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A. Introduction

The Flagstaff region will continue to build a robust and resilient economy which is concurrently independent and globally connected. 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 region. With over 8,000 businesses¹ (over 20% 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. *Pie chart here*

Significant regional economic development partners² continue to identify opportunities and help focus community efforts to diversify and strengthen all employment.

¹ Source: Bureau of Labor Statistics – *NAU Rural Policy Institute, 2010; City of Flagstaff Business Licenses.*

² Regional Economic Development Partners include, but are not limited to: 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); as well as all for-profit and non-profit development and community development groups.

Flagstaff recognizes the biggest **opportunities** for job prosperity are within the current growth sectors of: bioscience, astronomical sciences, earth and life sciences³, advanced manufacturing, innovation and technology, software and digital, forest restoration and forest products, professional services, construction services, health care and medical services, engineering and architectural services, alternative energy production⁴, 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 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 huge 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.

This element is focusing on these **THREE priority areas of public investment**:

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

What is the role of the Regional Plan in community Economic Development?

The Regional Plan provides the community VISION which encourages business and job creation by guiding the use and conservation of community resources, and gives direction for sound public investment which supports economic growth. This vision is articulated in words and maps.

B. Relationship to Vision and Guiding Principles

The region's economic resilience is promoted by the entrepreneurial, intellectual, environmental, and social vitality⁵ 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. The following goals and policies are intended to promote a year-round resilient economy.

³ Source: Northern Arizona University Rural Policy Institute: Location Quotient / Economic Trends.

⁴ Alternative Energy Production – wind farms and commercial solar energy production; <http://www.realazcorridor.com/> ; <http://www.ses.nau.edu/pdf/SmithAzPolicy.pdf> ; Coconino County's Alt. Energy Production growth----

⁵ Social vitality is the 'invigoration' or 'continued and increased activity' of the citizens, cultural activities and civic engagement (such as voting). Similar to 'community vitality' – the overall well-being of the residents.

Goals and Policies

1. 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. Governing agencies can collaborate with regional economic development partners and use available economic development tools to identify ways to advance targeted investments in infrastructure, private investment, create jobs and better planned new development. This leads to overall increased community prosperity.

The Economic Development element takes into account that the future may hold a declining, steady-state, or growing economy, and that the Flagstaff region does not work or act alone, but influences and is influenced by this greater context of the global community.

Goal ED.1 Transparent, expeditious and predictable government processes will create a healthy environment for business.

Policy ED.1.1 – The City and County government bodies are committed to maintaining and establishing new public-private partnerships to spur economic development.

Policy ED. 1.2 – Steadily improve access to easily understandable public information.

Policy ED. 1.3 – The City and County will facilitate the development process by providing an accurate and up to date procedural guide for development, available on-line and in print form.

Policy ED 1.4 –Use economic best practices to promote quality and fiscally sound projects.

Policy ED. 1.5 – Local governments and the surrounding sovereign tribal nations are encouraged to collaborate on mutually beneficial economic development initiatives.

Policy ED 1.6 – The region will work towards developing a redundant telecommunications system.

2. Education and Workforce Training

Flagstaff can brag of its highly educated population (39.4% hold university degrees; compared to the national average of 24.4%)⁶ and responsiveness to workforce training. Tomorrow's workforce will focus on research / development and innovative thinking. Therefore, regional efforts for education and training should provide for the full range jobs, including all service industries, vocational training, high-tech, customer service, innovative thinking, and creative problem-solvers. 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; **as well as helping to contribute to the needs of dual income families.** See Appendix J – Workforce Continuum and largest employers.

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 can incorporate Science and Technology interpreted through Engineering and the Arts, all based in Mathematical elements (STEAM). High quality educational opportunities at all levels are essential to sustain a healthy, diverse economy through the Science, Technology, Engineering and Mathematics (STEM) Initiative, **and support Flagstaff as America's first STEM community.**⁷

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

Policy ED.2.1 - 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 between Coconino Community College, Northern Arizona University, and regional economic development partners with the regional employer's needs. See Appendix H – Workforce Training Resources

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

Policy ED.2.3 – Promote the success of pre-school through university education including science & technology, the liberal arts, and entrepreneurship.

Policy ED.2.4 – Promote Science, Technology, Engineering and Mathematics Education at all levels.

⁶ 2010 Census

⁷ Insert Mayors Proclamation language here. 2012

3. Business Retention, Expansion & 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% of the region's businesses are independent owner-operated businesses. 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, as well as forestry, agriculture and utilities all contribute to the economic health of the region. *See Appendix I – Employment and Wages to compare industry sectors.*

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

Policy ED.3.1 - Regional economic development partners will continue proactive programs to foster the retention and expansion of existing enterprises 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 the 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 in sectors which demonstrate considerable growth potential with incubator programs.

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

Policy ED 3.9 - Protect existing business and industrial areas from encroachment of incompatible or non-complimentary uses that would threaten their viability or ability to continue to operate.

**New policy from Boise Plan – at the suggestion of the Economic Vitality Staff. Planning Staff “here or Land Use?”*

4. 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 Flagstaff's current growth sectors and emerging technologies.

Goal ED.4 – Support efforts to recruit new businesses and industries compatible to 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 zoning.

Policy ED.4.2: Land use and development within the (Urban Service Boundary / Urban Growth Boundary) will promote variety and flexibility in development options.

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 which assist new businesses, such as workforce development, marketing, building processes, venture capital, financing, and management. *See Appendix H.e – Community Business Support Services*

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 / business park land, which has been identified as major employment centers in the Regional Plan.

5. Community Character

Visitors, employees and businesses are attracted to a community which 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 which invest in beautiful streets, public spaces, architecture and maintaining the natural and built environment foster and encourage private investment.

ED Goal ED.5 – Flagstaff will continue to promote and enhance its unique sense of place as an economic development driver.

Policy ED5.1 – Support planning, design and development that positively contributes to the community image with flexibility and creativity.

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.

Coordinating policies – *Community Character Element*

6. Activity Centers

Designated activity centers for industrial, industrial park, Business Park, intermodal facilities, mixed-use, collaborative business incubators, and employment centers **will focus public investment for needed infrastructure and connectivity**. Understanding how the activity center currently exists, what the potential market supports, what the potential density might be, and what infrastructure is needed to make this happen will help the 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 which are suitable for different levels of activity and have different levels of services available.

ED 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 - The local municipalities will promote 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.

See Activity Center Types in land use section.

Activity Centers identified as needing infrastructure (and possibly redevelopment) to reach potential:

Regional Centers:

URBAN

- Historic Downtown
- Flagstaff Central District
- Fourth Street Activity Corridor – *civic, education, healthcare, retail and residential*

SUBURBAN

- Milton Road (University Center) – *redevelopment needs – retail and residential*
- Butler Avenue: Sawmill to Little America – *tourism, retail / restaurant, industry / jobs*
- Flagstaff Mall and Auto mall

Neighborhood Centers:

URBAN

- Fourth Street, 7th to Cedar
- Humphrey’s Basha’s Center (connected to FMC)

SUBURBAN

- Woodlands Village / Wal Mart plaza
- Cedar Safeway Shopping Center
- Butler / Fourth

RURAL

- 89A / Silver Saddle
- Townsend Winono / Slayton Ranch Rd
- Ft. Valley Road / Peakview
- Kachina

Employment Centers:

- Airport Business Park
- FMC Medical Campus
- Ft. Valley Cultural Corridor
- Innovation Mesa
- Northern Arizona University
- Bellemont

7. 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; achieving increased development opportunities, economic stability, and tax base; reducing blight, infrastructure expenses, and sprawl; and assuring 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.

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

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

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

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.

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

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