

7. ECONOMIC DEVELOPMENT

Goals

- Support locally owned businesses.
- Recruit new businesses and organizations representing different business and institutional sectors that diversify Sedona's economic base.
- Preserve and enhance Sedona's tourist based economic sector.
- Incorporate an assets-based framework into the City's economic development efforts.
- Improve the City's transportation, information and communication infrastructure to allow businesses to compete regionally, nationally and globally.

Economic Development Chapter:

- Policies
- Action Plan

What Changed Since 2002?

- The worst economic downturn since the Great Depression began in 2008.
- The Northern Arizona Council of Government's *Comprehensive Economic Development Strategy Update 2010-2015* was released.
- The *Sedona Focused Future II Strategic Plan for Community and Economic Development* was completed in 2005.
- The Sedona Chamber of Commerce launched the "My Sedona" tourism brand program in 2012.
- The City of Sedona experienced the following population changes between the 2000 and 2010 Censuses:
 - 1.58 percent decrease in the City's population
 - 4.8 percent decrease in the 18-64 age group
 - 58 percent increase in the Latino and Hispanic origin population

Economic development in Sedona has been largely shaped and defined by tourism. Sedona is a national and international travel destination. A 2006 study commissioned by the City of Sedona identified that at the time of the report, tourist spending contributed approximately \$372 million to the local economy and that the tourism industry employed 7,660 persons and generated approximately \$148 million dollars in wages (*Economic and Fiscal Impact of Annual Tourism in Sedona, Arizona*, Elliott D. Pollack & Company, August 2006). In 2012, the Nichols Tourism Group prepared a market research study for the Sedona Lodging Council and identified that the tourism industry employed 8,900 jobs and tourism spending contributed approximately \$439 million to the local economy. Since the City of Sedona does not assess a property tax, its primary revenue sources are sales tax and bed tax.



Sedona's long-term sustainability as a community and visitor-based economy depends largely on its ability to remain an attractive, welcoming, accessible, and affordable place for future generations. However, there is a lack of consensus among Sedona residents about the value that tourists bring to the City. Many residents express frustration with the traffic, noise and interferences with the enjoyment of the natural setting that they feel tourists cause.

During the winter and summer seasons, Sedona experiences fewer tourists and less traffic. From an economic standpoint however, these times of the year are challenging for many Sedona businesses. These periods of slow sales and low visitor nights highlight the need for diversification of the local economy. The Sedona economy has been and will continue to be a visitor-driven economy. However, diversification into other strategic sectors would create a much healthier, robust economy that is not as dependent on tourism.

The key to success in diversification is to understand one's strengths in the marketplace and pursue business development strategies that build off and sustain these strengths. At the same time, there are a set of community values that are critical to sustain.

Assets-based economic development focuses on a community's strengths and assets. This approach concentrates on a community's capacity, not its deficits, and

builds an internal and external positive perception of the community. It leverages strengths and assets for enhanced economic development outcomes. For the City of Sedona, an assets-based approach to economic development will be pursued.

An assets-based approach to economic development begins with a recognition that Sedona's assets are many and varied, and are not limited to its physical assets. Sedona has a variety of intangible assets, such as its natural beauty, national and international reputation, arts and culture community, pool of professional retirees, and volunteer spirit. In addition, Sedona has a history of innovation and creativity that should serve it well in the future. Another key intangible asset is the City's strong working relationships with business and non-profit groups and the United States Forest Service. Sedona can rely on these assets to enhance and diversify its economy while at the same time working to create year-round value from its visitor-based economy.

Investment in these intangible assets can be a valuable approach to developing Sedona's economy. For example, under this assets-based approach, the City will recognize that investments in arts and culture may be viewed as a form of economic development.

Through its application of the assets-based model, Sedona will further the community's stated interest in environmental stewardship, sustainability, and a sense of place.

Key Issues

- Heavy reliance on tourist based economy for jobs, income and taxes.
- Current lack of economic diversification.
- Limited dedication of City resources to economic development.

What's New in This Plan?

- An approach for future economic development efforts that is based on the community's strengths and assets.
- The incorporation of an assets-based model into future planning and economic development efforts.
- Recommendation for an economic development strategic plan to guide short-term and long-term economic development efforts.

ECONOMIC DEVELOPMENT POLICIES

1. Partner with the private sector to build an economically and environmentally attractive community by utilizing the City's unique image to promote new investment.
2. Attract high wage employment opportunities and professional based businesses to diversify the City's economic base and generate positive secondary benefits for the community.
3. Use an assets-based model to guide policy development and implementation in the areas of planning, economic development, and capital infrastructure.
4. Assist business organizations in developing and implementing new or improved product development opportunities to increase sales tax and bed tax revenue collections.
5. Prepare a ten-year economic development strategy to provide long-term guidance and direction to City leadership and the business community.
6. Support sustainable tourism that values, respects, and recognizes the economic benefit of tourism based on the protection of the National Forest.
7. Dedicate resources to pursue an expanded economic development program for the City.
8. Preserve the City's commercial and light industrial land inventory by placing limits on rezoning to residential designations.
9. Encourage the establishment of a year-round culinary institute in Sedona through partnerships with Yavapai College, business organizations, and other interested parties.
10. Create an economic development toolbox comprised of programs and incentives to reduce financial, regulatory, and operational constraints for existing or new business growth and expansion.
11. Coordinate with regional public and private partners to develop programs and support services for regional economic development efforts that will directly and indirectly benefit Sedona.

12. Work with public and private partners to build fiber optic infrastructure throughout the City to provide 21st century communications technology to current and future businesses.
13. Develop or enhance networking and relationship opportunities with public and private sector organizations inside and outside of the City to promote economic development opportunities in the City.
14. Strive to become one of the best school districts in the state.
15. Prioritize the installation of key infrastructure at identified employment areas to facilitate development of these economic centers.



ECONOMIC DEVELOPMENT ACTION PLAN

| Action | Lead | Partners |
|---|-----------------------|---|
| Priority 1 (0-5 years): | | |
| 1 Prepare a ten-year economic development strategic plan. | Community Development | Finance, City Manager, Public Works, business organizations |
| 2 Form a staff facilitated working group to work on development and establishment of a year-round culinary institute. | Community Development | City Manager's Office, business organizations, Yavapai College |
| 3 Establish consistent and competitive project review timeframes and fees. | Community Development | City Council, City Manager's Office |
| 4 Work with City Council and other key departments to identify and implement economic development incentives to attract and retain preferred business clusters. | Community Development | City Manager |
| 5 Establish a ready response team comprised of City staff and key partners to assist in business retention, recruitment, and expansion. | Community Development | City Manager's Office, Public Works, Finance, City Attorney, business organizations |
| 6 Regulate temporary retail spaces to support local businesses. | Community Development | |

| Action | Lead | Partners |
|--|---|---|
| Priority 1 (0-5 years): | | |
| 7 Establish an economic development on-line resources center. | Community Development, Information Technology | City Manager's Office |
| 8 Develop and implement economic development investment guidelines to guide expenditures of public funds to support new or existing business growth. | Community Development, City Manager's Office | City Manager's Office, City Attorney, Finance |
| 9 Identify existing and future employment centers within the City and their appropriate industry clusters. | Community Development | City Manager's Office |
| 10 Maintain and grow professional memberships and participation in strategic events with key international, national, and regional economic development organizations. | Community Development, Public Works | City Manager's Office |
| 11 Establish a business incubator space through a public/private partnership to assist in new business attraction and development. | Community Development | Business organizations |
| 12 Collaborate with the Sedona-Oak Creek School District to become one of the best school districts in the state. | Community Development, City Manager's Office | Sedona-Oak Creek School District |