# XVI. Economic Development

#### **SIDEBAR:** Guiding Principles

A smart and connected community matters. Smart land use and design based on cohesive communities are respectful of our environment and create efficiencies that benefit community health, social interaction, commerce, and infrastructure.

**Prosperity matters.** Capitalizing on the innovative spirit that exists in the community will support the human, financial, and capital infrastructure needed for a sustainable and diverse economy.

*Place matters.* Regional growth should occur in harmony with the community's historical character, unique cultural resources, and natural environment.

**People matter.** All residents should be assured equal opportunities for a range of choices in housing, employment, education, health, safety, and devotion.

*Trust and transparency matter.* Regional community leaders, commerce, and residents expect transparency, accountability, and respect for each other in pursuit of our community vision.

*Cooperation matters.* Regional partnerships create a strong community, protect the environment, and achieve our common goals.

The region's economic resilience is promoted by the entrepreneurial, intellectual, environmental, and social vitality of its citizens. Increased job opportunities, job diversity and an increase in the "livability index" is the result of smart growth through quality development, preserving this unique sense of place, and celebrating the innovative spirit.

#### [End sidebar]

#### **Another sidebar: Useful Terms**

"Social vitality" is the invigoration or continued and increased activity of citizens, cultural activities, and civic engagement (such as voting)

"Community vitality" refers to the overall well-being of residents

The "livability index" is ...

#### [End Sidebar]

## Fostering a Resilient and Prosperous Economy

The Flagstaff region continues to build a robust and resilient economy that is concurrently independent and globally connected. While the future may hold a declining, steady-state, or growing economy, it is important to recognize that the Flagstaff region does not work or act alone, but influences and is influenced by this greater context of the global community. By continuing to be adaptable and supportive with targeted investments, the region will be able to increase business diversity and opportunities, supply local needs, increase exports, and build a broad tax base. The region will encourage and warrant investments and net job creation for diverse industry sectors. Understanding that the purpose of economic

development is to improve overall community prosperity, the region's residents and businesses support collaborative economic development activities.

Flagstaff serves as the economic hub of northern Arizona, providing goods and services for the region. With over 8,000 businesses<sup>1</sup> (over 20 percent of which are service related) that employ over 72,000 people, as well as over 4 million visitors annually, the top employment industries are government, education, science and research, healthcare and healthcare product manufacturing, tourism, transportation, and utilities. Over 5,000 people commute to Flagstaff daily to work from southern outlying communities. Check all data - clarify if City or FMPO - and include graph/chart *here* 

#### Sidebar: Regional Economic Development Partners

Significant regional economic development partners continue to identify opportunities and help focus community efforts to diversify and strengthen all employment. Some of our regional economic development partners include:

City of Flagstaff Economic Vitality
Coconino Community College
Economic Collaborative of Northern Arizona (ECoNA)
Flagstaff Chamber of Commerce; Northern Arizona University
Northern Arizona Builders Association
Northern Arizona Board of Realtors
Sustainable Economic Development Initiative (SEDI)
Numerous other for-profit and non-profit development and community development groups
[End Sidebar]

Flagstaff recognizes the many opportunities for job prosperity within the current growth sectors of bioscience, astronomical sciences, earth and life sciences, advanced manufacturing, innovation and technology, forest restoration and forest products, professional services, construction services, health care and medical services, engineering and architectural services, alternative energy production (including wind farms and commercial solar energy production), outdoor recreation, agriculture and regional food, telecommunications, as well as the expansion of knowledge-based, creative and cottage industries, as well as emerging and future sectors and technologies. Growth potential is also seen in industrial/logistical warehousing and multi-modal transportation facilities. The current transportation links of major interstate, rail, and air routes puts the Flagstaff region central to large metro markets.

The Flagstaff region provides global, national, and regional entrepreneurs with the lifestyle premium of quick access to vast open spaces with a diverse social and community culture for leisure, art, and recreation pursuits. Due to its geographically remote location, the region requires economic security and self-sufficiency in the way of a responsive education system to effectively train a workforce for future needs, industrial land served by infrastructure, efficient communication and high-speed internet, a culture of healthy idea-exchange, accessible housing options, efficient transportation, and protection of the existing high quality of life.

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<sup>&</sup>lt;sup>1</sup> Source: Bureau of Labor Statistics – *NAU Rural Policy Institute, 2010; City of Flagstaff Business Licenses.* 

# What is the Role of the *Flagstaff Regional Plan* in Community Economic Development?

This chapter in particular focuses on three priority areas of public investment:

- 1. Maintaining and expanding infrastructure to support and promote economic development.
- 2. Concentrating development for higher efficiencies.
- 3. Maintaining and enhancing our community's image.

This plan focuses on meeting these priorities with responsive government; education and workforce training; business retention, expansion, and entrepreneurship; business attraction; promotion of community character; focus on activity centers; and commitment to quality redevelopment and infill.

## **Responsive Government**

A responsive government is one that goes beyond providing basic services; it understands the community vision and develops policies and procedures to create a healthy and sustainable business environment. Good government processes lead to transparency and consistent decision making. This is attractive to the businesses of tomorrow looking for a particular quality of life and a predictable business environment. Governing agencies can collaborate with regional economic development partners and use available economic development tools to identify ways to advance targeted investments in infrastructure, encourage private investment, create jobs, and ensure better planned new development. This leads to overall increased community prosperity.

#### **Goals and Policies - Responsive Government**

**Goal ED.1.** Create a healthy environment for business by ensuring transparent, expeditious, and predictable government processes.

- **Policy ED.1.1.** Maintain the commitment by City and County government bodies to establish new public-private partnerships to spur economic development.
- *Policy ED. 1.2.* Steadily improve access to easily understandable public information.
- *Policy ED. 1.3.* Provide an accurate and up-to-date procedural guide for business development.
- Policy ED 1.4. Use economic best practices to promote quality and fiscally sound projects.
- **Policy ED. 1.5.** Encourage local governments and the surrounding sovereign tribal nations to collaborate on mutually beneficial economic development initiatives.
- **Policy ED 1.6.** Work cooperatively as a region towards developing a redundant telecommunications system.

## **Education and Workforce Training**

Flagstaff boasts a highly educated population (based on 2010 Census data, 39.4percent of residents hold university degrees, compared to the national average of 24.4 percent). In addition, workforce training is a priority. Since our future workforce will focus on research/development and innovative thinking, regional efforts for education and training should provide for the full range of jobs, including all service industries,

high-tech industries, customer service, innovative thinking, and creative problem-solving. A well-established labor force is essential in attracting a new business, as it is a primary factor in determining a new business location as well as a local business' ability to expand. A well-trained, well-compensated, and diversified labor force contributes to a healthy local economy and positive community image.

[INSERT WORKFORCE CONTINUUM GRAPHIC]

High-quality educational opportunities at all levels are essential to sustain a healthy, diverse economy. As quality employers and employees demand high-quality K-12 / pre-school through university education for their children and future workforce, the region's educational institutions are incorporating the Science, Technology, Engineering and Mathematics (STEM) Initiative, making Flagstaff America's first self-appointed STEM community. Our regional education partners can build on this success.

#### Sidebar: Setting the Bar

In October 2012, The City of Flagstaff declared itself a leader in STEM education. Mayor Jerry Nabours issued a proclamation stating that Flagstaff is a STEM community by highlighting the great science and technology businesses and institutions and the excellent STEM activities in Flagstaff schools. The City currently recognizes a STEM Student, Teacher and Leader of the Year. Moving forward, Flagstaff is initiating a STEM Consortium that will focus on STEM business-school connections and curriculum development. A large highway sign stating "America's First STEM Community" was also unveiled, and will be one of three that greet visitors coming into Flagstaff.

#### [End sidebar]

#### Goals and Policies - Education and Workforce Training

**Goal ED.2.** Support and encourage an excellent educational system that promotes critical thinking and job training programs at all levels.

**Policy ED.2.1.** Ensure that as industry sectors emerge and grow, regional workforce development partners will take a proactive role by preparing the local labor force for current and future workforce needs.

*Policy ED 2.5.* Support collaborative workforce training efforts by Coconino Community College, Northern Arizona University, and regional economic development partners

**Policy ED.2.2.** Encourage efforts to provide a full range of high-quality educational opportunities for life-long learning for all residents..

*Policy ED.2.4.* Promote science, technology, engineering, mathematics, liberal arts, and entrepreneurship education at all levels.

## Business Retention, Expansion, and Entrepreneurship

The Flagstaff region is home to businesses with healthy national and international markets, providing thousands of jobs to the community. Equally important, over 55 percent of the region's businesses are independent owner-operated businesses [cite source]. In addition, 25 percent of all households have the propensity of building a home-based business [cite source]. Flagstaff's diverse businesses are essential to the region's economy, providing jobs for economic stability, opportunities for youth, and opportunities for innovation and research. Small businesses are often the output of great entrepreneurial ideas, retaining

and expanding these innovation companies is paramount to Flagstaff's economic health and resilience. Manufacturing, healthcare, education, tourism, research and development, arts and culture forestry, agriculture, and utilities all contribute to the economic health of the region.

[DEVELOP AND INSERT GRAPHIC - EMPLOYMENT AND WAGES (former Appendix H from December draft)

#### Goals and Policies - Business Retention, Expansion and Entrepreneurship

**Goal ED.3.** Ensure that regional economic development partners support the start-up, retention, and expansion of existing business enterprises.

**Policy ED.3.1.** Encourage regional economic development partners to continue proactive programs to foster the retention and expansion of existing enterprises and home-based businesses in the community.

**Policy ED.3.2.** Support and promote the diversification and specialization of the tourism sector, with heritage-, agri-, eco-, and adventure-tourism.

**Policy ED.3.3.** Strengthen the arts, culture and education sectors as important economic drivers in the community.

**Policy ED.3.4.** Support plans, programs, and capital expenditures to stimulate the investment of private capital in existing commercial areas for all industry sectors.

*Policy ED.3.5.* Take advantage of federal, state, and local incentives available for business retention and expansion efforts.

**Policy ED.3.6.** Advocate the economic sustainability and growth of businesses with opportunities for transitional commercial space, leased space, and property ownership.

**Policy ED3.7.** Foster entrepreneurialism and start-up businesses with incubator programs in sectors that demonstrate considerable growth potential.

*Policy ED 3.8.* Support and encourage regional agriculture.

**Policy ED 3.9.** Protect existing business and industrial areas from encroachment and allow for their expansion.

#### **Business Attraction**

The Flagstaff region emphasizes a diverse local economy, welcoming all industry sectors to help create a strong economic base. Strategic recruitment of targeted industry sectors will expand and diversify the economic base, benefiting the community as a whole. Economic development partners will work together to develop and manage a strong, singular marketing message. Public private partnerships are needed to invest in the necessary infrastructure. Attraction efforts should focus on high-skill, high-wage and low-impact jobs as evidenced in Flagstaff's current growth sectors and emerging technologies.

#### **Goals and Policies - Business Attraction**

Goal ED.4. Support efforts to recruit new businesses and industries compatible with the region.

**Policy ED.4.1.** Publicize all developable property, with property owner's consent, within the region with an understanding of infrastructure needs and applicable Zoning Code standards.

**Policy ED.4.2.** Promote variety and flexibility in land use and development options within the (Development Growth Boundary/Development Boundary).

**Policy ED.4.3.** Facilitate regional economic development by participating in cooperative ventures throughout the northern Arizona region.

**Policy ED.4.4.** Identify and support community resources that assist new businesses, such as workforce development, marketing, building processes, venture capital, financing, and management.

**Policy ED.4.5.** In an effort to promote the sustainability of resources, the City will encourage all new and expanded commercial and industrial development to be energy and water efficient.

**Policy ED.4.6.** Develop specific area plans for targeted industrial, and business park land, which have been identified as major employment centers in the *Flagstaff Regional Plan*.

**Policy ED 4.7.** Prioritize attraction of companies that contribute to low-impact and livable wage jobs.

## **Community Character**

Visitors, employees, and businesses are attracted to a community that values its surrounding natural beauty, unique cultural heritage, and built environment. The image presented by a community can determine the location decision of a new or relocating business. Existing businesses are more likely to expand and reinvest in a community with a positive self image and a strong sense of civic pride. Cities that invest in beautiful streets, public spaces, and architecture and focus on maintaining the natural and built environment foster and encourage private investment.

#### **Goals and Policies - Community Character**

**Goal ED.5.** Continue to promote and enhance Flagstaff's unique sense of place as an economic development driver.

**Policy ED5.1.** Support planning, design, and development that positively, creatively, and flexibly contribute to the community image.

*Policy ED5.2.* Coordinate and manage community branding to effectively position the region for global marketing.

**Policy ED5.3.** Leverage the region's assets of history, culture, natural environment, educational and scientific facilities as an economic development tool.

**Policy ED5.4.** Invest in attractive community gateways, main corridors, and public spaces to draw the business and workforce the region desires.

*Policy ED.5.5.* Develop urban infrastructure that supports revitalization and redevelopment.

## **Activity Centers**

Designated activity centers for industrial uses, industrial parks, business parks, intermodal facilities, mixed-use developments, collaborative business incubators, and employment centers will focus public investment for needed infrastructure and connectivity. Understanding how activity centers currently exist, what the potential market supports, what the potential density might be, and what infrastructure is needed to make this happen will help stakeholders, decision-makers, developers, and businesses work in concert to collaboratively invest in the region's concentrated centers of activity. Within the region there are both rural and urban centers that are suitable for different levels of activity and have different levels of services available.

The following activity centers have been identified as needing infrastructure and possibly redevelopment to reach their full potential:

Activity Center	Improvements Needed and Mechanisms
Regional Centers:	
URBAN	
Historic Downtown	<ul> <li>Investment in appearance, cleanliness, etc.</li> <li>Business Improvement District</li> </ul>
Flagstaff Central District	<ul><li> Investment in appearance, cleanliness, etc.</li><li> Business Improvement District</li></ul>
Fourth Street Activity Corridor	<ul> <li>Re-zone (pre-zone) activity center for minimum height, address urban form and parking issues.</li> <li>Utilize Capital Improvement Program to upgrade infrastructure to desired density needs.</li> <li>Land assemblage for redevelopment</li> </ul>
SUBURBAN	•
Milton Road (University Center)	<ul> <li>Re-zone (pre-zone) activity center for minimum height, address urban form and parking issues.</li> <li>Utilize Capital Improvement Program to upgrade infrastructure to desired density needs.</li> <li>Land assemblage for redevelopment</li> </ul>
Butler Avenue: Sawmill to Little America	Specific Area Plan
Flagstaff Mall and Auto mall	Specific Area Plan
Neighborhood Centers:	
URBAN	
Fourth Street, 7 <sup>th</sup> to Cedar	Specific Area Plan

Humphrey's Basha's Center (connected to FMC)	<ul> <li>Re-zone (pre-zone) activity center for minimum height, address urban form and parking issues.</li> <li>Utilize Capital Improvement Program to upgrade infrastructure to desired density needs.</li> <li>Specific Area Plan</li> <li>Re-zone (pre-zone) activity center for minimum height, address urban form and parking issues.</li> <li>Utilize Capital Improvement Program to upgrade infrastructure to desired density</li> </ul>
SUBURBAN	needs.
Woodlands Village / Wal Mart plaza	Specific Area Plan
Cedar Safeway Shopping Center	Specific Area Plan
Butler / Fourth	Specific Area Plan – part of larger planning efforts
RURAL	
89A / Silver Saddle	Part of County Area Plan
Townsend Winono / Slayton Ranch Rd	Part of County Area Plan
Ft. Valley Road / Peakview	Part of County Area Plan
Kachina	Part of County Area Plan
<b>Employment Centers:</b>	
Airport Business Park	Specific Area Plan
	<ul> <li>Re-zone (pre-zone) activity center for minimum height, address urban form and parking issues.</li> <li>Utilize Capital Improvement Program to upgrade infrastructure to desired density needs.</li> </ul>
FMC Medical Campus	Specific Area Plan
Ft. Valley Cultural Corridor	Specific Area Plan
Innovation Mesa	Specific Area Plan exists and in progress
Northern Arizona University	NAU Masterplan exists and in progress
Bellemont	Specific Area Plan

## **Goals and Policies - Activity Centers**

**Goal ED.6.** Promote the continued physical and economic viability of the region's commercial districts by focusing investment on existing and new activity centers.

*Policy ED.6.1.* Ensure that local government promotes higher density development in targeted areas where economically viable and desired by the public.

*Policy ED.6.2.* Endorse efficiency of infrastructure with compact development within targeted activity centers.

## **Redevelopment and Infill**

Redevelopment provides one of the greatest opportunities for the Flagstaff area to increase density appropriately in the desired locations, but it must be achieved with sensitivity to the natural and built surroundings. Sensitive, contextual redevelopment is key to preserving districts, neighborhoods, and community character. It can bring increased development opportunities, economic stability, and tax base, while reducing blight, infrastructure expenses, and sprawl. Successful projects ensure an overall sense of pride, diversity, and identity within the urban area. Major redevelopment projects can restore economic viability to vacant and underutilized areas of the community. Conservation and rehabilitation of existing neighborhoods and commercial centers also focus growth inward, acting as a catalyst for protecting open space on the periphery of the urban areas.

#### Goals and Policies - Redevelopment and Infill

**Goal ED.7.** Promote redevelopment and infill as a well established means to accomplish a variety of community economic, planning, and environmental goals.

**Policy ED.7.1.** Maintain and upgrade existing infrastructure and invest in infrastructure to make redevelopment and infill an attractive and more financially viable development option.

**Policy ED.7.2.** Establish flexibility in development standards and processes to assist developers in overcoming challenges posed by redevelopment and infill sites.

**Policy ED.7.3.** Consider creative policy and planning tools (such as transfer of develop rights or transfer of development obligations) as a means to incentivize redevelopment and infill.

**Policy ED.7.4.** Encourage and invest in voluntary land assemblage in an effort to create better utilization and opportunities for development.

**Policy ED.7.5.** Provide public education regarding the sustainability and beneficial economics of redevelopment and infill.