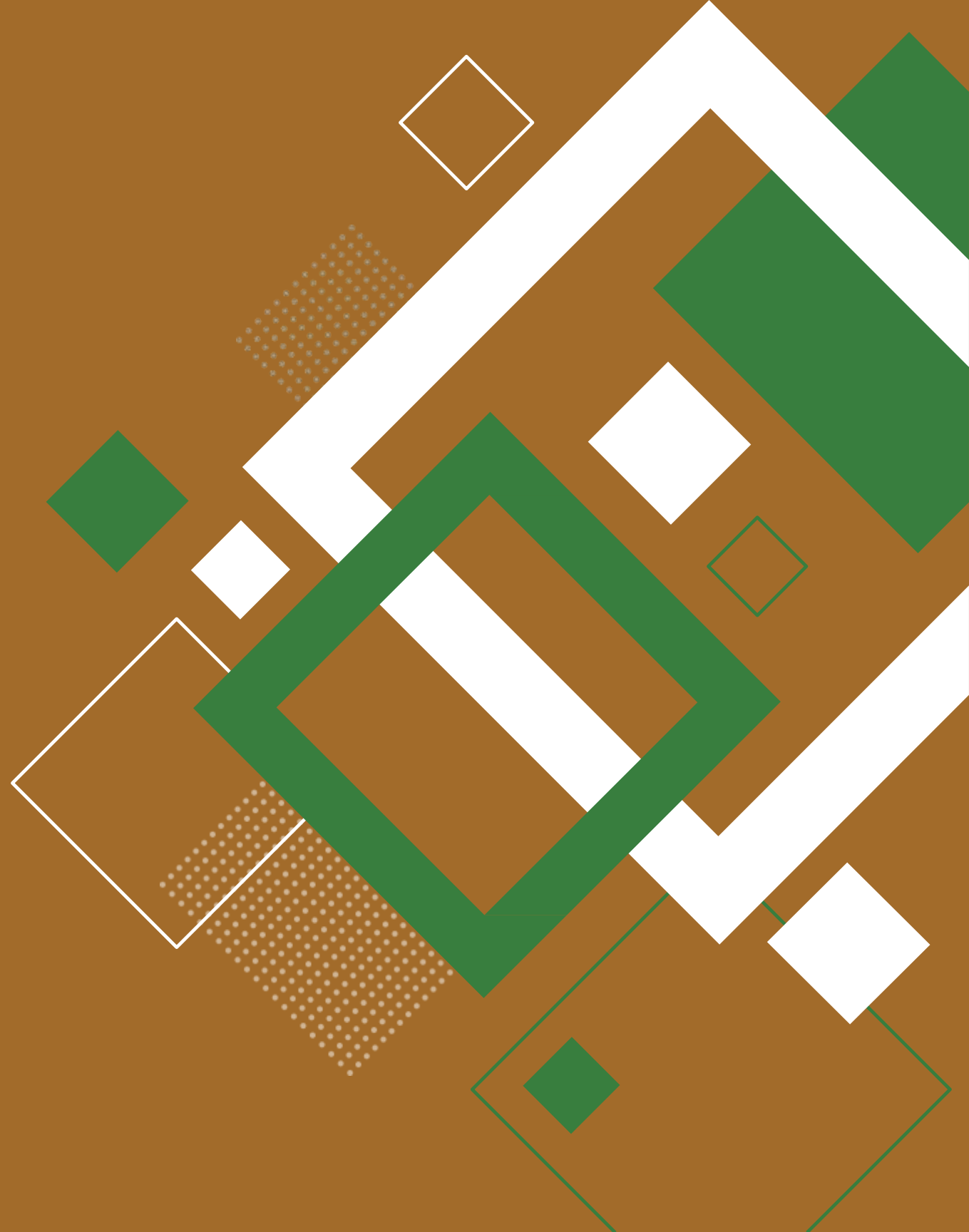
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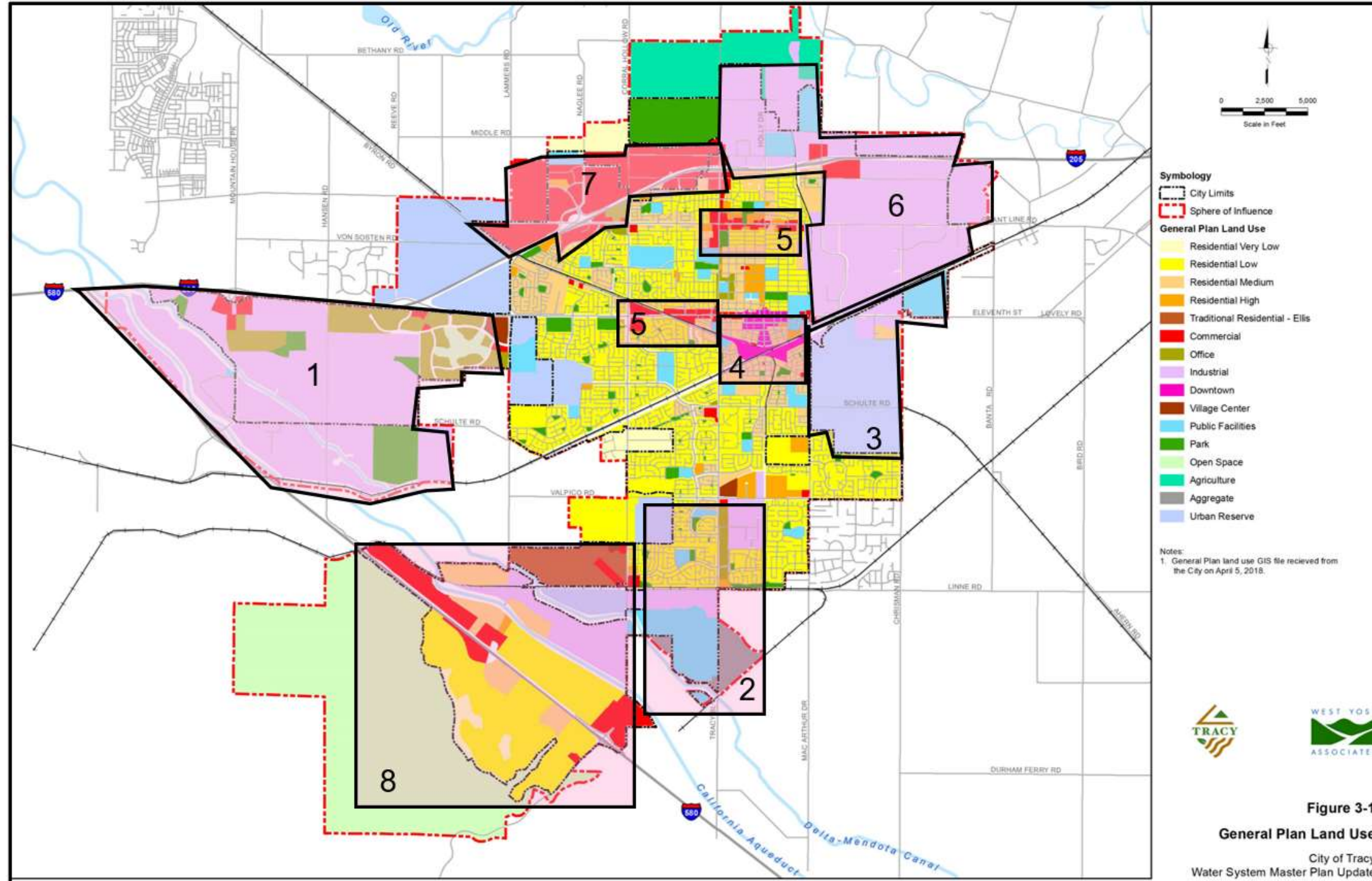
Appendix



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OPPORTUNITY SITES

General Plan Land Use 2022



- Area 1 – West Side / Prologis
- Area 2 – Airport / Transit for Housing and Economic Development
- Area 3 – Chrisman Road Property / East Side
- Area 4 – Downtown
- Area 5 – Commercial Corridors
- Area 6 – NE Industrial
- Area 7 – Commercial near I-205 / West Valley Mall
- Area 8 – Tracy Hills



Figure 3-1
General Plan Land Use
 City of Tracy
 Water System Master Plan Update

