

CITY OF SCOTTSDALE
2008 ECONOMIC VITALITY STRATEGIC PLAN

PREPARED BY:
THE CITY OF SCOTTSDALE ECONOMIC VITALITY DEPARTMENT

JANUARY 2008

ECONOMIC VITALITY STRATEGIC PLAN

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CITY OF SCOTTSDALE MISSION, GOALS, AND VALUES

City Mission

The mission of the City of Scottsdale is to cultivate citizen trust by fostering and practicing open, accountable, and responsive government; providing quality core services; promoting long-term prosperity; planning and managing growth in harmony with the city's unique heritage and desert surroundings; strengthening the city's standing as a preeminent destination for tourism; and promoting livability by enhancing and protecting neighborhoods. Quality of life shall be the city's paramount consideration.

City Goals

- A. Enhance and protect a diverse, family-oriented community where neighborhoods are safe, protected from adverse impacts, well maintained, and actively revitalized.
- B. Preserve Scottsdale's desert environment and natural resources, and honor the city's heritage and character.
- C. Strengthen the transportation system for the safe, efficient, and affordable movement of people and goods.
- D. *Position Scottsdale for short- and long-term economic prosperity by strengthening, expanding, and diversifying our economic resources.***
- E. Protect Scottsdale residents and visitors by providing quality public safety and homeland security services.
- F. Provide the means to reach other goals by ensuring Scottsdale is fiscally responsible and fair in its management of taxpayer money and city assets, and coordinates land use and infrastructure planning within the context of financial demands and available resources.
- G. Make government accessible, responsive and accountable so that decisions reflect community input and expectations.

Employee Values

- Plan and innovate for the future
- Listen, communicate, take action
- Respect the individual
- Collaborate as a team
- Learn & grow continuously
- Focus on quality customer service
- Be accountable & act with integrity
- Show caring & compassion for others

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INTRODUCTION

The 2008 Economic Vitality Strategic Plan represents the City's commitment to the key area of long-term economic sustainability. This plan provides an overview of proposed economic vitality policies, objectives, and implementation activities designed to achieve the City's economic goals, reflecting the current needs and resources of the City of Scottsdale. The plan emphasizes the organizational strategies pertinent to an economic vitality policy for the future and recommends a framework for the allocation of municipal resources that will achieve adopted City economic goals.

This strategic plan contains the following key sections:

1. **Current Assessment:** An overview of current economic and fiscal trends; an analysis of the City's competitive position; and a discussion of some of the key fundamental structural changes which will impact the City in the future.
2. **Strategic Plan:** The Economic Vitality Department's mission statement; overall strategies and policies; strategic plans and policies for the individual divisions within the Economic Vitality Department (Economic Development, Tourism Development, Revitalization, and Business Services)
3. **Performance Measures:** Ways to track and measure the performance of the strategic plan in terms of the community's economic goals, and an overview of the Department's performance over the past year on the 2007 Strategic Plan.

The appendices include a discussion of the background and history of the economic development program in Scottsdale (Appendix 1), an organizational chart of the Economic Vitality Department (Appendix 2), and a copy of the City's Economic Vitality Element of the General Plan (Appendix 3).

SECTION 1

CURRENT ASSESSMENT

CURRENT ECONOMIC INDICATORS

Demographics								
<u>Population</u>								
<u>1980</u>	<u>1985</u>	<u>1990</u>	<u>1995</u>	<u>2000</u>	<u>2005*</u>	<u>2007*</u>		
88,364	108,447	130,069	167,227	202,705	226,390	232,690		
<i>*Indicates estimated number</i>								
<u>Median Age</u>								
		<u>1990</u>	<u>1995</u>	<u>2000</u>	<u>2005</u>	<u>2007*</u>		
		39.1	39.7	41.0	39.9	40.6		
<u>Median Household Income</u>								
		<u>1990</u>	<u>1995</u>	<u>2000</u>	<u>2005</u>	<u>2007*</u>		
		\$39,037	\$48,319	\$57,484	\$65,361	\$ 82,286		
<u>Percent of Adult Population With A College Degree</u>								
		<u>1990</u>	<u>2000</u>	<u>2005</u>	<u>2007*</u>			
		43.2%	44.1%	42.3%	45.50%			
<u>Ethnicity, %</u>								
	<u>1990</u>	<u>1995</u>	<u>2000</u>	<u>2005</u>	<u>2007*</u>			
White	96.02%	94.04%	92.19%	91.20%	90.70%			
Hispanic	4.77	5.81	6.96	12.20	13.60%			
African Am	0.76	0.92	1.23	1.40	1.50%			
Native Am	0.61	0.59	0.61	0.70	0.70%			
Asian/Pac	1.23	1.60	2.04	2.00	2.50%			
Other	1.37	2.73	3.92	4.60	4.50%			
<i>*Indicates estimated number</i>								
<i>Source: SitesUSA</i>								
Employment								
<u>Unemployment Rate, Average %</u>								
		<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
		2.8%	4.1%	3.6%	3.0%	2.9%	2.6%	2.3%*
<i>*Through October 2007</i>								
<u>Job Growth vs. Labor Force Growth vs. Population Growth, %</u>								
		<u>1990-1995</u>		<u>1995-2000</u>		<u>2000-2005</u>		
		20.1% vs. 18.4 % vs. 29.3%		19.8% vs. 18.6% vs. 20.5%		14.3 % vs. 20.4 % vs. 11.7%		
City Revenue								
<u>Sales Tax Collections, in millions</u>								
<u>99/00</u>	<u>00/01</u>	<u>01/02</u>	<u>02/03</u>	<u>03/04</u>	<u>04/05</u>	<u>05/06</u>	<u>06/07</u>	
\$108.0	\$113.5	\$111.8	\$110.8	\$118.3	\$152.2	\$169.8	\$178.2	
<u>Property Tax Collections, in millions</u>								
<u>99/00</u>	<u>00/01</u>	<u>01/02</u>	<u>02/03</u>	<u>03/04</u>	<u>04/05</u>	<u>05/06</u>	<u>06/07</u>	
\$31.8	\$32.2	\$35.9	\$38.3	\$42.4	\$44.3	\$47.0	\$48.1	

Employment

Employment By Industry

	<u>2000*</u>	<u>2000*</u>	<u>2010*</u>	<u>2010*</u>
	<u>Employment</u>	<u>%</u>	<u>Employment</u>	<u>%</u>
Agriculture	1,918	1.50%	2,225	1.40%
Mining	122	0.10	123	0.08
Construction	7,077	5.50	7,938	5.10
Low Tech Mfg.	2,985	2.30	3,639	2.30
High Tech Mfg.	8,138	6.30	8,762	5.60
Transport	3,842	3.00	4,038	2.60
Wholesale Trade	6,674	5.20	8,378	5.40
Retail Trade	18,725	14.50	23,507	15.00
FIRE	16,440	12.80	18,141	11.60
Business Services	26,848	20.90	36,081	23.10
Health Industry	12,785	9.90	14,934	9.60
Hospitality	14,652	11.40	17,900	11.40
Personal Services	8,446	6.60	10,600	6.80
TOTAL	128,652	100.0%	156,267	100.0%

*Source Gruen Gruen & Associates

Top 25 Employers

<u>#</u>	<u>Company Name</u>	<u>Employees</u>	<u>#</u>	<u>Company Name</u>	<u>Employees</u>
1	Scottsdale Healthcare**	5,213	14	Dial Corporation	700
2	Mayo Clinic - Scottsdale	5,003	15	USPS - Scottsdale	646
3	General Dynamics	2,990	16	Desert Mountain Properties	610
4	City of Scottsdale	2,562	17	Nordstrom	608
5	SUSD**	2,514	18	The Boulders Resort	600
6	CVS - CareMark	2,346	19	E-Telecare Global Solutions	600
7	Go Daddy Group	1,915	20	Pulte Homes	545
8	The Vanguard Group	1,700	21	Taser	518
9	Troon Golf LLC	1,539	22	McKesson	500
10	Scottsdale Insurance Company	1,400	23	Hyatt Regency at Gainey Ranch	500
11	Fairmont Princess Resort	1,200	24	Wal-Mart	475
12	DHL	1,000	25	JDA Software Group	460
13	Coventry Health Care	700			

**= Full-time Equivalent (FTE), as of March 2008

Construction

Residential Units Permitted Annually

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007*</u>
4,392	3,245	2,493	2,953	3,126	2,427	1,512	1,102

Residential Permit Valuation, in millions

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007*</u>
\$650	\$585	\$610	\$637	\$539	\$492	\$365	\$446

*Through first three quarters

Construction

Home Appreciation Rates, % change per YR, single family only

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
N Scottsdale	5.9%	6.3%	5.7%	6.4%	11.2%	16.0%	16.7%
S Scottsdale	7.1%	7.0%	7.8%	7.5%	9.2%	15.5%	16.7%

Commercial Permit Valuation, in millions

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007*</u>
	\$203	\$249	\$167	\$238	\$241	\$494	\$215	\$247

*Through first three quarters

Total Assessed Value, in billions

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
	\$2.88	\$3.27	\$3.53	\$3.98	\$4.34	\$4.74	\$5.21	N/A

Vacancy Rates of Commercial Space, %

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Office	9.8%	14.6%	23.0%	15.1%	14.2%	13.6%	12.8%
Retail	4.5%	3.8%	6.5%	6.8%	7.0%	4.3%	6.7%
Industrial	7.0%	3.7%	8.4%	10.3%	11.5%	6.4%	9.4%

*Source: Grubb & Ellis

Tourism

Room Stock

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
	8,731	8,732	9,060	9,035	8,848	8,932	9,021	9,034

Annual Occupancy Rate, %

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
	63.3%	64.0%	59.5%	60.3%	62.2%	66.6%	70.40%	69.9%

Annual Room Rate

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
	\$136.58	\$140.53	\$143.34	\$133.63	\$130.84	\$134.20	\$145.31	\$164.14

Bed Tax Collections, in millions

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
	\$6,626	\$7,620	\$7,277	\$6,847	\$6,713	\$7,440	\$8,276	\$9,374

COMPETITIVE ANALYSIS

An important part of any strategic planning exercise is that of understanding a community's strengths, weaknesses, opportunities, and challenges. Strengths are those things that a community does well today, whereas weaknesses are those things that must be acknowledged or mitigated. Opportunities are those things that the community could capitalize on in the future, while challenges are those things that may be problems or concerns in the future.

The following represents the results of this type of competitive analysis for Scottsdale:

Strengths

- Local educational system highly rated
- Overall quality of life very high
- Demographics – high income, well educated citizens
- Cachet and Image – seen as a good place to live, work, and visit
- Quality of the built environment – good design, attractive, minimal dilapidation
- Strong and diversified economic base
- National and international name recognition
- Environmental awareness and sensitivity (Preserve, LEEDs, etc.)
- Strong arts/cultural base
- Location within the metro area – close to all major amenities (i.e. ASU, Sky Harbor)
- Housing market – high appreciation, good mix of product
- Preservation program for open space
- Excellent parks system, such as Indian Bend Wash
- Strong bio-medical presence – Mayo, Scottsdale Healthcare, etc.
- Shopping – wide variety, many unique retailers
- Night life – Valley-wide draw
- Strong labor market/net importer of labor
- Public safety
- Internationally recognized as a premier resort destination
- Golf courses and other recreational opportunities
- Overall physical environment – setting, climate, mountains, Sonoran desert
- Improving economic base – significant new private sector investment, growth in City revenues, low unemployment rate, etc.

Weaknesses

- Higher costs than rest of the Valley for land and buildings
- Running out of commercial land for development
- Workforce housing becoming more scarce
- No control over use of the “Scottsdale” name in border areas
- National perception still focused on Scottsdale for just tourism and retirement
- Tougher development standards can mean longer timeframes for new development
- Traffic getting worse
- Lack of tourism venues
- Community split on issues of growth and redevelopment
- Growing competition from adjacent communities
- Redevelopment in southern part of community is difficult due to constraints – small lots, adjacent neighborhoods, multiple ownerships, etc.

Opportunities

- Central location within Valley – proximity to key areas (ASU, Sky Harbor, downtown Phx.)
- Growing prominence of technology and biomedical firms
- SkySong: ASU Scottsdale Center for Innovation
- Mayo Collaborative Research Campus
- Significant new office construction occurring in north Scottsdale around Airpark
- Continued growth of arts and cultural activities
- Economic base becoming more diversified
- Land near Scottsdale Rd./Loop 101 – potential for signature projects
- Reputation as a restaurant/nightlife/entertainment center
- Tourism industry reinventing itself – new focus on cultural tourism, for example
- Regional accessibility provided by completion of Loop 101
- Increasing land/property values (residential and commercial) – greater propensity to re-invest (remodeling, improvements)
- New bio-medical facilities coming to Valley (i.e. TGen)
- Focus on smaller, existing businesses – looking at ways to help, such as regulatory changes designed to make revitalization easier
- Mature core areas (downtown, south Scottsdale) provide a good “base” to undertake major new revitalization activities – can create a very special place
- Quality of life factors are playing an increasingly important role in locational decisions
- Downtown and Southern Scottsdale is now seeing significant new investment – over \$3.3 billion
- GPEC’s focus on high-value jobs
- Special sense of place

Challenges

- National economic conditions/real estate market issues/possible recession
- More expensive than other Valley cities – especially in terms of real estate
- Traffic congestion growing, especially on the 101
- Few corporate headquarters
- Declining affordability of housing
- Cost to provide basic services (i.e. parks, schools) in times of decreasing revenues
- Growth related issues
- City is approaching buildout – lack of available land for new development opportunities
- Commercial core changes in mature parts of the community – potential loss of key economic drivers and revenue sources
- Attractive opportunities just outside borders – Desert Ridge, SRPMIC, Rio Salado
- Failure of State to deal with major issues, such as education
- Use of Scottsdale name outside of corporate limits (85254 zip code)
- Regional issues – traffic, air pollution, water
- Sales tax based fiscal revenue model
- Cost of replacing and upgrading aging infrastructure
- Growth of the Valley with heavy emphasis on homebuilding as a key economic driver
- Changing demographics
- Regional competition
- Flexible vs. stringent design, land use, and signage regulations
- Shift in Valley’s emphasis to the west side
- Potential impact of immigration reform – esp. to basic industries such as tourism and retail

FUNDAMENTAL STRUCTURAL CHANGES

The City of Scottsdale first developed an economic development strategic plan during the early-1980's. At that time, Scottsdale was a relatively young community, with significant growth still ahead of it. Scottsdale was predominantly a suburban bedroom community, and the community's relatively small economic base was dominated by the tourism industry. The economic development plan of this era, therefore, was focused on the growth and diversification of the economic base, and on finding ways to grow City tax revenues in order to provide for necessary services in a rapidly growing community.

The original economic development plan served the community well during the 80's and 90's. The City experienced significant new job creation; the economic base became very diversified; unemployment rates were very low; and the City's revenue base increased dramatically. However, over the past decade the community's attitudes about growth and development began changing, and a number of fundamental structural changes have occurred – economic, political, environmental, physical, and social. This means that the economic development model that was appropriate ten years ago is no longer the best fit for Scottsdale today, as it reaches maturity.

Some of the fundamental shifts and changes that have and are occurring, which suggested the need to develop a new economic strategy, include:

- **Approaching Buildout:** Scottsdale is rapidly approaching the point of buildout of the community based on undeveloped lands available. Key commercial cores, such as the Airpark, are about built out, and full residential buildout is anticipated within the next decade. The last major commercial core yet to be developed is the State Trust Land adjacent to the 101 freeway between Scottsdale Road and Pima Road. As a result, the economic base that has been predicated on growth will have to change, and focus needs to shift from new development to redevelopment, reinvestment, and revitalization.
- **Policy Changes:** A number of key policy changes have occurred on the local, regional, and state levels. Initiatives such as the State of Arizona's "Growing Smarter" program, the City's aggressive preservation program, and other local policy initiatives all are having an impact on the way we do economic development.
- **The New Economy:** Technological changes today are creating a revolution in business, which will likely have the same impact on the world as the Industrial Revolution or the invention of electricity. It is not necessarily about technology companies, but rather how all industries and businesses can use technology to grow and change. Obviously, one of the keys here deals with access to infrastructure – especially telecommunications – which will help improve competitiveness and deal in the new and growing world economy.
- **Quality of Life is Key:** Since technology is rapidly changing locational decision-making factors (most businesses are no longer dependent on access to materials, markets, transportation, etc.), the key factor for most new business decisions now tends to be the quality of life of an area. Businesses have the ability to locate nearly anywhere today, so they choose to do so where they can get the best employees (workforce development) and the best quality of life for their employees. Similarly, residents are increasingly focused on enhancing and protecting their personal quality of life.

- Changes in Revenue Streams: Scottsdale is very dependent upon sales tax revenues. It is therefore very important to consider the implications of changing economic forces which will impact those revenues. Sales via the internet (not subject to sales tax) may reduce Scottsdale's ability to fund key programs. Additionally, as we shift away from an economic base which has been focused on new construction, the 20%+ of our sales tax revenues from construction will also diminish, and will likely cause impacts. The community is also faced with market changes and increasing competition from other parts of the Valley.
- Evolving Partnerships and Regionalism: The City's relationship with outside agencies and organizations involved in economic development has evolved over the years. Partnerships, in general, are becoming more important to communities to help deal with regional issues. There are a number of existing and potential partners that could assist with the community's economic success through cooperative relationships. These partners would not only include adjacent communities (Phoenix, Tempe, SRPMIC, Fountain Hills, etc.), but also the County, the State, Maricopa Association of Governments (MAG), Arizona State University (ASU), Scottsdale Community College, local school districts, and so on.
- Changing Regional Economic Development Strategies: Since Scottsdale is part of a much larger regional system, we must take into account the economic development strategies that the region and the State are focusing on, and find ways to take advantage of those strategies. The Greater Phoenix Economic Council (GPEC), which provides the region's economic development marketing efforts, has recently adopted a new regional strategy. This strategy identifies five (5) key industry clusters as the priorities for the region's economic development activities over the next decade. These clusters are:
 - Aerospace/Aviation
 - Advanced Financial and Business Services
 - Bio-Industry
 - High Technology
 - Software
 This strategy is designed to promote a "high value" focus, by capturing new opportunities, strengthening the region's business climate, and achieving an international awareness.

These and other factors are rapidly changing the fundamental premises under which our previous economic development strategy was created. It is important to consider the ways in which the City's economic development efforts can take advantage of the rapid changes that are occurring, in order to maintain the strong economic competitive advantage we enjoy today. The result is the following 2008 Economic Vitality Strategic Plan.

ECONOMIC VITALITY DEPARTMENT

As the first step in this evolutionary process, the City created a new Economic Vitality Department in July 2001. The concept was to focus all areas of the community's efforts to create long-term economic sustainability within a single area, in order to better coordinate and direct activities. The Economic Vitality Department includes four key divisions:

- Economic Development: Responsible for job creation, revenue enhancements, quality of life enhancements, and general economic research.
- Tourism Development: Responsible for the City's tourism development program, including support of signature events, development of destination attractions, visitor marketing, and tourism related research.
- Revitalization: Responsible for enhancing the mature areas of the community, with particular focus on downtown and the McDowell corridor, through revitalization and redevelopment activities.
- Business Services: Responsible for the retention and expansion of existing businesses in the community, with particular focus on small businesses.

While each area has its own responsibilities, there is significant crossover among these divisions due to the complexity of economic vitality efforts. The coordination necessary to deal with this overlap helps to ensure that the overall long-term goals of the community remain the key goal of these efforts.

Appendix 2 (page 41) shows the current organizational structure and personnel of the Economic Vitality Department.

SECTION 2

ECONOMIC VITALITY STRATEGIC PLAN 2008

ECONOMIC VITALITY GOALS AND STRATEGIES

Based on the current economic indicators and trends, the assessment of the City's competitive position, and an understanding of some of the key fundamental structural changes the City is facing, the following Economic Vitality Mission Statement and Goals and Strategies have been developed for City Council consideration. There are five (5) overall Goals and Strategies, which encompass all facets of the Economic Vitality functions, along with a series of division-specific Goals and Strategies for each of the four (4) Economic Vitality Department divisions (Economic Development, Tourism Development, Revitalization, and Business Services).

Economic Vitality Mission Statement:

"To enhance the economic well-being and quality of life of the community and its residents."

Overall Economic Vitality Goals and Strategies

While each of the Economic Vitality Department's four divisions has specific responsibilities and strategies, there are a number of overarching strategies which provide the focus for the City's overall economic vitality strategies. The following is a summary of these overall strategies for the Economic Vitality program in Scottsdale:

Goal EV1 FOCUS ON QUALITY OF LIFE

The ultimate goal of providing for long-term economic sustainability must always be keyed to the concept of enhancing the quality of life of the residents of the City. Insuring the community provides for the direct economic health of its citizens through such factors as good jobs, low taxes, and a high level of public services is a key factor in the quality of life of an area. However, if a strong economic base results in significant negative impacts on an area – such as traffic congestion, environmental degradation, or the loss of open space – then the residents' quality of life may be no better than an area with a weak economic base. Finding ways to balance the economic health of Scottsdale with other key quality of life factors is a critical component of the City's economic vitality strategy. Therefore, it is critical that all of our economic vitality efforts focus on quality, rather than quantity, as the ultimate goal. We will work to attract and support those businesses that improve the community's educational, cultural, recreational, medical, and social offerings, while mitigating any negative impacts of new economic vitality projects with a particular focus on key citizen concerns, such as transportation. We will also continue to work to ensure that the tourism industry benefits the overall quality of life of the community.

Goal EV2 IMPROVE PARTNERSHIPS

The City cannot achieve its economic vitality strategies in a vacuum. It is critical that coordinated and cooperative relationships be fostered, so the City can best work with all parties involved in the ultimate goal of providing for long-term economic sustainability. This will involve reaching out to our adjacent neighboring communities, and to other local and regional public and public-private agencies – such as local school districts, Arizona State University, the Greater Phoenix Economic Council (GPEC), the State Department of Commerce, and the Maricopa Association of Governments (MAG). It will also involve reaching out to the private sector – such as the Scottsdale Area Chamber of Commerce, the Scottsdale Convention and Visitors Bureau, the Arizona Technology Council, Valley Partnership, etc. – in order to insure that the business community understands the City's/resident's interests, and that the City understands business interests, in order to better coordinate activities.

Goal EV3 **BE THE BEST SOURCE OF ECONOMIC INFORMATION**

An important component of any economic strategy is that of understanding key fiscal and economic trends and indicators. In order to do that, one needs comprehensive and current economic data. The Economic Vitality Department will continually strive to be the best source of economic information, so that sound and thoughtful policy decisions can be made. We work with all primary and secondary data sources to make relevant data available to the organization, and the community, in a timely and easy manner.

Goal EV4 **INCREASE COMMUNICATIONS**

The success of any economic vitality strategy is predicated on communication with all stakeholders. In addition to the City Council and staff, it is important to communicate directly with organizations, the private sector, and citizens. A process of regular communication and education about key issues is critical to the success of the overall strategy. We will provide regular updates to the Council and the organization, actively participate in community and regional organizations, and actively communicate with the community and our stakeholders.

Goal EV5 **ENHANCE THE LOCAL BUSINESS CLIMATE**

The City of Scottsdale alone cannot create long-term sustainability for the community; it can only create an environment that supports and maintains the confidence of the private sector to invest in the community. The private sector is a critical component in an area's economic health, through investment or reinvestment in real estate, the creation of jobs, etc. The City needs to continue to make targeted actions which will create confidence by the private sector that this is a safe and desirable area for investment. It is important that the City use its limited resources (both operating funds and capital improvement funds) in a strategic and targeted way so as to maximize and leverage private-sector investment in the community; City investments should undergo a cost-benefit analysis to determine the types of investments that create the greatest benefit in terms of the community's long-term sustainability.

Economic Development Division Goals and Strategies

Economic Development Division Mission: To enhance the economic well-being and quality of life of the community and its residents by providing quality, useful information and responsive, effective services to targeted employers and revenue generators interested in building or expanding in Scottsdale.

Goal ED1 SUSTAINABLE TECHNOLOGY, INNOVATION AND BIOSCIENCES ENHANCEMENT

Support efforts such as SkySong, the Mayo Clinic Collaborative Research Community, Scottsdale Healthcare and other institutions engaged in technology and innovation in their development and recruitment efforts.

Strategy ED1.1 Provide Economic Development related support and expertise to SkySong, Mayo Clinic, Scottsdale Healthcare and other appropriate institutions and their related entities in the public, non-profit and private sector investors in the development of their communities and campuses.

Strategy ED1.2 Conduct research, analyze market trends, and provide education and information to internal and external customers on sustainable technology and bioscience related market development and research.

Strategy ED1.3 Work with Greater Phoenix Economic Council (GPEC), AZ Department of Commerce (AZDoC), Arizona State University (ASU), Arizona Biotechnology Association, Flinn Foundation, Mayo Clinic, Arizona Technology Council and other bioscience and sustainable technology related entities on direct and appropriate support businesses for targeted clusters of biotech and sustainable technologies.

Goal ED2 TARGETED COMMUNITY EMPLOYMENT CREATION

Market and recruit targeted cluster employers and support targeted existing businesses in order to provide sustainable employment opportunities in Scottsdale. Considering the new employer's pay scale and selected location in the community accommodates or supports sustainable employment and/or living in Scottsdale.

Strategy ED2.1 Focus attraction and expansion efforts on small to mid-sized companies that generate high wages or provide new technologies or supports the environmental sustainability of the planet while having minimal negative community impacts. Specific targets include sustainable and clean technologies and biosciences, corporate and regional headquarters, administrative headquarters, and advanced business and professional services.

Strategy ED2.2 Work with GPEC and AZDoC on the recruitment of direct and appropriate support businesses for targeted clusters of biosciences, business services, solar and sustainable technologies, technology research and development.

Strategy ED2.3 Work with key employment recruitment organizations – such as GPEC, and AzDoC – as well as location consultants and real estate brokers on the recruitment of targeted, new, value-added employers.

Strategy ED2.4 Create biosciences and sustainable technology marketing plan to address those industry's unique needs to encourage bioscience, research, drug development and discovery, medical devices entities and sustainable technology companies and related activity to locate and grow in Scottsdale.

Strategy ED2.5 Work internally and externally on commercial development policies, processes, issues and telecommunications infrastructure.

Strategy ED2.6 Assist new employers with City entitlement processes (such as zoning, design review, building permits, business licenses).

Goal ED3 **REVENUE ENHANCEMENT**

Expand, diversify and maintain significant and new sales tax revenue generators for the City through the enhancement of retail sales based businesses.

Strategy ED3.1 Recruit and encourage development of new retail facilities that augment and diversify the range of shopping opportunities for citizens and visitors, and which provide net new revenues to the community.

Strategy ED3.2 Market Scottsdale directly to new retailers, unique retailers and retail developers and respond to inquiries and requests generated by retailers. Conduct research to support the strength and desirability of the Scottsdale market and selected locations for retail use in the community.

Strategy ED3.3 Cooperate and communicate with business and real estate community and interest groups regarding retail development issues. Network with membership of International Council of Shopping Centers (ICSC), Urban Land Institute (ULI), and other major retail trade organizations, retail brokers, property managers, and retail developers.

Strategy ED3.4 Work with the owners and developers of One Scottsdale, Scottsdale Quarter, and the State Land Department, on a viable retail component and vision for the Airpark area and its environs.

Strategy ED3.5 Support and provide market information to new and existing retailers. Support the expansion, renovation and/revitalization of existing retailer centers and retailers market presence.

Strategy ED3.6 Assist retailers, new and existing, with City processes and regulations.

Goal ED4 **INFORMATION RESOURCE**

Provide high quality, timely, and accessible market information on the Scottsdale market and Scottsdale development initiatives.

Strategy ED4.1 Regularly update economic, retail, demographic, tourism, etc. related data, and make available in print, digital formats and on the web.

Strategy ED4.2 Provide specific market and policy research support in response to requests as deemed appropriate to internal and external clients.

Strategy ED4.3 Create a database of information on select targeted employers and sustainable employment clusters.

Strategy ED4.4 Develop and provide both printed and online community profiles for Scottsdale, the airpark and the 101 Science and Technology Corridor.

Goal ED5 **ECONOMIC DEVELOPMENT POLICIES**

Advocate the development and support of key economic sustainability actions and policies that affect Scottsdale, metro Phoenix, and Arizona.

Strategy ED5.1 Identify, support, and defend critical economic sustainability related issues at local, metro and state levels.

Strategy ED5.2 Cooperate and build relationships with other municipalities, public entities, private organizations, businesses and individuals that effect economic sustainability in Scottsdale, metro Phoenix and Arizona through policy, physical growth, local infrastructure, decision making and marketing.

Strategy ED5.3 Work with sustainable technology, technology and biosciences related organizations on the development and promotion of sustainable technology, technology and biosciences base in Scottsdale, metro Phoenix and Arizona.

Economic Development Work Plan Actions 2008

- WPA ED 1 Work with the ASU, Arizona State University Foundation (ASUF) and developers involved in the development of SkySong on infrastructure, building and appropriate tenancy at SkySong.
- WPA ED 2 Work with Mayo Clinic on development of the Collaborative Research Community Campus. Work with entities located on the Mayo Clinic campus on research and business opportunities.
- WPA ED 3 Work with Scottsdale Healthcare on collaborative and new research opportunities at both the Osborn and Shea campuses.
- WPA ED 4 Monitor and research emerging trends and activities in technology, innovation and biosciences parks and campuses.
- WPA ED 5 Identify and attend key sustainable technology conference(s) and trade shows to meet with/develop potential prospects, showcase existing companies, and to elevate Scottsdale's name recognition in the industry.
- WPA ED 6 Work with existing companies on improvement and/or expansion plans.
- WPA ED 7 Work with at least 25 targeted business prospects, and successfully attract at least 10 new targeted businesses employing a total of at least 800 persons at an average salary level of \$50,000 to \$60,000 per year. Key targets include corporate and professional headquarters, sustainable technology, bioscience, technology research and development, and business services.
- WPA ED 8 Team with the appropriate agencies and organizations in their efforts to identify and enhance opportunities for targeted industries/clusters specific to Scottsdale.
- WPA ED 9 Work with ASU, ASUF, Arizona Technology Council, Arizona Bio Association, the Flinn Foundation, adjacent communities and other technology related organizations on the development and promotion of the sustainable technology, technology and bioscience base and associated infrastructure in Scottsdale, metro Phoenix and Arizona.
- WPA ED 10 Work with the One Scottsdale and Scottsdale Quarter developers to develop their signature mixed use projects.
- WPA ED 11 Target and pursue unique retail that lacks a Scottsdale or metro Phoenix presence.
- WPA ED 12 Update and publish electronic and printed versions of the revised Scottsdale Community, Airpark, and the 101 Science and Technology Corridor profiles each year to maintain most accurate information.

- WPA ED 13 Update and expand, Economic Vitality reports on an on-going basis, and publish them both in printed and electronic formats. Develop a set schedule when reports will be updated based on release of newest data from data sources.
- WPA ED 14 Develop a database of sustainable technology, technology and bioscience and biomedical related companies in Scottsdale.
- WPA ED 15 Monitor compliance with Development Agreements for major projects in Scottsdale, as appropriate or assigned.
- WPA ED 17 Work internally and/or with other municipalities on key policy and legislative issues that affect economic sustainability in Scottsdale and the metropolitan region.
- WPA ED 18 Provide ongoing assistance and support through administrative and development processes to new, existing and expanding commercial development in Scottsdale.
- WPA ED 19 Meet with representatives of adjacent communities, State Legislators, and other policy makers to determine whether or not there are appropriate methods by which cities can reduce or eliminate the use of sales tax incentives for retail development.
- WPA ED 20 Develop and utilize an electronic tracking system for project leads that come from companies and outside agencies.
- WPA ED 21 Develop a new retail report that focuses on key intersections for growth and provide demographics to new and existing retailers.
- WPA ED 22 Develop marketing pieces focused on specific industry clusters to utilize at Conference and trade shows to add to the recruitment effort

Tourism Development Division Goals and Strategies

Tourism Development Division Mission: To enhance the economic well-being and quality of life of the community and its residents by strengthening the local tourism industry through a comprehensive tourism development program of research, destination marketing and promotion, support of qualified major events, and the development of destination attractions. The overall objective of the program is to create a competitive visitor destination in addition to selling it.

Goal TD1 UNDERSTAND THE CHANGING MARKET

In order to direct future tourism development and destination marketing efforts, a good understanding of the demographic profile, the interests, and the motivations of the visitor to the community, along with industry trends are essential. Detailed research on visitors and their impact on the community and periodic strategic planning activities are critical components of an effective tourism program.

Strategy TD1.1 Through an ongoing program of information gathering and analysis of issues and trends affecting the tourism industry, provide the Tourism Development Commission (TDC) with information to assist in developing recommendations for short-term tactics and long-term strategic planning to City Council.

Strategy TD1.2 In conjunction with the Scottsdale Convention and Visitors Bureau (SCVB), identify key research needs relating to identifying the preferences and expectations of changing demographic markets.

Strategy TD1.3 Track Scottsdale hotel performance and other benchmarks with our competitive set through in-house research, Smith Travel Research data and Warnick & Company market analysis.

Strategy TD1.4 Identify current and future visitor needs and expectations to guide policies, strategies and product development geared to delivering the anticipated experiences effectively and memorably.

Strategy TD1.5 Evaluate the potential demand, trends and return on investment of marketing to and attracting targeted international visitors

Goal TD2 DESTINATION ENHANCEMENT AND DIFFERENTIATION

The increasing “urbanization” of Scottsdale, along with competition from emerging markets, new destination resorts, and evolving demographic markets further reinforce the need to effectively differentiate Scottsdale from its competitors. Attractions, events and activities that are in keeping with the character of the community, and are consistent with the industry’s major “drivers” or themes (golf, western, art/culture, culinary, and participatory sports) are key elements of this goal.

Strategy TD2.1 In conjunction with the SCVB, research and evaluate the relevance and effectiveness of the current destination drivers in positioning the destination to appeal to current and future targeted visitors.

Strategy TD2.2 Identify strategies to leverage public funds and to work with the private sector to encourage the development or enhancement of tourism related entities that will further differentiate Scottsdale from its competitors.

Strategy TD2.3 Partner with other public agencies on demand drivers outside of the community that will attract new visitors to the market area such as the expansion of Phoenix Civic Plaza, and the P.F. Chang Rock ‘n Roll Marathon.

Strategy TD2.4 Identify product development and marketing opportunities such as events, capital projects, attractions, and “packaging”, that build on Scottsdale’s existing strengths and brand identity, or that offer new “differentiation” potential.

GOAL TD3 **EVENT RETENTION AND NEW EVENT DEVELOPMENT**

Major events are one of Scottsdale’s most important tourism marketing tools. Events such as the FBR Open, the Barrett Jackson Auto Auction, the Scottsdale Arabian Horse Show, and the Fiesta Bowl not only attract significant numbers of visitors to the area, but also provide valuable exposure to potential visitors through their media coverage. New events, such as the P.F. Chang Rock ‘n Roll Marathon, demonstrate the potential for an event to create significant incremental demand and economic impact.

Strategy TD3.1 Initiate appropriate pro-active event retention activities such as multi-year marketing agreements through the SCVB, through City event support or sponsorships, and the identification of potential alternative event sites and venues in Scottsdale.

Strategy TD3.2 Evaluate the feasibility and return on investment of continuing to assist existing successful events through programs such as Matching Event Advertising Funding, and of “upgrading” smaller events that have the potential to grow and attract regional or national participants and attendees

Strategy TD3.3 Work with selected bed tax funded events to monitor and measure the performance of the event in the community through intercept studies to better understand event attendees’ motivations, spending, and fiscal impacts.

Strategy TD3.4 Continue to explore major tourism-driven “new event” opportunities, and to work with City staff, TDC, SCVB on the feasibility and development of those opportunities.

Goal TD4 **MARKET THE DESTINATION MORE EFFECTIVELY THAN THE COMPETITION**

Work with the Scottsdale Convention and Visitors Bureau (SCVB) to find ways to maximize the limited bed tax dollars available for destination marketing to attract our targeted visitors.

Strategy TD4.1 Work with the TDC and the Financial Services Department to provide recommendations to City Council that will ensure the availability of resources (funds, technology, staff) to maintain a competitive destination marketing program.

Strategy TD4.2 Continue to maximize Scottsdale’s “cultural tourism” programs through the SCVB, Scottsdale Cultural Council and relationships with neighboring Native American communities.

Strategy TD4.3 Work with SCVB to continue to implement the marketing recommendations from the Five-Year Tourism Development Strategic Plan.

Strategy TD4.4 Ensure that the contract with the SCVB for destination marketing is properly administered, monitored, and evaluated.

Strategy TD4.5 Work with the SCVB to maximize the potential benefits to Scottsdale of events occurring outside the City limits through inter-city agreements, regional marketing partnerships and direct sales efforts to groups and conventions.

GOAL TD5 QUANTIFY AND COMMUNICATE THE BENEFITS OF THE TOURISM INDUSTRY TO THE COMMUNITY

It is important to ensure that the community understands the tremendous value that the tourism industry provides to Scottsdale, not only in terms of economic and fiscal benefits, but also quality of life enhancements.

Strategy TD5.1 Provide data and analysis regarding the current and future economic, fiscal and lifestyle benefits of the tourism industry to the community; In conjunction with the SCVB, communicate the benefits of tourism to the City's residents.

Strategy TD5.2. Standardize the City's measurement of economic and fiscal impacts of events on the community, including lifestyle and destination promotion value

Strategy TD5.3 Insure that the impacts of key City of Scottsdale policy decisions on the tourism industry are understood, so that both positive impacts (i.e. preservation program) and negative impacts (i.e. transportation issues, signage restrictions) are defined.

Strategy TD5.4 Facilitate communication between other City departments and the TDC regarding municipal projects and private-sector development in order to provide industry feedback, and to assess potential tourism industry impacts.

Tourism Development Work Plan Actions 2008

WPA TD 1 **Five-Year Strategic Plan:** Work with the Tourism Development Commission, SCVB and members of the industry, community, and appropriate City staff to continue to implement the agreed upon strategies and recommendations from the "2004-2005 Five-Year Strategic Tourism Development and Marketing Plan".

WPA TD 2 **Tourism Development Commission:** Provide staff support including research, resources, information and logistical support to assist the City's Tourism Development Commission in their role as an advisory body to the City Council on tourism related matters and the expenditure of the City's bed tax.

WPA TD 3 **Events:** Assist the TDC in effectively conducting the City's event retention and development program through:

- Providing consistent economic and fiscal impact analysis that addresses the overall costs and benefits to the community of bed tax supported events
- Consideration of enhancements or modifications to the MEAF program
- Identifying multi-year agreements opportunities
- Assisting with the expansion of an existing successful event
- Feasibility study and analysis of attracting or developing a new event
- Assessment of availability and utilization of City venues and potential new locations for large-scale tourism driven events

WPA TD 4 **Product Development-Desert Discovery Center:** Manage Phase One- "Concept Development and Market Analysis" of the Desert Discovery Center Feasibility Study; facilitate consultant interaction with the community, report development and presentation, and contract administration. Upon Council approval, work with the appropriate commissions and task forces to develop and manage the Scope of Work for Phase Two of the Desert Discovery Center Feasibility Study.

WPA TD 5 **Research:** Evaluate existing research to determine its value in providing information that is current and actionable; identify potential research needs to address any "knowledge gaps" and potential modifications or additions that would enhance our understanding of demographic and competitive markets.

- WPA TD 6 **Destination Marketing:** Work with the SCVB on branding research and an analysis of competitive entities to effectively differentiate, position, and market Scottsdale as a desirable upscale destination over the next five years.
- WPA TD 7 **Destination Marketing:** Work with the SCVB to update international visitor data and to effectively position and market the destination to targeted international visitors.
- WPA TD 8 **Bed Tax Budget:** Balance allocations of bed tax receipts with current and future program priorities and expenses; identify potential needs for, sources of and feasibility of generating additional bed tax revenue.

Revitalization Division Goals and Strategies

Revitalization Division Mission: To enhance the economic well-being and quality of life of Scottsdale by encouraging continued reinvestment in commercial properties within the mature areas of the community through existing and new property owners and/or private/public partnerships.

Goal R1 ENCOURAGE REVITALIZATION IN MATURE AREAS OF SCOTTSDALE

In partnership with other city departments, encourage quality commercial development to create an overall revitalization (reinvestment in existing properties) in the mature areas of Scottsdale.

- Strategy R1.1 Identify new tools and best practices to support revitalization and reinvestment within mature areas. Act as an advocate, where appropriate, with City Council, staff, and other agencies to make such tools available for use in Scottsdale. Work towards a holistic vision of what it will take to create new opportunities for revitalization within our community: zoning, land use, ordinances, incentives, marketing, and density.
- Strategy R1.2 Work with other City departments to create ways that the City can assist small business and property owners in reinvesting in their properties where such efforts enhance the revitalization of the mature areas of Scottsdale.
- Strategy R1.3 Support business and property owners within mature areas in their efforts to improve their properties by acting as a resource on revitalization programs, city tools, and guide and advocate them through the city approval processes.
- Strategy R1.4 Act as a resource within the community regarding revitalization and redevelopment, and nationally through research and participation in various redevelopment associations.
- Strategy R1.5 Maintain a database of key development and remodeling projects in the mature areas of Scottsdale that provides factual information on the location, timing, process, and investment of those projects. Circulate data on these projects to enhance the positive discussion of revitalization within the community.

Goal R2 ENCOURAGE REDEVELOPMENT FOR INFILL PROPERTIES

Encourage private redevelopment (new commercial and residential uses on vacant or obsolete properties) in the mature areas of Scottsdale that will support the surrounding business community.

- Strategy R2.1 Support property owners and developers who are working to create new projects in the mature areas by acting as a resource and advocate through the city approval processes. Focus on key projects and areas (i.e. downtown and entertainment district, Los Arcos Crossings, Rose Garden development, 68th & Thomas intersection, and McDowell and Scottsdale Road corridors).
- Strategy R2.2 Seek out investors willing to develop new commercial areas, community uses, and residential communities within the mature areas of Scottsdale and work cooperatively with area real estate specialists to support their efforts to locate appropriate locations for their developments.
- Strategy R2.3 Work with other City staff to find ways to minimize the cost and length of city entitlements and requirements that impact opportunities for new development and revitalization efforts in the mature areas of our community.

- Strategy R2.4 Look for opportunities to create public/private partnerships that would enhance the economic vitality of Scottsdale using available federal, state and local resources. Strategically target City investments on those projects most likely to have a positive impact on large areas (i.e. McDowell streetscape project, façade improvement program, and infrastructure improvements).
- Strategy R2.5 Promote housing development as a component of the revitalization program. The addition of significant new housing opportunities helps to expand the market for other commercial activities and will generate significant interest in the area. The City can encourage housing either directly (such as by making existing landholdings available for residential development) or indirectly (through zoning, policies, incentives, or other activities), i.e. the Rose Garden site, and parking lot at 6th and Stetson.
- Strategy R2.6 Partner with Downtown Group, Planning departments, and private sector in the revitalization of the Entertainment District, as it relates to Economic Vitality goals.

Goal R3 PROJECT MANAGEMENT FOR KEY PROJECTS

Working within the mature areas of Scottsdale, act as the Development Project Manager to bring to fruition key public projects of all sizes that can affect perception and investment in those sections of the community.

- Strategy R3.1 Identify potential projects and properties that are key to improving the economic vitality of various sub-areas of the community. Work to create public, private, or public/private partnership projects that will complement private reinvestment in our commercial corridors. Look at the potential use of vacant or underutilized City-owned properties for potential development projects.
- Strategy R3.2 Work with Planning Systems and Citizen and Neighborhood Resources to bring potential revitalization projects to the Council and community's attention, and through this process determine the direction, and help master-plan any such projects.
- Strategy R3.3 As the Project Manager, take any public or public/private revitalization project or assigned private Development Agreement project forward through the appropriate processes (Request For Proposal, Agreement, and entitlements), coordinating various city departments, consultants, property owners and potential developers towards the completion of the projects (such as the former Smitty's site, South Canal Bank, and Rose Garden).

Revitalization Work Plan Actions 2008

- WPA R 1 Continue to research and expand the Redevelopment/Revitalization library to include more national and local material on redevelopment practices and projects in mid-sized communities, and programs that work with existing business and property owners without the use of condemnation or major financial incentives.
- WPA R 2 Create and maintain a formal quarterly report on private and public revitalization activities. Cooperatively work with Planning and Communications and Public Affairs (CAPA) to provide updated, positive, and timely information for the Council, media, the development community and the public on revitalization activities.
- WPA R 3 Publish the *Investment Activity in Southern Scottsdale Map* every 6 months and distribute to Council, CAPA, and the community.
- WPA R 4 Begin tracking development in the Airpark, and publish an annual Investment Activity in the Scottsdale Airpark map & report. Distribute to Council, CAPA, and the community.

- WPA R 5 In concert with the real estate community, explore the potential for residential development, which may include certain city-owned vacant properties (such as the Rose Garden Site) that will enhance revitalization efforts of residential neighborhoods, further supporting the business activities in the area. Consider changes to the zoning code and other city design criteria to encourage the creation of a variety of smaller townhome, patio home, apartment, condominium or small lot single family projects, which may provide greater opportunities for workforce or senior housing. Facilitate changes with Citizen & Neighborhood Resources (CNR) and Planning departments. Identify residential infill projects as examples for innovative housing for these types of sites.
- WPA R 7 Manage ongoing programs and investigate the development of new programs to encourage older commercial properties to make physical improvements (façades, walkways, landscape, streetscapes, signage) on a coordinated basis with the Business Services Division and Planning Department.
- WPA R 8 Provide oversight and project management of Development Agreements for key projects, such as the McDowell and Scottsdale Road streetscape programs, South Canal Bank/Stetson Plaza project, Loloma/Main Street Plaza, and the Rose Garden project through completion of utilities, public garage construction. and private development construction through expiration of the Development Agreement.
- WPA R 9 Create and update on a quarterly basis the Southern Scottsdale section of the Economic Vitality website that identifies and communicates key trends and activities.
- WPA R 10 Provide assistance to the Business Services division with area marketing and retention programs that enhance and promote businesses within the mature areas of Scottsdale.
- WPA R 11 In conjunction with the Planning Department, propose zoning ordinance changes or a revitalization overlay district to address mixed-use opportunities, density, and updated standards in the commercial corridors of our mature areas, including the Airpark, that reflect the diversity of possibilities available in revitalizing these sections of our community. This approach will incorporate a vision for the whole mature community that can be accomplished through the step-by-step redevelopment of individual properties.
- WPA R 12 Encourage the integration of the City's Green Building Program mission and goals into the overall revitalization effort.
- WPA R 13 Identify and track potential parcels for redevelopment in the McDowell Road corridor.

Business Services Division Goals and Strategies

Business Services Division Mission: To enhance the economic well-being and quality of life of the community and its residents by assisting in the retention and expansion of the existing business base, preserving employment, maintaining and expanding the tax base, and reinforcing the positive economic environment of Scottsdale. For 2008 the goals for Businesses Services have been renamed and modified to reflect current and projected community needs and the general economy.

Goal B1 BUSINESS ENVIRONMENT AND ASSISTANCE

Develop an understanding of short and long-term issues affecting small and large companies and act on those issues for the mutual benefit of the community and businesses.

Strategy B1.1 Conduct surveys and extensive interviews with businesses throughout the community to gather information on business planning, trends, and business needs. Use the collected information to evaluate and plan programs and policies that will support the existing business community.

Strategy B1.2 Routinely meet with small business groups and individual businesses on urgent matters affecting business performance and operations.

Strategy B1.3 Cooperatively create and implement workshops and training sessions focused on small business topics such as how to work with the City of Scottsdale, how to open a business in Scottsdale, trends in small business retailing, and how to start, run, or become a sustainable business. Coordinate these programs with other City departments and non-city agencies.

Goal B2 BUSINESS INFORMATION RESOURCES

Maintain a business information database and resource list that can be used for research, trend analysis, business community profiles, and other efforts concerning the existing business community in Scottsdale.

Strategy B2.1 Maintain an online information database for small businesses, including information on doing business in Scottsdale and links to other agencies and organizations that support small business.

Strategy B2.2 Gather market information on business trends and market opportunities in Southern Scottsdale. Share this information with property and business owners to assist them in making informed choices about potential business opportunities. This information can also be utilized by the City to determine key market trends, understand issues, and develop policies related to reinvestment.

Strategy B2.3 Develop and maintain a current listing of useful public and private resources that can be used by businesses to improve or support their activities.

Goal B3 STIMULATE REINVESTMENT OPPORTUNITIES

Evaluate investment opportunities in mature commercial areas and propose projects and programs that encourage public and private reinvestment - emphasize coordinated public and private efforts.

Strategy B3.1 Establish an Economic Vitality program for areas to be identified as Commercial Reinvestment Areas (CRA). This program will concentrate on development of a package of economic and other resources available to support existing and new businesses in the areas.

Strategy B3.2 Propose cooperative relationships between existing businesses, property owners, and the city to generate economic and quality of life benefits for each including things such as sharing market information, establishing open forums for discussing business issues, reviewing existing and proposed City regulations.

Strategy B3.3 Evaluate needs, propose, and implement assistance programs such as Façade Improvement and CRA projects that will improve the physical and visual environment in mature commercial neighborhoods.

Goal B4 **DEVELOP STRATEGIES FOR KEY BUSINESS AREAS**

Develop mid- and long-term strategies and projects to deal with issues that require significant time or resources to resolve. Focus on CRAs without excluding other business areas of the city.

Strategy B4.1 Monitor the use and impact of City and other regulations as they relate to small businesses. Identify elements of existing rules and policies that support business. Propose modifications, replacement or elimination of rules and regulations as appropriate, to avoid negative impact upon successful business operations, while taking care to protect the quality of life of the community.

Strategy B4.2 Identify the mix of uses in Southern Scottsdale and through a cooperative effort define those that are a priority to maintain and expand. Utilize the findings of market studies and other information resources to define potential actions and investments by existing businesses to take advantage of the possible market opportunities in southern Scottsdale.

Strategy B4.3 Identify critical business issues in CRAs – such as the McDowell Corridor, Downtown, Airpark, Scottsdale Road south of downtown, and other areas as appropriate. Define economic issues and policies affecting these areas. In conjunction with the other Economic Vitality divisions propose projects, programs, and policies that respond to the needs of each area.

Strategy B4.4 Work directly with existing businesses on a range of City related issues, such as how to secure a building permit and how to compete for City of Scottsdale bids. Coordinate these efforts with other City staff members.

Strategy B4.5 Utilize the information from the B3 interviews, surveys, and other extensive interviews to propose actions, policies, and processes that will support existing businesses citywide.

Strategy B4.6 Coordinate strategy development and implementation with other City departments, including the design and development of reinvestment projects.

Strategy B4.7 Work with property and business owners in organizing public and private investment strategies that will encourage significant reinvestment in CRAs.

Business Services Work Plan Actions 2008

WPA B1 Organize the Commercial Reinvestment Area program through a cooperative process with other City departments. Initial focus will be on Southern Scottsdale.

WPA B2 Conduct a detailed market review of at least one sub-area within a CRA to establish a base of information about business activity. Compare this information with other resources that generate economic base data for this section of the city in order to establish an economic base statement about the area.

- WPA B3 Identify specific public actions, including infrastructure improvements that will enhance the competitive position of the CRA and propose an implementation program through the Capital Improvement Project (CIP) process, other City programs, or private investment.
- WPA B4 Update and add new materials as appropriate on opening and operating businesses in Scottsdale and include them on the Economic Vitality web page. Organize in a printed format as a basis for presentations on doing business in Scottsdale.
- WPA B5 Continue the façade and covered walkway improvement project in accordance with appropriate rules and regulations. Follow through on active projects after new project eligibility ends on June 30, 2008.
- WPA B6 Conduct a series of interviews, surveys and B3 interviews to capture information about doing business in Scottsdale and the attitudes and needs of local business.
- WPA B7 Work with Advance Planning and other City staff and businesses to provide business oriented input to the Downtown Plan Update, southern Scottsdale PUD planning effort, and examination of the Airpark for revitalization purposes.
- WPA B8 Evaluate citywide zoning issues as they relate to existing businesses and offer specific recommendations that will help make mature business areas more competitive in the current marketplace. Initial focus on McDowell Road area from 64th Street to Pima Road. Follow with review and recommendations for Airpark area.
- WPA B9 Continue small business education programs in conjunction with the Small Business Development Center operated through Maricopa Community Colleges. Arrange a new program at least twice a year. Coordinate with other agencies including the Scottsdale Area Chamber of Commerce, library resources, HELP, and SCORE.
- WPA B10 Continue the process of working with Scottsdale auto dealers regarding competitiveness issues. Evaluate and propose changes as appropriate to the zoning code and regulations which affect the dealers' ability to compete with other new car sales locations in the region.
- WPA B11 Evaluate existing business information gathered by the Tax and License Division in the issuance of business licenses. Propose modifications that would help gather current data on businesses such as employment, type of business, and location updates.
- WPA B12 Provide assistance to individuals starting up businesses in Scottsdale including identifying: applicable City regulations, where to obtain business counseling services, and what other agencies may provide assistance. Act as a general resource on where to find information needed to open or start a business in the City of Scottsdale.
- WPA B13 Provide assistance to car dealers that will encourage reinvestment and expansion at new and used car dealerships in northern and southern Scottsdale.

SECTION 3

PERFORMANCE MEASURES

PERFORMANCE MEASURES

Once a strategic plan has been approved and implementation has begun, it is important to be able to track and measure the performance of that plan over time. This is critical in insuring that the plan is meeting its stated objectives, the results are as anticipated, and when necessary modifications can be made to deal with issues that may arise.

Economic Vitality is in a unique position compared to most other city services when it comes to performance measurement. The services that this Department provides are often indirect -- that is, the work that the Department does to achieve the goals of the strategic plan is generally ancillary to the ultimate strategic benefit. The overall goal of Economic Vitality is to enhance the local economy, as measured by such things as the creation of high paying jobs and generating new tax revenues. But Economic Vitality cannot actually create jobs and build new retail facilities. What the Department does is to work with the private sector to facilitate investment in the community that will achieve these goals, by providing relevant information, helping to secure appropriate sites, assisting with City entitlements, etc. Direct performance measures, such as how many meetings we held, or how many reports we wrote, do not provide a meaningful measure of the success of the program. Therefore, we need to look at a series of indirect performance measures that better reflect the ultimate goals of the strategic plan. These measures include:

- The number of new targeted businesses that located in Scottsdale, along with the number of new jobs they created, their average salary level, and their capital investment in the city.
- The community's unemployment rate
- The ratio of jobs to labor force
- Per capita income
- Change in revenue streams to the City – especially sales tax, bed tax, and property tax
- Valuation of new building permits
- Changes in total assessed valuation of all property in Scottsdale
- Home appreciation rates
- Vacancy rates for commercial properties
- Hotel occupancy rates and revenue per room
- Changes in capital investments in older areas of the community
- Citizen surveys of overall satisfaction rates
- The City's bond rating

There are a few direct measurements of the success of the program, including:

- Providing timely and accurate economic research data
- Interaction and cooperation with our regional neighbors
- The level of communication about Economic Vitality within and outside of the organization
- Program activity level (web site hits, requests for publications, etc.)
- Business visits, interviews and contacts
- Project specific accomplishments

2007 ACCOMPLISHMENTS

The first Economic Vitality Strategic Plan was formally adopted by the City Council in late 2002, and updated regularly since then. Over the past year of this plan, the City was successful in accomplishing or initiating many of the goals outlined in this Strategic Plan. For each division, the following is a list highlighting the key efforts and accomplishments under each of their primary goals:

Economic Development

Goal ED1 Revenue Enhancement

Managed development issues in support of new commercial projects, including new shopping centers in Grayhawk and at Scottsdale/Lone Mountain. Supported key revitalization efforts, such as the new Lowe's on McDowell, and with several existing McDowell auto dealers. Began preliminary efforts to assist with the development of several large mixed-use projects, including One Scottsdale, and the Kierland II projects. Sales tax receipts are up 12% over the past 12 months.

Goal ED2 Targeted Employment Creation

Continued to successfully attract new, targeted employers to Scottsdale. Over the past year, we attracted 15 new companies with 1,400 jobs at an annual average salary of \$52,000. The local unemployment rate remains at about 3%. Reached agreement on the development of SkySong: ASU/Scottsdale Center for Innovation at the former Los Arcos site, and began working with potential technology companies. The new strategy related to bio-technology has begun, and we successfully attracted five (5) new bio companies, as well as assisting Mayo Clinic open their first new bio research building on the Mayo campus.

Goal ED3 Information Resource

Provided up-to-date information and data on-line and in print format to external and internal customers. Performed studies for major and specialty retailers. Published community profile, airport profile and bio profile. Provided specialized market data and information to over 100 callers and walk-in clients.

Goal ED4 Economic Sustainability Policy

Worked with GPEC and MAG on the development of Five Key Industry Clusters for Metro area. Worked with AZDoC and Flinn Foundation on statewide bio-marketing efforts. Partnered with Chandler, Tempe, ASU and ASU Research park on common marketing materials targeted at Bio and Technology companies. With IS Department, continued efforts to enhance connectivity for business community in Scottsdale with telecom providers.

Tourism Development

Goal TD1: Understand the Changing Market

The division managed the Leisure Visitor Inquiry Study designed to identify the demographics, spending patterns, activities participated in, and other characteristics of Scottsdale visitors in order to effectively target demographic and geographic markets, and to provide data regarding the needs of current and future visitors.

Goal TD2: Destination Enhancement and Differentiation

Worked with the Desert Discovery Task Force to develop a Scope of Work and to conduct a feasibility study for the concept development for a Desert Discovery Center, facilitated consultant selection and the community outreach. Negotiated an agreement with the Heard Museum to provide marketing partnership opportunities with the Scottsdale SCVB, and to identify the Scottsdale facility as the "Heard Museum North-Scottsdale" in all promotional material, and in print and electronic advertising.

Goal TD3: Event Retention and Development

In partnership with the Scottsdale Convention and Visitors Bureau, the City retained the economic benefits of the Fiesta Bowl for Scottsdale through a 20-year host city and marketing agreement with Fiesta Bowl, Inc. to place the participating teams, alumni groups, bands, and other official groups associated with the Fiesta Bowl game in Scottsdale market area hotels even though the game is played in Glendale. A developing new event, Fashion Week 07, was identified by the Tourism Development Commission's "New Event Development" program as having the potential to grow, and to create additional shoulder-season demand; it was held for the second year in a row in November.

Goal TD4: Market the Destination More Effectively Than the Competition

The Division provides ongoing administration and evaluation of the City's Destination Marketing program conducted by the Scottsdale Convention and Visitors Bureau. The SCVB continued to focus marketing efforts on geographic and demographic target markets with higher "tendency to visit Scottsdale" potential. A Competitive Market Penetration Analysis was conducted to measure Scottsdale's market share relative to comparative markets, and Scottsdale experienced its second-highest market share over the past seven years.

Goal TD5: Quantify and Communicate the Benefits of the Tourism Industry to Scottsdale

Continued to work with CAPA and the SCVB on media stories and other means of communicating the financial and lifestyle benefits of the tourism industry to Scottsdale residents. SCVB conducted local focus groups designed to identify the level of understanding of tourism's economic and lifestyle benefits to individual residents, currently places a monthly feature in the Scottsdale Republic newspaper highlighting industry statistics, as well as upcoming events and activities. 2007 bed tax revenue increased four percent over 2006 revenue.

Revitalization

Goal R1: Encourage Revitalization in Mature Areas of Scottsdale

Continued to provide support to the development community in its revitalization efforts by providing redevelopment information on projects, available programs, and state statutes regarding redevelopment. Created ongoing relationship with California Redevelopment Association and other municipalities involved in redevelopment. Created and updated report on commercial and major residential redevelopment projects within the mature areas of Scottsdale.

Since 2003, due to efforts to revitalize the mature areas of Southern Scottsdale including the Downtown, the area has seen over \$3.1 billion in planned, under construction, or completed new development. A significant amount of reinvestment to the existing housing stock continues. Over 3,200 new residential units have been built, in process or planned during this time frame, and permits valued at over \$128 million were issued for major and minor home improvements in the area.

Goal R2: Encourage Redevelopment of Infill Properties

Revitalization worked with numerous developers and property owners to assist in their understanding of the city development process, and acted as a resource on redevelopment and ongoing activities within the development community. Acted as an advocate and coordinator for infill developments throughout the entire development/construction process, specifically in 2007 for South Canal Bank/Southbridge and Rose Garden..

Goal R3: Provide Project Management for Public Revitalization Projects

Our division was instrumental in the Development Agreement negotiations and subsequent on-going project management of the public/private partnership for the Rose Garden Project, as well as the management of the of Development Agreement for the South Canal Bank/Stetson Plaza project. In 2007, we added the Loloma/Main Street Plaza oversight to our projects as it moves into the Second Closing and the Western Art Museum project review began.

Goal R4: Ensure Balance in City Funded Projects

Continued to work with inter-departmental South Scottsdale Revitalization Team to review infrastructure, aesthetic, and maintenance standards throughout the City and supported efforts to increase programs, funding, and focus on the mature neighborhoods where older utilities, streets, sidewalks, and structures have created opportunities for revitalization by both the public and private community. In conjunction with numerous private redevelopments, worked with water and sewer to evaluate short and long term planning, CIP projects, and requirements for increased services in our older commercial areas.

Business Services

Goal B1 Issues Identification and Assistance

Business Services focused on assisting businesses in downtown and southern Scottsdale over the past several years. It developed new programs and financial assistance for small business, such as the Covered Walkway and Facade Improvement Program (utilized by over 30 businesses) and the commercial building permit fee reduction program and worked with the Planning Department to enhance the business climate through providing investment enhancements through changes in downtown zoning ordinance and regulations. Since 2003, downtown has seen about \$1.5 billion in new private sector investment projects. In cooperation with the Small Business Development Center of Maricopa Community College District, the division has held nine-hour workshops, spread over four meetings, on opening and operating a small business. More than 50 people attended all or part of each work session. An additional workshop will be planned for Spring 2006. The office also began a 'Building Bridges to Business (B3)' program to develop a better understanding of the existing business base in Scottsdale and the plans it has for the future.

Goal B2 Business Information Database

Provided information for businesses in three ways – an ongoing presentation of “How to Open a Business in Scottsdale” on the City’s website, provision of demographic and other resource data on a request basis, and by providing details on resource opportunity for business plans, financing, and how to operate and grow a business. Have also conducted business surveys of downtown Scottsdale and provided this information to the public and businesses. In a typical month this office provides various types of business information to over 30 email and telephone inquiries about opening or operating a business in Scottsdale.

Goal B3 Stimulate Reinvestment

With City Council approval, the Covered Walkway and Façade Improvement Program and Fee Reduction Programs was begun to stimulate reinvestment in small business properties. This program was designed to encourage and leverage private investment and has resulted in nearly \$6,000,000 in total committed for 32 projects. Currently approximately \$16 of private funds are invested for each matching dollar of public funds. Additional projects have been put on a waiting list. The fee reduction program has benefited more than 290 businesses in Downtown and southern Scottsdale while saving businesses over \$98,000 and generating over \$183,000 in new fees to the City.

Goal B4 Develop Strategies For Key Business Areas

The division worked with other city departments, the Scottsdale Area Chamber of Commerce and McDowell Road new car dealers to find ways to promote this critical sales tax area. A business database for Southern Scottsdale for businesses located on McDowell & Scottsdale Roads has been compiled. Based on feedback from car dealers the office also reviewed recommendations for modifications to the zoning code sections relating to automotive sales, displays, and operating issues. The B3 program will also result in an information base about the needs, desires, and plans of Scottsdale businesses throughout the city and be the foundation for business strategies for strengthening and maintaining those businesses.

SUMMARY

Overall, this strategy is designed to enhance the community's existing economic base and to help the City achieve its goal of long-term economic sustainability. The ultimate goal of the economic vitality program is that of adding value to the community, and enhancing the quality of life of all the citizens.

The key elements of this plan include:

Overall Economic Vitality Goals and Strategies

Goal EV1	FOCUS ON QUALITY OF LIFE
Goal EV2	IMPROVE PARTNERSHIPS
Goal EV3	BE THE BEST SOURCE OF ECONOMIC INFORMATION
Goal EV4	INCREASE COMMUNICATIONS
Goal EV5	ENHANCE THE LOCAL BUSINESS CLIMATE

Economic Development Division Goals and Strategies

Goal ED1	TECHNOLOGY, INNOVATION, AND BIOTECHNOLOGY ENHANCEMENT
Goal ED2	TARGETED COMMUNITY EMPLOYMENT CREATION
Goal ED3	REVENUE ENHANCEMENT
Goal ED3	INFORMATION RESOURCE
Goal ED4	ECONOMIC DEVELOPMENT POLICIES

Tourism Development Division Goals and Strategies

Goal TD1	UNDERSTAND THE CHANGING MARKET
Goal TD2	DESTINATION ENHANCEMENT AND DIFFERENTIATION
Goal TD3	EVENT RETENTION AND DEVELOPMENT
Goal TD4	MARKET THE DESTINATION MORE EFFECTIVELY THAN THE COMPETITION
Goal TD5	QUANTIFY AND COMMUNICATE BENEFITS OF THE TOURISM INDUSTRY TO SCOTTSDALE

Revitalization Division Goals and Strategies

Goal R1	ENCOURAGE REVITALIZATION IN MATURE AREAS OF SCOTTSDALE
Goal R2	ENCOURAGE REDEVELOPMENT FOR INFILL PROPERTIES
Goal R3	PROVIDE DEVELOPMENT PROJECT MANAGEMENT FOR KEY PROJECTS

Business Services Division Goals and Strategies

Goal BS1	ISSUES IDENTIFICATION AND ASSISTANCE
Goal BS2	BUSINESS INFORMATION DATABASE
Goal BS3	STIMULATE REINVESTMENT
Goal BS4	DEVELOP STRATEGIES FOR KEY BUSINESS AREAS

APPENDICES

APPENDIX 1: BACKGROUND/HISTORY OF ECONOMIC DEVELOPMENT IN SCOTTSDALE

APPENDIX 2: ECONOMIC VITALITY DEPARTMENT ORGANIZATIONAL CHART

APPENDIX 3: ECONOMIC VITALITY ELEMENT OF THE SCOTTSDALE GENERAL PLAN

APPENDIX 1:

SCOTTSDALE'S ECONOMIC DEVELOPMENT PROGRAM: BACKGROUND/HISTORY

Early Years / Original E.D. Plan:

During the late 1970's and early 1980's, Scottsdale's economic base was highly dependent upon tourism – an estimated 60-70% of the economic base was directly related to tourism. Few other local industries existed, and Scottsdale was regarded as primarily a bedroom community of Phoenix. During this time, the local tourism industry suffered a number of downturns relating to such factors as national recessions, the gas crisis, and local flooding problems. As a result, the community went through an extended economic downturn, manifested by such problems as high unemployment and the inability of the City to provide all services desired by the residents.

In 1984, the Scottsdale City Council and the Scottsdale Chamber of Commerce realized that a fresh look at the community's economic development was in order. With the active participation of Scottsdale's business and government leaders, a comprehensive economic development plan (The McManis Economic Development Strategy) was prepared. That report summarized the community's economic development growth goals as follows:

- The expansion of business activities that generate tax revenues directly through consumer transactions and/or indirectly through the expansion of the consumer market.
- The expansion of job opportunities for persons who reside or are likely to reside in Scottsdale.

The process of devising that Strategy identified certain types of businesses that would best satisfy those goals, and outlined a comprehensive program for economic growth:

1. Continued growth in existing sectors of hospitality, residential construction, retail development, and business/professional services.
2. Specific activities and public investments to channel a portion of future economic growth to the City's downtown area.
3. The selling of Scottsdale to selected office-user market segments including association and corporate administrative offices.
4. Enhanced efforts to encourage businesses already in Scottsdale to remain and expand in the City.

A goal setting and strategy process set the stage for the organizational activities that followed. In 1985, the actual implementation of the McManis Strategy resulted in three separate but strongly related events:

- The Scottsdale Partnership was created as a private sector funding mechanism to augment the City's contractual funding of the Chamber's E.D. Program.
- The Chamber/Partnership added professional staff to implement the private sector responsibilities set forth in the Strategy, which generally were in the areas of job creation and expansion.
- The City Council established a City Economic Development Office with professional staff to carry out municipal responsibilities established in the Strategy, which were generally focused on tax revenue enhancement and support of the tourism industry.

Since no written policy had been established or adopted by either organization at that time, an evolution of responsibilities based on relative organizational strengths emerged and was acknowledged by the “Economic Development Executive Committee” (EDEC). That entity was a joint committee of the City Council and Chamber Board of Directors, established to oversee the preparation and implementation of the McManis Strategy. EDEC became the forum at which economic development issues of a community scale were discussed and resolved. It also functioned as a clearinghouse to make certain that duplication was not occurring between City and Chamber staff efforts on various E.D. policies or strategies.

This strategy was carried out with some success over the next five (5) years. During this period, the Airpark began to see significant new business development, and the local economy began to diversify away from its historical dependence upon tourism. But, the City still remained concerned that its revenue base was not keeping pace with the demands of the growing City.

Later Years / Recent E.D. Plan

In 1989, an initiative by the Chamber of Commerce to evaluate and update the McManis Strategy resulted in a reaffirmation of the 1984 goals and a comprehensive set of recommendations dealing with overall improvement of the business climate in Scottsdale; this document was endorsed by the City Council in July of 1989.

Also in 1989, due to the economic and real estate downturn in the Valley and to the negative press the area was receiving, the Greater Phoenix Economic Council (GPEC) was formed. GPEC was designed to serve as a single focal point for national economic development marketing efforts, and to work to enhance the image of the metro area. The City has been an active member of GPEC since its inception, and has used GPEC as its primary economic development marketing tool.

During this same time period, the Scottsdale City Council held a retreat to discuss a number of City policies relating to economic development. Resulting from that was a City Council Economic Development Policy, which focused on the following key points:

- “The City Council is committed to aggressive economic development activities as a key to Scottsdale’s future.”
- “The City Council will set the policy for economic development for the City, based on input from the community.”
- “The City Council will review and define the roles of the City, the Chamber of Commerce, and the Partnership.”

Based on the Council’s direction, the Economic Development staff prepared the first “Economic Development Action Plan” in April of 1990, which was designed to outline major goals and strategies for the following fiscal year. This document combined some of the original thinking from the first McManis report (particularly the need to further diversify the City’s economic base while still supporting the tourism industry), and added components from the update (primarily focused on the need to aggressively seek out new sources of tax revenue, and to support the tourism industry through a tourism development program). The E.D. Action Plan was updated annually between 1991 and 2000 to reflect relevant specific strategies and workplan items, but the overall goals and objectives remained fairly constant. The six key goals/objectives outlined in the final (2000-2002) E.D. Action Plan were as follows:

1. Broaden the tax base to support needed investments in community infrastructure, other physical amenities, and expansion of public services to meet the demands of a growing community.
2. Increase the number of jobs within Scottsdale through the recruitment of targeted opportunities, and through the retention and expansion of existing businesses.

3. Create the Southwest's premier resort destination through expanded hospitality capital investment.
4. Attract more visitors to Scottsdale through expanded hospitality promotional efforts.
5. Improve the quality of life in Scottsdale by taking advantage of unique economic development opportunities.
6. Improve communication, interaction, and cooperation between Scottsdale's Economic Development office and other organizations with a vested interest in economic development, and to be the best source of economic information.

These strategies were jointly carried out by the City and the Chamber – the City contracted with the Chamber for both the job creation and the tourism marketing components of this plan.

Throughout the 90's, this strategic plan was reaffirmed through a variety of citizen driven initiatives, such as the Scottsdale Visioning program (1992), the CityShape 2020 report (1995), and through the adoption of the City's first "Economic Element of the General Plan" (1998). The strength of the Scottsdale economy throughout this period is a testimony to the success of this strategic vision and the public-private economic development partnership. By 2000 Scottsdale received AAA bond ratings from all three major rating agencies, one of only 12 cities in the country to achieve this coveted measure of financial strength, and an indicator of the tremendous success of the economic development effort of the past 15 years.

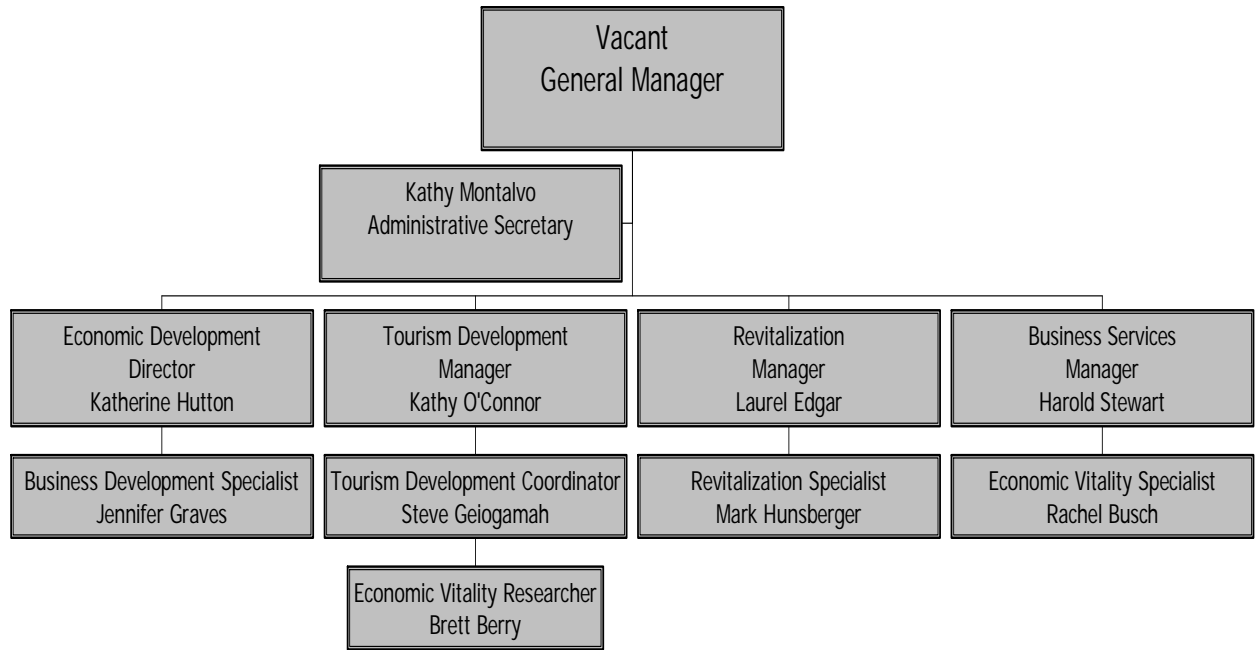
By the start of 2000 the economy of Scottsdale had become one of the strongest in the Valley. The community's economic base had achieved a strong level of diversification. Key economic indicators, including the growth in the number of jobs, valuation of building permits, and sales and bed tax revenues outpaced nearly every other city in Arizona on a per capita basis. The City's unemployment rate dropped to record low levels (about 2%). The tourism industry, although no longer the largest economic sector in Scottsdale, still generated a substantial amount of economic activity for the community (about \$3.5 billion annually). Retail sales tax generation was about twice that of most Arizona communities on a per capita basis. The significant non-residential sector (45% of the City's assessed valuation) provided a large portion of the property tax base, enabling the City to keep total property tax rates very low. All of these factors resulted in the City's ability to provide a high level of services to the residents at a relatively low cost.

Despite the significant positive impacts created by these economic development efforts from 1985-2000, the fundamental structural changes the City was experiencing in the early 2000s (as noted earlier in this report) resulted in the creation of the Economic Vitality Department and the resultant Economic Vitality Strategic Plan in 2001.

APPENDIX 2

ECONOMIC VITALITY DEPARTMENT

**Organizational Chart
January 2008**



Economic Development	Tourism	Revitalization	Business Services
<ul style="list-style-type: none"> ▪ Targeted business attraction ▪ Revenue enhancement ▪ Economic research and fiscal/economic policy issues ▪ Quality of life development ▪ GPEC contract and liaison ▪ Biotechnology and sustainable industries 	<ul style="list-style-type: none"> ▪ Tourism development program ▪ Tourism Development Commission and tourism industry liaison ▪ Oversee CVB contract ▪ Tourism research and policy development ▪ Support the development of new destination attractions 	<ul style="list-style-type: none"> ▪ Facilitate Downtown & Southern Scottsdale revitalization projects ▪ Explore new tools and potential redevelopment activities ▪ Revitalization resource center ▪ Support revitalization efforts of Skysong 	<ul style="list-style-type: none"> ▪ Business visitation program (small and large scale) ▪ Small business development resource center ▪ Industry specific training programs and resource ▪ Entrepreneurial development

APPENDIX 3

Economic Vitality Element of the Scottsdale General Plan

Introduction

In 1996, the CityShape 2020 citizen committee recommended the addition of an Economic Element as an integral part of the city's General Plan. The first Economic Element was adopted by City Council in March 1998.

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 provide a high quality of life, to provide high quality services for citizens, 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 costs of services. 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 through tourism and sales tax subsidies. The city is committed to supporting and expanding its existing economic strength. This can be done by targeting new opportunities that will diversify the economic base and provide for the future fiscal health of the city and long-term sustainability, while protecting the city's unique southwestern character.

Scottsdale's economic base is quite diverse; this is a change from the tourism dependent economy of the past. Today many other economic activities cultivate Scottsdale's economic strength including extensive retail opportunities and the diverse employment base at the Scottsdale 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.

Tourism

Tourism is an integral part of Scottsdale's identity and it still serves as a key community economic engine, therefore, it is essential to the community to provide and preserve appropriate natural, social and cultural environments and guest services that maintain and enhance the tourism experience.

Significant money is spent in Scottsdale by tourists. These dollars help to provide a higher level of community services and amenities to the citizens of Scottsdale. The health of the tourism market is enormously dependent upon the quality and character of the local hotels and resorts, the availability of naturally occurring and built attractions and entertainment activities for the tourist. The preservation and enhancement of Scottsdale's tourism market is unequivocally critical to the continued economic health of the city.

Retail

Scottsdale's retail market is an integral part of Scottsdale's unique identity and is one of the major economic drivers in community. Scottsdale's retail leadership in the metro area will continue to be challenged by other metro area communities. Therefore, it is crucial for Scottsdale to maintain a strong, aggressive position in maintaining and bringing in new, high quality retail to the community.

Employment

The city actively seeks targeted business services appropriate to the community, to provide quality jobs for the citizens of Scottsdale. These activities help to further diversify the economy and provide services and amenities to the community.

Revitalization

Revitalization and redevelopment becomes a critical part of the economic vitality of the community as the city matures. Scottsdale tries to prevent decline in mature areas by acting before they lose their attractiveness, as housing and the stability of residential neighborhoods is an essential ingredient to Scottsdale's quality of life. While discussed in other elements of the General Plan (Housing Element and Neighborhoods Element), the Economic Vitality Element recognizes that quality housing is crucial to the stability of the local economy. Retaining and enhancing the vitality of maturing areas of the city is a critical priority in maintaining the city's overall economic health.

Conclusion

Scottsdale's economic vitality faces several new economic challenges as the community matures. Scottsdale is approaching build out and the traditional model by which new opportunities for economic growth and sustainability were defined must be rethought and redefined. There are new and non-traditional citizens demands for what the Scottsdale economy should not only provide but also what economic uses comprise the economy. Scottsdale also needs to recognize the regional challenges of the now undeveloped land in the neighboring Salt River Pima Maricopa Indian Community and the potential economic factors there with tribal gaming opportunities, as well as large-scale economic development taking place in Phoenix and Tempe. Finally, the community must establish a balance of these demands with the complexities of the "new economy." Scottsdale's economic position going forward must be agile enough to respond to the dynamic needs and demands of the "new economy." Suitable response to these demands is critical to ensuring Scottsdale's economic future.

The Economic Vitality Element addresses policies to better evaluate decisions and encourage economic development that will sustain the community. The Element has been prepared to ensure that the needs of Scottsdale's residential neighborhoods are balanced with those of its business community. The goals emphasize compatibility, diversity, growth, and flexibility. This Economic Vitality Element acknowledges the economic factors that strongly influence the future well being of the community and its current and future neighborhoods and residents. The sustainability of the city of Scottsdale's quality of life directly relies on the economic prosperity of the community balanced with the preservation of and respect for the natural environment. The policies of the Economic Vitality Element are designed to support and enhance this sustainability. To assure a high quality of life for Scottsdale residents, economic growth must be fostered.

Vision

Scottsdale's future as a desirable place to live, work, and visit is dependent upon a dynamic, diversified, and growing economic base that compliments the character of our community. Scottsdale will be regionally competitive and will attract businesses that offer employment to our citizens, provide essential services, respect our desert environment, compliment our tourist industry, and bolster our tax base. Scottsdale will celebrate and embrace its existing strengths in business and employment, as well as diversify and develop new strengths through emerging technologies and changes in the ways of doing business. Economic competitiveness and prosperity will be the means of supporting a quality of life that is distinctive among Valley communities. The competing needs of residents and businesses will be balanced so neighborhoods are protected and enhanced while business districts are competitive and attractive.

Scottsdale Values . . .

- Quality of life of residents, quality of the experience of the visitor, and quality of environment of the community.
- Continuation of a strong, locally unparalleled retail environment.
- Attraction and retention of high quality employment opportunities for citizens.
- Preservation and enhancement of Scottsdale as a world-class tourism destination.
- Economic stability and a continued high level of public services for citizens and visitors.
- A diverse array of goods and services to be provided for consumers.
- Access to jobs, resources, and services for citizens.
- A vibrant Downtown with cultural and recreational opportunities for residents and visitors.
- Business entities that complement Scottsdale's community characteristics such as high quality design standards, desert environment, and resort community lifestyle.

Goals and Approaches

1. Sustain and strengthen Scottsdale's position as a premier international and national tourism destination and resort community.

- Maintain the quality and character of the local hotels and resorts.
- Encourage the development and redevelopment of hotels and resorts in the context of the character and quality Scottsdale is known for. This development should recognize the availability of naturally occurring and built attractions, and entertainment activities.
- Encourage diversity and high quality in the lodging industry and resorts that cater to specific market segments (e.g. spas, dude ranches, eco-tourism etc.).
- Preserve Scottsdale's natural, social, and cultural environments to enhance the Scottsdale tourism experience.
- Enhance Scottsdale's tourism support services including fine dining, specialty retail, and entertainment.
- Provide destination attractions that celebrate Scottsdale's heritage. These should include the key theme areas of the arts, contemporary arts, Southwestern culture, Native American Culture, cowboy lore, the Sonoran Desert environment.
- Build on Scottsdale's strength for attracting sporting events/entertainment opportunities, such as professional level sports including baseball, hockey, tennis and golf in addition to entertainment events such as the Parada del Sol, Culinary Festival, Art Festival, etc.
- Ensure a wide variety of participatory outdoor recreational opportunities, for visitors and residents alike, such as golf, mountain climbing, hiking, horseback riding, etc.
- Ensure the golf experience remains a positive and readily available destination activity.
- Preserve and enhance the tourist's ability to travel easily to different destinations throughout the city. Promote the Transportation Center, trolley system, bike rental, and pedestrian connections, etc.

2. Encourage and maintain a high level of diverse, quality retail and entertainment activity in Scottsdale that supports the needs of Scottsdale's residents and visitors.

- Encourage the location of new, high quality, regionally oriented retail activities in Scottsdale. New retail activity should focus on unique and diverse retail adventures.
- Maintain a strong, aggressive position in dealing with bringing new, high quality retail and entertainment experiences to the community.
- Encourage the concentration of retail and entertainment in the Downtown area and the historic specialty retail and art gallery districts.
- Advocate the development of additional retail opportunities, especially those that capture the unique flavor of Scottsdale and complement the quality, and resort and desert character of the community.

3. Encourage and support a diversity of businesses that contribute to Scottsdale's sales and property tax base so that needed infrastructure, physical amenities, services, and the expansion of such services are provided.

- Nurture and support established businesses as well as new businesses.
- Ensure adequate opportunities for future and expanded commercial and business activity throughout the community.

- Diversify Scottsdale's business and retail community so it includes a variety of business types as well as a variety of business scales and sizes.
- Promote Scottsdale as a diverse shopping and entertainment destination.
- Develop existing and attract new high value/low impact businesses.

4. Foster new and existing economic activities and employment opportunities that are compatible with Scottsdale's lifestyle.

- Strive to grow and expand the economic base on pace and in harmony with the population and supporting built and natural environment.
- Support businesses in adapting to the constantly changing market as a result of new technologies and support those companies that are integral to the "new economy".
- Target specific economic sectors for expansion or relocation in Scottsdale that will provide for the greatest positive impact and the fewest negative impacts. These include medical and health care services, biomedical research and development, technology related research and development, business and professional services, administrative offices, corporate and regional headquarters.
- Strongly pursue economic opportunities that enhance the quality of life of the community as well as have a positive economic impact. This would include those businesses that provide medical, educational, cultural or recreational amenities for the community.
- Focus on opportunities that are non-polluting and that support telecommuting and alternative transportation modes. Recruit quality companies at the forefront of economic and technological change.
- Emphasize the retention and expansion of businesses in Scottsdale and provide support mechanisms for small businesses in Scottsdale.
- Support entrepreneurial development and 'incubator' activities to grow and support high value start up businesses.

5. Locate and integrate non-residential development to improve access and visibility and to protect the integrity of neighborhoods.

- Regional and larger community retail centers are encouraged to locate on major streets and freeway interchanges where access is available and/or in close proximity to customers.
- Maintain and create distinctive commercial, retail, and entertainment districts that benefit through clustering uses together, such as the Downtown, Old Town and West Main districts, Motor Mile, North Scottsdale Auto Mall.
- Maintain and develop neighborhood-shopping areas that are in proximity to neighborhoods and residential concentrations.
- Focus major employment uses in targeted areas (i.e. Scottsdale Airpark and Downtown).
- Insure neighborhoods are adequately protected from major commercial development through design sensitivity, buffering and traffic management, etc.
- Promote pedestrian/bicycle improvements and provide options for alternative modes of transportation to access commercial, retail and entertainment centers.

6. Maintain and develop partnerships that will support and promote quality employment and business opportunities.

- Maintain and develop relationships with businesses that provide the contacts that can enhance the city's presence and position in enhancing and attracting quality and innovative business opportunities.
 - Encourage partnerships to work on the renovation or reuse of underutilized or vacant buildings/shopping centers
 - Work with other jurisdictions and agencies (i.e. Scottsdale Area Chamber of Commerce, School Districts, adjacent communities, Greater Phoenix Economic Council, etc.) to coordinate business and employment opportunities.
 - Work with appropriate entities within the local and metropolitan community to address issues and economic hindrances.
- 7. Sustain the long-term economic well being of the city and its citizens through redevelopment and revitalization efforts.**
- Encourage quality redevelopment in employment areas to provide new jobs, new retail, and new entertainment opportunities in the Scottsdale market.
 - Encourage and support the renovation and reuse of underutilized or vacant parcels/buildings/shopping centers.
 - Enhance the experience for visitors who evaluate the quality of their experience through their visual impressions of the community by revitalizing the mature built environment of businesses and neighborhoods.
 - Support and encourage appropriate public and private redevelopment and revitalization efforts in the community.
 - Improve and enhance the links between the physical and social relationship between non-residential land uses and the surrounding residential neighborhoods.
 - Promote residential revitalization to maintain quality housing and thus maintain quality of life and stability of the local economy.

The city of Scottsdale implements many of the policies of the Economic Vitality Element through the Economic Vitality Action Plan. The Action Plan outlines specific activities to achieve the goals and approaches of the Element. The Economic Vitality Action Plan includes specific measurements to evaluate the city's economic success, and it is updated annually. Copies are available through the Economic Vitality Department of the city.