NOTICE OF SPECIAL MEETING

Pursuant to Section 54956 of the Government Code of the State of California, a Special meeting of the **Tracy City Council** is hereby called for:

Date/Time:	**Tuesday, October 5, 2021, 6:00 p.m.** (or as soon thereafter as possible)
Location:	**Tracy City Hall** **333 Civic Center Plaza, Tracy, CA.**

Government Code Section 54954.3 states that every public meeting shall provide an opportunity for the public to address the Tracy City Council on any item, before or during consideration of the item, however no action shall be taken on any item not on the agenda.

This meeting will be held in accordance with the guidelines provided in Executive Order N-29-20.

This meeting will be open to the public for in-person and remote participation. In accordance with the California Department of Public Health Guidelines, universal masking indoors is recommended. Masks are required for unvaccinated individuals in indoor public settings. Members of the public may participate remotely in the meeting via the following method:

For Remote Public Comment:

During the Items from the Audience, public comment will be accepted via the options listed below. If you would like to comment remotely, please follow the protocols below:

- *Comments via:*
  - **Online by visiting** https://cityoftracyevents.webex.com and using the following **Event Number:** 2550 645 6353 and **Event Password**: TracyCC
  - ***If you would like to participate in the public comment anonymously***, you may submit your comment via phone or in WebEx by typing "Anonymous" when prompted to provide a First and Last Name and inserting Anonymous@example.com when prompted to provide an email address.
  - Join by phone by dialing +1-408-418-9388, enter 25506456353#8722922#

- *Protocols for commenting via WebEx:*
  - *If you wish to comment under "Items from the Audience/Public Comment" portion of the agenda:*
    - *Listen for the Mayor to open "Items from the Audience/Public Comment", then raise your hand to speak by clicking on the Hand icon on the Participants panel to the right of your screen.*
    - *If you no longer wish to comment, you may lower your hand by clicking on the Hand icon again.*
  - *Comments for the "Items from the Audience/Public Comment" will be accepted until the public comment period is closed.*

- *The total allotted time for public comment under "Items from the Audience/Public Comment" will be 15 minutes.*

1. Call to Order

2. Roll Call

3. Items from the audience - *In accordance with Council Meeting Protocols and Rules of Procedure,* adopted by Resolution 2019-240, a five-minute maximum time limit per speaker will apply to all individuals speaking during "Items from the Audience/Public Comment". For non-agendized items, Council Members may briefly respond to statements made or questions posed by individuals during public comment; ask questions for clarification; direct the individual to the appropriate staff member; or request that the matter be placed on a future agenda or that staff provide additional information to Council.

4. CONDUCT A CITY COUNCIL WORKSHOP TO REVIEW THE CITY'S ECONOMIC DEVELOPMENT EFFORTS AND STRATEGIES AND PROVIDE DIRECTION ON UPDATING THE ECONOMIC DEVELOPMENT STRATEGIC PLAN

5. Council Items and Comments

6. Adjournment

Nancy D. Young

Mayor

Posting Date: September 30, 2021
The City of Tracy is in compliance with the Americans with Disabilities Act and will make all reasonable accommodations for the disabled to participate in employment, programs and facilities. Persons requiring assistance or auxiliary aids in order to participate, should contact the City Manager's Office at (209) 831-6000 at least 24 hours prior to the meeting.

October 5, 2021

AGENDA ITEM 4

REQUEST

CONDUCT A CITY COUNCIL WORKSHOP TO REVIEW THE CITY'S ECONOMIC DEVELOPMENT EFFORTS AND STRATEGIES AND PROVIDE DIRECTION ON UPDATING THE ECONOMIC DEVELOPMENT STRATEGIC PLAN

EXECUTIVE SUMMARY

The purpose of this workshop is to provide City Council with an opportunity to review the City's economic development (ED) strategies, provide an update on the status of various ED efforts in the City, and highlight Tracy's economic development performance. ED has been one of the Council's strategic priorities and remains an essential function for maintaining the quality of life, diversified economic base, and opportunity for upward mobility. Staff has been implementing a range of council-adopted strategies to achieve the City's economic development objectives and is seeking direction on updating the Economic Development Strategic Plan. This update would guide the City's economic growth over the next ten year period.

DISCUSSION

Background

Economic Development is the process of growing the local economy by investing in the quality of life, creating new jobs, making the economy more resilient, generating revenue to fund services, and creating new wealth and upward mobility. Economic Development is a field that blends the disciplines of economics, urban planning, public finance, public policy, and communications and utilizes a wide spectrum of tasks and strategies. After elimination of redevelopment in California in 2012, Economic Development has become a primary tool for cities to maintain a competitive environment for business attraction, business retention, and for growing revenue needed to fund public services like police and fire. Recognizing the high return on investment, virtually all municipalities across California invest in economic development efforts.

Economic Development strategies and objectives vary from workforce development to developer negotiations, revenue enhancements, job creation, retail strategies, diversification of housing, to business retention and expansion. Economic Development has been consistently emphasized as a strategic council priority in Tracy. Currently, Tracy's ED policies and goals are defined in the following adopted documents:

1. City Council Strategic Priorities FY 2021-23
2. Economic Development Strategic Plan 2011
3. General Plan 2011

This workshop highlights the City's ED performance and regional role as well as identifies potential direction considerations for future ED policy. If desired by Council, an update of the Economic Development Strategic Plan would document a set of policies that would guide the City's economic growth based on stakeholder outreach, incorporation of updated data, and best practices and emerging trends.

Tracy's Key Performance Indicators

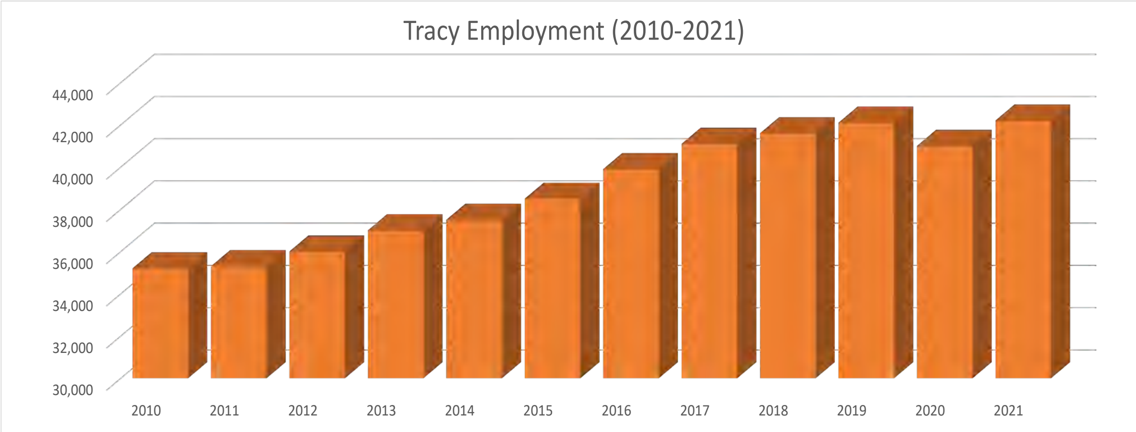
Tracy has experienced substantial growth over the last 20 years, benefitting from its central location in the Northern California megaregion. With a population increase of 69%, the City has added nearly 10,000 housing units since 2000. During this time, incomes and home values have also grown rapidly, as shown in Figure 1. Located on the path of residential and commercial growth, the City is well-positioned to continue growing going forward. Based on projections from the University of Pacific, Tracy is forecasted to add over 32,000 residents and 11,000 jobs by 2040. ED framework provides an opportunity to shape a vision for new growth while continuing to generate a range of new jobs and revenues.

Figure 1

Item	2000	2020	Change
Population	56,778	95,931	69%
Housing Units	18,087	27,843	54%
Median Age	31	34	10%
Median HH Income	$62,794	$92,046	47%
Median Home Value	$214,200	$446,200	108%
Owner Occupancy Rate	72.2%	62.8%	-13%

Due to the success of various ED efforts over the last decade as evidenced by growth in the regional economy, Tracy enjoyed strong employment increases (see Figure 2) and low unemployment rates since 2010 until the start of the COVID-19 pandemic in 2020. After a short-term spike in unemployment, the local economy started to recover with reduced unemployment rates in 2021. Tracy's economy was particularly sensitive to COVID-induced restrictions because of the large number of small businesses. Specifically, 90% of businesses in Tracy have 20 employees or fewer. In fact, 79% of businesses in Tracy have five employees or fewer. While this highlights a local culture of entrepreneurship, it also poses a risk from small businesses being vulnerable to economic downturns. Many of these businesses are in the restaurants, retail, and personal service industries.

Figure 2

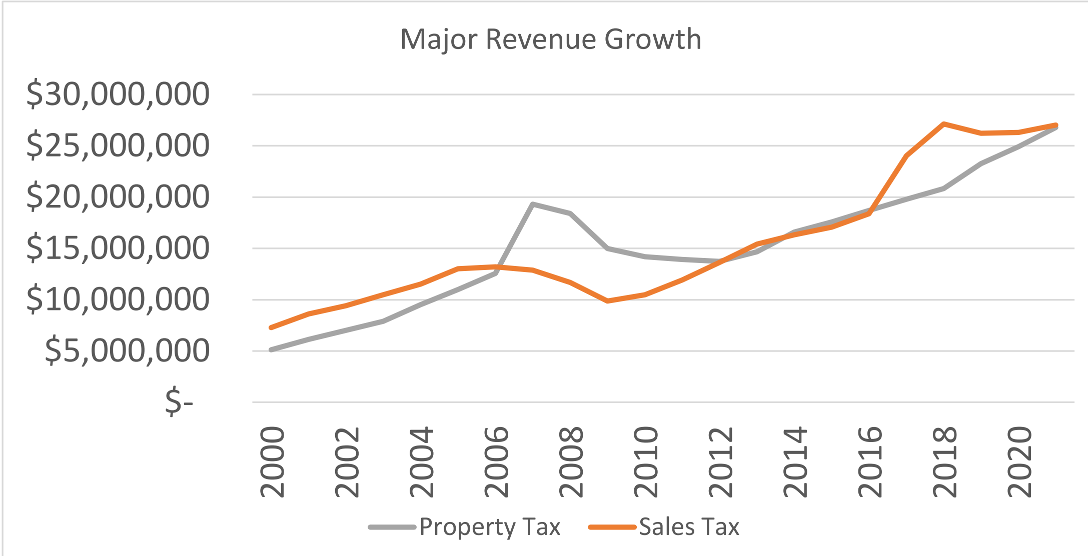


A jobs housing ratio is a commonly used measure of job availability with 1.0 being the standard. Tracy's ratio of 1.5 jobs per household suggests strong economic opportunity for local residents. However, Tracy residents have some of the longest commute times in the region, which suggests that they travel further to Bay Area employment centers for higher paying opportunities relative to local job offerings. Meanwhile, many jobs in Tracy are utilized by non-residents. This highlights Tracy's role in the regional economy as a major employment provider in the region, but also as a bedroom community to the Bay Area labor force. Given strong economic linkage to the Bay Area, it is important to continue creating local job opportunities that match the skills and income requirements for the existing and future population. Growth in higher wage jobs stimulate new investment and wealth creation, stronger home values, municipal revenues, higher quality of life while shortening commutes.

Diversification of industries and employers is another important policy goal identified in General Plan policy ED-1. It is important to eliminate over-reliance on any one industry or employer and make the local economy more resilient in the event of an economic downturn or industry repositioning. Consistent with San Joaquin County having one of the highest concentrations of industrial jobs in the nation, a large part of Tracy's economy is comprised of logistics, supply chain, and transportation. Tracy also has a high concentration of retail jobs due to the City being a regional retail destination, particularly along the I-205 corridor. The government, health, and education category also has a high concentration of jobs with these industries generally supporting higher paying wages than transportation and retail jobs. However, the City's share of finance and insurance as well as professional, scientific, and tech services jobs offers a growth and diversification opportunity. Staff has been targeting these categories in its business attraction efforts, focusing on clean and green technologies, among others.

Strong revenue growth is one of the key ED policy goals identified in General Plan policy ED-9 due to its ability to fund community services and enhance the quality of life. The two largest revenue sources for the City's General Fund are property and sales taxes. The City has experienced strong growth in both over the last 20 years, as shown in Figure 3.

Figure 3

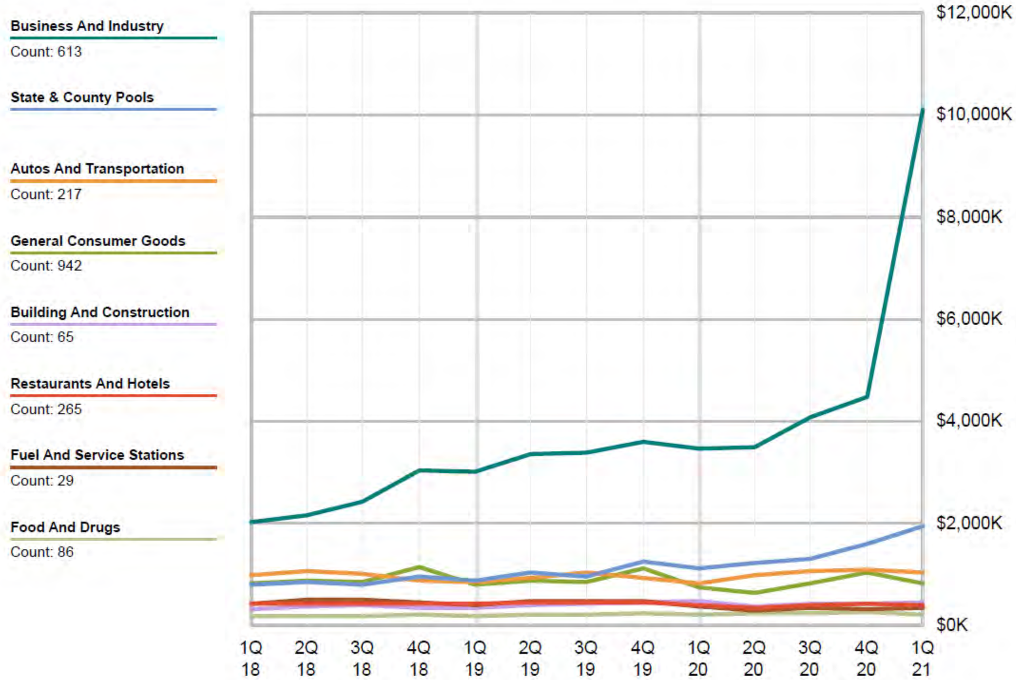


Tracy's property tax is driven by increased tax roll, which is a combination of residential and commercial property value growth, land, and value of new development. The City receives between 0 and 17.9% of each property tax dollar based on location of taxed property. On the sales tax side, revenue is driven by sales of commercial establishments in the City. The City's General Fund receives 1.0% of sales with Measure V revenue being an additional 0.5%. Business and industry category comprises the largest share of sales tax revenue to the City, highlighting revenue generation of business activity. Sales tax composition is shown in Figure 4. Tracy's location has lent itself to strong growth in the fulfillment and e-commerce sector. As shown in the graph below, the business and industry sales tax category experienced strong growth during COVID-19 when many traditional retailers struggled. E-commerce growth creates a hedge against sales tax performance within brick and mortar retailers.

Business Retention and Expansion

Support for and promotion of existing businesses is identified in General Plan policy ED-2. Successful "home-grown" businesses are often more dedicated to the community in which they reside, as they tend to remain local as they grow. The City works closely with the Tracy Chamber of Commerce and the Tracy City Center Association (TCCA) to bring resources to small businesses, as demonstrated in the accomplishments listed below. The importance of this strategy has been particularly elevated during the COVID-19 pandemic, when existing businesses faced challenges from regulatory uncertainty, operational disruptions, and consumer spending reductions. The three largest threats to small businesses identified in the September 2021 national small business survey conducted by Alignable include national workforce shortage, high inflation rate, and regulatory uncertainty associated with COVID-19 Delta variant.

Figure 4



City staff has prioritized local business support with the following achievements since 2020:

- **Tracy Small Business Relief Grant** expeditiously deployed $500,000 in small business grants in early 2021 to provide financial relief to local small businesses. Grant recipients ranged across various industries, including restaurants, retail, and personal services.

- **Small Business Forgivable Loan Program** implemented $435,000 in Community Development Block Grant (CDBG) funds with $250,000 in funding distributed to date. Recipients ranged across small business in the service, construction, retail, food and beverage, and automotive sectors with prioritization for low- and moderate-income beneficiaries.

- **Outdoor Dining Implementation** was a partial closing of 10th Street to accommodate additional outside seating through the purchase of safety barriers and permitting. The City, in collaboration with the TCCA facilitated numerous outside dining permits. With the permit for the original concept expiring, staff developed the program for a longer term outdoor dining concept, which accommodates outside dining through parklets.

- **COVID-19 Strategies Committee** was formulated in December of 2020 based on direction from City Council. ED staff formed a committee comprised of the Tracy business community, City staff, TCCA, Tracy Chamber of Commerce, and other stakeholders. ED staff hosts bi-weekly meetings focused on sharing information about COVID-related resources and regulations, financial assistance, and other ED issues.

- **Implemented New "Shop Tracy" Marketing Campaign** to support local businesses in collaboration with Tracy Chamber and TCCA. This ongoing campaign is designed to boost small business support. It resulted in creation of a user-friendly digital business directory and promotion of "shop local" messaging through window decals, social media, newsletter advertisements, and videos.

- **Financial Resources Workshops** in collaboration with Tracy Chamber of Commerce and San Joaquin County, ED staff provided education and navigation of COVID regulations to businesses on a spectrum of funding sources available at the local, regional, state, and Federal level and helped small business owners pivot during rapidly changing regulatory environment.

- **Temporary Use Permits (TUP) and Special Event Permits Citywide** were expedited with fees waived in order to allow businesses to continue operations and compliance within COVID-19 restrictions and guidelines. 37 TUPs have been issued using expedited permitting to businesses in food truck operations, outside gyms, etc. totaling more than $3,400 in waived permitting fees for local businesses.

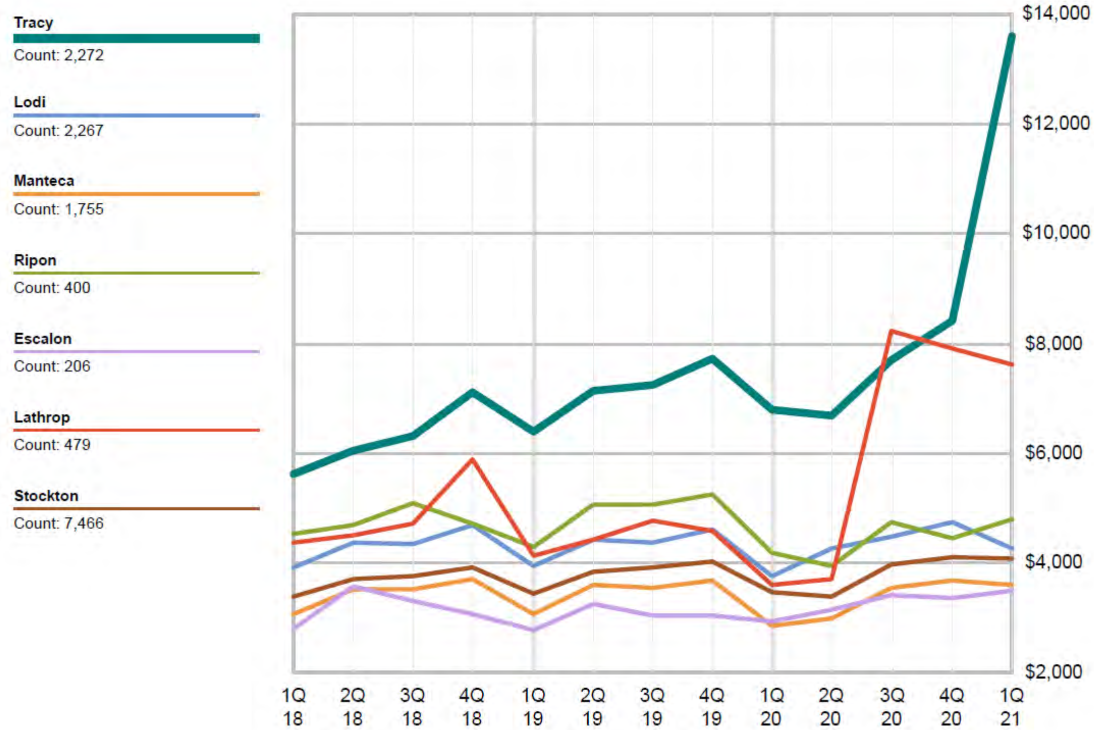
- **Other Small Business Assistance** efforts include creation of a COVID-19 Resources webpage and communications and sharing of the regional, state, and other resources. ED staff continues to monitor and share various programs.

Site Selection and Business Attraction for Retail

Tracy has 4.6 million square feet of retail space. The space is scattered across the City with the largest cluster in the I-205 area and in downtown. Additionally, new retail development is in the pipeline at the International Park of Commerce and in South Tracy along Tracy Boulevard. As shown in Figure 5, Tracy has the highest per capita sales in the County, primarily due to strong business and industry sales and regional sales draw of the I-205 retail cluster.

Retail attraction is a key objective for the City to increase sales tax revenue and diversify the existing retail mix. The ED division staff actively works to recruit retailers to Tracy, focusing on healthy grocery stores, restaurants and entertainment, and community-desired retail chains. These efforts consist of ongoing communications with company representatives, brokers, and other agents to keep Tracy at the forefront of opportunity. Staff also attends retail conferences where it actively targets retailers and prepares customized business attraction packages. ED staff also work with land owners and developers to promote available sites, city incentives, and other Tracy advantages to desired end users.

Figure 5



ED staff periodically conducts a community retail survey to make sure retailers desired by Tracy residents are identified and targeted for ED business attraction activities. In 2019, top grocery stores were Trader Joe's and Whole Foods while top retailers were Chick-fil-A and BJ's Restaurant and Brewhouse. ED staff actively pursues attraction of these brands. Based on numerous interactions with corporate retail site selectors and their brokers, the following criteria is evaluated by most retail brands in site selection decisions:

- Household Income
- Educational Attainment
- Population / Daytime Population
- Housing Density / Drive Times
- Site Availability
- Traffic Counts / Visibility / Access

This report provides Tracy's relative standing on the top three of the six criteria due to the ease of quantifying it. Tracy has had growth in household income and exceeds the State average, although the median income in Tracy is below those of the Tri-Valley cities. From the retailer perspective, higher income translates into retail sales support. Additionally, many site selectors identify educational attainment as one area where improvement may be needed, as shown in Figure 6. With the recent closure of Notre Dame de Namur, ED staff has been exploring opportunities to bring an educational institution to improve educational attainment numbers.

Figure 6

	Median Household Income	Bachelor's Degree or Higher
Pleasanton	$156,400	65%
Dublin	$150,300	66%
Livermore	$127,500	44%
Tracy	**$92,000**	**22%**
Lathrop	$85,800	18%
State	**$75,200**	**32%**
Manteca	$72,900	17%
Stockton	$54,614	18%

Source: 2019 U.S. Census data.

Retailers also look for population growth because it translates into increased retail spending. Tracy has performed well in this category, as shown in Figure 7, although other cities in south San Joaquin County have experienced a higher rate of growth than Tracy over the last 20 years. Tracy's growth management ordinance has capped full market potential for residential growth during certain years. Population growth is desirable for retail as it translates into increased sales from the retailer attraction standpoint.

While the state of the retail industry weakened in recent years with many retailers undergoing bankruptcies and contractions, Tracy has experienced successes such as attracting Hobby Lobby to West Valley Mall in 2021. Hobby Lobby is a top ten desired retail chain in the Tracy community survey and represents a significant investment into the Tracy community with reuse of the vacant JCPenney building. Other new retail businesses recently opened or scheduled to be opened in the City include:

Downtown	**Other Areas**
Stained Canvas	Crumbl Cookies
The Station	La Dona Taqueria i Birrieria
Hella Pie Pizza	Upscales Catering
L'aube Boutique	Bad Boys Brewing
	Ghirardelli / Lindt

Figure 7

City	2010	2020	% Annual Change
Lathrop	18,023	26,833	4.1%
Dublin	46,036	65,716	3.6%
Manteca	67,096	84,800	2.4%
Tracy	**82,922**	**95,931**	**1.5%**
Pleasanton	70,285	79,464	1.2%
Livermore	70,285	79,464	1.2%
Stockton	291,707	318,522	0.9%
State	37,253,956	39,782,870	0.7%

Source: California Department of Finance.

Site Selection and Business Attraction for Head of Household Jobs

Attraction of employers and creation of higher paying jobs in Tracy is a major goal for the ED staff, as identified in the General Plan Goal ED-6. Tracy has several major business parks with a total of 33 million square feet of industrial space with an additional 4.7 million square feet in the development pipeline. Tracy's industrial zoning is highly flexible and many existing buildings have an office component. Given the flexibility of zoning, the spectrum of industries in the City's business parks varies from warehousing and transportation-based companies to advanced manufacturing, food processing, and medical equipment and supplies. There is a wide spectrum of jobs across various skill and income levels housed within these economic activity centers.

Many companies like Amazon, Lowe's Distribution, and Home Depot Distribution recently chose to locate in Tracy due to its strategic geographic location, availability of available sites, business-friendly government, and regional workforce access. ED staff focuses its business attraction efforts on companies that offer head of household jobs[1] in advanced manufacturing, green technology, information technology, medical equipment and supplies, finance and professional services, and research & development sectors. Attraction of employers in these industries diversifies the City's existing economic base and expands a range of income opportunities while reducing resident commuting. Staff utilizes various efforts to target employers, as shown below. They include annual participation at "Target Industry" Forums, such as the Industrial Asset Management Council (IAMC) —a Fortune 500 Corporate Real Estate membership organization, and the Society of International and Office Realtors (SIOR), a leading commercial real estate association that represents the world's top producing brokers. Other marketing programs include targeted messaging through social media, newsletters, and select

[1] The City defines head of household jobs as those paying annual wages of $73,000 or above.

publications.

TRADE SHOWS	OTHER EFFORTS
• International Asset Management Council • Medical Device & Manufacturing • Solar International • SIOR – Society of Industrial and Office Realtors	• Head of Household marketing campaign • Real estate tours • Broker and tenant outreach • Developer, land owners, and operator collaborations • Respond to requests for proposals / work with State and regional economic development organizations • Advertising and specialized data preparation • www.thinkinsidethetriangle.com

ED staff actively tracks site selection and quality of life factors considered by employers and implements efforts to enhance the City's competitiveness. Key site selection criteria is shown in the Attachment A ranked by priorities identified by a survey of 120 national site selection consultants specializing in manufacturing, healthcare, life sciences, and data centers. Out of 27 criteria identified, 11 are within local control. Development Services Department actively implemented the following initiatives in each of the criteria below:

Availability of skilled labor force – collaborate with regional and education partners on labor force and training pipeline
Highway accessibility – pursue grant funding for new interchanges
Energy – implemented transition to East Bay Community Energy, a cleaner and more affordable community energy provider
Quality of Life – working with institutional partners to deliver presence in the City; updating infrastructure master plans to support expansion needs; working with San Joaquin Housing Authority on development of an affordable housing project
Occupancy or Construction Cost – maintain low cost of doing business; simplifying development impact fees, implemented permit streamlining
Tax Exemptions – promote regional and state tax exemptions
Local Incentives – promote local and regional incentives

Adopted in 2017, Tracy's robust incentive program remains a strong selling point for attraction of specific companies that meet the City's economic development objectives. These programs cover retail, office, and industrial uses with each described below:

A. Retail Incentive Program: meant to stimulate the private sector to invest in the future of Tracy so that Tracy can retain its existing share of the regional market in light of increasing regional competition. This program consists of citywide retail incentive program, West Valley Mall revitalization program, and hospitality, entertainment, and recreation program. These programs provide a tiered sales tax rebate based on eligible sales, building and plan fee rebates, direct financial assistance, and a transient occupancy tax rebate subject to Council discretion.
B. Office and Industrial Incentive Program: this program aims to attract new businesses and create jobs in Tracy by providing sales tax rebates or direct financial assistance

incentives, building & planning fee rebates, and high wage incentives to qualifying developer-owners, prospective tenants, or tenant representatives looking to locate in Tracy's office & industrial areas. This incentive is designed for companies generating $100 million or more in gross annual sales and provide a minimum of 1,000 full time equivalent jobs. Program incentives include sales tax rebate or direct financial assistance, building and planning rebates, and high wage incentive ($1,000 per eligible employee/per year, up to 5 years).

C. Technology & Innovation Based Industry Incentive Program: aims to increase the viability of current and future tech-based businesses in Tracy and covers research and development, advanced manufacturing, and services. Diversifying the local economy to include Tech Based businesses benefits the City's job growth, educational attainment, STEM (Scientific, Technology, Engineering, and Mathematics) programs, sales tax base, and quality of life. The Technology & Innovation based incentives include expedited plan review rebate, use tax rebate, building and planning rebates, and high wage incentive ($1,000 per eligible employee/per year, up to 5 years)

Availability of Buildings – track building and land availability data
Availability of Land – entitling new development areas
Training Programs/Technical Schools – collaborate with regional and education partners on labor force and training pipeline
Availability of Long Term Financing – provide business financing opportunities (e.g. Grow Tracy fund[2])

In marketing Tracy to employers, brokers, and industry groups for business attraction, City staff leverages Tracy's proximity to the Silicon Valley/Bay Area; its ability to meet affordable housing needs, its available land opportunities for growth and expansion, and a skilled workforce. In discussions with companies, industry groups and brokers, the feedback received indicates a need to qualify the skillsets and educational attainment of Tracy's resident workforce and commuter base.

Stand-alone office development is a land use allowed in the City's business parks. With about 800,000 square feet of existing space, the City's office inventory is only a fraction of that of industrial or retail space. However, office uses in Tracy have experienced strong performance with increasing rents and low vacancies, fueled by demand from local serving businesses (e.g. tutoring and accounting services). Office space supports employment in professional, scientific, medical, and financial services where many jobs tend to generate head of household wages. Concentrations of these industries often leads to ripple effects from innovation and local spending.

Prologis is currently building a stand-alone office project located at the International Park of Commerce. This 35,000 square foot building is the first office development in Tracy since 2004 and will be the first office building in Prologis' global portfolio. Its occupancy

[2] Loan proceeds can be used for any legitimate business purpose including working capital, machinery & equipment, acquisition of land & building, construction, renovations, and tenant improvements. Qualifying businesses must be in operation for at least 2 years, have between 2 and 100 employees, and have revenues generally between $500,000 and $20 million. Loans can range from $100,000 to $2 million, with terms of up to 25 years. Rates are prime + 1 1/2%, variable quarterly (fixed rates also available).

will indicate the types of jobs that may be supported in Tracy. Performance of this building will be a test of how Tracy can benefit from the post-COVID workplace trends with work spaces shifting towards suburban population centers.

Some of the local demand for office space, as evidenced by recent entitlement activity, is also driven by medical office uses. Healthcare is a fast-growing sector in the national economy. Tracy's increased senior population and the two hospitals in town, Sutter and Kaiser, are adding to this demand. Healthcare employment is projected to grow rapidly in San Joaquin County with jobs being resilient to economic cycles and offering a variety of income opportunities ranging from entry level to head of household positions.

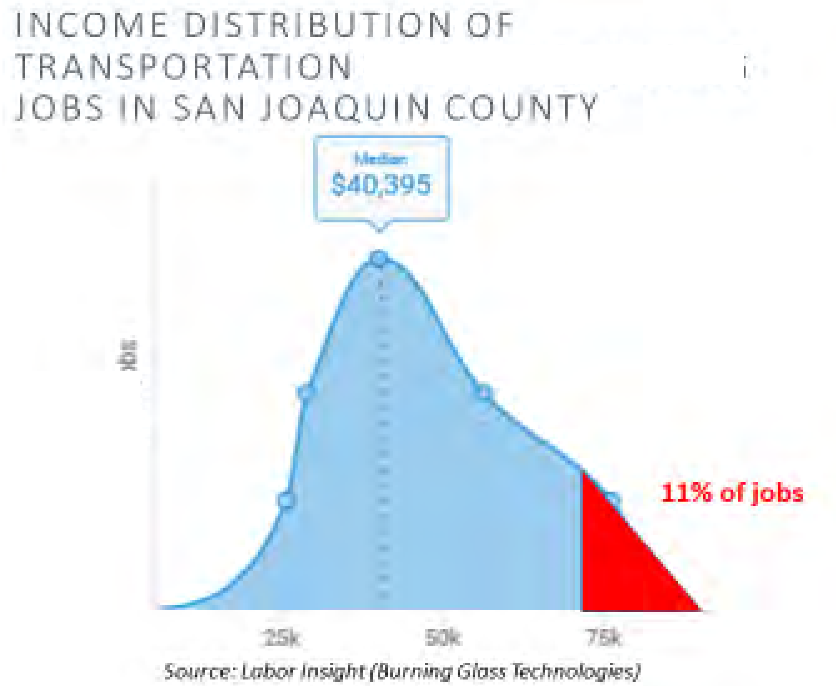
Land use and zoning policies offer a tool for implementing the City's economic vision. However, consideration of occupational data is also helpful as broad zoning policies may not perfectly align with occupational or industry specific categories (e.g. accounting jobs operating in a warehouse or healthcare jobs operating in a retail location). ED staff considers wage and industry growth data in development of business attraction strategies. The highest paying occupations in Tracy include management, healthcare, legal, and architecture and engineering professions; however, less than 10% of the local labor force is employed in these industries.

The largest share of employment in Tracy is in the transportation and material moving. Median wage for these occupations in San Joaquin County is $40,395. Figure 8 shows that transportation and logistics jobs offer a spectrum of income levels with 11% of jobs in the head of household income groups. This is because industrial jobs are becoming increasingly technology-oriented with advancements in robotics, smart buildings, vehicle electrification, artificial intelligence, and data analytics. Wages in Tracy are generally higher than the County average. For example, McLane Company, a large distribution operator in Tracy, pays an average of $120,000 a year to its drivers, well above the head of household income threshold.

A market study completed by Applied Development Economics in 2019 identified wood product and furniture manufacturing, wholesale trade, transportation and warehousing sectors, amusement/recreation, and repair services as growing industries in Tracy. It also identified machinery manufacturing, transportation equipment manufacturing, miscellaneous manufacturing, ambulatory health care, nursing and recreational care, and educational services as emerging industries. These industries largely fall within the City's industrial zoning designations.

Transportation and logistics industry comprises the largest employment cluster in Tracy and generates significant sales tax revenue to the City. About 1/3 of Tracy's sales tax revenue is generated by the business and industry operation. Many transportation and logistics jobs are in e-commerce and fulfillment center categories and are located in industrial areas. A recent study from MIT found that e-commerce leads to 36% less emissions than brick and mortar retail. Business parks establish areas of economic activity that meet current demand for workspace and ensure redevelopment opportunities into higher value uses once regional labor force matures. They also serve as a glide path towards higher paying job opportunities with inclusion of office component in industrial buildings and increased technological innovation within the supply chain.

Figure 8



Future Economic Development Policy Considerations

The baseline information presented in this staff report is designed to inform Council's ED and land use policies. A number of potential opportunities based on existing conditions and industry trends are listed below.

1. Continue investing in downtown
2. Capitalize on regional investment and extension of Valley Link
3. Capitalize on rapid growth in e-commerce while diversifying existing brick and mortar retail
4. Build economic environment conducive for green technology and innovation
5. Continue diversification of housing and infill development
6. Remain at the forefront of educational partnerships and workforce training opportunities focused on science, technology, engineering, and math (STEM)
7. Maintain the culture of entrepreneurship

The following key economic development updates are forthcoming to enable City Council to shape future direction of the local economy:

1. FY2021-23 Economic Development Strategic Plan (allocation of the ARPA Economic Development grant)
2. Disposition of the West Side Market
3. Affordable Housing initiatives
4. Chrisman Property – City-owned opportunity site

FISCAL IMPACT

This is a routine operational item, and all staff work to prepare this report are included in the Economic Development operational budget for FY2021/22.

STRATEGIC PLAN

This agenda item meets the Council's Economic Development Strategic Priority 4.1.

RECOMMENDATION

Staff recommends that the City Council conduct a workshop to review the City's economic development efforts and strategies and provide direction on updating the Economic Development Strategic Plan.

Prepared by: Michael Nimon, Economic Development Manager

Reviewed by: William Dean, Interim Development Services Director
Karin Schnaider, Finance Director
Midori Lichtwardt, Assistant Director

Approved by: Bob Adams, Interim City Manager

ATTACHMENTS

Attachment A – Site Selection Criteria Survey Results
Attachment B – 2011 Economic Development Strategic Plan
Attachment C – ED Workshop Presentation Slides

Attachment A

Site Selection Criteria Survey Results

1. Available Skilled Labor	14. Availability of Buildings
2. Highway Accessibility	15. Low Union Profile
3. Energy	16. Available Land
4. Quality of Life*	17. Proximity to Suppliers
5. Labor Cost	18. Training Programs
6. Occupancy or Construction Cost	19. “Fast-track” Permitting
7. Corporate Tax Rate	20. Availability of Financing
8. Tax Exemptions	21. Raw Materials Availability
9. Incentives	22. Availability of Unskilled Labor
10. Shipping Cost	23. Water Availability
11. Right-to-Work State	24. Accessibility to Major Airport
12. Proximity to Major Markets	25. Advanced ICT Services
13. Environmental Regulations	26. Proximity to Innovation/R&D Centers
	27. Railroad and Waterway Access

*The quality of life factors include colleges and university presence, crime rate, culture and arts, healthcare facilities, availability of housing, recreational opportunities, cost of housing, climate, and public school quality.

Attachment B

ECONOMIC BASE ANALYSIS AND INDUSTRY CLUSTER STUDY FOR THE CITY OF TRACY

November 18, 2011

Prepared for:

CITY OF TRACY, CA

Prepared by:

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Executive Summary

A. Introduction

This report was prepared in response to the City of Tracy's need for an updated understanding of its economic base and potential target industries. The city was particularly interested in defining Tracy's unique niche in the regional economy which, in some respects, differs from the rest of the County and the larger San Joaquin Valley region. For example, the City's location and the commute patterns of its resident workforce provide a more direct economic link to the San Francisco Bay Area than is the case for other parts of San Joaquin County. The information from this report will serve as the basis for refining the City's business retention/expansion and attraction efforts.

The Natelson Dale Group (TNDG), Inc.'s work in preparing this report built upon the firm's Countywide cluster analysis completed in 2010 as part of the San Joaquin County CEDS process. Specific topics addressed in the report were based on guidance from the City, and included sales tax generation from non-retail sources, and the Renewable Resources and Technology cluster, which in this report is addressed primarily through an investigation of industries involved in renewable energy. The City's guidance included certain resources made available directly from the City, including a detailed business database and a database of the top 100 sales-tax-paying businesses.

This information facilitated comparisons with other data for larger geographic areas such as San Joaquin County. A detailed survey of Tracy commuters was also coordinated through the City as part of this project. The survey results provided additional insight into the commute patterns in the community that are of particular interest. Finally, while the report focuses on industry/cluster targeting, it concludes with recommendations for a comprehensive economic development program for the City.

Specific topics addressed in this report are the following:

1. Introduction
2. The results of a Location Quotient (LQ) analysis conducted by TNDG
3. Results of the commuter survey
4. Findings from an analysis of commuter-related data from the Census
5. Results of interviews with local businesspersons
6. Results of other analyses of the City's business databases, in addition to the LQ analysis
7. Industry-targeting and other economic development recommendations – integration of the above components with the city's existing target industries and other existing economic development direction, in order to refine industry-targeting and other economic development recommendations.

B. Key points from the overall analysis

The LQ analysis (as described in part C below) identified industry clusters and specific industries that already have a strong presence in Tracy, fit the overall category of "basic," i.e. money-importing, industries, and consequently could potentially make suitable targets for expansion. A total of 15 target candidates were identified – thirteen in

Manufacturing, one in Services, and (although not a recommended target cluster) Warehousing.

The commuter survey received a good response. While not a scientific survey, and not all types of commuters would be expected to respond proportionately, survey respondents were fairly representative of what published data indicate to be the actual distribution of commuters by industry category. The survey confirmed the expected out-commuting patterns of Tracy residents, and showed that commuters work at many different places in the Bay Area. Secondary data on commuting patterns confirmed that out-commuting in Tracy occurs in much higher proportions than in San Joaquin County and a typical Bay Area County.

TNDG also conducted direct telephone interviews with executive-level Tracy businesspersons identified by the City. While responses to this process were limited, interviewees were generally long-time employers in Tracy who offered a number of observations on locations of their customers and suppliers, advantages and disadvantages of locating in Tracy, and prospects for expanding their particular industry in the city. In general, respondents favored Tracy for its cost advantages and workforce, and gave mixed reviews of the City's willingness to work with the business community.

By maintaining comprehensive and complete databases on businesses in the community, the City has information that is useful for certain analytical purposes. For example, the database made it possible to reveal that over 15% of sales taxes paid by the top 100 sales-tax-generating firms comes from firms in six industry categories outside of those generally associated with sales tax generation, namely retail trade and accommodation/food services. Of these six, the top three are Wholesale Trade, Manufacturing, and Construction. Based on this, the City might be justified in selectively applying assistance measures among different firms within the same industry category.

Information from the business database on the classification of firms by industry and the date these firms began illustrate that recent growth was more likely to occur in industry categories that are primarily local-serving. The category with the most dramatic growth of new firms was Other Services, Except Public Administration.

To prepare concluding recommendations for this study, the various analyses based on Tracy’s economic base (the LQ analysis), resident commuting patterns, and other data were integrated with the city's existing target industries and other existing economic development direction to achieve two purposes: first, to refine industry-targeting and other economic development recommendations through an evaluation process, and second, to suggest approaches for maximizing the coordination of economic development strategies – with one another and with other city initiatives.

C. Target Clusters

<u>Background</u>

TNDG completed a target industry/industry “cluster” analysis for the City of Tracy. The target industry recommendations provide the basis for the recommended business retention/expansion/attraction program for the City.

TNDG's work for Tracy builds upon the firm's countywide industry cluster analysis completed in 2010 as part of the San Joaquin County CEDS process. The core purpose of the city-level industry analysis is to identify specific industry groups that Tracy is well-positioned to target.

In developing a list of recommended target industries for the City, TNDG utilized the City's existing list of target clusters as a starting point. The City's existing target clusters are shown below, and the intent of this study was to confirm or raise issues relative to these clusters, and augment them with additional detail as appropriate (the existing clusters are fairly broadly defined, e.g., "Manufacturing"). Within each of the existing broad clusters, TNDG has pinpointed the specific industries that would appear to be most relevant to Tracy. This pinpointing will enable Tracy's marketing and other business attraction efforts to be more specifically focused on the candidate industries most likely to be viable in the City.

The City's existing target clusters (which are largely based on the countywide targets of the San Joaquin Partnership) are as follows:

- Medical Equipment & Supplies
- Food Processing
- Ag Biotech
- Renewable Resources & Technology
- Manufacturing
- Backroom Office & Information Technology

Overview of Process

In identifying specific industry groups that may be appropriate targets for Tracy, TNDG started from a list of over 65 industry "clusters." These 65+ clusters all meet the requirement of being "basic," i.e. money-importing, industries, and consequently could potentially make suitable targets for expansion. From this master list, a total of 15 specific industry groups were identified as having strong potentials in Tracy (including Warehousing, although this is not recommended as a cluster as noted below). The 15 candidate industries were primarily selected based on a "location quotient" analysis. The Location Quotient (LQ) is a standard analytical tool used in industry targeting. It is an index that measures the relative influence any one industry or cluster has in a community by virtue of how the proportion of employees in that industry/cluster, in that community, compares to the proportion in the same industry/cluster in some reference area.

For this process, TNDG considered the following reference areas as benchmarks in calculating Tracy's LQ's: San Joaquin County, the San Joaquin Valley and California. As explained in greater detail in the main body of this report, an industry or cluster with an LQ score greater than 1.0 is relatively strong compared to its strength in the larger reference areas. The recommended clusters (with a couple of exceptions, as noted below) all have LQ values above 2.0 (i.e., existing concentrations at least twice as great as in the larger reference areas).

Candidate Target Industries

The candidate industry selections based on the LQ analysis, including the special exceptions, are noted below, grouped under the existing broad clusters.

1. Medical Equipment & Supplies
   Medical Instruments and Optics Manufacturing

2. Food Processing
   Packaged Food Products Manufacturing

3. Ag Biotech
   No candidate industries identified – see note below

4. Renewable Resources & Technology
   All Other Plastics Product Manufacturing
   Fabricated Structural Metal Manufacturing
   Other Industrial Machinery Manufacturing

5. Manufacturing
   Chemicals Manufacturing
   Chemical-Based Products Manufacturing
   Glass Products Manufacturing
   Machine Tools Manufacturing
   Paper Manufacturing
   Plastics Products Manufacturing
   Wood Products & Furniture Manufacturing
   Motor Vehicles Manufacturing

6. Backroom Office & Information Technology
   Technical and Research Services

Other, not related to existing targets: Warehousing – indicated through the LQ process (high LQ and employment but not recommended as a target activity based on City preferences – as described below)

As noted above, no candidate industries were identified for the Ag Biotech cluster. Although there is potentially a linkage between Ag Biotech and the Chemicals manufacturing industry (which is listed as a candidate under the heading of Manufacturing), the existing chemical firms in the City are unrelated to agriculture. It is therefore recommended that Ag Biotech be dropped or de-prioritized as a target activity in the City.

Table 1 summarizes a general assessment of each candidate industry's appropriateness for recommendation as a business development target for Tracy. For several of the candidates, some additional commentary is warranted:

- The existing strength of Motor Vehicles Manufacturing is in part based on data that do not fully reflect the closure (in 2010) of the NUMMI plant. Although this plant was located in Fremont (Alameda County), it supported a number of related supplier/manufacturing firms in San Joaquin County. The ongoing viability of this cluster in the County needs to be further evaluated and monitored before adopting it as an official target for Tracy.

- The Technical and Research Services cluster does not score well in terms of its existing presence in Tracy (LQ is only 0.3). However, it has been included as a recommended target due to its close connection with Tracy's out-commuter population. Specifically, the large numbers of Tracy residents who currently commute to the Bay Area for these types of jobs represent a significant workforce asset that can potentially be leveraged for business attraction purposes.

- Despite its strong existing concentration in the City, Warehousing has been excluded from the recommended target list due to the generally low employment/wage levels associated with warehouse facilities. However, it is noted that some warehouse operations can generate substantial "point of sale" sales tax benefits to the City. Thus, it is recommended that these firms be considered on a case-by-case basis in the City's economic development efforts.

Other general considerations to apply in implementing these cluster recommendations are the following:

- Specific industries and firms within these clusters will need to be screened to meet objectives of appropriate wages, environmental suitability, extent to which they might be desirable for supporting other target clusters and industry, etc.

- The broad range of recommended target clusters supports the general objective of diversifying the local economy and providing a broad industry base that can mutually support preferred clusters and industries.

Each of the 15 candidate clusters includes multiple, closely-related industry sectors. As such, each cluster represents a mix of business activities which, in turn, would be expected to generate a range of employment opportunities and to occupy a range of building types.

Table 1. Summary of Target Cluster Indicators

Existing Broad Target/ Specific Candidate Targets	Relates to local economic base, overall community attributes	Aligns with resident workforce including out-commuters	Recommend as cluster?
Medical Equipment & Supplies			
Medical Instruments and Optics	High LQ (4.4) for Tracy relative to SJ Valley	Some wages in associated industries below average	Yes
Food Processing			
Packaged food products	LQ of 3.7, and Tracy's share is similar to the region's. Large employment base (+/- 500)	Near-average wages. Cluster becoming increasingly high-tech	Yes
Renewable Resources & Technology (industries derived from a separate LQ analysis with database that relates industry sectors with renewable energy)			
All Other Plastics Product Manufacturing	High LQ, most employees of the Renewable industries. (50-100)	With focus on Renewables, supports high-tech workforce	Yes, selectively to focus on connection with renewables; relates to Chemical cluster
Fabricated Structural Metal Manufacturing	High LQ, moderate employment levels (25-50) among Renewable industries.	Manufacturing relevant to entire workforce	Yes, selectively to focus on connection with renewables
Other Industrial Machinery Manufacturing	High LQ, few employees	Manufacturing relevant to entire workforce	Yes, selectively to focus on connection with renewables
Manufacturing			
Chemicals	LQ of 3.1; but modest employment (<100)	Wages below average	Yes, selectively for wages, other industry links
Chemical-based products	LQ of 2.9, but modest employment (<100)	Wages well above average	Yes, integrated with Tech Cluster "Chemicals"
Glass products	LQ of 2.2, but modest employment (<100)	Wages above average	Yes
Machine tools	LQ of 2.5; moderate empl. levels (<200)	Wages above average	Yes
Paper	LQ of 7.2, leader in region. Sizable employment base (>200)	Wages above average	Yes
Plastics products	LQ of 2.1, modest employment (<100)	Wages below average	Yes, selectively to focus on connections with Chemicals, and where wages are above avg.
Wood products & furniture	LQ of 6.5, strong existing presence in Tracy; high employment level (250-300)	Among lower tier of wage levels	Yes, selectively as complements existing industry and wages reasonable
Motor vehicles	LQ of 3.2, moderate employment levels (<200)	Wages near average	Yes, potential to be associated with high-value, innovative products
Backroom Office & Information Technology			
Technical & Research Services	LQ only 0.3, moderate employment levels (<150)	Wages well above average; relates to industry with high volume of out-commuters	Yes, aligns with goal to bring high-paying jobs "home"
Other (not current target)			
Warehousing	LQ of 1.9, highest employment level of all clusters (1000-1500)	Wages above average	No need to target as cluster, but individual firms could be key players in food processing or other industry support, tax generation

D. Results of the commuter survey

Commuter profile. The following commuter profile is based on the results of the survey of Tracy out-commuters:

- **General characteristics.** The Tracy out-commuter is between the ages of 31 and 60 (90%) and has resided in Tracy for more than 10 years (45%). The City of Tracy was chosen as their place of residence primarily because of its affordability (93%).

- **Employment.** For employment by *industry*, the highest concentrations of Tracy out-commuters are employed in Professional, Scientific and Technical Services (18%), Public Administration/Government (12%), and Manufacturing (11%). Occupationally, the highest concentrations of Tracy out-commuters are engaged in Office and Administrative Support (17%), Management (15%), Life, Physical and Social Sciences (includes computer-related occupations) (12%), and Architecture and Engineering (9%) occupations.

- **Commuting.** The out-commuter has worked at their place of current employment for over 10 years (38%) and expects to be at the same company and/or location during the next five years (56%). In terms of their actual commute, respondents that commute elsewhere into the Bay Area (e.g. Freemont, San Jose, San Francisco, etc.), consider their commute to be a time burden (82%), and wish there were viable public transit options available (42%).

- **Tracy employment considerations.** In order to consider Tracy for employment, commuters stated that earning a comparable income, finding optimal working conditions/work environments and remaining in the same occupation were the most important factors.

E. Findings from an analysis of commuter-related data from the Census

Published data from the Census on commuting-related activity were compiled, in concert with data from the Tracy business database, to supplement the results of, and compare the findings with, the survey-based commuter data.

The data show that for workers residing in Tracy, 56% worked outside San Joaquin County. By way of comparison, for residents of San Joaquin County overall and Santa Clara County (a major destination county for the Tracy out-commuters), the percentage of residents working outside their respective counties is significantly lower, 26% and 13%, respectively. Roughly two-thirds of the workers residing in San Joaquin and Santa Clara counties have less than a 30-minute commute time. Comparatively, only 39% of workers residing within Tracy have a commute less than 30 minutes, while 61% have a commute time greater than 30 minutes.

Other data indicate that the industry segments with the highest percentage of out-commuting are most likely to be, in descending order, 1) Information, 2) Public Administration, 3) Manufacturing, and 4) Professional, Scientific, and Managerial Services.

A comparison of the out-commuting estimate by industry between the published data and the online survey results indicates that the survey sample represents a reasonably close match (proportionately) to the official published figures.

Data showing the “means of transportation” for commuters also show the industry in which those commuters work. Consequently the information can be used to review the extent to which forms of transportation most likely to be associated with long-range commuting correlate with the high-out-commuting industries in Tracy. For example, the data show that Tracy carpoolers are most likely (as a percentage of total commuters within any given industry) to be working in 1) Agriculture, forestry, etc., 2) Construction, 3) Wholesale Trade, and 4) Professional, scientific, and management services.

F. Results of interviews with local businesspersons

As part of the information-gathering phase of the project, TNDG conducted interviews with executive-level businesspersons identified by the City of Tracy. The interviews were intended to obtain basic employment profiles, identify business linkages and provide insight into Tracy as a business location. A total of 15 firms were contacted and seven interviews were completed during June and July of 2011. The findings are summarized below. All seven of the firms were involved in manufacturing-related activities. Employment size varied among the seven firms, with five of the seven firms employing over 50 workers. Five of the seven firms have been in business for over five years. Three businesses had expansion plans for their Tracy location. One other firm had expansion plans, but not in Tracy.

- **Business linkages.** Interviewees were asked to identify the location of their customers, suppliers or other strategic partners, which would provide insight into cluster linkages and geographic concentrations. Customer locations were predominantly in the Tracy area (3 firms), Northern California (3 firms), elsewhere in California (2 firms) and elsewhere in the U.S. (3 firms). Only one firm identified international customers. The geographic distribution of suppliers included the Tracy area and elsewhere in California, but appeared to be more dependent on suppliers located elsewhere in the U.S. Only two firms indicated that they have strategic partners, these partners were located in Tracy, the Bay Area, elsewhere in the U.S. and internationally.

- **Reasons for locating in Tracy.** Nearly half of the interviewees identified ‘cost advantages,’ when asked to specify their firm’s reasons for locating within the Tracy area. Other reasons for selecting Tracy include the support from the City/community, availability of floor space, convenient to operations and personnel, and personal reasons.

- **Strengths and weaknesses of Tracy as a business location.** For the City’s strengths, four firms identified the labor pool and availability of workforce skills as an asset. Others identified the City’s willingness to work with businesses to streamline permitting and building processes and foster industry growth through proactive industry-specific initiatives, and cost advantages, transportation and infrastructure, in addition to other government programs. For weaknesses, several firms identified issues related to permitting and difficulties involved with municipal bureaucratic processes. Other weaknesses identified include: the perception of Tracy as a ‘commuter town,’ and the presence of a small customer base.

- **Potential for related/linked industry expansion within Tracy.** Four firms stated that Tracy would be suitable for the attraction of complementary industries due to the City's active engagement, which could be enhanced through additional incentives and other major commercial projects (i.e. Gateway). One firm identified Tracy as a good location due to cost advantages, but stated that it would be difficult to attract related industries due to a lack of existing industry throughout California in general. Other respondents stated that Tracy is not an ideal location for business activity due to stringent regulations and general security issues.

G. Results of other analyses of the City's business databases

By maintaining comprehensive and complete databases on businesses in the community, the City has information that is useful for certain analytical purposes. For example, the City is able to identify sources of sales tax revenue from industry categories other than Retail (and restaurants). In Tracy, over 15% of sales taxes paid by the top 100 sales-tax-generating firms come from firms in industry categories outside of those generally associated with sales tax generation, namely retail trade and food services. These six other categories are shown below, in order from highest to lowest percentage of sales tax contribution:

Wholesale Trade – 5.7%
Manufacturing – 4.1%
Construction – 2.6%
Real Estate and Rental and Leasing – 1.5%
Transportation and Warehousing – 1.5%
Information – 0.5%

The implication of these results is that, while job generation of any sort is generally desirable, some jobs, in a number of different industry categories, also have the additional advantage of creating sales tax revenue. As such, the City might be justified in selectively applying varying assistance measures to different firms within the same industry category. Because no single group in the list above exceeds 6% (of the amount paid by the top 100 payers), decisions to support any particular firm must be on a case-by-case basis.

Information from the business database on the classification of firms by industry and the date these firms began illustrate that growth was more likely to have occurred in industry categories that are primarily local-serving. (The finding is based on a comparison of the "existing" mix of firms by industry (for these purposes the mix prior to 2009) and the industry mix of the 392 firms added from 2009 through 2011 (partial year).) Conversely, for certain industry categories associated with target industries, higher-paying jobs, and higher economic multipliers, the percent of new firms in 2009 through 2011 (to-date) is noticeably *less* than the percentage in the existing industry base.

H. Industry-targeting and other economic development recommendations

To prepare concluding recommendations for this study, the various analyses based on Tracy's economic base (the LQ analysis), resident commuting patterns, and other data were integrated with the city's existing target industries and other existing economic development direction to achieve two purposes: first, to refine industry-targeting and other economic development recommendations through an evaluation process, and second, to suggest approaches for maximizing the coordination of economic development strategies – with one another and with other city initiatives.

The assessment of clusters as potential business development targets for Tracy is summarized in the Target Clusters section, above, in this Executive Summary.

Tracy Integrated Economic Development Strategies

Table 3 (below) summarizes an economic development strategic framework for Tracy. The framework is organized under two umbrella strategic concepts:

1. Apply a comprehensive strategy to targeting selected Bay Area and green firms
2. Maintain health and growth of traditional target clusters

Under each of these umbrella concepts is a series of goals, objectives, and strategies, some of which come from existing strategic and other plans within the City. The table format is designed to illustrate how existing City strategies, from various documents, can relate to new strategies that then combine to constitute a comprehensively focused economic development program. Within this comprehensive program, seemingly different strategic directions combine to reinforce certain "top level" strategic directions for the city. We can define one of these top-level directions as the desire to recruit Bay Area industries to Tracy – the first umbrella strategic concept listed above. Besides being mutually reinforcing, the different strategies within this system combine to form a convincing marketing message expressing Tracy's commitment to enhancing the total community.

Objectives and strategies added to those that already exist within the City are derived from other outputs of TNDG's economic base and industry cluster study. The table notes also include references to City documents that reinforce or add information about certain strategies.

Goals, objectives, and strategies are organized hierarchically within the table. Notes referenced by letter within the table are shown below:

A. Tracy's unique position as a satellite community adds to the challenge of establishing an economic identity.

B. This strategy was reinforced by the results of the commuter survey in TNDG's study. The threats to Tracy's leading role in retail activity within its surrounding region were also addressed in the 2007 Gruen report.

C. Green-oriented strategies are a way to raise the business profile of Tracy, and help convey the notion that the city takes its commitment to economic development both seriously and responsibly. The strategies are also integral to the concept of minimizing Tracy residents' commutes by attracting firms from the Bay Area.

D. This strategy is intended to allow for exceptions pending a comprehensive review of the general question of best-fitting firms. For example, firms within non-targeted clusters might be high-sales-tax payers, and certain firms outside of targeted clusters could be critical to supporting prime cluster targets. This study focuses broadly on clusters, but the extent to which individual firms, within or outside targeted clusters, fit Tracy's business development goals could vary, so a process is needed to evaluate individual firms in this regard.

Table 2. Tracy Integrated Economic Development Strategies

x. Umbrella Strategic Concepts *x.x. Goals* *x.x.x. Objectives* *x.x.x.x Strategies*	***Existing program (1)***	***Notes***
1. **Apply a comprehensive strategy to targeting selected Bay Area and green industries/firms**		
1.1. Increase general attractiveness of community		
1.1.1. Secure commitment of City and its citizens to the overall ED strategic direction.		
1.1.1.1. Bring together stakeholders for a structured economic development strategic planning process		See note A
1.1.1.2. Institutionalize economic development review process with the City Council		
1.1.1.3. Review/establish ED coordinating mechanisms within region, including with iHUB		FY 12-13/13-14 ED Business Plan 1c[1]
1.1.2. Create and implement an ongoing monitoring system to track economic vitality, identify changing conditions, and respond rapidly to new economic development opportunities.	yes	City of Tracy General Plan, 2011
1.1.3. Secure City's commitment to the local business base		FY 12-13/13-14 ED Business Plan 1b
1.1.3.1. Select most suitable model and institute Business Retention & Expansion (BRE) program		Raise profile of economic development and awareness of ED goals
1.1.3.2. Design appropriate strategic actions based on BRE feedback		
1.1.3.3. Establish program for local hiring for contracts & services	yes	Sustainability Action Plan
1.1.4. Continue to foster a supportive business environment by providing clear and consistent development standards, procedures, and information on available City services for businesses	yes	City of Tracy General Plan, 2011
1.1.5. Continue Gateway development to provide quality space for prime office-using targets	yes	
1.1.6. Add to/upgrade community amenities		
1.1.7. Expand the City's cultural and arts facilities	yes	City of Tracy General Plan, 2011
1.1.8. Identify and preserve cultural and historic resources		
1.1.9. Enhance retail and service offerings in the community	yes	FY 12-13/13-14 ED Business Plan. Note B
1.1.9.1. Implement downtown revitalization program	yes	
1.1.9.2. Identify unmet retail demand	yes	
1.1.9.3. Expand visitor-oriented programs and development of amenities, to increase visitation	yes	
1.1.10. Enhance green image of community	yes	Sustainability Action Plan. Note C
1.1.10.1. Establish shared parking program	yes	
1.1.10.2. Promote/recruit green businesses	yes	
1.1.10.3. Promote activities and programs that enhance environmental health	yes	

[1]City of Tracy, FY 12-13 and FY 13-14 Economic Development Business Plan.

x. Umbrella Strategic Concepts x.x. Goals x.x.x. Objectives x.x.x.x Strategies	Existing program (1)	Notes
1.1.10.4. Assess affordable housing gap for the community in a way that recognizes its future in terms of economic development goals	yes (2)	
1.2. Increase employment opportunities for Tracy residents		
1.2.1. Establish program to recruit specific Bay Area industries/firms	yes	Also a green initiative
1.2.1.1. Refine target list, with focus on the Technical & Research Services category, along with other prospects in the existing target cluster Backroom Office & IT		
1.2.1.2. Prepare marketing program that incorporates a recognition of comprehensive community improvements as outlined in this and subsequent strategic plans		
1.2.1.3. Identify job-readiness gaps and establish job training program compatible with Tracy's industry targeting	yes (2)	Sustainability Action Plan
1.2.2. Develop higher-end office and office-flex uses, particularly along entryways to the City along I-205 and I-580 (expand on Gateway concept where possible)	yes	City of Tracy General Plan, 2011
2. **Maintain health and growth of existing target clusters:** Medical Equipment & Supplies, Food Processing, Ag Biotech, Renewable Resources & Technology, Manufacturing, Backroom Office & Information Technology		
2.1. Ensure health of existing business base for these targets		
2.1.1. Document and address local business' concerns		
2.1.1.1. Use BRE program as way to institutionalize outreach		See BRE program, 1.1.3.1
2.1.1.2. Support the development of a cluster industry organization, for a targeted "case study" industry		Demonstrate cluster-orientation value to firms, using limited investment
2.1.2. Help ensure adequate labor pool is available		
2.1.2.1. Establish job training program	yes (2)	See job training program, 1.2.1.3
2.1.3. Maximize business support base		
2.1.3.1. Institute Local Hire program	yes	See local hiring program, 1.1.3.3
2.2. Expand employment in industries/firms that reflect Tracy's competitive edge and also support the overall upgrading of employment opportunities		Give support to the best opportunities within this group
2.2.1. Identify preferred firms within targeted clusters that match this goal		
2.2.1.1. Selectively consider prospect firms in clusters outside of existing targets		See note D
2.2.1.2. Establish measures by which to define and identify the "best fit" firms for Tracy		
2.2.1.3. Establish program to recruit the "best fit" firms to Tracy		
2.2.2. Adapt programs applied to business retention/ expansion, to also serve recruitment targets		See relevant programs above
2.2.2.1. Adapt job training program to prospects' needs		See job training program, 1.2.1.3
2.2.2.2. Use Local Hire program to leverage development of prospects' support needs		See local hiring program, 1.1.3.3

NOTES: 1. Existing, planned or previously recommended programs.
2. In principle.

1. Introduction

A. Context for Tracy Economic Development Strategies

This report was prepared in response to the City of Tracy's need for an updated understanding of its economic base and potential target industries. The city was particularly interested in defining Tracy's unique niche in the regional economy which, in some respects, differs from the rest of the County and the larger San Joaquin Valley region. For example, the City's location and the commute patterns of its resident workforce provide a more direct economic link to the San Francisco Bay Area than is the case for other parts of San Joaquin County. Information from this report will serve as the basis for refining the City's business retention/expansion and attraction efforts.

The Natelson Dale Group (TNDG) Inc.'s work in preparing this report built upon the firm's Countywide cluster analysis completed in 2010 as part of the San Joaquin County CEDS process. Specific topics addressed in the report were based on guidance from the City. The City's guidance included certain resources made available directly from the City, including a detailed business database and a database of the top 100 sales-tax-paying businesses. This information facilitated comparisons with other data for larger geographic areas such as San Joaquin County. A detailed survey of Tracy commuters was also coordinated through the City as part of this project. The survey results provided additional insight into the commute patterns in the community that are of particular interest. Finally, while the report focuses on industry/cluster targeting, it concludes with recommendations for a comprehensive economic development program for the City.

Specific topics addressed in this report are the following:

1. Introduction
2. The results of a Location Quotient (LQ) analysis conducted by TNDG
3. Results of the commuter survey
4. Findings from an analysis of commuter-related data from the Census
5. Results of interviews with local businesspersons
6. Results of other analyses of the City's business databases, in addition to the LQ analysis
7. Industry-targeting and other economic development recommendations – integration of the above components with the city's existing target industries and other existing economic development direction, in order to refine industry-targeting and other economic development recommendations.

B. Strategic base for economic development

In 2005 and 2006, the San Joaquin Partnership (SJP) – a countywide a non-profit, private-public economic development corporation – spearheaded a major strategic planning effort to define a comprehensive economic development approach for San Joaquin County. Angelou Economics prepared three technical documents in support of that process, including *Strategic Recommendations* (January 2006). The target industries recommended in that document are as follows:

1. Logistics/Distribution (with a focus on Automotive OEM & Aftermarket)
2. Medical Equipment & Supplies
3. Air Transportation Supplies/Maintenance/Service
4. Food Processing
5. Ag Biotech
6. Energy Resources & Technology

Based on changes in market trends and other factors, SJP refined its list of target industries somewhat from the original recommendations. The current list (revised in 2010) is as follows:

- Medical Equipment & Supplies
- Air Transportation (aerospace manufacturing)
- Food Processing
- Ag Biotech
- Renewable Resources & Technology
- Manufacturing
- Backroom Office & Information Technology

With the exception of Air Transportation/Aerospace Manufacturing, Tracy's economic development efforts have been aligned with the revised, updated list, edited as noted below.

- Medical Equipment & Supplies
- Food Processing
- Ag Biotech
- Renewable Resources & Technology
- Manufacturing
- Backroom Office & Information Technology

2. Location Quotient (LQ) Analysis

The Location Quotient (LQ) analysis performed for Tracy by TNDG[2] builds upon a previous analysis completed by TNDG in 2010 as part of the San Joaquin County Comprehensive Economic Development Strategy (CEDS) Update. Some clusters have been reconfigured to align more closely with activities relevant to Tracy, and a separate analysis was conducted for the Renewable Resources & Technology cluster, based on previous work by TNDG, given the unique characteristics of that cluster. The abbreviated industry cluster analysis conducted as part of the CEDS update was based on a national model that defines the overall U.S. economy in terms of 46 general clusters and 15 technology-intense clusters.

[2] The Location Quotient is a standard analytical tool used in industry targeting. It is an index that measures the relative influence any one industry or cluster has in a community by virtue of how the proportion of employees in that industry/cluster, in that community, compares to the proportion in the same industry/cluster in some reference area – typically the state (in relation to a city). An LQ value of 1 indicates that employment in the community in a particular industry/cluster is proportionate to the reference area. A value above 1 indicates that that particular industry in the community has proportionately more employment, which implies that the community already has a competitive advantage for that industry.

The results of the LQ analysis are shown below on Table 3 and Table 4 (two parts of one topic), pertaining to General Cluster categories, Table 5, which pertains to the Technology Clusters, defined within the modeling system used for this analysis somewhat differently from the General Clusters, and Table 3, which shows the results of the Renewable Resources & Technology cluster analysis. Note that these clusters/industries focus on “basic,” i.e. money-importing, industries, and specifically exclude industries commonly associated with local services, such as retail and local-serving healthcare.

While the tabulated data for Tracy reflect current employment in the City (data are derived from the City's business database), figures for San Joaquin County, the state, and the San Joaquin Valley are based on 2008 data from the previous CEDS report prepared by TNDG for San Joaquin County. The incorporation of the data from the CEDS report was done both for budgetary reasons and because the conditions reflected in the 2008 figures (including wages and employment levels) are more compatible than the current status with post-recovery economic conditions that are expected to eventually prevail. The one exception to this assumption applies to clusters affected by the closure of the NUMMI plant – e.g., Motor Vehicles, Engine Equipment, and Appliances. In this case the 2008 figures for the County and region do not reflect the full impact of the closure of the plant.

Table 3 and Table 4 (below) indicate that, among the General Clusters, Tracy's LQ values are strongest, relative to California (in order), in Wood Products and Furniture, Paper, Packaged Food Products, Chemical-Based Products, and Machine Tools. Higher-than-average LQs also exist for these same clusters in San Joaquin County and/or the San Joaquin Valley. In the Technology Clusters (Table 5, below), Tracy's strongest values, again relative to California, are in Motor Vehicles and Chemicals. The table also shows high LQ values for San Joaquin County in Motor Vehicles; however these 2008 figures do not fully reflect the impact of the closure of the NUMMI plant. The chemical cluster does not have corresponding high LQs in the County or in San Joaquin Valley. Medical Instruments and Optics has a high LQ with respect to San Joaquin Valley, and while not meeting the LQ criteria as noted in the tables, this cluster has been included in the recommended list of targets due to its potential connection to current medical facility development in the city.

Table 6 through Table 10 (below) summarize two procedures conducted by TNDG: 1) a comprehensive investigation of the association of industry categories with five types of renewable energy, and 2) an LQ analysis of these industries that follows the pattern of the cluster LQ analyses described above, but focuses at the industry rather than the more generalized “cluster” level. While this analysis does not address all aspects of Tracy’s Renewable Resources & Technology target cluster, it provides one way of viewing the web of interrelationships among industries across a wide range of renewable resources. The LQ table shows that Tracy has a strong representation in a number of industries. However, only two of these, All Other Plastics Product Manufacturing and Fabricated Structural Metal Manufacturing, have more than 10 employees.

The implications of these LQ analyses are summarized in Section 7.

Table 3. Location Quotients (LQ's) in 2008 (2011 for Tracy) for 46 General Clusters

	City of Tracy		San Joaquin County		San Joaquin Valley			
	Relative to:		Relative to:		Relative to:	Wages / Worker		
Cluster	**SJ Valley**	**CA**	**SJ Valley**	**CA**	**CA**	**SJ County**	**SJ Valley**	**CA**
Aerospace	0.00	0.00	1.12	0.27	0.24	$47,332	$79,972	$88,111
Aluminum & aluminum products	0.00	0.00	1.15	0.46	0.40	$49,533	$44,311	$50,338
Appliances	0.00	0.00	1.72	0.92	0.54	$40,534	$42,255	$51,515
Arts and media	0.69	0.20	0.81	0.24	0.30	$30,463	$39,753	$92,290
Basic health services	1.08	0.88	1.04	0.85	0.81	$41,811	$43,808	$54,235
Breweries & distilleries	0.00	0.00	**1.47**	**3.06**	**2.09**	**$41,099**	**$54,252**	**$50,355**
Business services	1.17	0.66	0.95	0.54	0.57	$35,982	$36,253	$58,698
Chemical-based products	**2.43**	**2.86**	1.39	**1.63**	1.17	**$52,286**	**$53,786**	**$60,646**
Computer & electronic equipment	0.35	0.05	0.43	0.07	0.15	$44,411	$55,128	$109,582
Concrete, brick building products	0.03	0.06	1.29	**2.11**	**1.64**	**$51,319**	**$52,728**	**$52,581**
Construction	0.44	0.45	1.03	1.05	1.02	$48,640	$46,184	$54,428
Construction machinery & distribution equipment	0.00	0.00	0.44	0.85	1.95	$50,901	$50,523	$56,993
Copper & copper products	0.00	0.00	1.98	0.15	0.08	$56,738	$42,709	$50,077
Dairy products	0.02	0.10	0.26	1.42	**5.54**	$53,878	$51,000	$56,414
Farming	0.00	0.01	0.60	2.60	**4.36**	$26,846	$24,997	$26,233
Feed products	0.03	0.22	0.41	**2.92**	**7.14**	$24,766	$20,769	$22,682
Financial services & insurance	0.31	0.19	1.36	0.84	0.61	$50,345	$54,433	$106,614
Glass products	**1.68**	**2.23**	**2.32**	**3.07**	1.33	**$49,647**	**$51,571**	**$42,371**
Grain milling	0.00	0.00	1.46	**3.91**	**2.68**	$68,732	$50,816	$49,779
Hotels & transportation services	0.99	0.81	1.35	1.10	0.82	$37,889	$35,338	$38,506
Information services	0.61	0.19	0.72	0.23	0.32	$65,926	$53,498	$105,238
Leather products	0.00	0.00	0.44	0.09	0.21	$10,779	$36,385	$34,772
Machine tools	**4.90**	**2.50**	1.43	0.73	0.51	**$50,580**	**$46,633**	**$51,734**

Screening criteria (for clusters highlighted in ***bold***): Tracy and/or County/State > 1.5 -- OR -- Valley/State >3.0 (with County/Valley at least 1.0).

Table 4. Location Quotients (LQ's) in 2008 (2011 for Tracy) for 46 General Clusters (cont. from Table 3, above)

Cluster	City of Tracy Relative to: SJ Valley	City of Tracy Relative to: CA	San Joaquin County Relative to: SJ Valley	San Joaquin County Relative to: CA	San Joaquin Valley Relative to: CA	Wages / Worker SJ County	Wages / Worker SJ Valley	Wages / Worker CA
Management, higher education & hospitals	0.32	0.27	1.22	1.03	0.85	$44,570	$42,060	$57,008
Metalworking & fabricated metal products	0.55	0.91	**1.80**	**3.01**	**1.67**	**$49,766**	**$52,124**	**$50,366**
Mining	0.00	0.00	0.13	0.77	**5.71**	$62,317	$73,081	$69,767
Motor vehicles	**2.31**	**2.28**	**1.76**	**1.74**	0.99	**$43,222**	**$40,720**	**$61,298**
Nondurable industry machinery	0.19	0.19	0.93	0.92	0.99	$44,281	$50,066	$71,130
Nonresidential building products	**1.91**	1.34	**1.78**	1.25	0.70	**$45,017**	**$39,441**	**$58,215**
Optical Equipment & Instruments	0.00	0.00	0.59	0.09	0.16	$32,946	$34,573	$72,643
Packaged food products	1.05	**3.72**	0.77	**2.73**	**3.53**	**$44,484**	**$35,961**	**$37,875**
Paper	**3.99**	**7.22**	**1.59**	**2.89**	1.81	**$51,885**	**$49,634**	**$52,348**
Petroleum & gas	0.21	0.32	0.66	1.00	1.52	$72,648	$77,793	$93,756
Pharmaceuticals	0.00	0.00	1.34	0.13	0.10	$47,047	$66,734	$98,833
Plastics & rubber manufacturing	0.00	0.00	**2.04**	0.66	0.32	$38,750	$46,747	$57,148
Plastics products	**2.02**	**2.12**	**2.35**	**2.47**	1.05	**$41,170**	**$39,028**	**$42,824**
Precision instruments	0.32	0.11	0.44	0.15	0.34	$36,119	$44,052	$78,608
Printing & publishing	0.61	0.42	0.94	0.66	0.70	$38,430	$40,687	$52,503
Rubber products	0.83	0.41	**2.27**	1.12	0.49	$34,024	$44,266	$47,441
Steel milling	0.00	0.00	**2.23**	0.86	0.38	$65,818	$51,596	$64,246
Textiles & apparel	**5.02**	0.67	0.75	0.10	0.13	$27,879	$27,929	$33,101
Tobacco products	0.00	0.00	0.00	0.00	0.00	$0	$0	$100,905
Wood building products	0.05	0.08	**2.38**	**3.98**	**1.68**	**$38,965**	**$35,727**	**$37,029**
Wood processing	0.00	0.00	**2.19**	**2.76**	1.26	**$36,922**	**$32,350**	**$40,228**
Wood products & furniture	**12.11**	**6.48**	**2.24**	1.20	0.54	**$39,151**	**$34,868**	**$38,693**
Warehousing	**2.23**	**1.94**	**1.59**	1.39	0.87	**$49,615**	**$46,909**	**$60,961**

Screening criteria (for clusters highlighted in ***bold***): Tracy and/or County/State > 1.5 -- OR -- Valley/State >3.0 (with County/Valley at least 1.0).

Source: The Natelson Dale Group, Inc.

Note that figures for the County and Valley, for clusters related to the automotive industry, e.g., Motor Vehicles, Engine Equipment, and Appliances, do not reflect the full impact of the closure of the NUMMI plant.

Source: BLS, City of Tracy Business Database, and TNDG

Table 5. Location Quotients (LQ's) in 2008 (2011 for Tracy) for 15 Technology Clusters

	City of Tracy		San Joaquin County		San Joaquin Valley			
	Relative to:		Relative to:		Relative to:	Wages / Worker		
Cluster	**SJ Valley**	**CA**	**SJ Valley**	**CA**	**CA**	**SJ County**	**SJ Valley**	**CA**
Aerospace	0.00	0.00	1.12	0.27	0.24	$47,332	$79,972	$88,111
Architectural & Engineering Services	0.29	0.17	0.46	0.27	0.58	$60,539	$60,012	$84,114
Cable Manufacturing	0.00	0.00	0.71	0.25	0.35	$37,808	$41,357	$58,907
Chemicals	**5.17**	**3.05**	0.59	0.35	0.59	**$37,929**	**$54,423**	**$58,083**
Computer & Electronic Equipment	0.39	0.06	0.46	0.07	0.14	$44,740	$50,267	$108,732
Engine Equipment	0.00	0.00	0.29	0.22	0.75	$38,883	$59,228	$70,338
Fertilizer & Chemical Products	0.00	0.00	**2.64**	**4.01**	**1.52**	**$53,368**	**$54,429**	**$66,687**
Industrial Machinery & Distribution Equipment	0.11	0.10	0.33	0.32	0.95	$44,566	$51,446	$88,376
Information Services	0.70	0.23	0.85	0.28	0.33	$61,762	$52,599	$106,843
Medical Instruments and Optics	**4.40**	1.30	0.28	0.08	0.30	$36,855	$45,362	$69,494
Motor Vehicles	**3.42**	**3.23**	**2.13**	**2.01**	0.94	**$43,674**	**$42,031**	**$62,308**
Pharmaceuticals	0.00	0.00	1.34	0.13	0.10	$47,047	$66,734	$98,833
Precision Instruments	0.00	0.00	0.38	0.06	0.17	$34,018	$70,123	$96,676
Technical & Research Services	0.72	0.31	0.97	0.42	0.43	$52,086	$48,063	$79,097
Wiring Devices & Switches	0.00	0.00	**4.49**	**1.72**	0.38	**$37,682**	**$40,092**	**$56,398**

Screening criteria (for clusters highlighted in ***bold***): Tracy and/or County/State > 1.5 -- OR -- Valley/State >3.0 (with County/Valley at least 1.0).

Source: The Natelson Dale Group, Inc.

Note that figures for the County and Valley, for clusters related to the automotive industry, e.g., Motor Vehicles, Engine Equipment, and Appliances, do not reflect the full impact of the closure of the NUMMI plant

Source: BLS, City of Tracy Business Database, and TNDG

Table 6. Location Quotients (LQ's) in 2008 (2011 for Tracy) for Renewable Energy Clusters

Energy type/ NAICS #	Core (3)	Industry Title	City of Tracy Relative to: SJ Valley	City of Tracy Relative to: CA	San Joaquin County Relative to: SJ Valley	San Joaquin County Relative to: CA	SJ Valley Relative to: CA
Wind							
326199	***X***	***All Other Plastics Product Manufacturing***	***6.56***	***5.24***	0.88	0.70	0.80
331511		Iron Foundries	0.00	0.00	4.72	1.61	0.34
332312	***X***	***Fabricated Structural Metal Manufacturing***	***1.50***	***4.35***	***2.29***	***6.62***	***2.89***
332991		Ball and Roller Bearing Manufacturing	0.00	0.00	0.00	0.00	0.22
333412		Industrial and Commercial Fan and Blower Manufacturing		0.00		0.00	0.00
333611	X	Turbine and Turbine Generator Set Units Manufacturing	0.00	0.00	1.81	0.88	0.49
333612		Speed Changer, Industrial High-Speed Drive, and Gear Mfg.	0.00	0.00	3.23	1.04	0.32
333613	X	Mechanical Power Transmission Equipment Manufacturing		0.00		0.00	0.00
334418	X	Printed Circuit Assembly (Electronic Assembly) Manufacturing	0.00	0.00	0.00	0.00	0.07
334519		Other Measuring and Controlling Device Manufacturing	0.00	0.00	0.00	0.00	0.23
335999		All Other Miscellaneous Electrical Equipment & Component Mfg.	31.00	1.17	2.16	0.08	0.04
		TOTAL	*3.26*	*2.66*	*1.69*	*1.38*	*0.82*
		TOTAL (Core)	*3.32*	*3.27*	*1.69*	*1.67*	*0.99*
Solar	*Core*						
325211		Plastics Material and Resin Manufacturing	0.00	0.00	2.45	1.03	0.42
326113		Unlaminated Plastics Film and Sheet (except Packaging) Manufacturing	0.00	0.00	5.12	2.08	0.41
327211	***X***	***Flat Glass Manufacturing***	0.00	0.00	***3.33***	***12.95***	***3.88***
331422		Copper Wire (except Mechanical) Drawing		0.00		0.00	0.00
332322		Sheet Metal Work Manufacturing	0.00	0.00	3.39	2.04	0.60
334413		Semiconductor and Related Device Manufacturing	0.00	0.00	1.02	0.04	0.04
334515		Instrument Manufacturing for Measuring and Testing Electricity and Electrical Signals	0.00	0.00	0.00	0.00	0.23
335313		***Switchgear and Switchboard Apparatus Manufacturing***	0.00	0.00	***5.93***	***6.67***	1.12
335911		Storage Battery Manufacturing	0.00	0.00	0.00	0.00	0.24
335931	X	Current-Carrying Wiring Device Manufacturing	0.00	0.00	0.00	0.00	0.17
335999		All Other Miscellaneous Electrical Equipment & Component Mfg.	31.00	1.17	2.16	0.08	0.04
		TOTAL	*0.18*	*0.05*	*2.79*	*0.74*	*0.26*
		TOTAL (Core)	*0.00*	*0.00*	*2.97*	*3.39*	*1.14*

(Notes at end of last table in series)

Table 7. Location Quotients (LQ's) in 2008 (2011 for Tracy) for Renewable Energy Clusters (cont.)

Energy type/ NAICS #	Core (3)	Industry Title	City of Tracy Relative to: SJ Valley	City of Tracy Relative to: CA	San Joaquin County Relative to: SJ Valley	San Joaquin County Relative to: CA	SJ Valley Relative to: CA
Geothermal	*Core*						
331210	X	Iron and Steel Pipe and Tube Manufacturing from Purchased Steel	0.00	0.00	0.00	0.00	0.25
332312	***X***	***Fabricated Structural Metal Manufacturing***	***1.50***	***4.35***	***2.29***	***6.62***	***2.89***
332410	X	Power Boiler and Heat Exchanger Manufacturing		0.00		0.00	0.00
332420	X	Metal Tank (Heavy Gauge) Manufacturing	0.00	0.00	1.25	1.91	1.53
332911	X	Industrial Valve Manufacturing	0.00	0.00	0.00	0.00	0.37
332912		Fluid Power Valve and Hose Fitting Manufacturing		0.00		0.00	0.00
332991		Ball and Roller Bearing Manufacturing	0.00	0.00	0.00	0.00	0.22
333412		Industrial and Commercial Fan and Blower Manufacturing		0.00		0.00	0.00
333611	X	Turbine and Turbine Generator Set Units Manufacturing	0.00	0.00	1.81	0.88	0.49
333612		Speed Changer, Industrial High-Speed Drive, and Gear Manufacturing	0.00	0.00	3.23	1.04	0.32
333613	X	Mechanical Power Transmission Equipment Manufacturing		0.00		0.00	0.00
333911		Pump and Pumping Equipment Manufacturing	0.00	0.00	0.00	0.00	3.16
334418	X	Printed Circuit Assembly (Electronic Assembly) Manufacturing	0.00	0.00	0.00	0.00	0.07
334519		Other Measuring and Controlling Device Manufacturing	0.00	0.00	0.00	0.00	0.23
335312		Motor and Generator Manufacturing	0.00	0.00	0.00	0.00	0.10
335999		All Other Miscellaneous Electrical Equipment & Component Mfg.	31.00	1.17	2.16	0.08	0.04
		TOTAL	*0.97*	*0.38*	*1.53*	*0.60*	*0.40*
		TOTAL (Core)	*1.15*	*1.21*	*2.02*	*2.14*	*1.06*
Ethanol	*Core*						
23829		Other Building Equipment Contractors	0.00	0.00	1.28	1.31	1.02
111150		***Corn Farming***	0.00	0.00	***1.73***	***8.55***	***4.96***
221310		***Water Supply and Irrigation Systems***	0.19	0.46	***2.50***	***6.06***	***2.42***
325193		Ethyl Alcohol Manufacturing	0.00	0.00	0.00	0.00	3.04
326199	***X***	***All Other Plastics Product Manufacturing***	***6.56***	***5.24***	0.88	0.70	0.80
331210	X	Iron and Steel Pipe and Tube Manufacturing from Purchased Steel	0.00	0.00	0.00	0.00	0.25
331422		Copper Wire (except Mechanical) Drawing		0.00		0.00	0.00
331511		***Iron Foundries***	0.00	0.00	***4.72***	***1.61***	0.34

Table 8. Location Quotients (LQ's) in 2008 (2011 for Tracy) for Renewable Energy Clusters (cont.)

Energy type/ NAICS #	Core (3)	Industry Title	City of Tracy Relative to:		San Joaquin County Relative to:		SJ Valley Relative to:
			SJ Valley	CA	SJ Valley	CA	CA
Ethonol (cont.)	*Core*						
332311	***X***	***Prefabricated Metal Building and Component Manufacturing***	0.00	0.00	1.00	***5.51***	***5.50***
332312	***X***	***Fabricated Structural Metal Manufacturing***	***1.50***	***4.35***	***2.29***	***6.62***	***2.89***
332410	X	Power Boiler and Heat Exchanger Manufacturing		0.00		0.00	0.00
332420	***X***	***Metal Tank (Heavy Gauge) Manufacturing***	0.00	0.00	1.25	***1.91***	***1.53***
332911	X	Industrial Valve Manufacturing	0.00	0.00	0.00	0.00	0.37
332919	X	Other Metal Valve and Pipe Fitting Manufacturing	0.00	0.00	0.00	0.00	4.71
333111		***Farm Machinery and Equipment Manufacturing***	0.00	0.00	0.49	***2.61***	***5.36***
333294		***Food Product Machinery Manufacturing***	0.00	0.00	0.79	***3.16***	***4.01***
333298		***All Other Industrial Machinery Manufacturing***	***5.38***	***3.60***	***1.55***	1.04	0.67
333319		Other Commercial and Service Industry Machinery Manufacturing	0.00	0.00	0.07	0.01	0.20
333411		Air Purification Equipment Manufacturing	0.00	0.00	0.00	0.00	1.03
333412		Industrial and Commercial Fan and Blower Manufacturing		0.00		0.00	0.00
333611	X	Turbine and Turbine Generator Set Units Manufacturing	0.00	0.00	1.81	0.88	0.49
333612		Speed Changer, Industrial High-Speed Drive, and Gear Mfg.	0.00	0.00	3.23	1.04	0.32
333911		Pump and Pumping Equipment Manufacturing	0.00	0.00	0.00	0.00	3.16
333912		Air and Gas Compressor Manufacturing	0.00	0.00	0.00	0.00	0.60
333922	X	Conveyor and Conveying Equipment Manufacturing	0.00	0.00	0.00	0.00	1.21
333996		Fluid Power Pump and Motor Manufacturing		0.00		0.00	0.00
333999		All Other Miscellaneous General Purpose Machinery Mfg.	0.00	0.00	0.00	0.00	0.57
334413		Semiconductor and Related Device Manufacturing	0.00	0.00	1.02	0.04	0.04
334418	X	Printed Circuit Assembly (Electronic Assembly) Manufacturing	0.00	0.00	0.00	0.00	0.07
334513		Instruments and Related Products Manufacturing for Measuring, Displaying, and Controlling Industrial Process Variables	0.00	0.00	0.06	0.02	0.28
334514		Totalizing Fluid Meter and Counting Device Manufacturing		0.00		0.00	0.00
334516		Analytical Laboratory Instrument Manufacturing	0.00	0.00	5.93	0.28	0.05
334519		Other Measuring and Controlling Device Manufacturing	0.00	0.00	0.00	0.00	0.23
335312		Motor and Generator Manufacturing	0.00	0.00	0.00	0.00	0.10
335313		***Switchgear and Switchboard Apparatus Manufacturing***	0.00	0.00	***5.93***	***6.67***	1.12

Table 9. Location Quotients (LQ's) in 2008 (2011 for Tracy) for Renewable Energy Clusters (cont.)

Energy type/ NAICS #	Core (3)	Industry Title	City of Tracy Relative to: SJ Valley	City of Tracy Relative to: CA	San Joaquin County Relative to: SJ Valley	San Joaquin County Relative to: CA	SJ Valley Relative to: CA
Ethonol (cont.)	*Core*						
335931	X	Current-Carrying Wiring Device Manufacturing	0.00	0.00	0.00	0.00	0.17
424510		***Grain and Field Bean Merchant Wholesalers***	0.00	0.00	***2.11***	***3.03***	1.44
541380		Testing Laboratories	0.30	0.24	0.55	0.44	0.80
		TOTAL	*0.98*	*0.45*	*1.18*	*0.54*	*0.46*
		TOTAL (Core)	*2.13*	*2.52*	*1.35*	*1.60*	*1.18*
Biodiesel	*Core*						
23829		Other Building Equipment Contractors	0.00	0.00	1.28	1.31	1.02
111110		***Soybean Farming***		***(See note 1)***		0.00	0.00
111120		Oilseed (except Soybean) Farming	0.00	0.00	0.00	0.00	1.34
221310		***Water Supply and Irrigation Systems***	0.19	0.46	***2.50***	***6.06***	***2.42***
311222		Soybean Processing		0.00		0.00	0.00
311225		***Fats and Oils Refining and Blending***		***1.51***		0.00	0.00
331210	X	Iron and Steel Pipe and Tube Manufacturing from Purchased Steel	0.00	0.00	0.00	0.00	0.25
332410	X	Power Boiler and Heat Exchanger Manufacturing		0.00		0.00	0.00
332911	X	Industrial Valve Manufacturing	0.00	0.00	0.00	0.00	0.37
332919	X	Other Metal Valve and Pipe Fitting Manufacturing	0.00	0.00	0.00	0.00	4.71
333111		***Farm Machinery and Equipment Manufacturing***	0.00	0.00	0.49	***2.61***	***5.36***
333294		Food Product Machinery Manufacturing	0.00	0.00	0.79	3.16	4.01
333298		***All Other Industrial Machinery Manufacturing***	***5.38***	***3.60***	***1.55***	1.04	0.67
333319		Other Commercial and Service Industry Machinery Manufacturing	0.00	0.00	0.07	0.01	0.20
333411		Air Purification Equipment Manufacturing	0.00	0.00	0.00	0.00	1.03
333412		Industrial and Commercial Fan and Blower Manufacturing		0.00		0.00	0.00
333612		Speed Changer, Industrial High-Speed Drive, and Gear Manufacturing	0.00	0.00	3.23	1.04	0.32
333911		Pump and Pumping Equipment Manufacturing	0.00	0.00	0.00	0.00	3.16
333912		Air and Gas Compressor Manufacturing	0.00	0.00	0.00	0.00	0.60
333913		Measuring and Dispensing Pump Manufacturing		0.00		0.00	0.00

Table 10. Location Quotients (LQ's) in 2008 (2011 for Tracy) for Renewable Energy Clusters (cont.)

Energy type/ NAICS #	Core (3)	Industry Title	City of Tracy Relative to: SJ Valley	City of Tracy Relative to: CA	San Joaquin County Relative to: SJ Valley	San Joaquin County Relative to: CA	SJ Valley Relative to: CA
Biodiesel (cont.)	*Core*						
333922	X	Conveyor and Conveying Equipment Manufacturing	0.00	0.00	0.00	0.00	1.21
333996		Fluid Power Pump and Motor Manufacturing		0.00		0.00	0.00
333999		All Other Miscellaneous General Purpose Machinery Manufacturing	0.00	0.00	0.00	0.00	0.57
334513		Instruments and Related Products Manufacturing for Measuring, Displaying, and Controlling Industrial Process Variables	0.00	0.00	0.06	0.02	0.28
334514		Totalizing Fluid Meter and Counting Device Manufacturing		0.00		0.00	0.00
334516		Analytical Laboratory Instrument Manufacturing	0.00	0.00	5.93	0.28	0.05
335312		Motor and Generator Manufacturing	0.00	0.00	0.00	0.00	0.10
424510		***Grain and Field Bean Merchant Wholesalers***	0.00	0.00	***2.11***	***3.03***	1.44
541380		Testing Laboratories	0.30	0.24	0.55	0.44	0.80
		TOTAL	*0.20*	*0.11*	*0.83*	*0.45*	*0.55*
		TOTAL (Core)	*0.00*	*0.00*	*0.00*	*0.00*	*1.07*

Notes:
1. This is a strong sector for Tracy, but there are insufficient data for California to yield a meaningful calculation.
2. Screening criteria (for clusters highlighted in bold): Tracy and/or County/State > 1.5 -- OR -- Valley/State >3.0 (with County/Valley at least 1.0).
3. Core industries are those most significant to the applicable renewable energy category.
Source: The Natelson Dale Group, Inc. and various data sources including the Tracy Business Database.

3. Tracy Bay Area Commuter Online Survey Results

A. Survey Purpose

This section summarizes the voluntary web-based survey of Tracy residents who commute into the Bay Area on a regular basis for employment. The survey made use of an online format, with residents invited, through the City, to participate via a published link to the survey website. Participants recorded their responses during June and July of 2011. The survey questionnaire was prepared by TNDG, working in close coordination with City economic development representatives.

An online survey of this type is by necessity not a scientific survey in the sense that respondents cannot be randomly sampled. However, the large number of responses lends credibility to the results, and allows for this kind of information to be obtained in a much more cost-effective manner than would be possible if it were necessary to obtain a scientifically selected sample. When reviewing the results of a survey of this type, readers should keep in mind that some groups within the target population, in this case Tracy Bay Area out-commuters, will have more interest in responding to the survey than other groups. For example, respondents who see some potential for having their commute time reduced, if the firms at which they work could be brought to Tracy, are more likely to respond to this survey and those who work at institutional or government organizations that have no practical potential for relocating closer to Tracy.

The survey was designed to obtain information about out-commuting patterns and the motivations, opinions, etc. thereof. The survey results were reported within three different segments:

- General profile of respondents
- Employment-related information
- Commuting patterns

Survey results are generally expressed in the tables below in terms of both absolute number of respondents, or “mentions” of a multiple-option answer, and corresponding percentages based on the number of respondents answering the question. For the questions that allowed for multiple responses, percentages do not total to 100 and the absolute values (generally, “mentions”) do not equal the number of respondents in the “answered question” line on the tables. Table sources refer to the question numbers from the on-line survey. When the text refers to “survey respondents” in reference to a particular question, unless noted otherwise this refers to the respondents who answered that particular question. The source for all tables in this section is the Survey Monkey (the on-line survey provider) compilation of responses, some of which were further processed by TNDG.

B. Survey Findings

General profile of respondents

Fifty-two percent of respondents were male and 48% were female (based on 308 responses). Table 11 (below) shows the age distribution of survey respondents, 90% of which were between the ages of 31 and 60 – with 57% in the 31 to 45 age group and 33% 46 to 60. A total of 343 respondents completed at least some of the questions in the survey.

Table 11. Question 18: Your age group:

Age Group	Response Percent	Response Count
20-30	8.4%	26
31-45	56.6%	175
46-60	33.3%	103
Over 60	1.6%	5
Answered question	100%	309
Skipped question		34

Approximately 93% of the respondents live in Tracy and the remaining 7% live outside of Tracy, but consider Tracy to be their "home base." According the data in Table 12 (below) nearly 45% of respondents have lived in or near Tracy for more than 10 years and only 3% have resided in the area for less than one year.

Table 12. Question 2: How long have you lived in or near Tracy?

	Response Percent	Response Count
Less than one year	2.9%	10
1-5 years	26.8%	92
6-10 years	25.7%	88
More than 10 years	44.6%	153
Answered question	***100.0%***	***343***
Skipped question		***0***

Respondents were asked to identify the reason(s) for choosing Tracy as their place of residence. Table 13 (below) shows the distribution of their responses. The responses with the highest number of mentions include: affordability (93%), well suited to raising a family (50%) and desirable neighborhoods (44%).

Table 13. Question 8: Why did you choose to live in Tracy?

	Percent of mentions	# of mentions
Well suited to raising a family	49.8%	159
Affordable	92.8%	296
Desirable neighborhood	44.2%	141
Had the urban facilities and amenities I wanted/needed	11.6%	37
Preferred the overall environment compared to Bay Area	37.0%	118
Preferred Tracy over other communities in San Joaquin County	40.8%	130
Close to recreational resources or other regional amenities	11.9%	38
Answered question	***N/A***	***319***
Skipped question		***24***

Note: Multiple responses allowed

Employment information

Employment by Industry

Table 14 (below) shows the distribution of industry employment for survey respondents. Professional, Scientific and Technical Services represented the highest percentage of responses (18%) followed by Public Administration/Government (12%) and Manufacturing (11%).

Table 14. Question 11: Which of the following industry classifications most closely matches your place of employment?

	Response Percent	Response Count
Agriculture, Forestry, Fishing and Hunting	0.3%	1
Mining, Quarrying, and Oil and Gas Extraction	1.3%	4
Utilities	3.8%	12
Construction	6.3%	20
Manufacturing	11.1%	35
Wholesale Trade	0.9%	3
Retail Trade	3.5%	11
Transportation and Warehousing	3.8%	12
Information	6.3%	20
Finance and Insurance	5.4%	17
Real Estate and Rental and Leasing	0.9%	3
Professional, Scientific, and Technical Services	17.7%	56
Management of Companies and Enterprises	0.9%	3
Administrative and Support and Waste Management and Remediation Services	0.3%	1
Educational Services	4.4%	14
Health Care and Social Assistance	9.2%	29
Arts, Entertainment, and Recreation	0.9%	3
Accommodation and Food Services	1.6%	5
Other Services (except Public Administration)	9.5%	30
Public Administration/Government	11.7%	37
Answered question	***100.0%***	***316***
Skipped question		***27***

Employment by Occupation

Table 15 (below) shows the distribution of occupational employment for survey respondents. Office and Administrative Support Occupations (18%) had the highest response percentage, followed by Management Occupations (15%) and Life, Physical, and Social Science Occupations; Computer Occupations (12%).

With the exception of the category of Office and Administrative Support Occupations, survey respondents were generally highly represented in "high-profile" industries and occupations.

Table 15. Question 9: At your current place of employment, which occupational category best describes your job?

	Response Percent	Response Count
Architecture and Engineering Occupations	9.2%	29
Arts, Design, Entertainment, Sports, and Media Occupations	1.6%	5
Business and Financial Operations Occupations	8.6%	27
Community and Social Service Occupations	0.6%	2
Construction and Extraction Occupations	2.5%	8
Education, Training, and Library Occupations	2.5%	8
Healthcare Practitioners and Technical and Support Occupations	5.7%	18
Hospitality-Related Occupations (accommodation, food service etc.)	0.6%	2
Installation, Maintenance, and Repair Occupations	2.9%	9
Legal Occupations	2.2%	7
Life, Physical, and Social Science Occupations; Computer Occupations	12.4%	39
Management Occupations	15.3%	48
Military-Specific Occupations	0.3%	1
Office and Administrative Support Occupations	17.8%	56
Other	1.9%	6
Personal Care, Protective Service, and Other Service Occupations	2.5%	8
Production Occupations	3.8%	12
Sales and Related Occupations	6.4%	20
Transportation and Material Moving Occupations	2.9%	9
Total	**100.0%**	**314**
Answered question		***314***
Skipped question		***29***

Place of employment

The results for place of employment by firm showed that respondents worked at *many* different establishments, as shown on Figure 3-1, below. Large firms listed most frequently by respondents include:

- Lawrence Livermore National Laboratory
- AT&T
- Cisco Systems
- Kaiser Permanente

Figure 3-1. Number of times an individual firm was mentioned (Question 10)

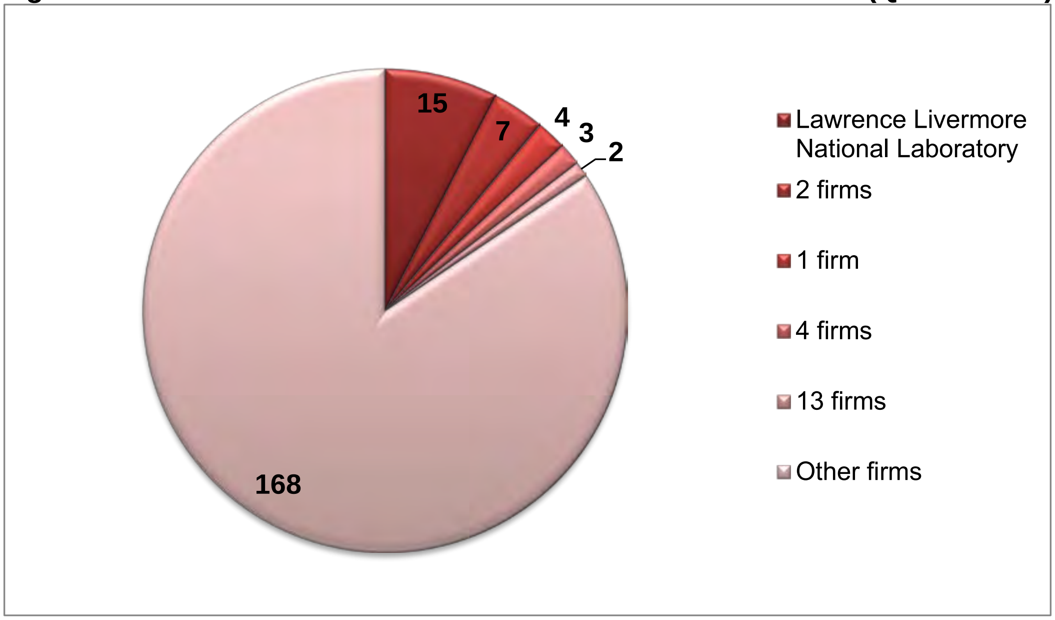

Table 16 (below) shows the distribution of the respondents' five-year career goals. Fifty-six percent of the participants stated that their goal was to remain at the same company and/or location over the next five years. Nearly one-fifth of the respondents stated that their goal was to procure another job in Tracy or San Joaquin County.

As a follow-up to Question 12, respondents that identified 'be part of a new venture start-up' as their five-year goal (16 respondents), were asked to identify the location of said start-up. Eighty-eight percent stated that the start-up would be located in Tracy.

Table 16. Question 12: In your career, which of the following most closely matches your five-year goal?

	Response Percent	Response Count
At same company/location	55.6%	175
At another job in Bay Area	6.3%	20
At another job in Tracy (or within San Joaquin County)	20.6%	65
Be part of new-venture start-up	4.1%	13
Acquire small business, franchise, etc.	3.5%	11
Retired	3.8%	12
Other	6.0%	19
Answered question	***100%***	***315***
Skipped question		***28***

Table 17 and Table 18 (below) provide a cross-tab analysis of five-year career goal responses by industry and occupation. The industry and occupation types have been bifurcated into two categories: high-tech, high-profile industries and remaining industries (see Appendix A for category designation details). The distribution of responses by industry and occupation are relatively similar between the two categories, with the top two responses being 'remain at same company/location' and 'find another job in Tracy (or within San Joaquin County).'

Table 17. Five-year goal cross-tab, by industry bifurcation

Industry type	Acquire small business, franchise, etc.	At another job in Bay Area	At another job in Tracy (or within San Joaquin County)	At same company/ location	Be part of new-venture start-up	Other	Retired	Total
High-tech, high-profile industries	1.7%	3.3%	19.0%	59.5%	5.8%	7.4%	3.3%	100.0%
Remaining industries	4.7%	7.9%	21.5%	53.4%	3.1%	5.2%	4.2%	100.0%
Total	**3.5%**	**6.1%**	**20.5%**	**55.8%**	**4.2%**	**6.1%**	**3.8%**	**100.0%**

Table 18. Five-year goal cross-tab, by occupation bifurcation

Occupation type	Acquire small business, franchise, etc.	At another job in Bay Area	At another job in Tracy (or within San Joaquin County)	At same company/ location	Be part of new-venture start-up	Other	Retired	Total
High-tech, high-profile occupations	1.6%	8.1%	18.5%	54.8%	5.6%	7.3%	4.0%	100.0%
Remaining occupations	4.8%	4.8%	21.8%	56.4%	3.2%	5.3%	3.7%	100.0%
Total	**3.5%**	**6.1%**	**20.5%**	**55.8%**	**4.2%**	**6.1%**	**3.8%**	**100.0%**

Question 14 attempted to identify the most important considerations related to the respondents' career. As shown in Table 19 (below), the distribution of responses was relatively equitable between the three response choices. According to respondents, 'work closer to home, even if it means changing industries' had the highest response percentage (36%), followed by 'stay at the same firm' (34%) and 'stay involved in the same industry' (29%).

Table 19. Question 14: In your career, which of the following options do you consider to be the most important to you?

	Response Percent	Response Count
Stay at the same firm	34.4%	106
Stay involved in the same industry	29.2%	90
Work closer to home, even if it means changing industries	36.4%	112
Answered question	***100.0%***	***308***
Skipped question		***35***

The following tables (Table 20 and Table 21) provide a cross-tab analysis of career-option responses by industry and occupation types. As previously noted, details on the industry and occupation bifurcation details can be found in Appendix A. According to the cross-tab by industry type, (Table 20, below), of those involved in high-tech, high profile industries, 39% stated that they want to 'stay involved in the same industry.' For the respondents in the remaining industries, 40% stated that they want to 'work closer to home, even if it means changing industries.' The cross-tab results by occupational type closely resemble the distribution of the data cross-tabbed by industry type.

Table 20. Career options cross-tab, by industry bifurcation

Industry type	Stay at the same firm	Stay involved in the same industry	Work closer to home, even if it means changing industries	Total
High-tech, high-profile industries	30.8%	39.3%	29.9%	100.0%
Remaining industries	36.7%	22.9%	40.4%	100.0%
Total	**34.4%**	**29.2%**	**36.4%**	**100.0%**

Table 21. Career options cross-tab, by occupation bifurcation

Occupation type	Stay at the same firm	Stay involved in the same industry	Work closer to home, even if it means changing industries	Total
High-tech, high-profile occupations	33.6%	36.1%	30.3%	100.0%
Remaining occupations	35.0%	24.6%	40.4%	100.0%
Total	**34.4%**	**29.2%**	**36.4%**	**100.0%**

Table 22 (below) shows the average rating of different conditions under which respondents would consider taking a job in Tracy (1 being least important, 4 being very important). The ability to earn a comparable income yielded the highest average rating (3.82) followed by the need for optimal working conditions/work environment (3.23) and the ability to stay in the same occupation (3.05).

Table 22. Question 15: Under what conditions would you consider taking a job in Tracy? Please rate each of the following options from 1, = unimportant or least important, to 4, = very important.

	Rating Average	Response Count
Able to stay involved with firm where I'm currently employed	2.64	300
Able to stay in same industry	2.79	306
Able to stay in same occupation	3.05	303
Able to earn comparable income	3.82	307
Optimal working conditions, work environment, etc.	3.23	304
Proximity to people in other firms/organizations that support my work (e.g. consulting engineers, marketing professionals, etc.)	2.44	298
Answered question		***308***
Skipped question		***35***

Table 23 (below) shows the rating of conditions that the respondents deemed to be important/unimportant decision factors for locating their firm in Tracy from the standpoint of a decision maker at the respondents' current/similar business of employment. Because this is the most hypothetical question in the survey, the results should be interpreted accordingly.

The responses with the highest average rating include: cost advantages (3.55), market access equal or superior (3.29) and incentives (3.25).

Table 23. Question 16: If you were a decision maker at your current place of employment or a similar business in the Bay Area, what conditions would you consider to be important decision factors for locating that firm (or a component of that firm) in Tracy?

	Rating Average	Response Count
Evidence of ample labor pool	3.22	275
Incentives	3.25	275
Cost advantages	3.55	275
Market access equal or superior	3.29	271
Proximity to critical suppliers, service providers, etc.	2.97	272
Answered question		***280***
Skipped question		***63***

Commuting details

The following highlights the commuting-related details from the survey. The results from Question #3 show that 37% of respondents commute into the Tri-Valley area and 63% commute elsewhere into the Bay Area (as shown in Figure 3-2, below).

Figure 3-2. Question 3: Commute location

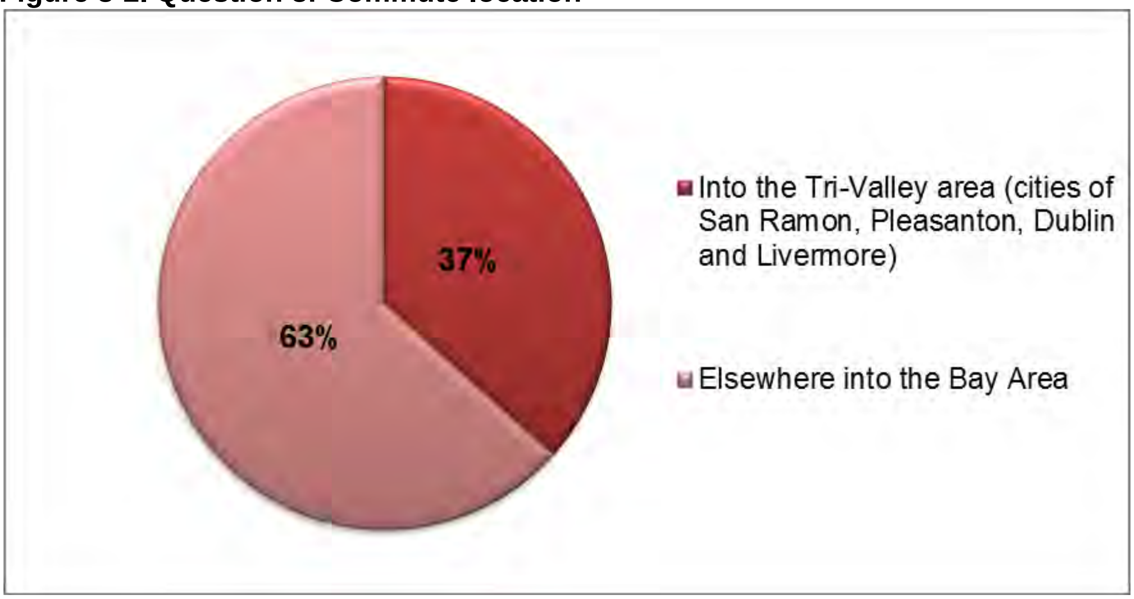

Table 24 and Table 25 (below) provide cross-tab analyses of the respondents' commute location by industry and occupation types. Fifty-seven percent of respondents employed in high-tech, high profile industries and occupations commute elsewhere into the Bay Area with the remaining 43% commuting into the Tri-Valley area (includes San Ramon, Pleasanton, Dublin and Livermore). For respondents employed in the remaining industries and occupations, roughly two-thirds commute elsewhere into the Bay Area.

Table 24. Commute location cross-tab, by industry bifurcation

Industry type	Elsewhere into the Bay Area	As % of industry	Into the Tri-Valley area (1)	As % of industry	Total
High-tech, high-profile industries	65	57.5%	48	42.5%	113
Remaining industries	127	66.8%	63	33.2%	190
Total	**192**	**63.4%**	**111**	**36.6%**	**303**

(1) Includes the cities of San Ramon, Pleasanton, Dublin and Livermore

Table 25. Commute location cross-tab. by occupation bifurcation

Occupation type	Elsewhere into the Bay Area	As % of industry	Into the Tri-Valley area (1)	As % of industry	Total
High-tech, high-profile occupations	68	56.7%	52	43.3%	120
Remaining occupations	124	67.8%	59	32.2%	183
Total	**192**	**63.4%**	**111**	**36.6%**	**303**

(1) Includes the cities of San Ramon, Pleasanton, Dublin and Livermore

Table 26 and Table 27 (below) provide cross-tab analyses of employment location by industry bifurcation and specific industries within the high-tech, high profile designation. For respondents employed in high-tech, high-profile industries, the places of employment within the Bay Area that received the highest number of mentions were: San Jose (17), San Francisco (12) and Santa Clara (4). San Jose had the highest number mentions (7) for the Information and Professional, Scientific and Technical Services industries. San Francisco yielded the highest number of mentions for those employed in the Finance and Insurance industry (Table 27).

The locations within the Bay Area that received the highest number of mentions for those employed in other industries were: Freemont (25), San Jose (14) and Oakland (11) (Table 26).

Table 26. 'Elsewhere in the Bay Area' employment location cross-tab, by industry bifurcation

Industry type	Highest number of mentions of place	Highest place	2nd highest number of mentions	2nd highest place	3rd highest number of mentions	3rd highest place	
High-tech, high-profile industries	**17**	San Jose	**12**	San Francisco	**4**	Santa Clara	(1)
Remaining industries	**25**	Fremont	**14**	San Jose	**11**	Oakland	

(1) One other place has four mentions

Table 27. 'Elsewhere in the Bay Area' employment location cross-tab, by industry

	Highest number of mentions of place	Highest place	2nd highest number of mentions		2nd highest place	3rd highest number of mentions	3rd highest place	
Finance and Insurance	**6**	San Francisco	**1**	(1)	Pleasant Hill	**1**	Redwood	(1)
Health Care and Social Assistance	**2**	Hayward	**2**		Oakland	**2**	San Francisco	
Information	**7**	San Jose	**2**		Milpitas	**1**	Redwood	(2)
Professional, Scientific, and Technical Services	**7**	San Jose	**3**		Berkeley	**3**	San Francisco	

(1) Two other places have one mention

(2) Four other places have one mention

Table 28 and Table 29 (below) provide cross-tab analyses of employment location by occupation bifurcation and specific occupations within the high-tech, high profile designation. For respondents employed in high-tech, high-profile occupations, the places of employment within the Bay Area that received the highest number of mentions were: San Jose (15), Freemont (7) and San Francisco (7). San Jose had the highest number mentions (8) for the Life, Physical, and Social Science Occupations (includes computer-related occupations) (Table 29).

The locations within the Bay Area that received the highest number of mentions for those employed in other industries were: Freemont (20), San Jose (16) and San Francisco (15) (Table 28, below)

Table 28. 'Elsewhere in the Bay Area' employment location cross-tab, by occupation bifurcation

Occupation type	Highest number of mentions	Highest place	2nd highest number of mentions	2nd highest place	3rd highest number of mentions	3rd highest place
High-tech, high-profile occupations	15	San Jose	7	Fremont	7	San Francisco
Remaining occupations	20	Fremont	16	San Jose	15	San Francisco

Table 29. 'Elsewhere in the Bay Area' employment location cross-tab, by selected occupations

	Highest number of mentions of place		Highest place	2nd highest number of mentions		2nd highest place	3rd highest number of mentions		3rd highest place
Architecture and Engineering	**4**		San Jose	**4**		Fremont	**2**		Redwood
Arts, Design, Entertainment, Sports, and Media Occupations	**1**		Oakland	**1**		Santa Clara			
Business and Financial Operations	**3**		San Francisco	**3**		San Jose	**2**		Hayward
Healthcare Practitioners and Technical and Support Occupations	**1**	(1)	Berkeley	**1**	(1)	Fremont	**1**	(1)	Hayward
Legal Occupations	**2**		Oakland	**2**		San Francisco	**1**	(2)	Menlo Park
Life, Physical, and Social Science Occupations; Computer Occupations	**8**		San Jose	**2**		Fremont	**1**	(3)	Pleasant Hill

(1) Seven other places have one mention
(2) Five other places have one mention
(3) One other place has one mention

The following table (Table 30) shows the distribution of survey respondents by length of time at their current employer. Thirty-eight percent of respondents have been at their current place of employment for more than 10 years.

Table 30. Question 4: How long have you worked at your current place of employment?

	Response Percent	Response Count
Less than one year	5.5%	18
1-5 years	31.8%	104
6-10 years	25.1%	82
More than 10 years	37.6%	123
Answered question	***100.0%***	***327***
Skipped question		***16***

Table 31 (below) provides a cross-tab comparison of current employment and residence length. One-quarter of survey respondents have been at their present residence *and* employer for more than 10 years. Conversely, 15% of respondents have been at their current residence *and* employer between one and five years.

Table 31. Cross-tab, length of current residence by length of current employment

	Length of Current Employment				
Length of Residence	**1-5 years**	**6-10 years**	**Less than one year**	**More than 10 years**	**Total**
1-5 years	14.8%	5.9%	2.5%	4.3%	**27.5%**
6-10 years	5.6%	10.8%	1.2%	8.0%	**25.6%**
Less than one year	1.2%	0.9%	0.3%	0.3%	**2.8%**
More than 10 years	9.9%	7.7%	1.5%	25.0%	**44.1%**
Total	**31.5%**	**25.3%**	**5.6%**	**37.7%**	**100.0%**

Note: Based on 324 responses.

Question #5 in the survey asked participants to identify if they lived in or near Tracy and commuted to another job in the Bay Area prior to their current job. Of the 326 responses, 53% stated ‘No’ and 47% ‘Yes.’

According to the survey results (based on 317 responses), 51% of respondents have more than one member of their household that commutes into the Bay Area.

Table 32 (below) shows the distribution of responses when asked about different commuting-related statements/opinions. Of the 319 responses, 82% identified commuting to work to be a time burden. Forty-two percent wish there were good public transit options available for their trip and 35% stated that they would prefer not to carpool

Table 32. Question 7: When considering your commute to work, which of the following statements apply to you? (Check all that apply)

	Percent of mentions	# of mentions
I consider this a time burden	82.1%	262
I enjoy the drive	10.0%	32
I carpool, with individuals mostly from the same company	8.8%	28
I carpool, with individuals mostly from different companies	4.1%	13
I prefer not to carpool	35.4%	113
I don't carpool but would consider a carpooling arrangement	12.5%	40
I use public transit	16.3%	52
I wish there were good public transit options for my trip	42.3%	135
I prefer living and working in separate communities	6.3%	20
My type of workplace is not compatible with Tracy	15.7%	50
Through telecommuting, I avoid commuting at least a portion of every	20.4%	65
I spend a portion of the workweek staying in the Bay Area.	6.3%	20
Answered question	***N/A***	***319***
Skipped question		***24***

4. Findings from an analysis of commuter-related data from the Census

This section provides a supplemental analysis of Tracy commuting and out-commuting conditions by utilizing American Community Survey (ACS)[3] 2005-09 data by place of work and residence with the Tracy Business Database (current as of June 2011), which provides employment data by place of work. The purpose of this analysis is to compare the findings with the results of the commuter survey, in terms of:

- Work location by place of residence
- Commute times by place of residence
- Out-commuting data comparison, using ACS and the Tracy Business datasets
- Commute patterns by mode of transportation and industry

The analysis includes data for San Joaquin and Santa Clara counties, in addition to the City of Tracy, in order to provide additional context for comparative purposes.

A. Work Location by Place of Residence

These data highlight work location by place of residence for workers age 16 years and over. For workers residing in Tracy, 56% worked outside San Joaquin County. By way of comparison, for residents of San Joaquin County overall[4] and Santa Clara County (a major destination county for the Tracy out-commuters), the percentage of residents working outside their respective counties is significantly lower, 26% and 13%, respectively (Table 33). For residents of Tracy, 31% work within Tracy, and another 12% work elsewhere in San Joaquin County.

Table 33. Place of work and residence data by geography

	Workers 16 years and over	Worked in county of residence	Worked outside county of residence	Worked in state of residence	Worked outside state of residence	Living in a place; worked in place of residence	Living in a place; worked outside place of residence
San Joaquin County	259,604	191,462	67,337	258,799	805	97,360	129,354
As & of total		*73.8%*	*25.9%*	*99.7%*	*0.3%*	*37.5%*	*49.8%*
Santa Clara County	815,606	707,917	104,528	812,445	3,161	325,809	474,510
As & of total		*86.8%*	*12.8%*	*99.6%*	*0.4%*	*39.9%*	*58.2%*
Tracy city	33,899	14,632	19,195	33,827	72	10,397	23,502
As & of total		***43.2%***	***56.6%***	***99.8%***	***0.2%***	***30.7%***	***69.3%***

Source: U.S. Census, American Community Survey (2005-09 estimates), TNDG
Notes:
Figures include workers who worked from home.
Figures differ from employment by industry (by place of residence), likely attributable to imperfect data and survey margin of error.

[3] The ACS is a product of the US Census Bureau that supplements the data from the decennial Census and provides updated estimates for population characteristics on an annual or multi-year basis.
[4] Note that San Joaquin County data include Tracy, for all tables in this section. This maintains the integrity of the data and still serves to illustrate the contrast between the larger county area, in its aggregate, with Tracy.

C. Commuting Data

Roughly two-thirds of the workers residing in San Joaquin and Santa Clara counties have less than a 30-minute commute time (Table 34). Comparatively, only 39% of workers residing within Tracy have a commute less than 30 minutes, while 61% have a commute time greater than 30 minutes.

Table 34. Place of residence by commute time

	Workers 16 years and over, did not work at home	Commute: Less than 10 minutes	Commute: 10 to 30 minutes	Commute: 30 to 60 minutes	Commute: 60+ minutes
San Joaquin County	250,057	36,817	122,777	49,340	41,123
As & of total		*14.7%*	*49.1%*	*19.7%*	*16.4%*
Santa Clara County	781,007	71,521	449,903	215,184	44,399
As & of total		*9.2%*	*57.6%*	*27.6%*	*5.7%*
Tracy city	32,694	4,294	8,349	9,281	10,770
As & of total		***13.1%***	***25.5%***	***28.4%***	***32.9%***

Source: U.S. Census, American Community Survey (2005-09 estimates), TNDG

Note: The employment by commuting time totals differ from the total workforce (work location by place of residence above) because these figures do not include those who work from home.

D. Data by Place of Residence (and Place of Work)

The data on Table 35 (below) provide a comparison of employment data by place of residence (ACS data) and place of work (ACS place-of-work data and City of Tracy business database) for the City of Tracy. The table highlights the difference by industry between workers residing in Tracy and those working there. This provides a rough estimate of the number of out-commuters by industry. The estimate should be considered conservative when using the ACS data, as many local jobs are not held by local residents. Overall, the data show that at least 34% of Tracy residents work outside of the City. The industry segments with the highest percentage of indicated out-commuting are, in descending order (per ACS data), 1) Information, 2) Public Administration, 3) Manufacturing, and 4) Professional, Scientific, and Managerial Services.

Table 35. Place of residence and place of work data comparison – Tracy

	American Community Survey (ACS)					Tracy Business Database (TBD)	ACS less TBD	
ACS Industry designations	**ACS Empl by place of residence**	**ACS Empl by place of work**	**Potential out-commuters**	**% of estimated out-commuters within industry**	**% of total out-commuters**	**Tracy Employ-ment by place of work**	**Potential out-commuters (see note)**	**% of estimated out-commuters within ind.**
Agriculture, forestry, fishing & hunting; mining	534	467	67	**12.5%**	**0.6%**	1	533	**99.8%**
Construction	3,200	1,956	1,244	**38.9%**	**10.3%**	344	2,856	**89.3%**
Manufacturing	4,818	2,227	2,591	**53.8%**	**21.5%**	1,788	3,030	**62.9%**
Wholesale Trade	1,111	1,115	(4)	**-0.4%**	**0.0%**	936	175	**15.8%**
Retail Trade	4,672	3,993	679	**14.5%**	**5.6%**	3,528	1,144	**24.5%**
Transportation, Warehousing and Utilities	2,239	1,596	643	**28.7%**	**5.3%**	902	1,337	**59.7%**
Information	1,184	274	910	**76.9%**	**7.5%**	143	1,041	**87.9%**
Finance, insurance & real estate	2,689	1,496	1,193	**44.4%**	**9.9%**	570	2,119	**78.8%**
Professional, scientific, management services	4,127	1,917	2,210	**53.5%**	**18.3%**	792	3,335	**80.8%**
Educational services and health care	4,931	4,197	734	**14.9%**	**6.1%**	1,127	3,804	**77.1%**
Arts, entertainment and recreation	2,471	2,293	178	**7.2%**	**1.5%**	1,922	549	**22.2%**
Other (except public admin)	1,451	900	551	**38.0%**	**4.6%**	567	884	**60.9%**
Public admin	1,603	524	1,079	**67.3%**	**8.9%**	50	(See note 2)	
Total	**35,030**	**22,955**	**12,075**	**34.5%**	**100.0%**	**12,670**	**20,807**	**59.4%**

Source: U.S. Census, ACS (2005-09 estimates); City of Tracy, Tracy Business Database (current as of June 2011), TNDG

Notes:

1. This table compares multiple databases that pertain to the same geographic area but are not strictly comparable due to the inherent limitations of a locally derived database plus the usual compatibility challenges relating to household population sampling, different interpretations of labeling options, etc.
2. Comparable figures are not in Tracy database.

Table 36 (below) provides a comparison of the out-commuting estimate by industry between the ACS and the online survey results. The data show that the survey sample represents a reasonably close match (proportionately) to the official (ACS) figures. The most apparent differences are for Manufacturing, where survey respondents seem to be underrepresented, and Education/Health Services, where respondents are overrepresented. There are a number of reasons why the survey sample will not match reality. As noted above, the sample from this type of survey cannot be scientifically derived, and therefore cannot be considered to be representative of the entire group. Second, out-commuters will have different motivations for responding to the survey, including their perceptions of whether public policy options relating to the issues addressed in the survey could meaningfully affect their commute.

Table 36. Out-commuting data comparison

ACS Industry designations	ACS % of total out-commuters	Survey % of total out-commuters
Agriculture, forestry, fishing & hunting; mining	0.6%	1.6%
Construction	10.3%	6.3%
Manufacturing	21.5%	11.1%
Wholesale Trade	0.0%	0.9%
Retail Trade	5.6%	3.5%
Transportation, Warehousing and Utilities	5.3%	7.6%
Information	7.5%	6.3%
Finance, insurance & real estate	9.9%	6.3%
Professional, scientific, management services	18.3%	19.0%
Educational services and health care	6.1%	13.6%
Arts, entertainment and recreation	1.5%	2.5%
Other (except public admin)	4.6%	9.5%
Public admin	8.9%	11.7%
Total	**100.0%**	**100.0%**

Source: ACS and TNDG

E. Commuting by mode of transport and industry

Data showing the "means of transportation" for commuters also show the industry in which those commuters work. Consequently the information can be used to review the extent to which forms of transportation most likely to be associated with long-range commuting correlate with the high-out-commuting industries in Tracy, compared to other places. For example, the data (Table 37) show that Tracy carpoolers are most likely (as a percentage of total commuters within any given industry) to be working in 1) Agriculture, forestry, etc., 2) Construction, 3) Wholesale Trade, and 4) Professional, scientific, and management services.

Table 37. Comparison of means of transportation for commuters who travel by auto or public transportation

Commuting Mode/Location	Agriculture, forestry, fishing and hunting, and mining	Con-struction	Manu-facturing	Wholesale Trade	Retail Trade	Transpor-tation, Warehousing and Utilities	Infor-mation	Finance, insurance & real estate	Professional, scientific, management services	Educational services and health care	Arts, entertain-ment and recreation	Other (except public admin)	Public admin	Total
NAICS code	*11, 21*	*23*	*31-33*	*42*	*44-45*	*22, 48-49*	*51*	*52-53*	*54-56*	*61-62*	*71-72*	*81*	*92*	
Drove alone (car, van, etc.)														
San Joaquin County	47.6%	73.5%	80.3%	79.2%	82.2%	83.7%	79.8%	78.4%	76.3%	81.0%	76.6%	76.0%	87.8%	**78.0%**
Santa Clara County	53.6%	71.6%	82.9%	78.4%	77.5%	81.6%	78.2%	79.8%	74.7%	75.4%	68.8%	72.2%	82.8%	**76.9%**
Tracy city	68.5%	70.0%	78.2%	67.9%	87.3%	80.5%	80.3%	76.0%	63.5%	77.7%	83.6%	83.9%	89.3%	**78.1%**
Carpooled														
San Joaquin County	32.5%	20.5%	14.3%	12.4%	12.1%	11.1%	9.3%	9.2%	12.0%	9.8%	15.1%	14.0%	9.1%	**13.5%**
Santa Clara County	29.4%	18.5%	10.3%	10.5%	10.2%	9.2%	9.0%	6.9%	10.7%	10.4%	11.5%	10.8%	9.1%	**10.8%**
Tracy city	23.8%	21.2%	13.7%	28.4%	8.8%	15.0%	7.7%	7.5%	19.9%	12.2%	10.3%	5.9%	8.8%	**13.5%**
Public Transporation														
San Joaquin County	2.4%	0.9%	0.4%	1.8%	0.9%	0.2%	0.7%	0.3%	0.8%	0.3%	1.3%	1.0%	0.1%	**0.8%**
Santa Clara County	1.4%	2.0%	2.4%	1.8%	4.5%	3.0%	4.9%	1.6%	3.6%	3.5%	7.9%	4.0%	3.4%	**3.5%**
Tracy city	0.0%	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	2.0%	0.0%	1.9%	0.0%	0.0%	**0.7%**
Combined walk, taxicab, motorcycle and bicycle														
San Joaquin County	17.6%	5.2%	5.0%	6.6%	4.8%	5.0%	10.1%	12.2%	10.9%	8.9%	7.1%	9.0%	3.1%	**7.8%**
Santa Clara County	15.7%	7.9%	4.4%	9.3%	7.9%	6.1%	7.9%	11.7%	11.0%	10.7%	11.8%	13.0%	4.7%	**8.8%**
Tracy city	7.7%	5.9%	8.1%	3.7%	3.9%	4.4%	12.0%	15.4%	14.5%	10.1%	4.3%	10.2%	1.9%	**7.7%**

Source: U.S. Census, American Community Survey (2005-09 estimates), TNDG
Note: These tabulations are produced to provide estimates of workers at the location of their workplace. Estimates of counts of workers at the workplace may differ from those of other programs because of variations in definitions, coverage, methods of collection, reference periods, and estimation procedures. The ACS is a household survey which provides data that pertains to individuals, families, and households.

5. Local Businessperson Interviews, Summary of Findings

A. Methodology

As part of the information-gathering phase of the project, TNDG conducted interviews with executive-level businesspersons, identified by the City of Tracy, familiar with the operations at their Tracy location. The interviews were intended to obtain basic employment profiles, identify business linkages and provide insight into Tracy as a business location. A total of 15 firms were contacted and seven interviews were completed during June and July of 2011. Since the interviews were conducted confidentially, this report does not identify the sources of specific comments.

B. Summary of Findings

- **Firm types.** All seven of the firms were involved in manufacturing-related activities, which include: wood products (2 firms), chemical, automotive, medical/dental, food processing/agriculture and renewable energy production.

- **Firm sizes.** Employment size varied among the seven firms, with five of the seven firms employing over 50 workers (shown in Table 38, below).

Table 38. Distribution of employment for interviewed firms

Employees	Count of firms
1-10:	2
11-49:	0
50-99:	3
100-199:	2

- **Years in business.** Table 39 (below) shows the distribution of years in business for interviewed firms. Five of the seven firms have been in business for over five years.

Table 39. Years in business for interviewed firms

Years in business	Count of firms
1-5 years	2
6-10 years	2
11-20 years	1
20+ years	2

- **Expansion plans.** Three businesses had expansion plans for their Tracy location. One other firm had expansion plans, but not in Tracy.

- **Business linkages.** Interviewees were asked to identify the location of their customers, suppliers or other strategic partners, which would provide insight into cluster linkages and geographic concentrations. Customer locations varied among the firms (and multiple responses were recorded for some) but were predominantly in the Tracy area (3 firms), Northern California (3 firms), elsewhere in California (2 firms) and elsewhere in the U.S. (3 firms). Only one firm identified international customers.

The geographic distribution of suppliers included the Tracy area (3 firms) and elsewhere in California (3 firms), but appeared to be more dependent on suppliers located elsewhere in the U.S. (6 responses). Two firms identified international suppliers, one of which was involved in medical-related supplies.

Only two firms indicated that they have strategic partners, these partners were located in Tracy, the Bay Area, elsewhere in the U.S. and internationally.

- **Reasons for locating in Tracy.** Nearly half of the interviewees identified ‘cost advantages,’ when asked to specify their firm’s reasons for locating within the Tracy area. Other reasons for selecting Tracy include the support from the City/community, availability of floor space, convenient to operations and personnel, and personal reasons. One firm stated that its location was project-dependent for its work with the City.

- **Strengths and weaknesses of Tracy as a business location.** Firms were asked to provide their perceptions regarding the key strengths and weaknesses of Tracy as a business location. In terms of the City’s strengths, four firms identified the labor pool and availability of workforce skills as an asset. Other responses identified the City’s willingness to work with businesses to streamline permitting and building processes, and foster industry growth through proactive industry-specific initiatives (including the Enterprise Zone). Cost advantages, transportation and infrastructure and other government programs (WorkNet) were also identified as key strengths.

  In terms of weaknesses, several firms identified issues related to permitting and difficulties involved with municipal bureaucratic processes, most of which focused on the observation that the City’s stringent permitting and regulation processes did not provide a business-friendly climate. Some interviewees stated that the City has begun to address these concerns. Other weaknesses identified include: the perception of Tracy as a ‘commuter town,’ the presence of a small customer base, lower concentration of businesses, and the general decline of economic conditions occurring nationwide.

- **Impact of industry expansion within Tracy.** Interviewees were asked to provide their perceptions regarding the potential impact if additional firms in their industry were recruited to Tracy. Generally, it appears that this group does not seem to subscribe to the idea that “clusters” are beneficial to business operations. Only one firms stated that the location of additional firms would be beneficial, while two stated that it would not be in their best interest and three stated that it would be immaterial.

- **Potential for related/linked industry expansion within Tracy.** Expanding on the previous question, interviewees were asked to provide their opinions regarding attracting related and/or linked industries to the Tracy area. Four firms stated Tracy would be suitable for the attraction of complementary industries due to the City’s active engagement, which could be enhanced through additional incentives and other major commercial projects (i.e. Gateway). One firm identified Tracy as a good location due to cost advantages, but stated that it would be difficult to attract related industries due to a lack of existing industry throughout California in general. Other respondents stated that Tracy is not an ideal location for business activity due to stringent regulations and general security issues (i.e. crime, etc.).

6. Other analyses of the City business database

By maintaining comprehensive and complete databases on businesses in the community, the City has at its disposal information that is useful for certain analytical purposes.

A. Major Sales Tax Payers

For example, the City is able to identify sources of sales tax revenue from industry categories other than Retail and Restaurants. Table 40 (below) shows that over 15% of sales taxes paid by the top 100 sales-tax-generating firms in Tracy come from firms in industry categories outside of those generally associated with sales tax generation, namely retail trade and food services. These six other categories, highlighted above (the industry categories are listed in NAICS numbering order), have 17 of the top 100 tax-paying firms.

Table 40. Distribution by industry type: top 100 Tracy sales tax generators

2-digit NAICS category	Number of establish-ments	As % of total sales taxes for top 100
Food Services	19	6.7%
Construction	3	2.6%
Information	1	0.5%
Manufacturing	8	4.1%
Real Estate and Rental and Leasing	1	1.5%
Retail Trade	64	77.4%
Transportation and Warehousing	2	1.5%
Wholesale Trade	2	5.7%
Grand Total	**100**	**100.0%**

Source: City of Tracy and TNDG

The implication of these results is that, while job generation is generally desirable within the community, some jobs, in a number of different industry categories, also have the additional advantage of creating sales tax revenue. As such, the City might be justified in selectively applying varying assistance measures to different firms within the same industry category. Because no single group in the list above exceeds 6% (of the amount paid by the top 100 payers), decisions to support any particular firm must be on a case-by-case basis.

B. Recent Growth by Industry

The data in Table 41 (below) summarize an analysis of Tracy's business database using information on the classification of firms by industry and the date these firms began. The intent of the table is to illustrate differences between the "existing" (for these purposes prior to 2009) mix of firms by industry and the industry mix of the 392 firms added from 2009 through 2011 (partial year). Each column shows the percent of total firms within each of the 18 industry categories, for the relevant periods. The results are summarized in Table 42 (below), which indicates that industry categories in which the percent of new firms in 2009 through 2011 (to-date) noticeably *exceed* the percentage in the industry base are primarily local-serving. For certain industry categories associated with target industries, higher-paying jobs, and higher economic multipliers, the percent of new firms in 2009 through 2011 (to-date) is noticeably *less* than the percentage in the existing industry base. It should be noted that these tables show the mix and growth of *firms*, not *number of employees*, which would provide a somewhat different perspective on the implications of these growth patterns.

The category with the most dramatic growth of new firms was Other Services, Except Public Administration. According to NAICS code definitions, this category consists of firms engaged in "activities such as equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, and providing drycleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services."

Table 41. Change in number of firms as % of total firms, 2009-2011, compared to pre-2009

		% of firms in each industry category/yr				
NAICS	**Industry category**	**Mix of firms, pre-2009**	**New firms 2009-11 combined (1)**	**Started in 2009 (1)**	**Started in 2010 (2)**	**Started in 2011 (3)**
72	Accommodation and Food Services	11.9%	12.2% ↑	8.4% ↓	16.9% ↑	8.5% ↓
56	Administrative and Waste Services	6.8%	3.3% ↓	4.2% ↓	2.8% ↓	2.8% ↑
11	Agriculture, Forestry, Fishing & Hunting	0.2%	0.3% ↑	0.7% ↑	0.0% ↓	0.0% →
71	Arts, Entertainment, and Recreation	1.8%	2.6% ↑	2.8% ↑	2.8% ↑	1.4% ↓
23	Construction	2.7%	1.5% ↓	1.4% ↓	1.1% ↓	2.8% ↑
61	Educational Services	1.1%	3.1% ↑	2.8% ↑	3.4% ↑	2.8% ↓
52	Finance and Insurance	2.2%	1.0% ↓	0.7% ↓	1.7% ↑	0.0% ↓
62	Health Care and Social Assistance	12.8%	8.4% ↓	7.0% ↓	9.6% ↑	8.5% ↓
51	Information	1.8%	0.5% ↓	0.7% ↓	0.6% ↓	0.0% ↓
31-33	Manufacturing	8.2%	4.1% ↓	3.5% ↓	4.5% ↑	4.2% ↓
81	Other Services, Except Public Admin.	12.7%	21.7% ↑	23.8% ↑	16.3% ↓	31.0% ↑
54	Professional and Technical Services	6.6%	6.6% ↑	8.4% ↑	6.2% ↓	4.2% ↓
92	Public Admin	0.6%	0.5% ↓	0.7% ↑	0.6% ↓	0.0% ↓
53	Real Estate and Rental and Leasing	5.8%	4.6% ↓	5.6% ↓	3.4% ↓	5.6% ↑
44-45	Retail Trade	18.1%	23.0% ↑	20.3% ↑	25.3% ↑	22.5% ↓
48-49	Transportation and Warehousing	4.9%	3.3% ↓	4.9% ↓	2.2% ↓	2.8% ↑
22	Utilities	0.2%	0.3% ↑	0.7% ↑	0.0% ↓	0.0% →
42	Wholesale Trade	1.6%	3.1% ↑	3.5% ↑	2.8% ↓	2.8% ↑
	Percentage Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
	Number of Firms	**1,037**	**392**	**143**	**178**	**71**

(1) Arrow icon denotes difference from the mix of firms pre-2009.
(2) Arrow icon denotes difference from the number of firms that started in 2009.
(3) Partial-year data. Arrow icon denotes difference from the number of firms that started in 2010.

Source: City of Tracy and TNDG

Table 42. Summary of Table 41 (above)

		Mix pre-2009	New firms 2009-11
Industry categories in which the percent of new firms in 2009 through 2011 (to-date) noticeably *exceed* the % in the industry base			
81	Other Services, Except Public Admin.	12.7%	21.7%
44-45	Retail Trade	18.1%	23.0%
61	Educational Services	1.1%	3.1%
71	Arts, Entertainment, and Recreation	1.8%	2.6%
(An increase in the proportion of firms in Wholesale Trade is somewhat offset by the decrease in proportion of Transportation and Warehousing)			
Industry categories in which the percent of new firms in 2009 through 2011 (to-date) are noticeably *less than* the % in the industry base			
51	Information	1.8%	0.5%
31-33	Manufacturing	8.2%	4.1%
56	Administrative and Waste Services	6.8%	3.3%
62	Health Care and Social Assistance	12.8%	8.4%
(The proportion of new firms in industry categories related to real estate activity also predictably has not kept pace with the existing base)			

Source: TNDG

7. Industry-targeting and other economic development recommendations

To prepare concluding recommendations for this study, the various analyses based on Tracy's economic base (the LQ analysis), resident commuting patterns, and other data were integrated with the city's existing target industries and other existing economic development direction to achieve two purposes: first, to refine industry-targeting and other economic development recommendations through an evaluation process, and second, to suggest approaches for maximizing the coordination of economic development strategies – with one another and with other city initiatives.

A. Assessment of clusters as potential industry targets for Tracy

Table 43 (below) summarizes a general assessment of clusters' appropriateness for recommendation as industry targets for Tracy. The summary includes the findings of the LQ analysis for those clusters with LQ values close to and above 2.0 (with one exception as noted), and consideration of the following cluster characteristics:

- The cluster's relationship to the local economic base
- The cluster's alignment with existing target industries and other aspects of the local economic development focus
- The cluster's alignment with the resident workforce, including out-commuters
- The cluster's relationship to trends and economic advantages that apply to the surrounding region

- The cluster's relationship to sustainability and characteristics of preferred growth patterns within the community.

Table 44 combines the Table 43 notes with other observations to derive recommendations regarding the clusters listed on Table 43.

General considerations to apply in implementing these cluster recommendations are the following:

- Specific industries and firms within these clusters will need to be screened to meet objectives of appropriate wages, environmental suitability, extent to which they might be desirable for supporting other target clusters and industry, etc.

- The broad range of recommended target clusters supports the general objective of diversifying the local economy and providing a broad industry base that can mutually support preferred clusters and industries.

Table 43. Summary of Target Cluster Indicators

Cluster	Cluster attributes				
	Relates to local economic base, overall community attributes	Aligns with existing economic development target industries	Aligns with resident workforce, including out-commuters	Builds on trends/econ. advantages of surrounding region	Relates to sustainability and characteristics of preferred growth
General Cluster Categories					
Chemical-based products	LQ of 2.9, but modest employment (<100) (1)	Some industries in cluster can support renewable energy industries	Wages well above average (2); some out-commuters go to manufacturing jobs (5)	LQs above average in region	Some industries in cluster can support technology clusters. Potential environ-mental issues
Glass products	LQ of 2.2, but modest employment (<100)	Some industries in cluster can support renewable energy industries	Wages above average	LQs also strong in region	Some industries in cluster can support technology clusters
Machine tools	LQ of 2.5; moderate employment levels (<200)	Aligns with target cluster Manufacturing	Wages above average	LQ above average for S.J. County	Cluster includes firms that support technology clusters
Packaged food products	LQ of 3.7, and Tracy's share is similar to the region's. Large employment base (approx. 500)	Target cluster; some industries in cluster can support renewable energy (biofuels)	Near-average wages. Cluster becoming increasingly high-tech	Strong representation in region, with respect to CA	Relates to efforts within agriculture industry to minimize waste, grow healthier food, etc.
Paper	LQ of 7.2, leader in region. Sizable employment base (>200)	Aligns with target cluster Manufacturing	Wages above average	Strong representation in region	Typically a role in recycling
Plastics products	LQ of 2.1, modest employment (<100)	Some industries in cluster can support renewable energy industries	Wages below average	Well represented in region	Possible technology linkages; potential environmental issues
Wood products & furniture	LQ of 6.5, strong existing presence in Tracy; high employment level (250-300)	Aligns with target cluster Manufacturing	Among lower tier of wage levels (2)	Wood-related clusters are strong in S.J. County	Products related to building industry are pushed to green practices through growing acceptance of green building practices
Warehousing	LQ of 1.9, highest employment level of all clusters (1000-1500)	Refrigerated warehouses have potential relationship with target cluster Food Processing	Wages above average	Cluster has above-average LQ in S.J. County	Logistics becoming increasingly high-tech; use contributes to "industrial sprawl"
Tech Clusters					
Chemicals	LQ of 3.1; but modest	Some industries in cluster	Wages below average	Low representation in	Possible technology

Cluster	Cluster attributes				
	Relates to local economic base, overall community attributes	Aligns with existing economic development target industries	Aligns with resident workforce, including out-commuters	Builds on trends/econ. advantages of surrounding region	Relates to sustainability and characteristics of preferred growth
	employment (<100)	can support renewable energy industries		region	linkages; potential environmental issues
Medical instruments & optics mfg	LQ with respect to SJ Valley	Medical Equipment & Supplies target cluster	As configured within "tech cluster," wages are below avg.	Representation in region is low	High-tech association
Motor vehicles	LQ of 3.2, moderate employment levels (<200)	Aligns with target cluster Manufacturing	Wages near average	Representation in County is in transition (see text)	Cluster becoming increasingly high-tech
Technical & research services	LQ only 0.3, moderate employment levels (<150)	Aligns with target cluster Backroom Office & IT	Wages well above average; relates to industry category with highest representation among out-commuters (4)	Representation in region also low - LQs less than 1.0; but LQs are at upper end of the group of LQ values <1. Relates to iHUB	Core technology cluster activity
Industry-Level, for Renewables	(Special tabulation of LQ values at the industry level)				
All other plastics product mfg	High LQ, most employees of the Renewable inds. (50-100)	Renewable Resources & Technology; Plastics (this table)	With focus on Renew-ables, supports high-tech workforce	Plastics cluster well represented in region. Potential iHUB connection	Core sustainability activity when focused on Renewables
Fabricated struc-tural metal mfg	High LQ, moderate employment levels (25-50) among Renewable inds.	Renewable Resources & Technology; Manuf.	Manufacturing relevant to entire workforce	LQs for this industry strong in region; possible iHUB	Core sust. activity when focused on Renewables
Other industrial machinery mfg	High LQ, few employees	Renewable Resources & Technology; Manuf.	Manufacturing relevant to entire workforce	LQs for this industry average in region; possible iHUB	Core sust. activity when focused on Renewables

Notes:

1. LQ values are with respect to California.
2. Simple average of S.J. County wage averages for all general cluster categories.
3. Workers at low end of scale might be challenged to find housing in Tracy
4. Out-commuter survey respondents listing industry affiliation as Professional, Scientific, and Technical Services (18% of sample)
5. For out-commuter survey respondents, Manufacturing has second-highest representation (just over 10% of sample)

Table 44. Cluster Recommendation Table

Clusters	Relates to local economy	Potential based on:	Other issues	Recommend as cluster?
Chemical-based products mfg (2)	Manufacturing target cluster	LQ, good wages (1)	This range of manufacturing activities contributes to economic diversification	Yes, integrated with Tech Cluster "Chemical" category
Glass products mfg	Manufacturing target cluster	LQ, good wages		Yes
Machine tools mfg	Manufacturing target cluster	LQ, good wages		Yes
Packaged food products mfg	Food Processing target	LQ, large existing empl. base, integrates with ag.	Wage levels close to average (1)	Yes
Paper mfg	Manufacturing target cluster	LQ, good wages		Yes
Plastics products mfg (cluster level)	Manufacturing target cluster	LQ	Wages below average, but note connection to Renewables, below	Yes, selectively to focus on connections with Chemicals, and where wages are above avg.
Wood products & furniture mfg	Manufacturing target cluster	LQ, large existing empl. base	Wages can be low	Yes, selectively as complements existing industry and wages reasonable
Warehousing	High employment base	LQ, good wages, high empl.		No need to target as cluster, but individual firms could be key players in food processing or other ind. support, tax generation
Chemicals mfg (2)	Tech cluster category	LQ	As configured within "tech cluster," wages are below avg.	As part of Chemical-based products category, selectively for wages, other industry linkages
Medical instruments & optics mfg	Medical Equipment & Supplies target cluster	LQ with respect to SJ Valley	As configured within "tech cluster," wages are below avg.	Yes
Motor vehicles mfg	Tech cluster category; aligns with Manufacturing	LQ	Wage levels close to average	Yes, potential to be associated with high-value, innovative products
Technical & research services	Tech cluster, aligns with Backroom Office & Information Technology cluster	Fits out-commuter profile	Limited existing presence, will require particular focus	Yes, aligns with goal to bring high-paying jobs "home"
All other plastics product mfg (industry level)	Renewables target cluster	LQ,	Potential to support renewables	Yes, selectively to focus on connection with renewables; also relates to Chemical cluster
Fabricated structural Metal mfg (industry level)	Renewables target cluster	LQ	Potential to support renewables	Yes, selectively to focus on connection with renewables
Other industrial machinery mfg (industry level)	Renewables target cluster	LQ	Potential to support renewables	Yes, selectively to focus on connection with renewables

Notes: 1. Averages apply to the range of associated industries within each cluster designation.
2. There is some overlap between the industries included in the two "chemical" clusters, one in the "general" cluster category and one in the "tech cluster" category, with the "general" category industries spanning a broader range.

B. Tracy Integrated Economic Development Strategies

Table 45 (below) summarizes an economic development strategic framework for Tracy. The framework is organized under two umbrella strategic concepts:

1. Apply a comprehensive strategy to targeting selected Bay Area industries/firms
2. Maintain health and growth of traditional target clusters

Under each of these umbrella concepts is a series of goals, objectives, and strategies, some of which come from existing strategic and other plans within the City. The table format is designed to illustrate how existing City strategies, from various documents, can relate to new strategies that then combine to constitute a comprehensively focused economic development program. Within this comprehensive program, seemingly different strategic directions combine to reinforce certain "top level" strategic directions for the city. We can define one of these top-level directions as the desire to recruit Bay Area industries to Tracy – the first umbrella strategic concept listed above. Besides being mutually reinforcing, the different strategies within this system combine to form a convincing marketing message expressing Tracy's commitment to enhancing the total community.

Objectives and strategies added to those that already exist within the City are derived from other outputs of TNDG's economic base and industry cluster study. The table notes also include references to City documents that reinforce or add information about certain strategies.

Goals, objectives, and strategies are organized hierarchically within the table. Notes referenced by letter within the table are shown below:

A. Tracy's unique position as a satellite community adds to the challenge of establishing an economic identity.

B. This strategy was reinforced by the results of the commuter survey in TNDG's study. The threats to Tracy's leading role in retail activity within its surrounding region were also addressed in the 2007 Gruen report, highlighting the need for proactive retail development. The strategy also appears in Tracy's 2011 General Plan.

C. Green-oriented strategies are a way to raise the business profile of Tracy, and help convey the notion that the city takes its commitment to economic development both seriously and responsibly. The strategies are also integral to the concept of minimizing Tracy residents' commutes by attracting firms from the Bay Area.

D. This strategy is intended to allow for exceptions pending a comprehensive review of the general question of best-fitting industries/firms. For example, firms within non-targeted clusters might be high-sales-tax payers, and certain industries/firms outside of targeted clusters could be critical to supporting prime cluster targets. This study focuses broadly on clusters, but the extent to which individual firms, within or outside targeted clusters, fit Tracy's business development goals could vary, so a process is needed to evaluate individual firms in this regard.

Table 45. Tracy Integrated Economic Development Strategies

x. Umbrella Strategic Concepts / *x.x. Goals* / *x.x.x. Objectives* / *x.x.x.x Strategies*	*Existing program (1)*	*Notes*
1. Apply a comprehensive strategy to targeting selected Bay Area and green firms		
1.1. Increase general attractiveness of community		
1.1.1. Secure commitment of City and its citizens to the overall ED strategic direction.		
1.1.1.1. Bring together stakeholders for a structured economic development strategic planning process		See note A
1.1.1.2. Institutionalize economic development review process with the City Council		
1.1.1.3. Review/establish ED coordinating mechanisms within region, including with iHUB		FY 12-13/13-14 Economic Development Business Plan 1c
1.1.2. Create and implement an ongoing monitoring system to track economic vitality, identify changing conditions, and respond rapidly to new economic development opportunities.	yes	City of Tracy General Plan, 2011
1.1.3. Secure City's commitment to the local business base		FY 12-13/13-14 ED Business Plan 1b
1.1.3.1. Select most suitable model and institute Business Retention & Expansion (BRE) program		Raise profile of economic development and awareness of ED goals
1.1.3.2. Design appropriate strategic actions based on BRE feedback		
1.1.3.3. Establish program for local hiring for contracts & services	yes	Sustainability Action Plan
1.1.4. Continue to foster a supportive business environment by providing clear and consistent development standards, procedures, and information on available City services for businesses	yes	City of Tracy General Plan, 2011
1.1.5. Continue Gateway development to provide quality space for prime office-using targets	yes	
1.1.6. Add to/upgrade community amenities		
1.1.7. Expand the City’s cultural and arts facilities	yes	City of Tracy General Plan, 2011
1.1.8. Identify and preserve cultural and historic resources		
1.1.9. Enhance retail and service offerings in the community	yes	FY 12-13/13-14 ED Business Plan. Note B
1.1.9.1. Implement downtown revitalization program	yes	
1.1.9.2. Identify unmet retail demand	yes	
1.1.9.3. Expand visitor-oriented programs and development of amenities, to increase visitation	yes	
1.1.10. Enhance green image of community	yes	Sustainability Action Plan. Note C
1.1.10.1. Establish shared parking program	yes	
1.1.10.2. Promote/recruit green businesses	yes	
1.1.10.3. Promote activities and programs that enhance environmental health	yes	
1.1.10.4. Assess affordable housing gap for the community in a way that recognizes its future in terms of economic development goals	yes (2)	

x. Umbrella Strategic Concepts ***x.x. Goals*** ***x.x.x. Objectives*** ***x.x.x.x Strategies***	***Existing program (1)***	***Notes***
1.2. Increase employment opportunities for Tracy residents		
1.2.1. Establish program to recruit specific Bay Area industries/firms	yes	Also a green initiative
1.2.1.1. Refine target list, with focus on the Technical & Research Services category, along with other prospects in the existing target cluster Backroom Office & IT		
1.2.1.2. Prepare marketing program that incorporates a recognition of comprehensive community improvements as outlined in this and subsequent strategic plans		
1.2.1.3. Identify job-readiness gaps and establish job training program compatible with Tracy's industry targeting	yes (2)	Sustainability Action Plan
1.2.2. Develop higher-end office and office-flex uses, particularly along entryways to the City along I-205 and I-580 (expand on Gateway concept where possible)	yes	City of Tracy General Plan, 2011
2. **Maintain health and growth of existing target clusters:** Medical Equipment & Supplies, Food Processing, Ag Biotech, Renewable Resources & Technology, Manufacturing, Backroom Office & Information Technology		
2.1. Ensure health of existing business base for these targets		
2.1.1. Document and address local business' concerns		
2.1.1.1. Use BRE program as way to institutionalize outreach		See BRE program, 1.1.3.1
2.1.1.2. Support the development of a cluster industry organization, for a targeted "case study" industry		Demonstrate cluster-orientation value to firms, using limited investment
2.1.2. Help ensure adequate labor pool is available		
2.1.2.1. Establish job training program	yes (2)	See job training program, 1.2.1.3
2.1.3. Maximize business support base		
2.1.3.1. Institute Local Hire program	yes	See local hiring program, 1.1.3.3
2.2. Expand employment in industries/firms that reflect Tracy's competitive edge and also support the overall upgrading of employment opportunities		Give support to the best opportunities within this group
2.2.1. Identify preferred firms within targeted clusters that match this goal		
2.2.1.1. Selectively consider prospects in clusters outside of existing targets		See note D
2.2.1.2. Establish measures by which to define and identify the "best fit" firms for Tracy		
2.2.1.3. Establish program to recruit the "best fit" firms to Tracy		
2.2.2. Adapt programs applied to business retention/ expansion, to also serve recruitment targets		See relevant programs above
2.2.2.1. Adapt job training program to prospects' needs		See job training program, 1.2.1.3
2.2.2.2. Use Local Hire program to leverage development of prospects' support needs		See local hiring program, 1.1.3.3

NOTES:
1. Existing, planned or previously recommended programs.
2. In principle.

Appendix A: Detail of high-tech, high-profile bifurcation

High-tech, high-profile	H
Other	O
Industry	**Segment**
Accommodation and Food Services	O
Administrative and Support and Waste Management and Remediation Services	O
Agriculture, Forestry, Fishing and Hunting	O
Arts, Entertainment, and Recreation	O
Construction	O
Educational Services	O
Finance and Insurance	H
Health Care and Social Assistance	H
Information	H
Management of Companies and Enterprises	O
Manufacturing	O
Mining, Quarrying, and Oil and Gas Extraction	O
Other Services (except Public Administration)	O
Professional, Scientific, and Technical Services	H
Public Administration/Government	O
Real Estate and Rental and Leasing	O
Retail Trade	O
Transportation and Warehousing	O
Utilities	O
Wholesale Trade	O
(blank)	O
Occupation	
Architecture and Engineering Occupations	H
Arts, Design, Entertainment, Sports, and Media Occupations	H
Business and Financial Operations Occupations	H
Community and Social Service Occupations	O
Construction and Extraction Occupations	O
Education, Training, and Library Occupations	O
Healthcare Practitioners and Technical and Support Occupations	H
Hospitality-Related Occupations (accomodation, food service etc.)	O
Installation, Maintenance, and Repair Occupations	O
Legal Occupations	H
Life, Physical, and Social Science Occupations; Computer Occupations	H
Management Occupations	O
Military-Specific Occupations	O
Office and Administrative Support Occupations	O
Other	O
Personal Care, Protective Service, and Other Service Occupations	O
Production Occupations	O
Sales and Related Occupations	O
Transportation and Material Moving Occupations	O
(blank)	O

Attachment C

Economic Development Workshop

October 5, 2021

Presentation Outline:

- What is Economic Development?
- Tracy at a Glance
- Business Retention Summary
- Site Selection and Business Attraction
- Emerging Opportunities

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What is Ecnomic Development

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Why Invest in Economic Development?

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Economic Development is a Community Priority

GENERAL PLAN 2011 ECONOMIC DEVELOPMENT ELEMENT
(long-term)

ECONOMIC DEVELOPMENT STRATEGIC PLAN 2011
(mid-term)

CITY COUNCIL STRATEGIC PRIORITIES FY2021-23
(short-term)

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General Plan Economic Development Element Goals

ED-1 A diversified and sustainable local economy

ED-2 Support for and promotion of existing businesses

ED-3 A supportive business environment

ED-4 An adequate and balanced land supply

ED-5 Support for Tracy's key economic assets

ED-6 Healthy, key economic activity centers

ED-7 A competitive workforce

ED-8 Responsiveness to change and opportunities

ED-9 A financially sound and viable City

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Economic Development Strategic Priorities FY2021-23

Goal #1

Support Local Businesses Impacted by COVID-19

1) Support local businesses and streamline the process for businesses to reopen in accordance with public health regulations.
2) Coordinate with the Tracy Chamber of Commerce and Tracy City Center Association (TCCA) to develop and implement a "Shop Tracy" marketing and outreach campaign.
3) Administer remaining funds for the Small Business Relief Grant Program and other small business loans.
4) Coordinate a roundtable discussion and response to industry needs.
5) Award FY 2021-22 Community Development Block Grant funding.
6) Implement FY 2021-22 Community Development Block Grant funding.

Goal #2

Continue to Support Valley Link

1) Respond and provide feedback on the Valley Link Environmental Impact Report (EIR).
2) Maintain quarterly contact with Valley Link Executive Director.
3) Rezone industrial land on 3rd Street near the downtown bowtie area for residential development.
4) Continue lobbying efforts at State and Federal level in support of funding for Valley Link.
5) Participate in Valley Link board meetings.

Goal #3

Continue to Advance Transit Oriented Development (TOD) Opportunities

1) Approve Scope of Work to begin Transit Oriented Development (TOD) Plan.
2) Conduct TOD Stakeholder and community outreach meetings.
3) Draft land use conceptual plans and alternatives.
4) Conduct market and fiscal analyses.
5) Draft TOD Specific Plan.
6) Prepare Administrative Draft Environmental Impact Report.

Goal #4

Attract Businesses and Jobs That Meet the Needs and Desires of the Community

1) Conduct Council workshop on the City's Economic Development efforts and strategies.
2) Develop FY 21-23 Economic Development Strategic Plan.
3) Update the City's retail and industrial business attraction list.
4) Develop and implement a marketing campaign to attract specific businesses and industries.
5) Promote the City at trade shows and industry events (post pandemic).

Goal #5

Develop Policies to Target New Jobs in Innovative Industries

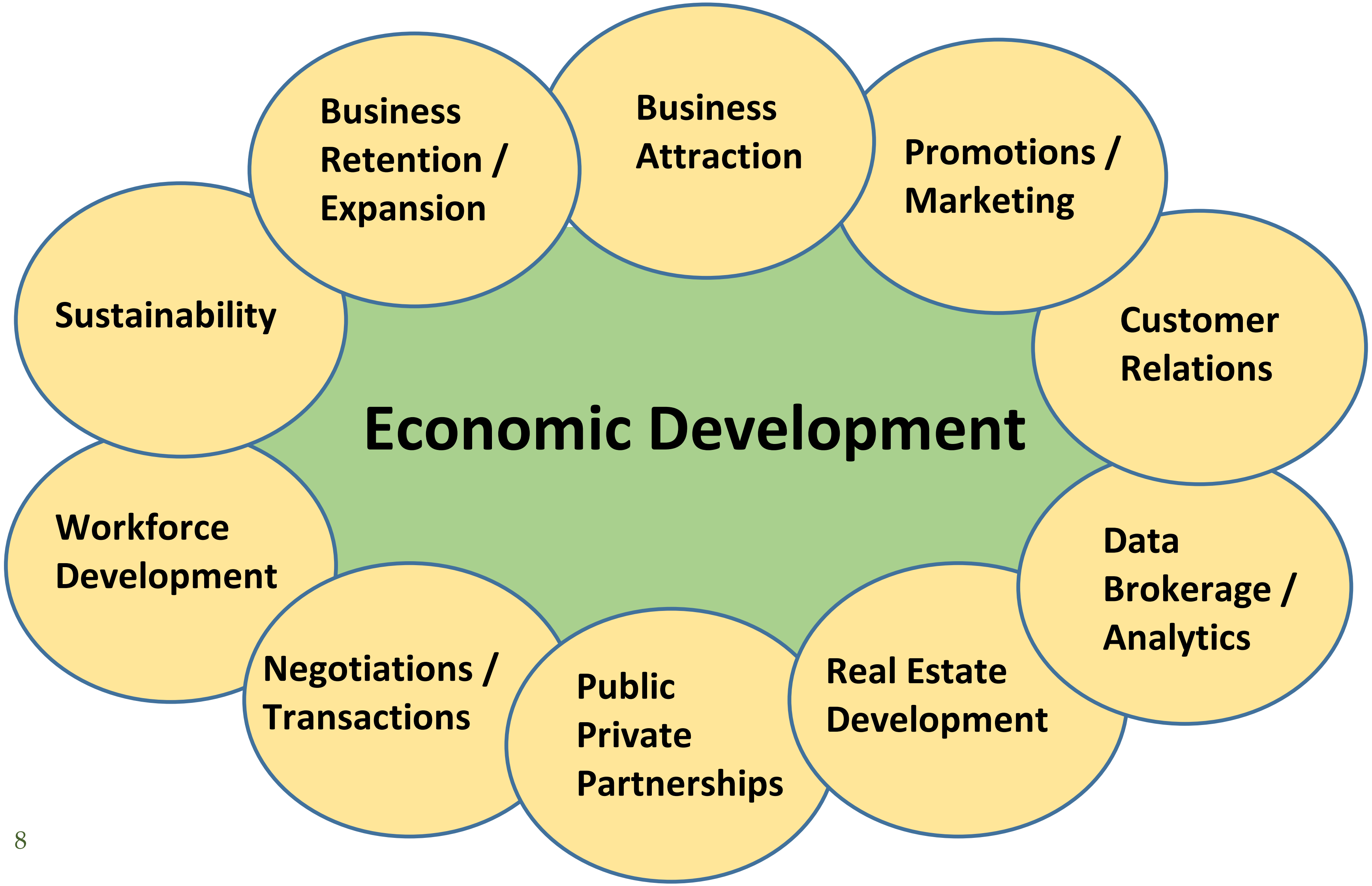
1) Complete issuance of cannabis business permits.
2) Complete Conditional Use Permit processes for cannabis Business Permit holders.
3) Initiate second round of Cannabis Business Permits.
4) Identify and market industrial properties attractive to Electric Vehicle (EV) testing and development.
5) Initiate marketing for enhancement of the green economy cluster and develop strategies for business growth and attraction.
6) Rezone and complete environmental review for the Chrisman Road property to attract innovation industry tenants.

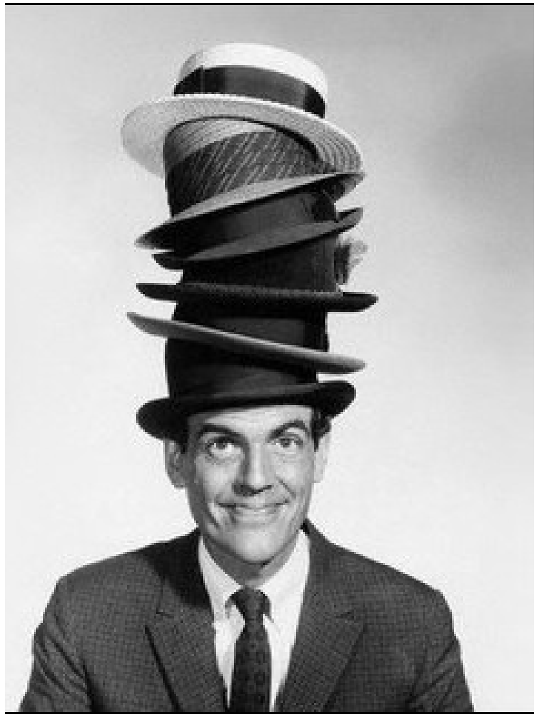
Goal #6

Pursue Smart Growth Strategies for Balanced Growth in the City

1) Conduct Council workshop on residential growth management.
2) Conduct Council workshop on General Plan Land Use and Circulation Elements, and the Transportation Master Plan.
3) Rezone Tracy Westside (Gateway) property for mix of land uses to attract businesses, future hospital, range of residential, and various types of assisted and independent/senior housing.
4) Pursue zoning ordinance amendments to increase residential densities.

Economic Development is a Community Priority





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Our Partners

- Tracy City Center Association (TCCA)
- Tracy Chamber of Commerce
- Small Business Development Center
- SJC WorkNet
- San Joaquin Partnership
- iHub
- Go Biz
- Team California

DOWNTOWN TRACY
TRACY CITY CENTER ASSOCIATION

TRACY
Chamber of Commerce

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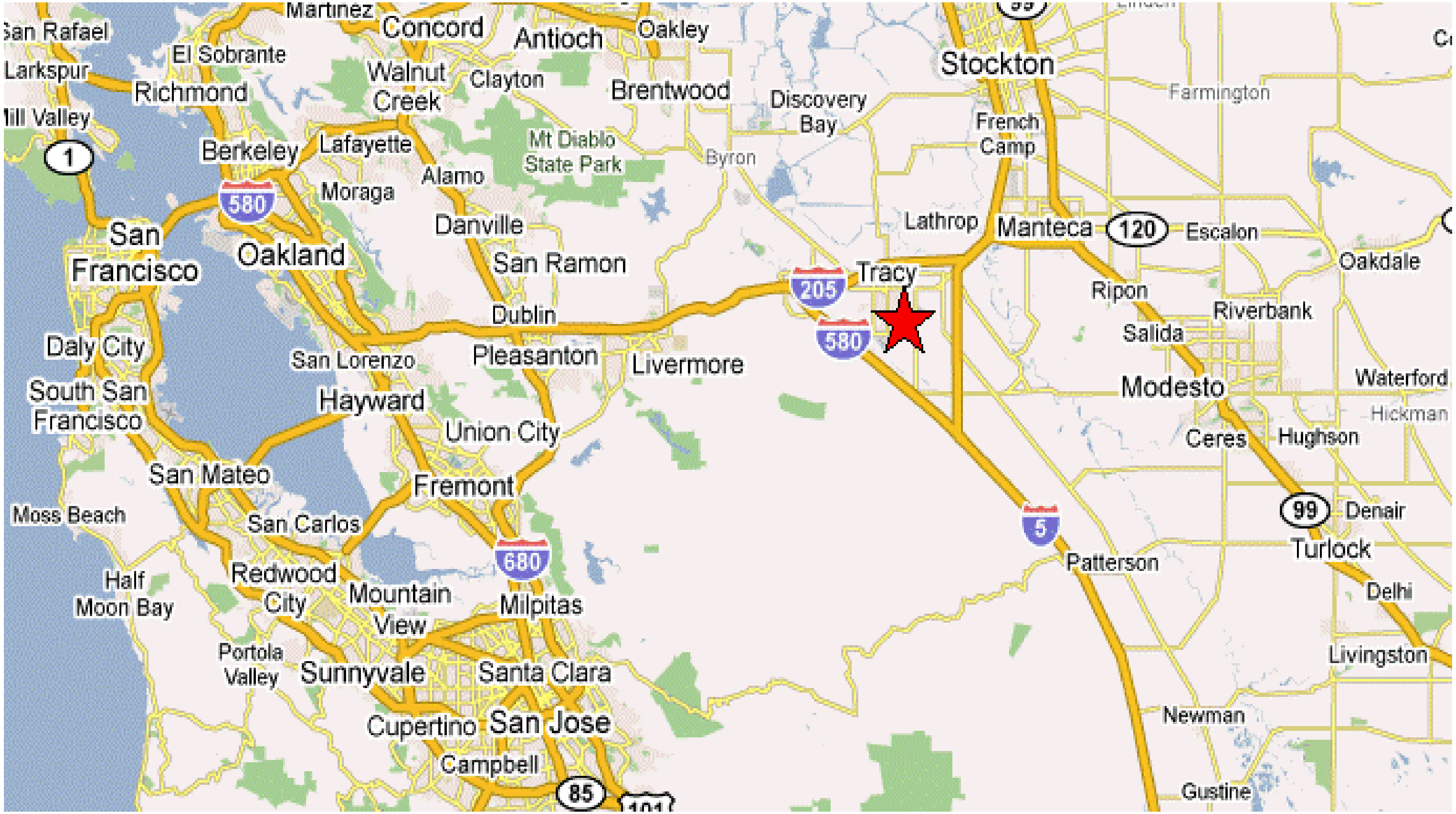
Regional Context



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Economic Development Evolution

Farming

Warehousing

Manufacturing

Professional and Financial Services

Innovation

Employee Wage

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Data
Brokerage /
Analytics

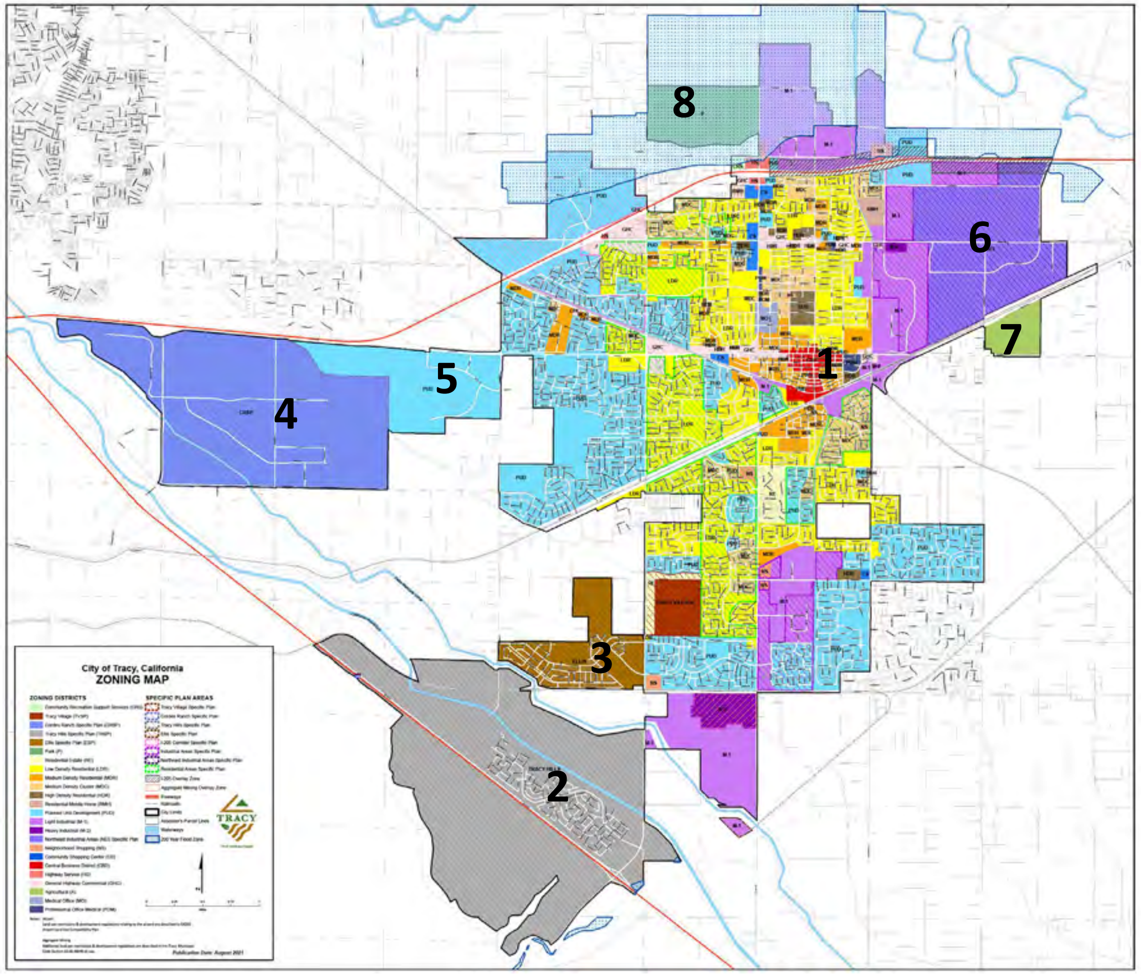
Key Performance Indicators

How Tracy is meeting its Economic Development Goals

Tracy Land Use Map

Major Developments and Future Opportunities

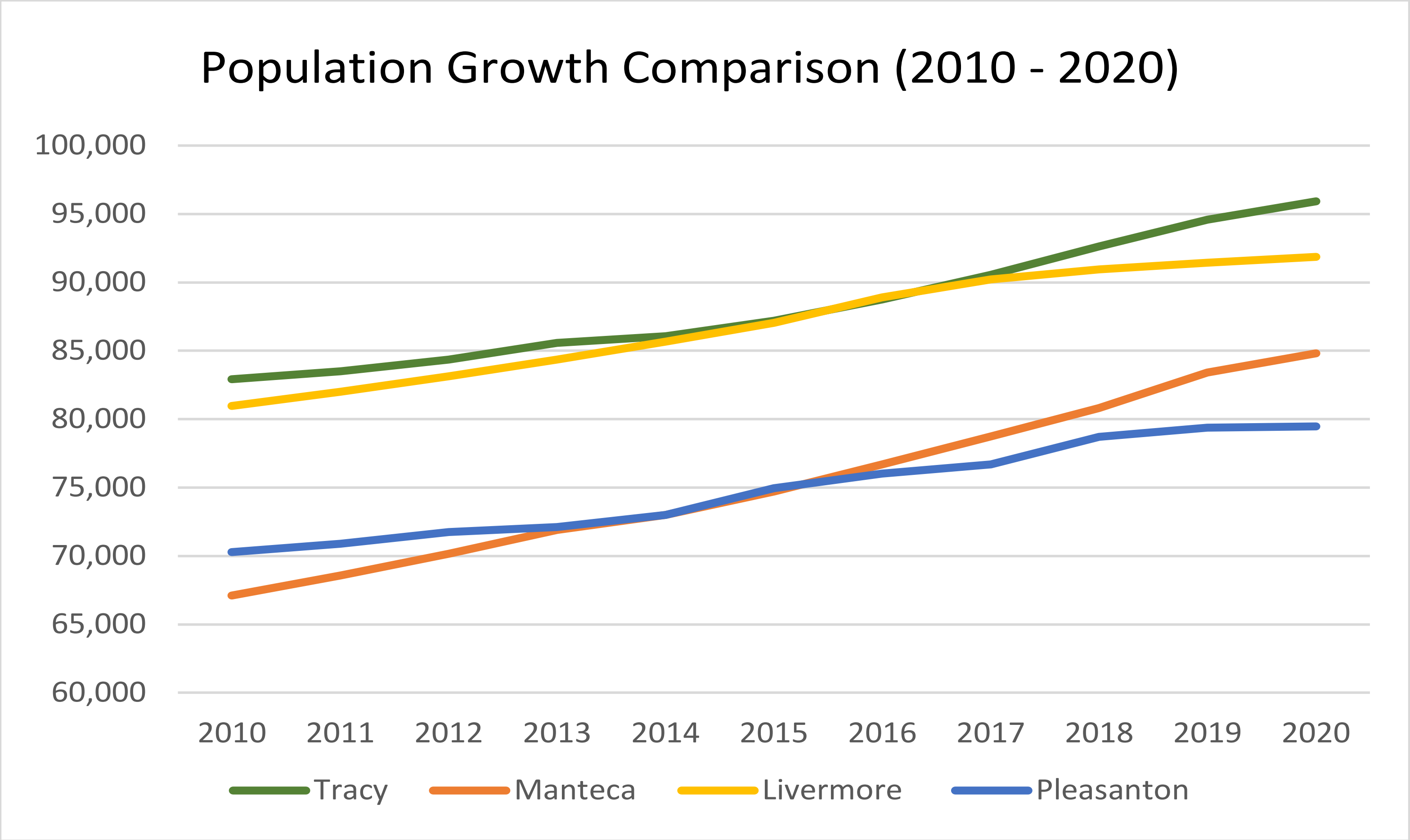
1. Downtown
2. Tracy Hills
3. Ellis
4. International Park of Commerce
5. Westside
6. North East Industrial
7. Chrisman Property
8. Legacy Fields



Tracy Growth Trends

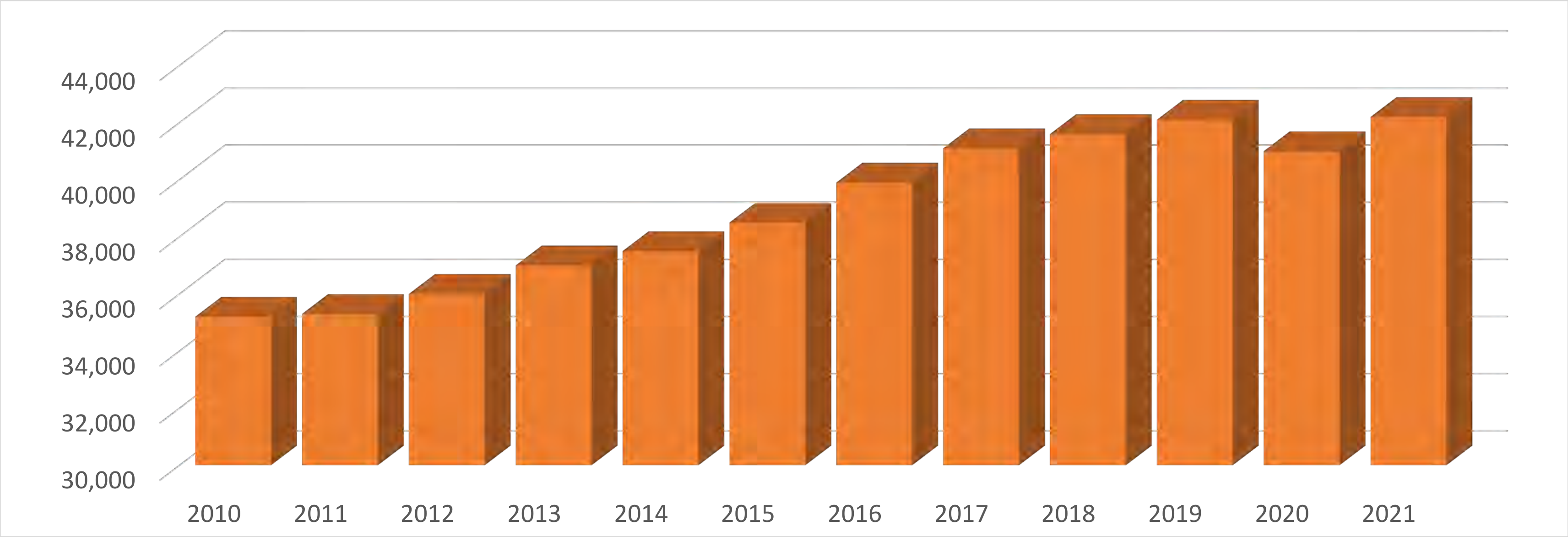
Item	2000	2020	Change
Population	56,778	95,931	69%
Housing Units	18,087	27,843	54%
Median Age	31	34	10%
Median HH Income	$62,794	$92,046	47%
Median Home Value	$214,200	$446,200	108%
Owner Occupancy Rate	72.2%	62.8%	-13%

Population Growth Comparison by City



Source: State Department Of Finance

Employment Trends (2010-2021)



Source: California Economic Development Department.

- Tracy added nearly 7,000 jobs between 2010 and 2019
- Forecasted for 11,800 new jobs through 2040

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Tracy Employment Categories

Retail Trade	29%
Mfg./ Construction/ Wholesale Trade/ Trans	34%
Govt, Health & Education	26%
Finance & Insurance	8%
Professional, Scientific, & Tech Services	3%

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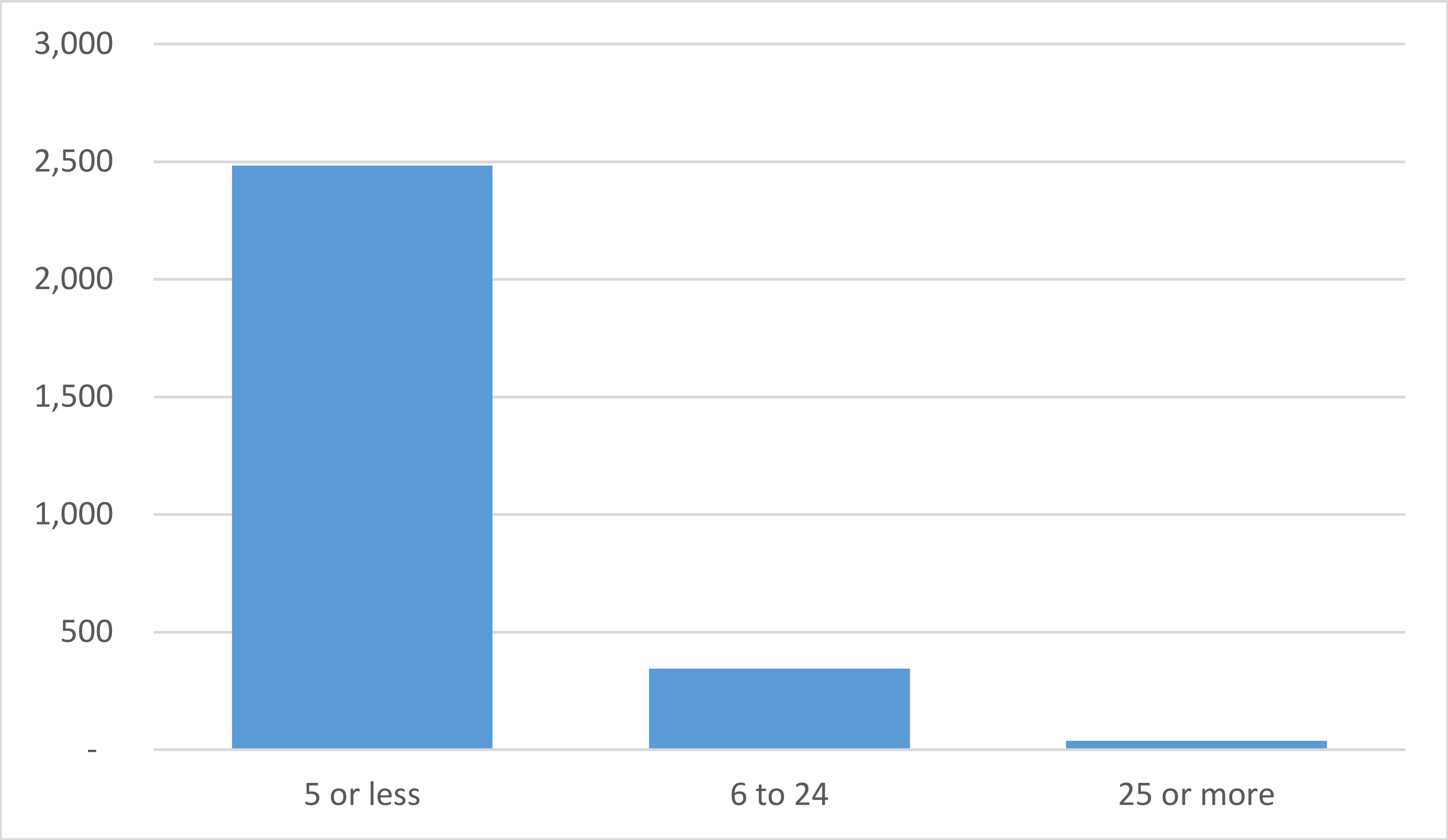
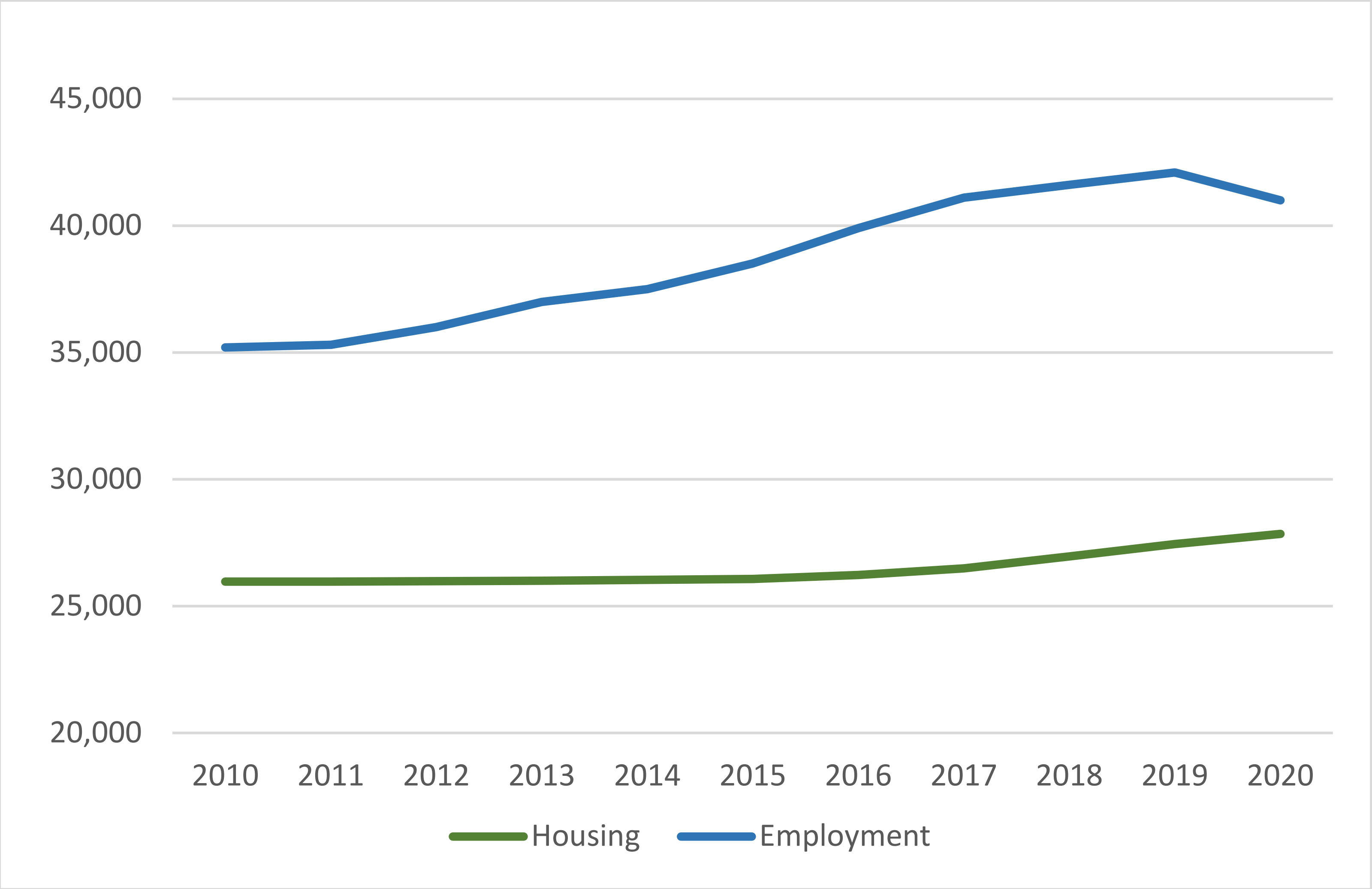
Tracy Businesses by Size



Source: Tracy Business License Data

Tracy Jobs Housing Ratio

- **Jobs:** 42,100
- **Housing Units:** 27,843
- **Jobs to Housing Ratio:** 1.5



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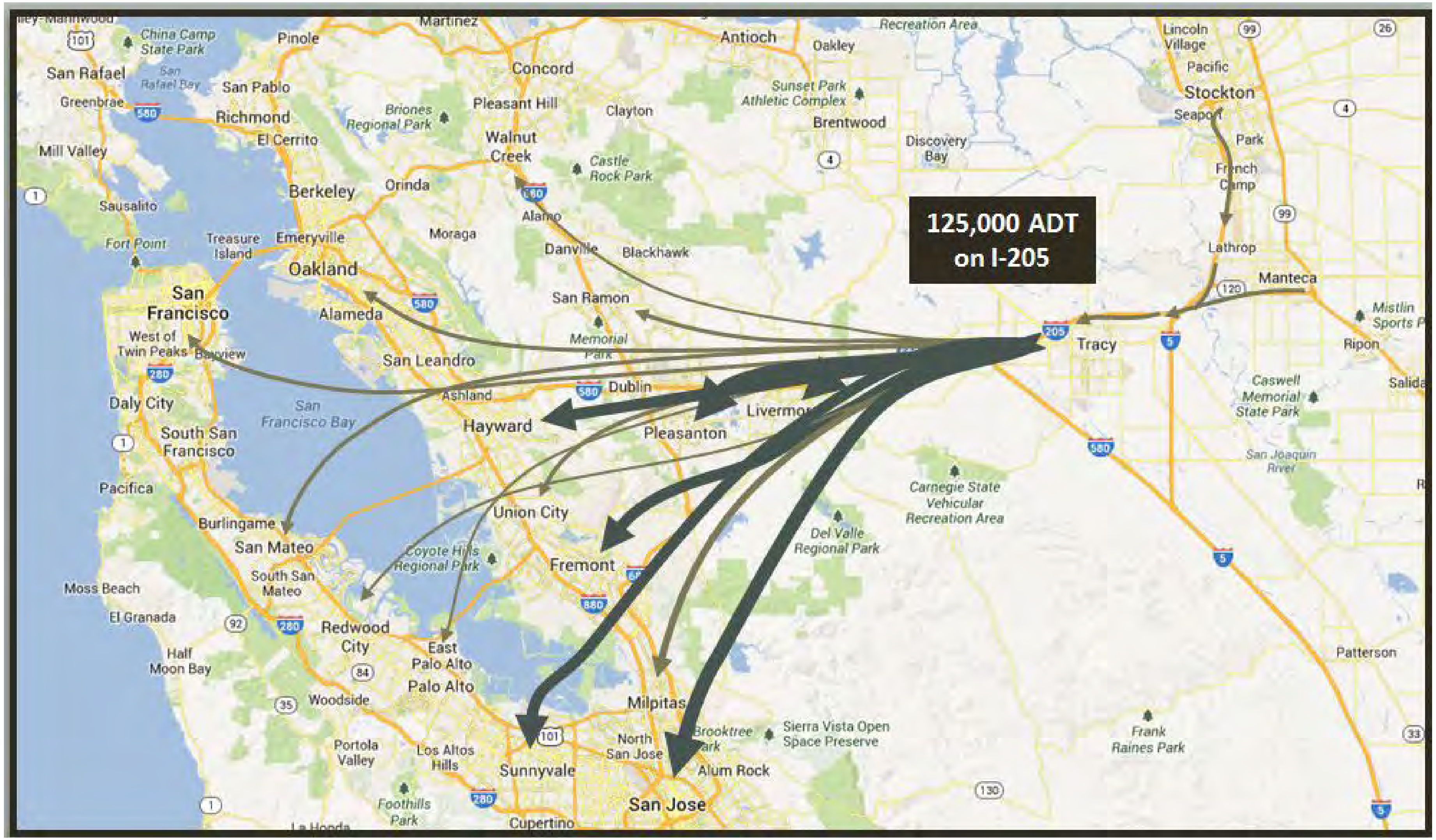
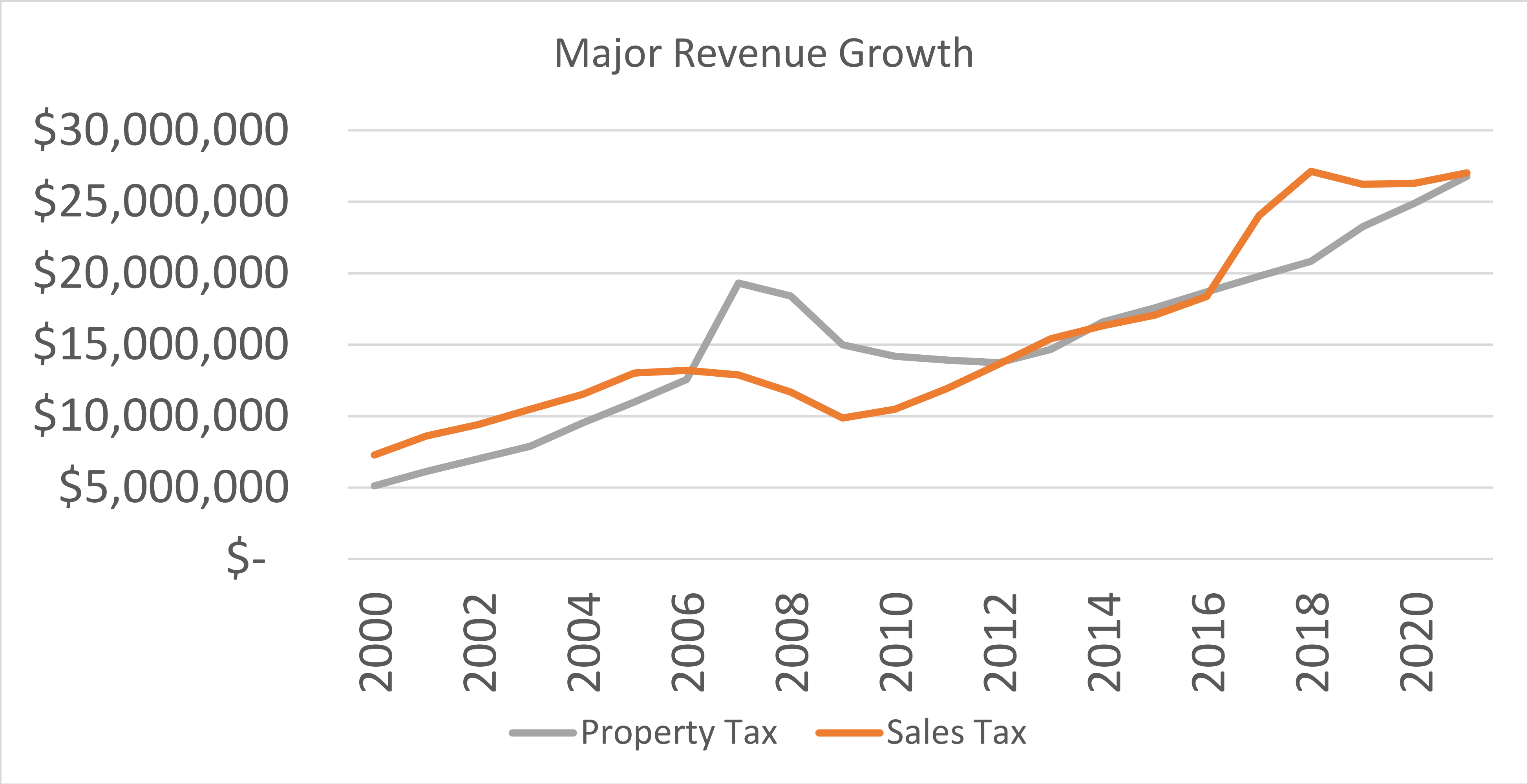
Residents Commute West



Property and Sales Tax Growth



Source: HDL Companies.

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Business Retention / Expansion

Business Retention and Expansion

How Does ED Staff Retain Businesses?

- Government relations / business liaison
- "Support Tracy" marketing campaign
- Administer grants, forgivable loan, Grow Tracy fund, and other incentives
- Host COVID-19 Strategies Committee with local business community
- Site visits and tours
- Collaborations with brokers, land owners and operators
- Labor force enhancements
- Pursue grants
- www.thinkinsidethetriangle.com

Examples of Success – Business Retention

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Examples of Success – Business Retention

Deployed $500,000 in small business relief funds to expedite COVID recovery in local economy

“Thank you so much for this wonderful news. We truly appreciate the generous support from the City. This grant will help us continue to retain our entire team during the COVID recovery period and make some progress towards our rent deferral with the landlord.” SportClips Tracy

“Thank you so much! This will be a huge help.” A4 Cap

“Yay! Thank you Jesus! Thank you city of Tracy this will definitely be helpful 🙏💖” Makeup Mau Loa services

Grantee business owners of Tracy Car Wash (top) and Bikram Yoga Tracy (bottom)

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Other Examples of Success – Business Retention

- Won a $500,000 award in jobs balancing investment fund from SJCOG
- Deployed over $200,000 in forgivable loan to local businesses
- Won a $66,500 tourism grant from the County to promote Tracy as a visitor destination
- Coordinated financial resources and navigation of COVID regulations workshops for small business

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Challenges Faced by Small Business

1. National labor shortage
   - Two-thirds of business owners reported having a “very difficult’ time finding employees
2. High inflation
   - 85% of small-business owners are seeing higher costs compared to pre-Covid-19 levels
3. Regulatory uncertainty
   - The number of fully-open businesses dropped from 62% in August to 68% in September

Source: Alignable, survey of 4,079 small business owners.

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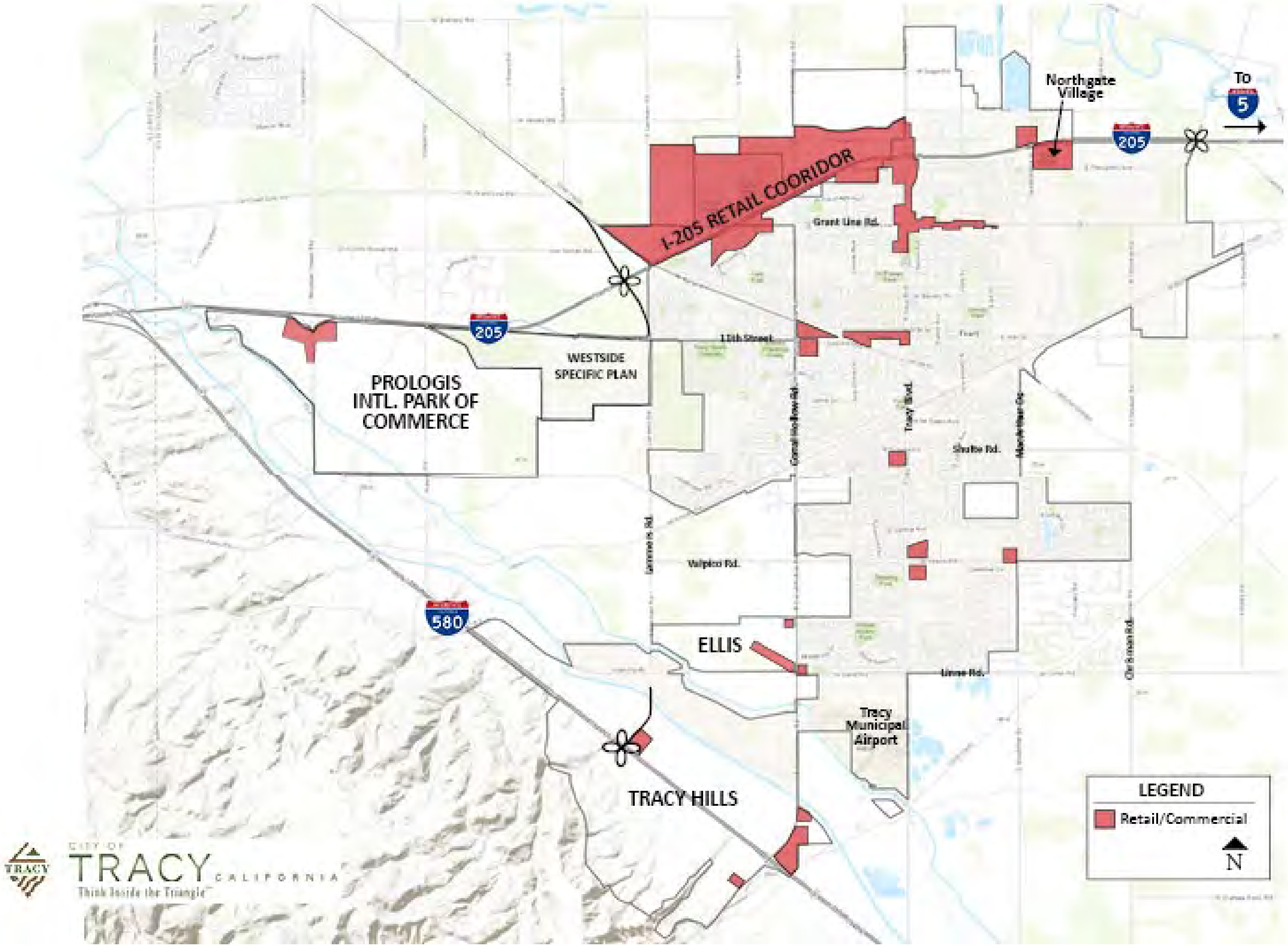
Business Attraction

Site Selection and Business Attraction

RETAIL

Retail Opportunities Map



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Retail Site Selection Criteria
How Do Businesses Make Choices?

- Household Income
- Educational Attainment
- Population / Daytime Population
- Housing Density / Drive Times
- Site Availability
- Traffic Counts / Visibility / Access

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Household Income and Education Comparison

	Median Household Income	Bachelor's Degree or Higher
Pleasanton	$156,400	65%
Dublin	$150,300	66%
Livermore	$127,500	44%
Tracy	**$92,000**	**22%**
Lathrop	$85,800	18%
State	**$75,200**	**32%**
Manteca	$72,900	17%
Stockton	$54,614	18%

Source: U.S. Census

Population Growth

City	2010	2020	% Annual Change
Lathrop	18,023	26,833	4.1%
Dublin	46,036	65,716	3.6%
Manteca	67,096	84,800	2.4%
Tracy	**82,922**	**95,931**	**1.5%**
Pleasanton	70,285	79,464	1.2%
Livermore	70,285	79,464	1.2%
Stockton	291,707	318,522	0.9%
State	37,253,956	39,782,870	0.7%

Source: California Department Of Finance

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Community Survey

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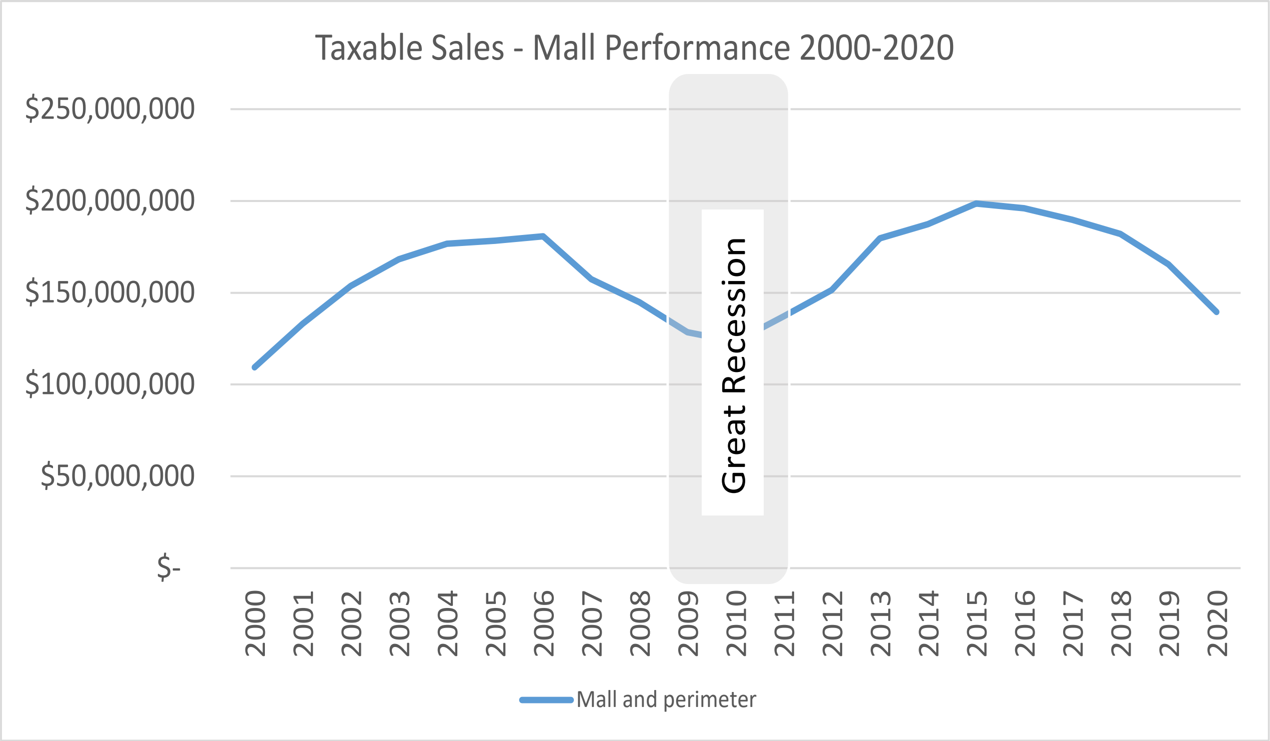
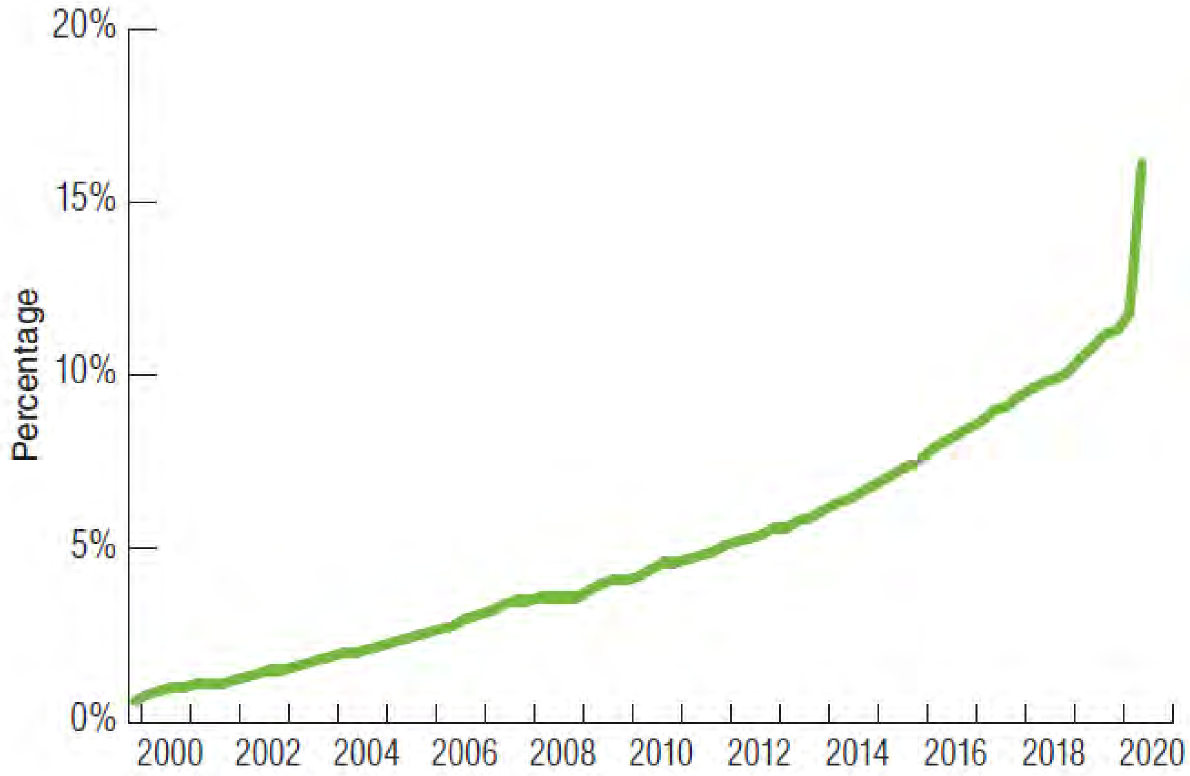
Taxable Sales Comparison



Source: HDL Companies.



Source: U.S. Census Bureau.

How Does ED Staff Attract Retailers?

- Broker outreach
- Innovating Commerce Serving Communities conferences
- International Downtown Association conferences
- Collaborations with landowners and operators
- Direct marketing
- Specialized data preparation
- Retail Consultant Support
- Citywide retail incentive program and Tracy mall revitalization program
- thinkinsidethetriangle.com
- Develop initiatives to enhance educational attainment
- Focus on community-desired tenants and categories with leakage

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Examples of Success - Retail

HOBBY LOBBY

- West Valley Mall
  - Hobby Lobby
- Downtown
  - Stained Canvass
  - The Station
  - Hella Pie Pizza
  - L'aube Boutique
- Other Retail Areas
  - Crumbl Cookies
  - Ghirardelli / Lindt
  - La Dona Taqueria y Birrieria
  - Upscales Catering
  - Bad Boys Brewing

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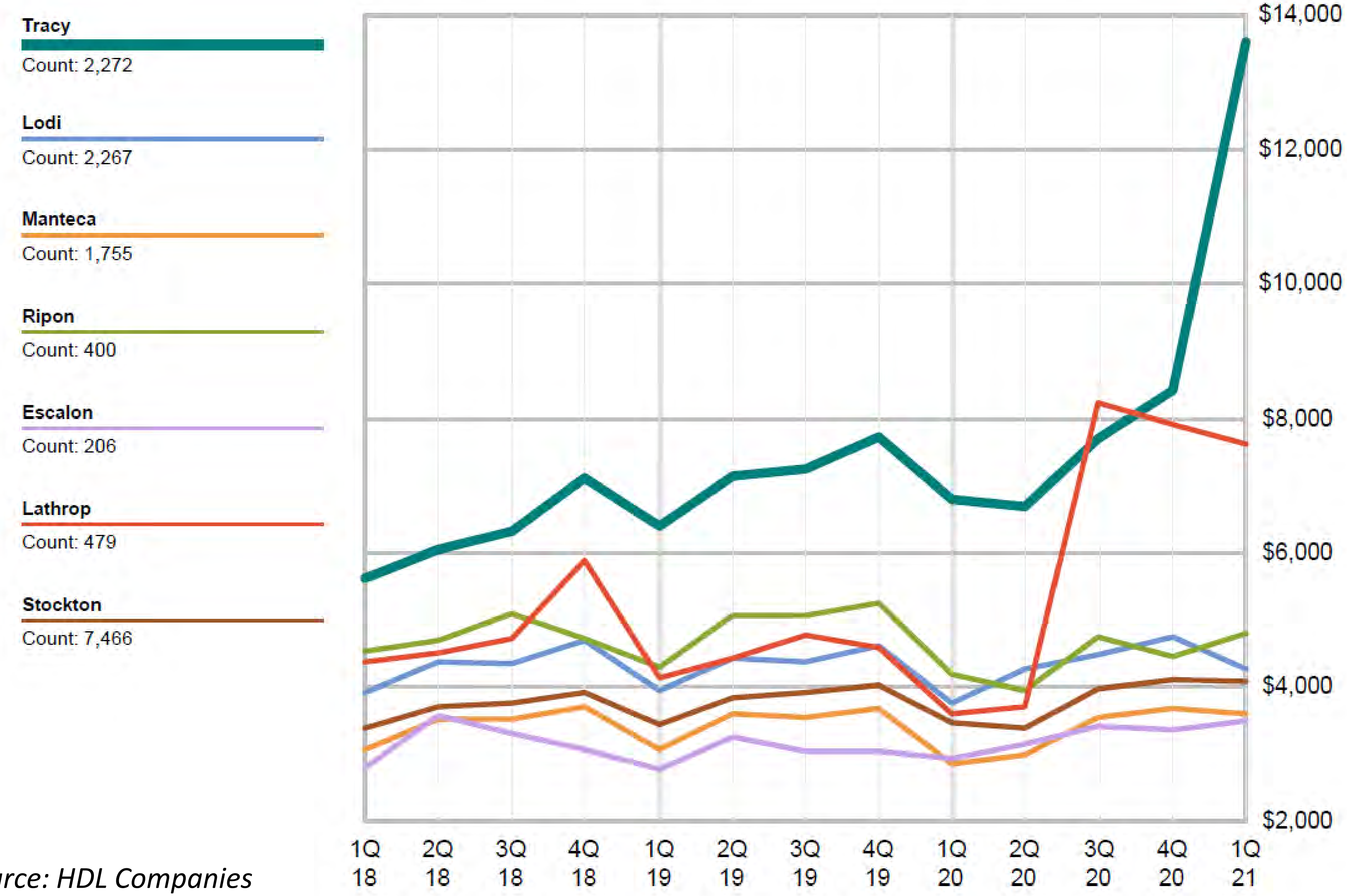
Per Capita Retail Sales Comparison



Source: HDL Companies

Examples of Success - Hospitality

389 new rooms, increased room inventory by 2/3

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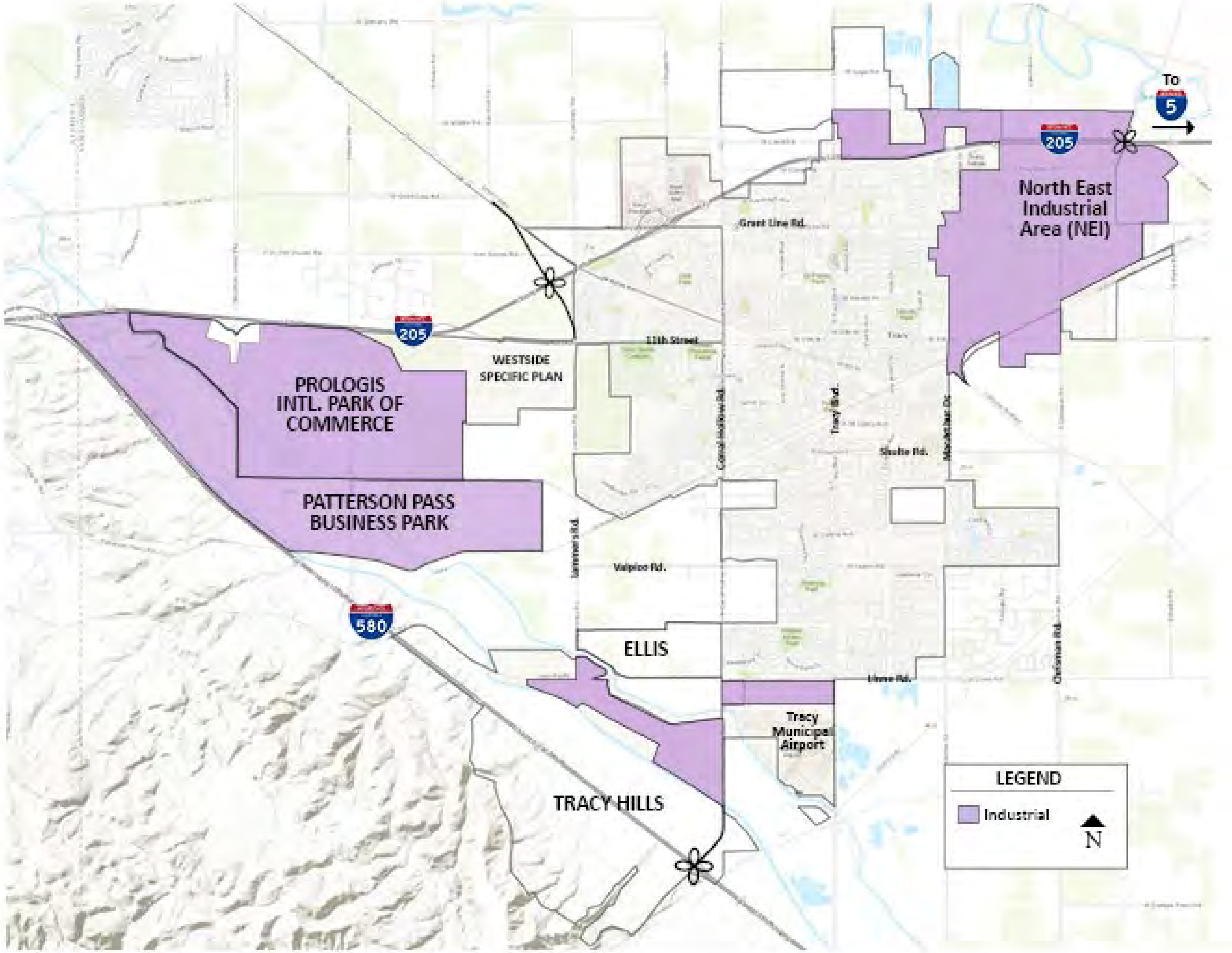
Business Attraction

Site Selection and Business Attraction

Head of Household Jobs

Major Business Park Map



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Zinus Office

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New Office Being Built

International Park of Commerce

- First new 35,000 sf office building under construction in 20 years

RENDERED IMAGE, VIEW FROM SOUTHEAST (REFERENCE)

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Site Selection Survey

2020 Annual Area Development Magazine Site Selection Consultant Survey

Surveyed over 120 national site selection consultants

- Expertise in Manufacturing, Healthcare, Life Sciences, Data Centers, etc.

Findings identified

- Site Selection and Quality of Life factors used to make location decisions

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Site Selection Criteria

Factors within local control

Availability of Skilled Labor Force	State or Local Incentives
Highway Accessibility	Availability of Buildings
Energy	Availability of Land
Quality of Life	Training Programs/Technical Schools
Occupancy or Construction Cost	Expedited or “Fast-Tracked” Permitting
Tax Exemptions	Availability of Long-Term Financing

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City Initiatives

1. Collaborate with regional and education partners on labor force pipeline	7. Provide business financing opportunities (e.g. Grow Tracy Fund)
2. Entitling new development areas	8. Maintain land and building availability data
3. Updating infrastructure master plans	9. Focus on quality of life betterment
4. Maintain low cost of doing business	10. Promote Tracy as a premier business destination
5. Simplifying development impact fees	11. Regional and Local Incentives
6. Provide concierge customer service	12. Maintain flexibility and transparency

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Tracy Advantages

Strategic Location in the Heart of the Northern California Megaregion

Low Cost of Doing Business

Site Availability

Accessibility / Connection / Infrastructure

Business Friendly Government and Staff

Affordable and Growing Workforce

Diversity of Housing

High Quality of Life

Incentives

Seismic Stability

Robust Incentives

Citywide Retail Incentive Program (includes small business incentive)

Office and Industrial Incentive Program

Technology & Innovation Based Industry Incentive Program

Tracy Mall Revitalization Incentive

Hospitality, Entertainment, and Recreation Incentive

High Wage Incentive

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Permit Streamlining

- One-stop-shop Permit Assistance Center
- Single point of contact
- ETRAKit – on-line permitting system
- Mobile laptops allow for real time inspection results
- Development Review Team (DRT Meetings)

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Praise From World Level Partners

Taking all factors collectively, Tracy has received positive feedback from national site selectors, brokers, and companies

Prologis, one of the largest international office & industrial developers commented that “*Tracy’s building plan review completion set a record for being the fastest turn-around time for any of their national or international projects*.”

Amazon has indicated to staff they are “impressed with the Tracy community and the City in regards to facilitating their development”

How Does ED Staff Attract Employers?

TRADE SHOWS

- International Asset Management Council
- Medical Device & Manufacturing
- Solar International
- SIOR – Society of Industrial and Office Realtors

OTHER EFFORTS

- Head of Household marketing campaign
- Real estate tours
- Broker and tenant outreach
- Developer, land owners, and operator collaborations
- Respond to requests for proposals / work with State and regional economic development organizations
- Advertising and specialized data preparation
- www.thinkinsidethetriangle.com

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Examples of Recent Tenants

amazon

THE HOME DEPOT

LANCASTER Painting

LOWE'S

We have 33 million sq.ft. of industrial space with over 4.7 million sq.ft. approved and under construction

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Occupational Opportunities

Job Growth (Industry Shift Share)

Job Concentration (Location Quotient)

Declining Economic Base Industries
- Food Manufacturing
- Paper Manufacturing
- Plastics and Rubber Prod. Mfg.
- Nonmetallic Mineral Prod. Mfg.

Growing Economic Base Industries
- Wood Prod. Mfg.
- Furniture Mfg.
- Merchant Wholesalers
- Warehousing/Storage
- Repair and Maintenance

Declining Small Industries
- Construction
- Apparel/Leather Mfg.
- Fabricated Metal Products
- Computer and Electronics Mfg.
- Professional Services

Emerging Industries
- Machinery Mfg.
- Transportation Equip. Mfg.
- Misc. Mfg.
- Ambulatory Health Care
- Nursing and Residential Care
- Educational Services

Source: Applied Development Economics

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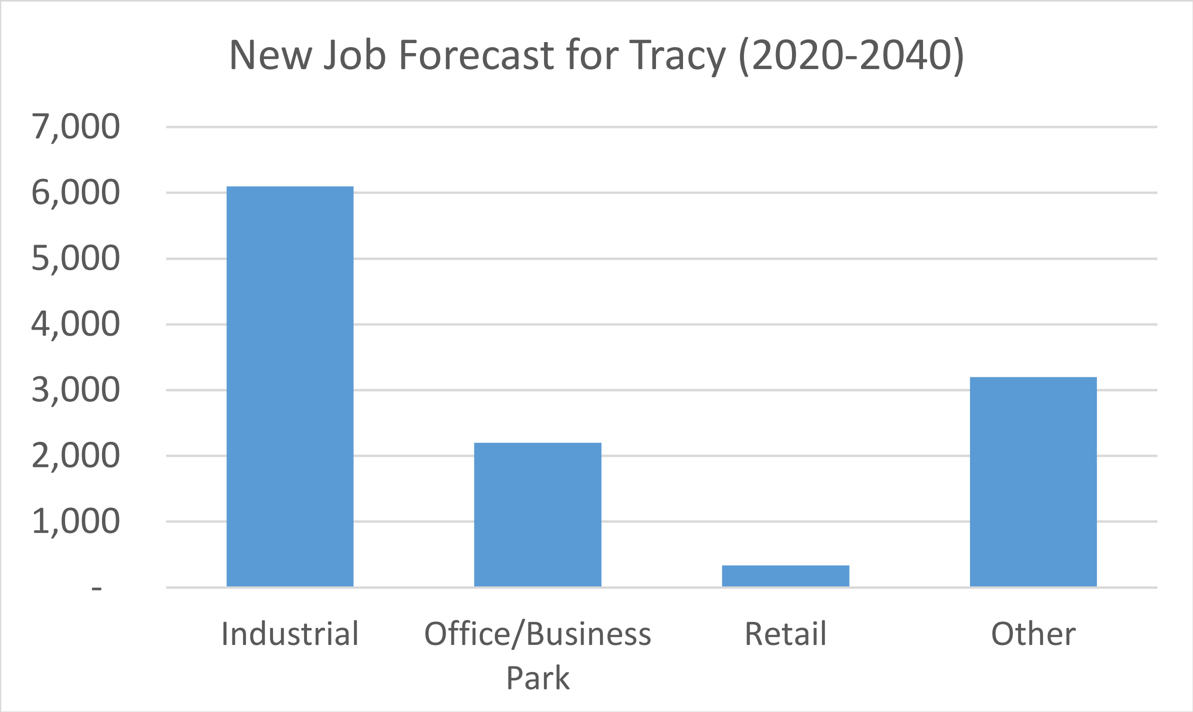
Tracy Growth Forecast

- Largest growth over the last decade was in Transportation and Material Moving
- By 2040, Tracy is forecasted to add over 32,000 residents and 11,800 new jobs
- Largest demand is expected to be for industrial space



Source: Economic and Planning Systems, Inc.

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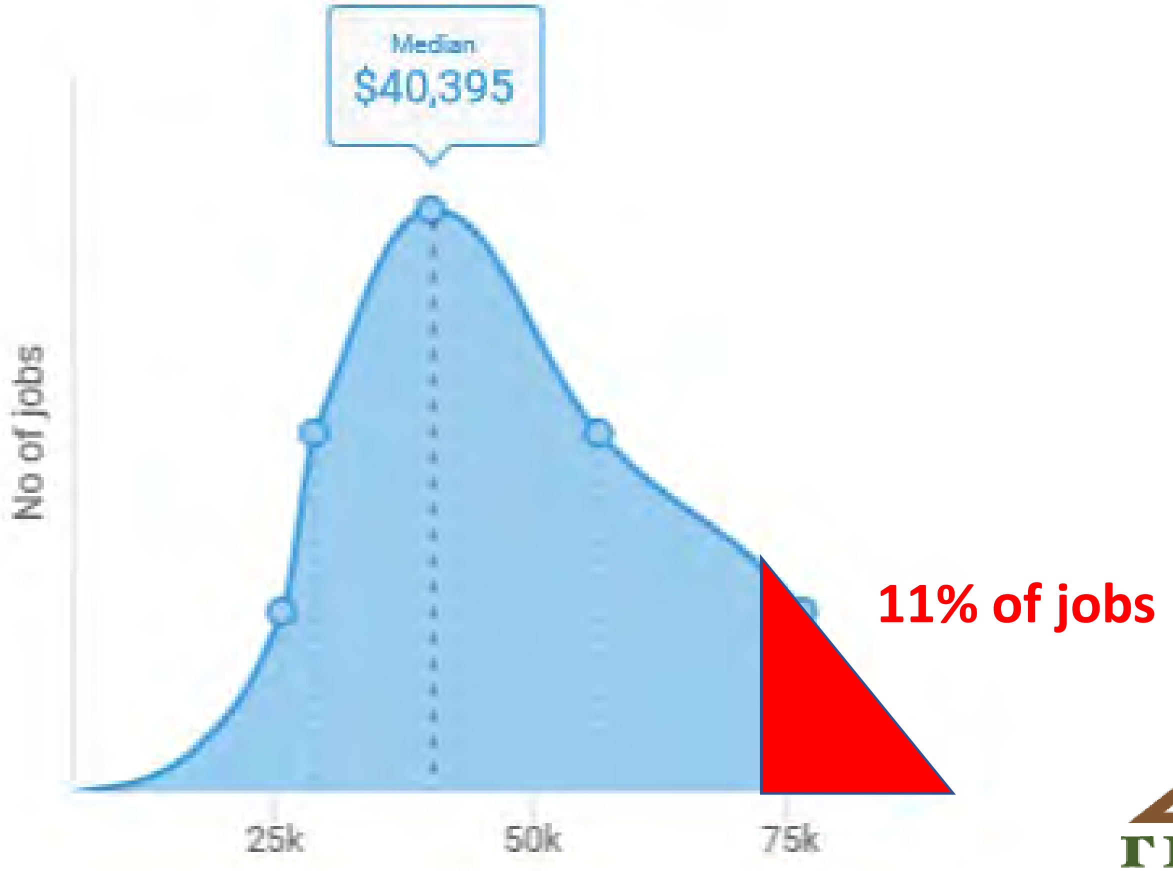
Wage Distribution

Income Distribution of Transportation and Warehousing Jobs in San Joaquin County



Source: Labor Insight (Burning Glass Technologies)

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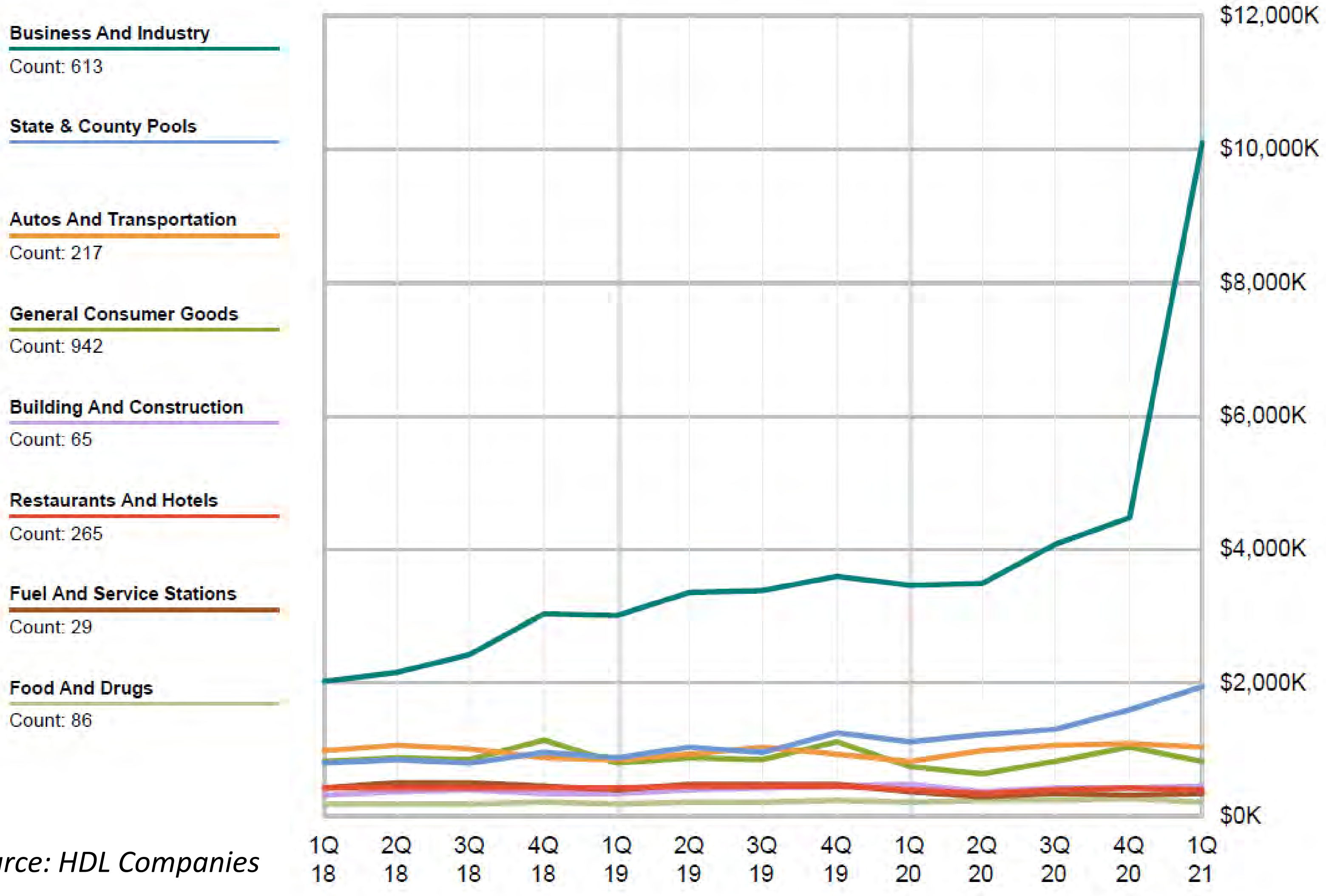
Business and Industry is the Largest Sales Tax Generator



Source: HDL Companies

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Industrial Land is a Future Reuse Opportunity

Apple Campus in Sunnyvale

Tesla Plant in Fremont

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Downtown

- Downtown Vision
- Westside Market Disposition
- Outside Dining

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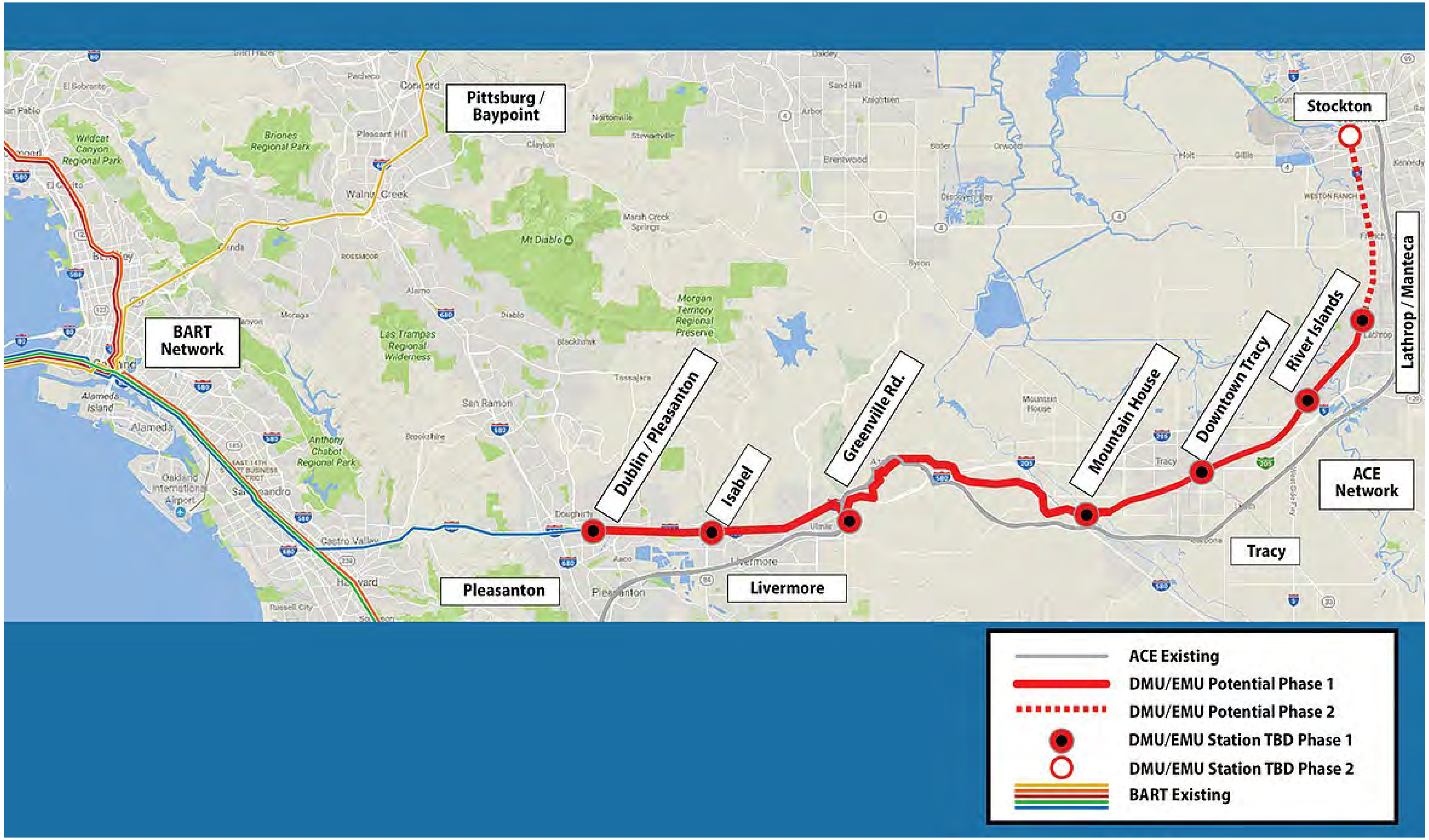
Valley Link



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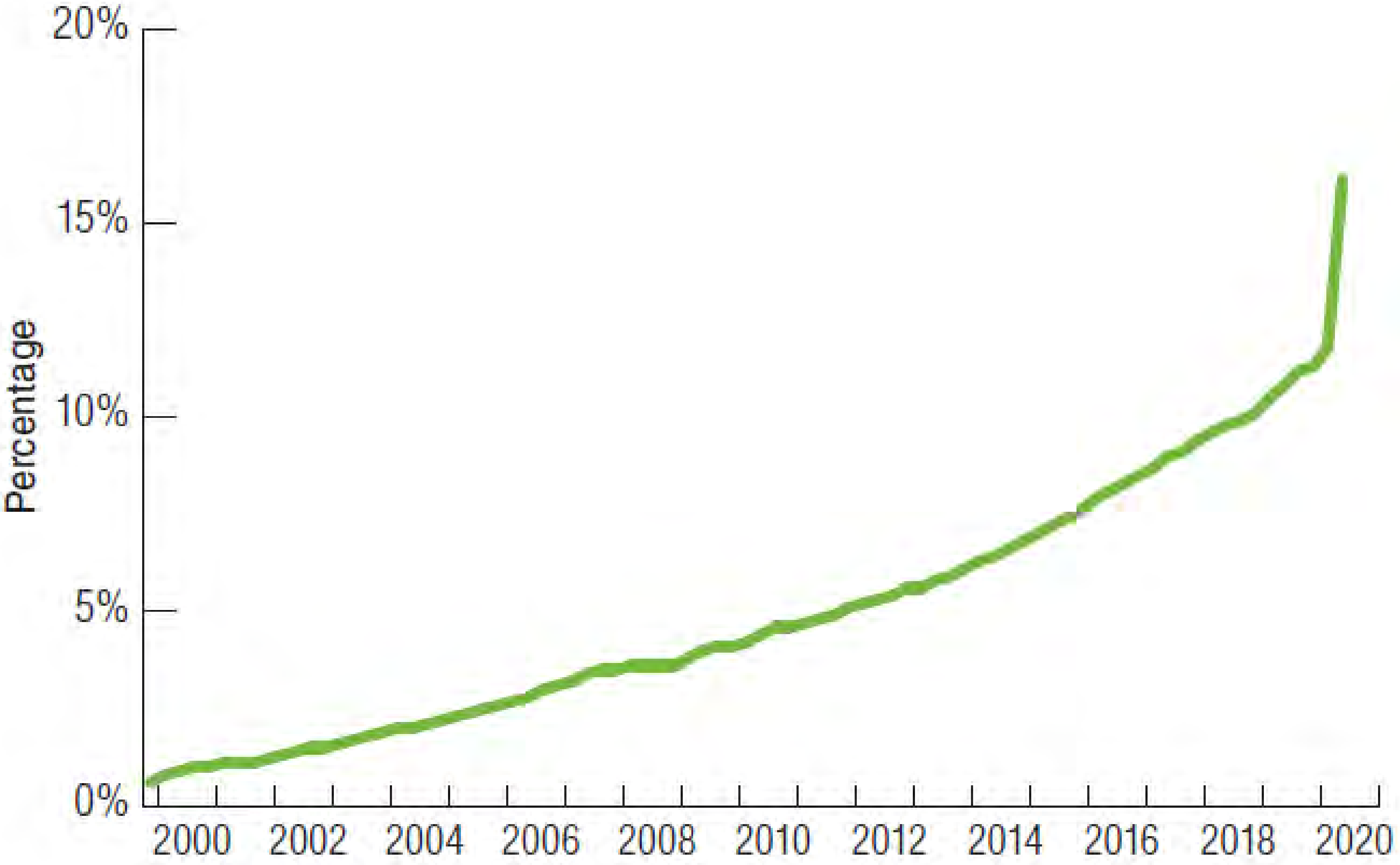
E-Commerce



Source: U.S. Census Bureau.

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Green Technology and Innovation

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Diversity of Housing

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Education Opportunities

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Maintain Entrepreneurial Climate

- Revolving business loan
- Economic development assistance
- Connection to regional resources

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Upcoming ED Updates

- FY2021-23 Economic Development Strategic Plan (American Rescue Plan Act Economic Development grant allocation)
- Disposition of the West Side Market
- Affordable housing initiatives
- Chrisman Property – city-owned opportunity site

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Should the Mid-Term Economic Development Strategic Plan be Updated?

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