



ZIVELO



CHOOSE
Scottsdale

CITY OF SCOTTSDALE ECONOMIC DEVELOPMENT

FY1314 ANNUAL REPORT

A YEAR IN REVIEW

The City of Scottsdale's Economic Development Department works year round to elevate, enhance and ensure Scottsdale's sustained desirability as a place in which to live, learn, do business, work, recreate and visit. Through its economic development investments and programs, the City of Scottsdale retains, grows and attracts targeted sources of wealth generation to enhance the community's tax base and quality of life, preserve the natural environment and foster prosperity for all citizens. This annual report is designed to summarize and celebrate the activities and successes in this endeavor. Made possible by the City Council, City of Scottsdale leadership, and the local business and residential community the following are some of the key FY1314 economic development department accomplishments:

1. As part of Council Strategic Priorities, completed draft Economic Development Strategic Plan Framework on schedule and on budget.
2. Participated significantly in the attraction or expansion of 16 unique businesses representing an estimated: 1,069 new jobs in the first 12 months of business operations, a total of 2,381 new jobs over five years, and an overall average wage of \$47,874.
3. Completion of 86 direct business retention outreach visits, representing plans for 1,100 new job creations in Scottsdale in the next year.
4. Fully redesigned and rebuilt the ChooseScottsdale.com economic development website which includes significant target industry and employment corridor information as well as news and research tool integration; the result was a 74% increase in unique visitors in the first month.
5. Launched new communications tools, including a biweekly e-newsletter which has grown to over 1,900 active subscribers and an average open rate of 34%, monthly Council informational updates, and quarterly reports.
6. Completed full departmental reorganization and metrics-based performance plans, with enhanced focus on business outreach and data research capabilities.
7. Effective execution of Cure Corridor promotional event with over 200 attendees and launch of bio-life sciences sector development strategy.
8. Created and launched a six-month small business educational series in conjunction with the Eureka Loft, resulting in attendance of 21 small businesses and nearly 200 YouTube views to course tapings in the first four months of the program.

Business Retention, Expansion & Attraction FY1314

The companies below represent new businesses that located in Scottsdale in FY1314 or existing businesses that were retained and expanded with assistance provided by the City of Scottsdale Economic Development Department and/or additional partners. By comparison, total jobs for assisted locates by the Greater Phoenix Economic Council in FY1314 were 5,112. *Note: Retention/expansion projects are indicated with an *.*

Name	Type	Location	Square Feet	Jobs: Year 1	Jobs: Year 5	5 Year Direct Revenue	5 Year Economic Impact
Accolade	Financial Services	8777 E. Hartford Drive	80,000	75	500	\$1,344,679	\$605,474,176
Appointment Plus*	Software	15300 N. 90th Street	12,000	56	56	\$144,071	\$51,795,510
Bell Lexus	Automotive Retail	18555 N. Scottsdale Road	56,496	95	95	\$12,459,769	\$64,920,936
Bicycle Haus*	Retail	7113 E. 1st Avenue	6,700	11	11	\$53,036	\$2,969,509
Earnhardt Hyundai Scottsdale	Automotive Retail	8445 E. Frank Lloyd Wright Blvd	20,000	25	25	\$5,218,084	\$20,501,348
Kneaders Bakery & Cafe	Food Services	Northsight & Hayden	4,043	50	50	\$130,945	\$21,114,525
La-Z-Boy Furniture	Retail	6828 East Camelback Road	11,000	25	25	\$481,708	\$15,789,624
Learnvest	Financial Services	1475 N. Scottsdale Road	5,160	30	50	\$140,293	\$70,952,754
Mark Mitsubishi	Automotive Retail	6910 E. McDowell Road	35,000	25	25	\$1,272,070	\$17,084,457
McClaren Auto Dealership	Automotive Retail	8355 East Raintree Drive	8,000	15	15	\$886,913	\$10,250,674
Mountainside Fitness	Retail	7135 E. Camelback Road	14,000	15	15	\$417,784	\$7,391,042
Scottsdale Mercedes-Benz	Automotive Retail	4725 N. Scottsdale Road	115,000	150	150	\$5,829,138	\$102,506,741
Stonegate Mortgage	Financial Services	8660 E. Hartford Drive	12,000	101	155	\$1,236,762	\$112,052,209
Weebly	Data Process/Hosting	4343 N. Scottsdale Road	25,057	60	460	\$765,590	\$255,812,839
ZIVELO Corporate Offices	Corporate Headquarters	Fashion Square Mall	12,800	70	70	\$466,754	\$18,720,000
ZocDoc*	Financial Services	6991 E. Camelback Road	30,093	266	634	\$1,271,320	\$508,690,532
TOTAL			367,399	1,069	2,336	\$32,118,916	\$1,886,026,876

FEATURED BUSINESS ANNOUNCEMENTS

Mercedes-Benz of Scottsdale Opens Downtown



In December, the Mercedes-Benz of Scottsdale dealership officially opened its doors in its new 115,000 square foot facility. The new dealership represents a \$25 million investment in Scottsdale and is expected to bring 150 new jobs. This state-of-the-art facility is a perfect complement to the quality location and appeal of nearby Fashion Square Mall and Optima residential.

ZIVELO Locates Business Headquarters in Scottsdale



ZIVELO, a kiosk and digital signage manufacturing company has expanded its company profile by moving its corporate headquarters to Scottsdale. The five year old company, recognized as one of the fastest growing tech companies in the U.S. by both Inc. and Forbes, plans to add at least 70 jobs into its new 13,000 square foot space at Fashion Square Mall.

The Vanguard Group Adds 600 Employees in New Building



On Friday, June 13, Vanguard, the world's largest mutual fund company celebrated the opening of their newest building in Scottsdale: the Pima Building, 15111 N. Pima Road, in the Scottsdale Airpark. The Pima Building adds 150,000 square feet to Vanguard's existing Scottsdale Airpark campus. Besides office space, it will house a café and a satellite fitness center for the more than 500 employees who will be based there over the next few years. Since expanding to Scottsdale in 1994 from their Pennsylvania headquarters, they have

grown to be one of the largest employers in Scottsdale with over 2,300 employees. In 2013, the company hired over 400 new employees and will add another 300 this year.

Weebly Welcomed to the Galleria Corporate Centre

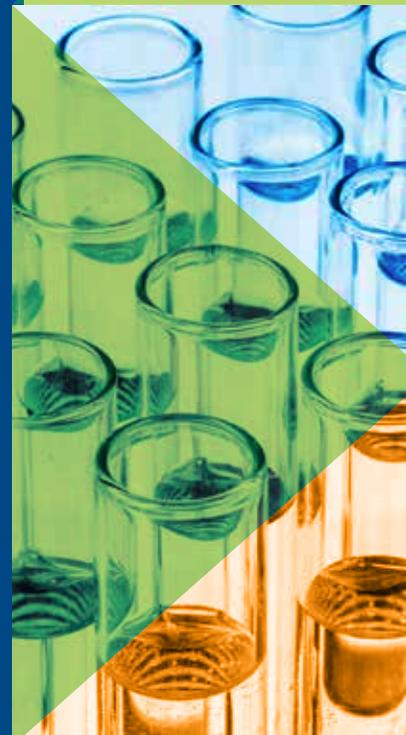


Weebly, a global service that allows users to create a high-quality website that they are proud to share, has signed a 25,000 square foot office lease in the Galleria Corporate Centre. The space will serve as the company's North American customer operations headquarters. The company plans to bring over 250 new positions to the City over the next three years, and will support more than two million customers from its Scottsdale location.

ZocDoc Expands its Operations in Scottsdale



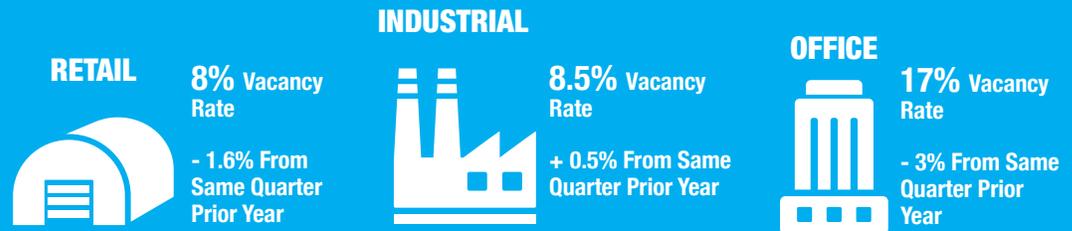
ZocDoc, a free service that helps patients find a local doctor who accepts their insurance, see real-time availability, and instantly book an appointment online via ZocDoc.com or the free ZocDoc mobile application has signed a 30,000 square foot office lease just down the street from its current offices at the Scottsdale Waterfront. The New York based company currently employs more than 60 in its Scottsdale location. Due to its anticipated growth as a result of a recent infusion of investment funding, the company is expected to grow its local workforce to as many as 650 jobs.



FY1314 PERFORMANCE MEASURES AND ECONOMIC INDICATORS

In order to track and gauge overall economic activity as well as departmental performance, the economic development team regularly monitors key indicators. The following information represents data collected from the most current and reliable sources and is intended to provide a snapshot of current market conditions as well as Economic Development Department strategies and successes from July 1, 2013 - June 30, 2014.

COMMERCIAL VACANCY RATES



MUNICIPAL TAX COLLECTIONS



Throughout FY1314, the Scottsdale local unemployment rate remained lower than the state, with Scottsdale's rate decreasing from 5.9% to 5.2% compared to the state's rate decreasing from 8.5% to 6.9% over the same period.

BUSINESS ATTRACTION AND EXPANSION PERFORMANCE MEASURES

	FY1314 Total	FY1314 Goal	% of Goal Reached	FY1415 Goal
Number of businesses recruited or retained with City assistance*	16	25	64%	15
Number of business retention & expansion visits*	86	N/A	N/A	100
Number of special events and programs/attendees*	10/91	N/A	N/A	24/500
Total number of new jobs created or retained*	1,069	1,750	61%	1,300
New capital investment into the community	\$75,346,400	N/A	N/A	\$30M
Average wage of jobs created or retained*	\$47,874	N/A	N/A	\$47,500
Square footage absorbed	367,399	N/A	N/A	500,000
New square footage constructed	182,496	N/A	N/A	175,000
Total five-year direct revenue impact of projects	\$32,118,916	N/A	N/A	>\$40M
Total five-year economic impact of projects	\$1,886,026,876	N/A	N/A	>\$1B

Source: City of Scottsdale Economic Development Department; FY1314 City Budget Book; N/A indicates not applicable due to new metric. * indicates measures included in City Budget Book.

CHOOSESCOTTSDALE.COM ACTIVITY						
	Q1	Q2	Q3	Q4	FY 1314 Total	FY1415 Goal
Total Visits	1,065	1,165	1,629	2,082	5,941	7,725
Unique Visitors	852	963	1,247	1,595	4,487	5,850
Bounce Rate	59%	64%	52%	55%	57%	50%
Average Duration	1:40	2:13	2:18	1:56	2:03	2:15
% New Visits	78%	80%	73%	73%	75%	75%

Source: City of Scottsdale Economic Development Department via Google Analytics.

Of the companies receiving grants via the Arizona Innovation Challenge since 2011, **seven** (21%) were from Scottsdale.



SOCIAL MEDIA CHANNEL ACTIVITY AND REACH					
	Q1	Q2	Q3	End of FY1314 Total	FY1415 Goal
Twitter	122	102	71	402	600
Facebook Likes	88	82	44	63	150
LinkedIn Members	24	8	7	51	100
General E-News Active Contacts	1,559	111	208	1,912	2,200
YouTube Views*/Subscribers	N/A	N/A	198	519/261	800/300

Source: City of Scottsdale Economic Development Department YouTube views related to department video views on City channel. Subscribers are total subscribers to the channel.



Featured Program: Small Business Series

As a new service to small businesses and entrepreneurs in Scottsdale, the Economic Development Department kicked off a new small business training and resource series. Launched as a six month pilot program, it has been well received by attendees and presenters. The program was designed to offer informative, topical information on a range of resources and service departments within the City, as well as general practical business tools.

Topics have included The Building Blocks of Modern Marketing, Keeping your Business Safe, From Plans to Permits, and Keeping with the Code. Over 30 participants have attended the programming thus far, and for those who were unable to attend the sessions in person, the City has video recorded all programs and uploaded them to its online YouTube channel, making this resource available 24/7.

The Small Business Series video recordings have received over 200 YouTube views to date.

Scottsdale Economic Development Department Small Business Series
presents
"Taking Care of Your Business"

- Introducing a new series of presentations for the Scottsdale business community
- Eureka Loft | Civic Center Library
- First Friday of Every Month | Beginning on April 4, 2014 @ 2:00 p.m.

Programming Topics Include:

- Keeping with the Code
- Permits
- Bank Tank
- Small Business Series
- Scottsdale Small Business Series - Code Enforcement
- Scottsdale Small Business Series - From Plans to Permits
- Scottsdale Small Business Series - Keeping Your Business Safe
- Scottsdale Small Business Series - Marketing Your Business



Business Attraction

Outreach to business decision makers was a priority activity for the economic development team throughout the year. This was conducted through direct meetings, attendance at trade shows and road shows in target markets, numerous community presentations and programming, and leveraging of signature community events such as the Waste Management Phoenix Open, spring training, and seasonal conferences. The department also hosted an internal program called 'Coffee with ED' designed to share information on City of Scottsdale developments and projects, trends, and department resources and services available with professionals in the real estate and development industries. Total outreach and lead generation results include:

- Generating and/or responding to 73 new business development leads
- Direct interaction with 18 national site selection consultants
- Outreach and presentations to over 70 real estate brokers and developers
- Hosting of familiarization tours with partners at the Arizona Commerce Authority (ACA) and the Greater Phoenix Economic Council (GPEC)

Business Retention & Expansion

The Business Retention and Expansion program took form near the beginning of FY1314 and began operating in the fall of 2013, with a goal of developing relationships among the corporate community, identifying trends, and researching and implementing solutions and developing new programs for the benefit of the city's companies. Over the period of the fiscal year, **86 companies were visited within the department's target industry sectors.** Results included:

- Companies visited during the year reported hiring an estimated cumulative 1,200 new positions; This included over 250 jobs being created by The Vanguard Group as it moves to a second 134,000 square foot building, Leasehawk which created over 75 jobs after it relocated to Scottsdale, and 250 jobs created by McKesson Patient Solutions which now has a Scottsdale workforce of over 1,000 making it the tenth largest employer in Scottsdale
- Premier companies assisted by the business retention and expansion team included Appointment Plus, ZocDoc, and others to be announced in early FY1415

During the year, the department was represented in meetings with the Arizona Incubator Association, the Eliance Entrepreneur Roundtable, the HealthiosXchange Investment Roundtable, a GPEC presentation on the security software industry, the preview forum to the spring Arizona Commerce Authority Innovation Challenge and the Arizona SciTech Festival press conference and launch event.

In support of workforce training development, the team worked closely with partners at Maricopa Community Colleges Corporate College and GPEC to create a 'Rapid Deployment' coding training program allowing local companies fast access to trained programmers that are desperately needed. Meetings with companies to identify needed occurred in the spring of 2014 with the delivery of training to begin in the fall of 2014.

Small Business Assistance

The Economic Development Department directly assisted more than 19 small businesses with questions ranging from permitting, financing and where to go for business plan writing. Staff worked with the companies to provide the best possible contact to assist them to ensure they had the ability to succeed in Scottsdale.

Scottsdale had a major presence in the November 30, 2014 Small Business Saturday, a national initiative sponsored by American Express, to support the local businesses that create jobs, boost the economy and preserve neighborhoods around the country. Attendance was estimated at nearly 300. Over 100 merchants in the vicinity of Southbridge participated. To promote the event, the department utilized web, social media, and online survey tools. An online promotion offering a gift card to winning entrants who registered online generated 48 responses. Media advisories and press releases were issued weekly from mid-October to the event date November 30 resulting in 3 television crews reporting on the event.

Entrepreneurial Advances

The Scottsdale Eureka Loft, a space that celebrated its one year anniversary this past May, has made a significant impact on the small business and startup community. Made possible through a partnership between the Scottsdale Civic Center Library and ASU's Rapid Startup School, it can be used by innovators and entrepreneurs needing collaborative space on a daily basis to work on ideas while also receiving mentorship, advice and access to some "pracademic" classes both online and in the library. The following numbers encapsulate the actual performance since May 2013:

- 8 new businesses formed
- 8,862 visitors
- 512 programs
- 3,050 program attendees
- 229 mentoring appointments
- 10,607 website page views

Revitalization

The economic development team was also involved in efforts related to revitalization, with a focus on the McDowell Corridor. During the course of the year staff partnered with the planning department on a number of initiatives and research activities. In an effort to assist in the determination of the need for various redevelopment tools as well as a redevelopment district designation continuation, the team prepared and presented two related presentations, one in December 2013 and another in February 2014, to the Council Subcommittee on Economic Development Discussions addressed questions related to City Council redevelopment powers, eminent domain, case studies of successful redevelopment, and implications for the Los Arcos Redevelopment Area plan. The Subcommittee recommended postponing any action until after the completion and potential adoption of the Economic Development Strategic Framework which is expected to occur in early FY1415.

An effort in supporting the enhancement of the existing commercial spaces in the McDowell Road corridor was also initiated through the exploration of a Facade Improvement Program utilizing Community Development Block Grant funds.

Strategic Planning

On May 8, 2013, a City Council strategic planning workshop was held at SkySong, the ASU Innovation Center in Scottsdale, during which the City Council identified eight priority areas to consider for the next year with one on the list titled “Comprehensive Economic Development Strategy.” In response, the department worked throughout FY1314 to deliver upon this priority. A consultant team was engaged following a competitive bid process, which subsequently interviewed over 300 members of the business community for input and conducted extensive competitive issues and target industry research. The result is the current Draft Economic Development Strategic Plan Framework, intended to serve as a document that provides: recommended roles and responsibilities for the City’s Economic Development Department and its primary economic development partners, key priorities for Scottsdale economic development efforts, and recommended metrics for assessing progress in achieving identified objectives.

Advancing the Cure Corridor

In FY1314, a key strategic initiative included raising awareness of the Cure Corridor, a brand reference to a premier industry sector in the City of Scottsdale concentrated around the Shea Road and Airpark areas. To kick off activities, a Cure Corridor event featuring keynote speaker Dr. Daniel Von Hoff as well as an expert panel discussed Scottsdale’s healthcare and biotech assets in front of an audience of over 200 attendees. The event gained significant publicity along with the research materials and promotional efforts associated with the program. The event was videotaped and aired on Channel 11 and made available online. In June 2014, the City of Scottsdale joined the Arizona Commerce Authority, the Greater Phoenix Economic Council and a dozen additional public and private partners at the 2014 BIO International Convention which attracts more than 15,000 of the most prevailing biotech entities from more than 60 countries. For this event, custom marketing materials and a Cure Corridor promotional video were produced for display in the Arizona exhibit booth. In FY1415, efforts will focus around the launch of bio-life sciences target industry growth and attraction strategies, and the second annual Cure Corridor event will take place to maintain and advance the momentum begun in FY1314.

Telling Our Business Story: Marketing Activity

There are a number of ways that an economic development team can help to convince a company that its community is the ‘right’ one for their operations. Tools include demographic and labor analytics, cost of business comparisons, highly specific site selection and local support and state incentive programs. To better educate the local citizenry as well as the business community about the department’s activities and offerings, a biweekly e-newsletter was launched in October 2013. The department launched all social media platforms for the first time, and produced two target industry attraction videos (technology and bio-life sciences focused). Trade show materials such as roll up display banners were designed and produced which allowed the department to represent itself professionally at several local programs and events. Finally, all of these materials were created utilizing redesigned departmental graphics to begin working to establish a consistent, recognizable brand.

Enhancing Our Digital Presence

Determining that the ChooseScottsdale.com site was static and lacked critical data sets beneficial to businesses and site selectors, the department in partnership with the City of Scottsdale media services team rebuilt and relaunched the site in a record 90 days from December 2013 to February 2014. This mobile-friendly site adds access to local business tools which include new site location information and data search tools such as LoopLink commercial property listings and a new tool named Size Up, providing complimentary access to comprehensive and accurate market data for business planning purposes. The department also engaged representatives of the business community in a focus group for feedback on the site to ensure continual improvement. Results in online activity are evident with the new and improved ChooseScottsdale.com generating a 30% increase in new visitorship since relaunch compared to prior periods, and a decrease of bounce rates by 12%.



ON THE HORIZON

What is in store for Scottsdale's economic development efforts in FY1415? Stay tuned for the following exciting initiatives and events, and more:

Co-Location with Eureka Loft

The department is relocating to space adjacent to the Eureka Loft, creating a central hub for business assistance programs at the City of Scottsdale. Stay tuned for formal move notices. The new address will be:

3839 North Drinkwater Blvd., 2nd Floor

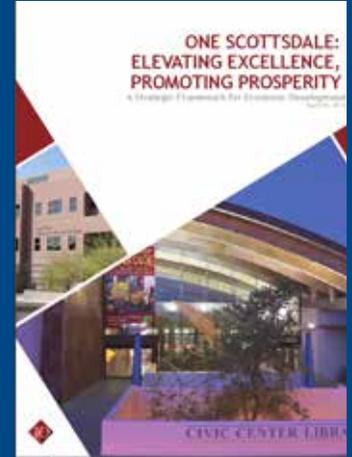
In addition to this strategic move, the department has identified five key operational objectives for the upcoming 12 months:

FY1415 Objectives

1. Initiate execution of the newly created Economic Development Strategic Framework and Implementation Plan to meet identified goals.
2. Strengthen and accelerate business retention and expansion by institutionalizing a formal business visitation program, and deliver direct assistance to Scottsdale employers who are planning to grow or experiencing challenges operating in the City.
3. Elevate and advance the professional development and skill sets of Scottsdale's economic development staff through professional training and certification, in pursuit of department accreditation within three years.
4. Advance Scottsdale's competitiveness for business recruitment and attraction through the execution of a more robust targeted marketing and outreach strategy:
 - Increase participation in targeted trade and other local, regional and state outreach activities in conjunction with state and regional economic development partners.
 - Development targeted marketing materials for each focused business sector.
5. Improve leveraging of economic development with tourism assets to ensure that the business advantages of Scottsdale are part of the tourism marketing messaging, and vice versa.

Draft Strategic Plan Framework Action Agenda

1. Galvanize and champion a united city: One Scottsdale
2. Retain and grow existing economic drivers and employers
3. Ensure that Scottsdale's present and future employers will be able to cultivate, retain and attract the talent that they need
4. Strengthen foundations for firms and jobs of the future by identifying infrastructure, quality of life and postsecondary investments and improvements that could position Scottsdale more advantageously for business and talent retention and recruitment
5. Invest in and strengthen present and future employment and business centers
6. Elevate Scottsdale's engagement in the national and international economic development arena
7. Build a Scottsdale business location brand on par with Scottsdale's tourism brand
8. Grow and attract quality firms and jobs – domestic and global - in targeted sectors
9. Adopt indicators and metrics to assess both the City government's and economic development department's progress



City of Scottsdale
Economic Development

Phone: 480-312-7989
Business@ScottsdaleAZ.gov
ChooseScottsdale.com
@ScottsdaleEcDev

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