



ECONOMIC DEVELOPMENT CHAPTER



INTRODUCTION

Scottsdale's future as a desirable place to live, work, and visit is dependent upon a dynamic, diversified, and growing economic base that complements the character of the community. Scottsdale is regionally competitive and strives to attract businesses that offer employment to citizens, provide essential services, respect the desert environment, support the tourist industry, and bolster the tax base. Scottsdale celebrates and embraces its existing strengths in business and employment, as well as looks to diversify and develop new strengths through emerging technologies and changes in ways of doing business. Economic competitiveness and prosperity is the primary means of supporting a quality of life that is distinctive among Valley communities.

Revitalization and redevelopment are a critical part of the economic vitality of the community. Housing and the stability of neighborhoods is an essential ingredient to Scottsdale's quality of life. This makes retaining and enhancing the vitality of maturing areas of the city a top priority in order to maintain the city's overall economic health.

Tourism and healthcare services are both integral parts of Scottsdale's identity and serve as part of the community's key economic engine. The health of the tourism market is dependent upon the quality and character of local hotels and resorts, the natural and built environment, and entertainment activities. Coupled with this, the healthcare industry supports Scottsdale by providing a stable employment base. The preservation and enhancement of these two market sectors are critical to the continued economic health of the city.

In order to maintain high public service standards and physical quality, the city must be committed to supporting and expanding its economic base. This can be done by targeting new economic opportunities that can help provide support for the future fiscal health of the city and long-term sustainability. The goals and policies of this chapter recognize that the City of Scottsdale operates within the broader context of a regional and global economic setting, and the city must strengthen its competitive position by creating an environment and infrastructure where industries for which Scottsdale is competitive can create, respond, and adjust rapidly.

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COST OF DEVELOPMENT ELEMENT

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- Goal CoD 2. Coordinate infrastructure and land use

ECONOMIC VITALITY ELEMENT



The importance of a healthy, vibrant economy to Scottsdale’s lifestyle and identity cannot be over emphasized. Scottsdale relies on its strong economic vitality to generate financial resources to help provide a high quality of life and services for the community, to provide employment for its citizens, and to preserve desert and mountain areas in Scottsdale. Without these economic strengths, citizens would experience decreased levels of city services and amenities, and/or increased taxes and cost of services. Consequently, the strength of Scottsdale’s economy has enabled the city to provide a high level of service to its residents at a relatively low cost.

Scottsdale’s economic base is quite diverse and demonstrates the community’s long standing economic themes of health and research, arts and culture and tourism. Today many other activities also cultivate Scottsdale’s economic strength including extensive retail opportunities and the diverse employment base at Scottsdale’s Greater Airpark and in the Downtown. By focusing on these strengths, Scottsdale is able to broaden its tax base and provide high quality employment opportunities for its citizens.

The Economic Vitality Element addresses policies to better evaluate decisions and encourage economic development that will sustain the community. The goals emphasize diversity, growth, and flexibility. The sustainability of the City of Scottsdale’s quality of life directly relies on the economic prosperity of the community balanced with respect for the natural environment and established neighborhoods. The goals and policies of the Economic Vitality Element are designed to support and enhance this sustainability.

Goals and Policies

GOAL EV 1.

Develop and implement long-term strategies to attract new and strengthen existing economic activities.

POLICIES

- EV 1.1.** Support the development of new economic opportunities that capitalize on Scottsdale’s competitive strengths city-wide and within sub-areas of the community.
- EV 1.2.** Recognize and enhance the Scottsdale Airport as a global connection that is important to business development.
- EV 1.3.** Strengthen established economic engines in Scottsdale including, but not limited to, the Greater Airpark, WestWorld, Downtown, and SkySong.
- EV 1.4.** Target specific economic sectors for expansion in, or relocation to, Scottsdale that will provide the greatest positive economic impact.

- EV 1.5.** Partner with other jurisdictions, organizations, and the business community to leverage the city’s resources in areas including, but not limited to, national and international marketing, regional economic issues and opportunities, workforce development, industry cluster development, and establishing emerging industries.
- EV 1.6.** Encourage and promote partnerships between research institutions and businesses in emerging industries, technologies, and incubators.
- EV 1.7.** Update the city’s regulatory processes in response to market changes to facilitate economic development.
- EV 1.8.** Facilitate and enhance collaboration among the Scottsdale business community and city government.
- EV 1.9.** Partner with the state and other jurisdictions to implement techniques and programs that enhance the city’s ability to compete nationally and internationally for economic growth.
- EV 1.10.** Develop and utilize innovative economic development techniques to retain and expand diverse businesses of all sizes.
- EV 1.11.** Attract and retain businesses that provide high paying jobs to strengthen the economic base of Scottsdale.
- EV 1.12.** Retain, expand and support the City’s medical campuses that serve as a major employer and community service provider.

GOAL EV 2.

Promote reinvestment, revitalization, and redevelopment for continued economic growth and stability.

POLICIES

- EV 2.1.** Focus public resources and initiatives to encourage revitalization and redevelopment of underutilized properties.
- EV 2.2.** Invest in and upgrade infrastructure that supports redevelopment initiatives.
- EV 2.3.** Amend and customize regulatory processes to stimulate reinvestment, revitalization, and redevelopment.
- EV 2.4.** Develop techniques to attract infill employment, retail, and hospitality opportunities.
- EV 2.5.** Focus major employment uses in the city’s growth areas.

GOAL EV 3.

Strengthen Scottsdale's position as a premier destination for local, national, and international visitors.

POLICIES

- EV 3.1.** Promote the development of new and the renewal of existing hotels and resorts that enhance and diversify Scottsdale's hospitality industry.
- EV 3.2.** Enhance tourism support services including, but not limited to, fine dining, specialty retail, art galleries, and entertainment venues.
- EV 3.3.** Improve transportation links including, but not limited to, the trolley, bicycle rental, and pedestrian connections, between tourist destinations and event facilities and tourism support services.
- EV 3.4.** Maintain and enhance the community's natural, social, and cultural environments so that Scottsdale's tourism experiences remain uniquely competitive and viable.
- EV 3.5.** Support a broad range of partnerships to expand cultural amenities and the arts.
- EV 3.6.** Provide destination attractions/events that celebrate Scottsdale's heritage including, but not limited to, the key theme areas of the arts, Southwestern culture, Native American culture, cowboy lore, and the Sonoran Desert environment.
- EV 3.7.** Attract new segments to the tourism/visitors market and aggressively market Scottsdale as a local, regional, and international destination.
- EV 3.8.** Support a wide variety of participatory outdoor recreational opportunities for citizens and visitors.
- EV 3.9.** Develop new, high quality retail, entertainment and event experiences that enhance tourism and attract visitors from nearby communities.
- EV 3.10.** Build on Scottsdale's strength for attracting sporting events/entertainment opportunities including, but not limited to, professional level sports, Parada del Sol, automobile auctions, equestrian events, and culinary and art festivals.

GOAL EV 4.

Sustain the long-term fiscal health of Scottsdale.

POLICIES

- EV 4.1.** Pursue long-term economic strategies that enhance city revenue streams to support the community's service level expectations and need for infrastructure investment.
- EV 4.2.** Diversify Scottsdale's economic base to financially insulate the city in a down economic cycle, and to encourage and enhance prosperity during times of economic growth.
- EV 4.3.** Promote proactive economic development that anticipates and responds to the impacts of economic changes on city finances.

- EV 4.4.** Market Scottsdale’s commitment to environmental, social, and economic sustainability as a way to attract environmentally conscious employers and employees.

GOAL EV 5.

Promote high-quality education as a pillar of economic vitality.

POLICIES

- EV 5.1.** Support accessible and effective education to help the community meet the challenges of a changing economy.
- EV 5.2.** Strengthen the community’s public and private relationships with educational institutions to promote incubator activities, research, and entrepreneurial partnerships and opportunities.
- EV 5.3.** Provide educational opportunities that support workforce attraction and retention in Scottsdale.
- EV 5.4.** Attract new educational opportunities and retain existing.

COST OF DEVELOPMENT ELEMENT



The City of Scottsdale has long held the philosophy that development should “pay for itself” and not burden existing residents and property owners with the provision of infrastructure and public services and facilities. As the city evolves and economic conditions run through inevitable cycles, events may transpire where the city chooses to participate significantly in the redevelopment of aging infrastructure in existing areas in order to facilitate economic development goals. The purpose of the Cost of Development Element is to identify the fiscal impacts created by new development or redevelopment and determine how costs will be equitably distributed.

The city can evaluate appropriate dedications, development fees, and infrastructure needs through the zoning process and development review process. In the past, exactions from developers have been used to obtain park land and public use easements and dedications. Income from sales tax and other sources provides funding to cover the ongoing maintenance and operation of these public facilities but the reliability of the growth in that revenue source may be limited as the city develops out. It is important to recognize that the likelihood of large master-planned communities establishing the infrastructure in areas of the city is reduced due to the lack of available large tracts of land. The city will need to look to other methods, work with the private sector and advocates of specific facilities and services, and continue to be creative in providing and financing the needed community amenities.

A number of city ordinances require developer participation in public infrastructure improvement, including the Subdivision Ordinance, the Streets Ordinance, Development Fees Ordinances, and a Payback Ordinance as provided for by state law.

- **Subdivision Ordinance** - Requires the dedication of rights-of-way and easements within proposed subdivisions. It further requires the improvement of on-site and frontage infrastructure within these dedications. It provides for the possible reservation of park or school sites within subdivisions.
- **Streets Ordinance** - Requires the dedication of rights-of-way and associated easements for streets and alleys along with the construction of the public infrastructure within them.
- **Development Fees Ordinances** - Requires applicants for new construction to pay a proportional share in providing the water delivery systems, sewer collection and processing systems and water resources needed to serve the proposed construction. These fees cover the costs of acquiring water resources, processing them to meet mandated quality standards, delivering them into the general area of a development, and collecting and processing sewer flows generated by the use. Going forward, the city may continue to evaluate other categories of fees, as allowed under State statutes that might benefit the development of public infrastructure including, but not limited to, stormwater fees, public safety fees, or water fees.

- **Payback Ordinance** - May be used by an applicant to recover prorated costs of extending water or sewer lines when they have extended them from locations not adjacent to their site. Such funds are collected and disbursed by the city and the agreement exists for a specified period of time.

Developments may participate in the improvement of public infrastructure through other means that are related to specific projects, such as city bond projects, Improvement Districts, Community Facility Districts, Redevelopment Districts, Revitalization Districts, and Infill Incentive Districts.

- **City Bond Projects** - In some cases in-lieu or development fee funds from a development may be combined with city bond funds to build a specific infrastructure project, particularly when there is a need to over-size the facility or there are substantial regional based demands upon the infrastructure.
- **Improvement Districts** - Where the ownership in an area is composed of a number of owners and the property sizes are relatively small, the property owners may organize an improvement district through the city to provide all or part of the public infrastructure needed to serve the area. City support is partially dependent on the proposal being a logical extension of such infrastructure facilities. The city may participate in such improvements if oversizing is desired to meet future needs in the general area or there are substantial regional-based demands on the facilities.
- **Community Facilities Districts** - These are similar to improvement districts in their function but they are used more often on large developments, particularly where the improvements may be phased over an extended time frame. They may also be used to cover certain ongoing maintenance costs. The use of Community Facilities Districts may be limited to cases where significant public benefit may be accrued from the formation of the district.
- **Other Special Districts** - Title 48 of Arizona Revised Statutes describes other types of Special Districts such as: Revitalization Districts, Redevelopment Districts, Infill Incentive Districts and Enhanced Services Districts that may be considered for use by developers on a case by case basis. In situations where a tangible public benefit is identified, Special Districts may be initiated by the city.

There are other considerations where actions by development within the community may reduce the usual expected demand for public infrastructure.

- **Sprinkler Ordinance** - The requirement that all structures within the city have fire sprinklers has reduced in some areas the need for hydrants, the sizing of water lines, the amount of pumping and storage capacity, and the number of fire stations and related equipment.
- **Private Facilities** - In some cases, the development of private streets and recreation facilities has reduces the need for community serviced street and park facilities and reduces the ongoing maintenance costs for such facilities.
- **Joint-Use Agreements** - Where applicable and viable, joint-use agreements with school districts and flood control agencies have helped to reduce the lands and facilities needed to provide a variety of recreation and community service functions.

Goals and Policies

GOAL COD 1.

Require that development pay its fair share of the cost of public service needs generated by the development, with appropriate exceptions when in the public interest.

POLICIES

- CoD 1.1.** Public services and infrastructure provided by development should be reasonable, equitable, and mutually beneficial to the development and the city.
- CoD 1.2.** Support fiscally responsible decision making processes with regard to economic development, community growth, infill, and preservation.
- CoD 1.3.** Offer exceptions to fees or costs when public financing or funding is in the community's best interest.
- CoD 1.4.** Update funding mechanisms regularly including, but not limited to, impact fees for public services, and explore alternative financing.

GOAL COD 2.

Coordinate infrastructure investment and land use decisions with long-term municipal economic sustainability.

POLICIES

- CoD 2.1.** Consider long-term municipal revenue implications of land use decisions.
- CoD 2.2.** Support desired levels of public services and fiscal stability by promoting revenue generating land uses.
- CoD 2.3.** Promote private investment by securing or providing infrastructure capacity in identified growth areas.
- CoD 2.4.** Calibrate the Capital Improvement Plan (CIP) to provide balanced infrastructure that benefits both public and private sectors.
- CoD 2.5.** Identify fiscal impacts associated with necessary and expanded city services and plan appropriately.

