

Agenda Item _____

RECOMMENDATION

The Planning Commission recommends that the City Council adopt a Resolution approving the Downtown Vision Plan.

EXECUTIVE SUMMARY

This agenda item is to consider adoption of the Downtown Vision Plan. The City's Downtown planning efforts have evolved over the past few years from beginning as a Downtown Transit-Oriented Development (TOD) Study in 2019/2020, initiating preparation of a Downtown TOD Specific Plan and Environmental Impact Report (EIR) in 2021, undergoing revisions to the planning area boundary in 2022 (i.e., removing Urban Reserve 1 to focus on the Downtown core and Bowtie area), and now recommending a pivot from the bulky Specific Plan/EIR approach to consider a more focused, streamlined, three-pronged approach, including a Downtown Vision Plan, Downtown Design Guidelines, and amendments to the Central Business District (CBD) Zone.

For this agenda item, the City Council is only being asked to consider the Downtown Vision Plan. The Vision Plan is not a land use regulatory document. If this item is approved, the Downtown Design Guidelines and amendments to the CBD Zone will be brought to City Council for consideration in the first half of 2025, after Planning Commission review and recommendation has occurred.

The Downtown Vision Plan, which includes concepts for a grand park in the western portion of the Bowtie area, was presented to the Planning Commission on August 14, 2024, and the Parks & Community Services Commission on September 5, 2024. Both Commissions recommended that the City Council approve the Downtown Vision Plan.

BACKGROUND

Downtown Transit-Oriented Development Study

Downtown Tracy is generally located in the area bordered by 12th Street, 4th Street, West Street, and East Street, which includes the Bowtie area. The Bowtie area includes approximately 60 acres of vacant land owned by the Union Pacific Railroad (UPRR) that is located between 6th Street and 4th Street on both sides of Central Avenue and extends to Tracy Boulevard on the west and MacArthur Drive on the east. Maps of the Downtown area are included in Attachment A.

Downtown planning is an ever evolving and continual focus of the City. The most recent planning efforts began in 2019 following news of Tri Valley/San Joaquin Valley Regional Rail Authority's plans for a commuter rail service, known as Valley Link, connecting Lathrop to Dublin BART with a potential station in Downtown Tracy.

In anticipation of Valley Link, the City Council authorized staff to enter into a Professional Services Agreement (PSA) with DeNovo Planning Group on June 18, 2019, to conduct a Downtown Transit-Oriented Development (TOD) study. The purpose of this long-range planning and urban design study was to evaluate how the potential introduction of commuter rail service, via Valley Link, could impact development opportunities in and around the greater

Downtown and surrounding areas.

In preparing the Downtown TOD Study, the City implemented a broad and comprehensive outreach and participation process in order to engage key stakeholders and broad segments of the community. The outreach effort included a community workshop, an online survey, stakeholder interviews and meetings, and working sessions with the City Council and Planning Commission. The Downtown TOD Study was presented to the Planning Commission on February 26, 2020, and the City Council on July 21, 2020.

Downtown Specific Plan

On March 2, 2021, the City Council approved an amendment to the PSA with De Novo Planning Group to proceed with the second phase of the planning effort, which was preparation of a Downtown TOD Specific Plan and Environmental Impact Report (EIR). The original planning area included all property within a half-mile radius of the Tracy Transit Station, as well as approximately 780 acres of land located outside the City limits on the east side of the City between MacArthur Drive and Chrisman Road, known as Urban Reserve 1 (UR1). Since that time, factors have occurred that have affected the planning area boundary and the recommended planning document, as described below.

On November 16, 2021, the City Council received an update on the Valley Link project. Tri Valley/San Joaquin Valley Regional Rail Authority representatives explained that they are considering an alternative rail alignment that would connect Valley Link with the I-205 Managed Lanes Project and potentially shift the Tracy station location from Downtown to the I-205 area. It was also reported that the first phase of the Valley Link project is planned to only extend from the Dublin BART station to Mountain House. This news did not stop the City from continuing Downtown planning efforts, but it did cause the planning to be more focused on what's best for the Downtown, regardless of what happens with Valley Link.

In 2021/2022, the community raised concerns about including UR1 in the planning area. The main points were that UR1 was too distant from the Downtown and that the City should focus planning efforts on the Downtown itself and not include UR1. This community feedback helped to further refine the focus of the planning efforts to the Downtown core and the Bowtie area.

With UR1 removed from the planning area, a specific plan (which would require the preparation of a costly and time-consuming EIR), is no longer the most effective tool available to the City. The revised approach described below is recommended to better achieve the City's desired outcomes, resulting in better near-term results and a more cost-effective approach.

Revised Approach

Rather than prepare a Specific Plan and EIR, the City staff/consultant team now proposes a three-pronged planning approach in order to most effectively respond to market conditions, community concerns, and previous City Council direction. These include:

1. Adopt a Downtown Tracy Vision Plan. The Vision Plan will document the rich history of Downtown Tracy, identify aspirations for notable transformations and opportunities for the Bowtie, and identify policies and actions to achieve commercial, housing, and economic development goals. The primary difference between a Vision Plan and a Specific Plan is that a Vision Plan is not a land use regulatory document, whereas a

Specific Plan is. This means that a Vision Plan does not contain land use regulations and zoning standards that would affect development. A Vision Plan paints a conceptual picture of a desired outcome and provides a strategy for how to achieve it. The strategy may include next steps that consider changes to land use regulations and zoning standards, but those regulations are not part of the Vision Plan itself.

2. Establish Downtown Design Guidelines. Establish design standards that are uniquely and specifically developed for Downtown Tracy, rather than continuing to apply citywide residential and commercial design standards to this area. This will blend historic preservation with modern best practices to achieve desired results. The design guidelines may be added to the City's Design Goals and Standards as a new section pertaining to the Downtown or be a separate stand-alone document. The design guidelines would be applicable during the Development Review Permit process as architectural guidelines and objective design standards. The design guidelines will be brought to Planning Commission and City Council for consideration in the first half of 2025.
3. Update Central Business District (CBD) Zoning Standards. This is the most direct and effective response to priorities expressed by community and business leaders, including streamlining development review to spur economic growth, provide consistent guidance on parking standards, establish maximum building heights, identify updated list of allowed uses in the Downtown, effectively integrate housing and mixed use into the periphery of Downtown, etc. The update to CBD zoning standards will be brought to Planning Commission and City Council for consideration in the first half of 2025.

The benefits of the updated project approach include the following:

- More focused and responsive approach to the key issues identified by the community, Tracy City Center Association (TCCA), Planning Commission, and City Council.
- Responds to findings of Market Study.
 - Wholesale land use and infrastructure changes are not needed. Rather, focused changes to development standards, parking, permitted uses, design standards, etc.
 - Identify targeted and strategic changes that will have near term positive impacts and more directly respond to input from the business community.
- CBD zoning updates are most effective tool in addressing TCCA concerns and priorities, rather than replacing CBD with a Specific Plan, or creating redundant layers of planning requirements via a Specific Plan.
- Continue to maintain and support the CBD as the commercial core of Downtown Tracy, while planning for supporting housing and infrastructure.
- Create a grand vision for the Bowtie so that future funding sources can be secured.
- Reduce the overall project budget via a more streamlined and effective set of planning tools and eliminate the need to prepare a costly EIR that provides little direct benefit to Tracy.

ANALYSIS

Downtown Vision Plan

Given that this project has been in the works for a few years and all meetings with the Planning Commission and the City Council have been project update/discussion items, staff determined that it would be best to bring forth something tangible for review and approval, rather than an agenda item to only discuss the revised approach. Therefore, the purpose of this agenda item is to present the Draft Downtown Vision Plan for City Council consideration. This will also be an opportunity for the public to provide feedback on the plan. The City's planning consultant, Ben Ritchie of DeNovo Planning Group, will provide a presentation of the Downtown Vision Plan during this agenda item. The complete Downtown Vision Plan is included as Attachment A.

The Downtown Vision Plan identifies the Bowtie area as a key opportunity site because of its size and proximity to both the Downtown core and the potential future Valley Link station (if it locates in the Downtown). For decades, Downtown stakeholders have looked to the City and asked what are we going to do about the Bowtie. Staff asked our consultant to be bold in the vision for the Bowtie because we believe that is what City Council and the community are looking for.

The development constraints of the Bowtie are that the property is owned by the Union Pacific Railroad (UPRR) and the property will need remediation of contaminated soil, which further complicates any land purchase and adds cost and time to any future development project. These constraints make the property less attractive for private development.

The Downtown Vision Plan contemplates the potential of the City acquiring the Bowtie property, remediating the contaminated soil, and developing a grand central park on the western portion of the Bowtie. Very few cities have an opportunity to create such a grand park adjacent to their downtown. The concepts for this park would establish it as a huge attraction for the surrounding neighborhoods and the City as a whole. This grand park is envisioned to include a mix of active and passive uses on a scale that would be unmatched elsewhere in the City. The concept includes a potential outdoor amphitheater that could elevate this park to a regional destination.

This grand park could spur increased activity in the Downtown and increase the development potential of the eastern portion of the Bowtie for high density residential, which would further benefit the Downtown. This concept would also complement the potential Valley Link station if it locates in the Downtown.

This vision for the Bowtie is based on the belief that if something positive is going to happen in the Bowtie, it is more likely to occur with the City as the lead. This cannot be overstated, as the market study indicated that the outlook for new development in the Downtown and Bowtie area does not look favorable for private investment under current market conditions, and this has been the case for many decades. It needs to be acknowledged though that this vision for the Bowtie is a long-term vision that will likely take at least 10 years to achieve. A significant benefit of approving this Downtown Vision Plan is that it will enable the City to begin talks with UPRR and arm us with essential project marketing materials that will be helpful in pursuing State and Federal funds to assist with remediation of the site and project development.

Preliminary estimates for acquiring the entire Bowtie site are roughly in the range of \$38 million to \$42 million, and preliminary estimates for site remediation are roughly in the range of \$10 million to \$12 million. It should be noted that in 2006 the City acquired approximately 3.8 acres in the Bowtie area from the UPRR for approximately \$1.3 million for development of the Tracy Transit Station.

The park concepts shown in the Downtown Vision Plan are included only for the purpose of identifying the potential for a grand park in the Bowtie area. This is not an attempt to design the park. If the City is to ever move forward with plans for developing a park in the Bowtie area, the actual park design would be subject to the City's standard process for park design and development, as described in the City's Parks Master Plan.

If the City Council approves this Downtown Vision Plan, staff and the consultant team will move forward with next steps, which are recommended to include bringing forth Draft Downtown Design Guidelines and potential amendments to the Central Business District (CBD) Zone in the first half of 2025. If the City Council desires to have this packaged as a Specific Plan instead, that can still be done. All the work to date can be retained and combined with the future work to create a Specific Plan.

Planning Commission Recommendation

The Planning Commission considered the Downtown Vision Plan on August 14, 2024. The Planning Commission expressed support and recommended that the City Council approve the Downtown Vision Plan. The recommendation from the Planning Commission included the recommendation that a statement be added to the introduction to state that the Vision Plan is conceptual (and not regulatory).

Several Downtown business owners expressed the desire to see more incentives and benefits for existing Downtown businesses. The potential future amendment to the CBD Zone may provide benefits to existing property owners and business owners, such as streamlining the development review permit process and allowing certain land uses without a conditional use permit. Additionally, the City's Economic Development Division is planning to develop a potential matching grant façade program that could assist property owners and business owners with exterior improvements to their buildings.

Parks & Community Services Commission Recommendation

Staff and consultant presented the Downtown Vision Plan to the Parks & Community Services Commission on September 5, 2024. The Parks & Community Services Commission expressed support for the park concepts in the Bowtie and recommended that the City Council approve the Downtown Vision Plan.

FISCAL IMPACT

This agenda item does not request any expenditure of funds. This project is being partially funded by the following three grants:

1. Senate Bill No. 2 (SB 2) Planning Grant, which involves funding and technical assistance to local governments in California to help cities and counties prepare, adopt, and implement plans and process improvements that streamline housing approvals and

accelerate housing production.

2. Local Early Action Planning (LEAP) Grant, which involves funding and technical assistance to local governments for the preparation and adoption of planning documents, and process improvements that accelerate housing production and facilitate compliance to implement the sixth-cycle Regional Housing Needs Allocation.
3. Regional Early Action Planning (REAP) Grant, which involves funding for regional and local housing planning activities to accelerate housing production and facilitate compliance in implementing the sixth-cycle of the Regional Housing Needs Allocation.

The budget for preparing the Downtown Vision Plan is covered by the Downtown TOD Specific Plan budget of \$500,000, which is being funded by \$150,000 in SB 2 grant funds, \$200,000 in LEAP and REAP grant funds, and \$150,000 from the Community and Economic Development Department operating budget. The current remaining balance on the scope of work with DeNovo Planning Group is approximately \$191,725. A portion of the remaining balance will be needed for finalizing the Draft Downtown Design Guidelines and for assistance preparing the CBD Zoning Text Amendments.

Preliminary rough estimates for acquiring the Bowtie site are in the range of \$38 million to \$42 million, and preliminary rough estimates for site remediation (clean-up of contaminated soil) are in the range of \$10 million to \$12 million. If the City Council directs staff to explore the potential for acquisition and remediation of the site, staff will contact UPRR and State Department of Toxic Substance Control to begin initial discussions, as well as begin researching grant opportunities.

PUBLIC OUTREACH / INTEREST

For this agenda item, a public notice was published in the local newspaper, mailed to all property owners within a 300-foot radius of the Downtown Vision Plan Area, and posted on the City's website. Additionally, as part of the Downtown planning process over the past five years, the City implemented a broad and comprehensive outreach and participation process in order to engage key stakeholders and broad segments of the community. The outreach effort included a community workshop, online community surveys, stakeholder meetings, and meetings with the City Council and Planning Commission.

COORDINATION

The planning process for the Downtown Vision Plan involved coordination with multiple City Departments and Divisions, including the Economic Development Division and the Parks & Recreation Department. This staff report was prepared by the Community and Economic Development Department Planning Division.

CEQA DETERMINATION

The project is exempt from the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15061(b)(3). CEQA Guidelines Section 15061(b)(3), which is known as the "common sense exemption," states that CEQA only applies to projects, which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the

environment, the activity is not subject to CEQA. For this agenda item, the requested action involves adoption of a Downtown Vision Plan. The Downtown Vision Plan on its own does not have the possibility of causing a significant effect on the environment because it is only a Vision Plan, which is not a land use regulatory document and does not change zoning or approve any development projects. When any future development is proposed in the Downtown Vision Plan area, the appropriate site-specific CEQA analysis will be conducted for each individual development application or City project.

STRATEGIC PLAN

This project is related to the following City Council Strategic Priorities:

- Economic Development Strategy, Goal 3: Advance Downtown Specific Plan including provisions for a Transit Oriented Development (TOD) Plan
 - 3.a. Complete the TOD market and fiscal analysis
 - 3.b. Conduct Downtown Specific Plan stakeholder and community outreach
 - 3.c. Draft the Downtown Specific Plan and Environmental Impact Report (EIR)
- Quality of Life Strategy, Goal 3: Provide Recreation and Cultural Arts programming and events that bolster quality of life
 - 3.c. Explore opportunities to construct an outdoor amphitheater or pavilion based on available funding

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt a Resolution approving the Downtown Vision Plan.

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ATTACHMENTS

Attachment A – Downtown Vision Plan