

SECTION 4.3

ECONOMIC DEVELOPMENT ELEMENT

The Economic Development Element of the *Pinetop-Lakeside/Navajo County Regional Plan* is presented in the following sections:

- 4.3.1 Introduction
- 4.3.2 Existing Setting
- 4.3.3 Guiding Principles for Determining Desirable Business and Industry
- 4.3.4 Economic Development Goals, Objectives, Evaluation Measures, Policies, and Programs
- 4.3.5 Economic Development Implementation Program

The introduction will examine the purpose of the Economic Development Element and its relationship to other elements of the Regional Plan. The existing setting will explore the economic development environment and the factors that impact economic development in the Study Area. It will also identify key issues raised during the citizen involvement process. Prior to an overview of the Economic Development Implementation Program, the Economic Development goals, objectives, evaluation measures, policies and programs will be highlighted.

4.3.1 INTRODUCTION

The Economic Development Element is not a required element of general plans in Arizona. Nonetheless, its relationship to other elements of the General Plan, and its importance to the community outside the framework of the General Plan, is significant. For instance, the amount and location of commercial and industrial land in the Land Use Element has specific impacts on economic development in the Study Area. The linkages between the Circulation, Housing, and Public Facility Elements and economic development are easily apparent, as are the potential conflicts between economic development and the Environmental Planning Element.

Outside the context of the General Plan, the economy and a community's economic development policies are critical factors influencing the quality of life for both government and local citizens. The location and type of employment opportunities, personal income levels, and the growth or stagnation of sales tax revenues have important implications for the long-term development of the Study Area. The economy and economic development policies are an important source of jobs, personal income, and tax revenues and perform vital roles in the health of any local economy.

A successful business economy can expand to meet the growing employment needs of a region's population and, through tax contributions, enable local government to provide a wider range of public services.

By containing a series of goals, objectives and policies, the Economic Development Element is intended to provide guidance on issues relating to economic development. As such, it can be used by citizens, developers, the business community, the respective planning commissions of the Town and County, as well as the Town Council and the Board of Supervisors as they make recommendations and decisions for economic development within and outside the Study Area.

The policies and programs of Town and County government can have important impacts on business decisions and operations. Transportation facilities, land use regulations, building codes, and environmental regulations are a few areas which impact the business community. Because a healthy business economy is essential to the quality of life in the Study Area, the General Plan will attempt to establish a framework where business can continue to profitably operate and expand, while minimizing any adverse impacts on the community and the natural environment. Additionally, reinforcement of the planning process through the adoption of an Economic Development Element can be an effective method of managing growth in order to achieve a broad range of goals and objectives.

For all of the reasons listed above, the Town of Pinetop-Lakeside and Navajo County have concluded that an Economic Development Element should be a component of the *Pinetop-Lakeside/Navajo County Regional Plan*.

4.3.2 EXISTING SETTING

The Study Area is situated in the beautiful White Mountains region in Arizona. The White Mountains provide abundant opportunities for outdoor activities, such as hiking, camping, boating, and fishing. The area is also host to one of the most popular ski resorts in the state at Sunrise Resort. As a result, much of the region's economic vitality is dependent upon tourism which, in turn, is directly related to the health and beauty of the natural environment. Because of the high natural quality of life in the area, as well as the striking diversity from the hot desert environments of Phoenix and Tucson, the region also has a vibrant second home market. The intensity of the second home activity was documented in the 1990 Census, which showed a vacancy rate of almost 60% in the Town of Pinetop-Lakeside.

To a large degree, employment in the area is dependent upon tourism and natural resources. A large number of jobs are related to the hospitality industry (hotels, motels, restaurants, etc.) and the lumber and timber sector. For instance, the White

Mountain Apache Timber Company in Whiteriver is one of the largest employers in the region, with a workforce of approximately 300. Other examples of employment based on natural resources in the region include the U.S. Forest Service, the Snowflake Lumber and Timber Company, and the Sunrise Park Resort. Major employers in the Study Area or directly outside of it, include the following:

- ❑ Hon-Dah Casino (250 employees)
- ❑ Safeway (50 employees)
- ❑ Town of Pinetop-Lakeside (48 employees)
- ❑ Navajo County (15 employees)
- ❑ Blue Ridge School District (195 employees)
- ❑ Navopache Electric Cooperative (100 employees)
- ❑ Navapache Regional Medical Center (520 employees)
- ❑ Wal-Mart (250 employees)

The *Show Low/Pinetop-Lakeside Retail Analysis* (1998) documented the importance of economic development in general, and the tourism sector more specifically, to the Study Area by noting that the taxable per capita sales in the Town was almost double the state average for other incorporated communities (\$21,961 in Pinetop-Lakeside versus \$11,550 for the State). Based on the results of a questionnaire which was returned by over 300 respondents living in the Study Area, it is clear that local citizens also understand the importance of economic development to the community. In response to the statement, “The Town should provide greater support for attracting more jobs” 53% of the respondents either “Agreed” or “Strongly Agreed” while only 37% either “Disagreed” or “Strongly Disagreed.” Ten percent of the respondents either did not know or have an opinion on the matter. Thus, a clear majority of the respondents not only agreed that economic development was important, but also agreed that the local government should be more involved in ensuring that the Study Area and region attracts employment opportunities.

The Retail Analysis also noted that there are “four key reasons which have allowed the region to experience strong sales performance.” These include: (1) the strong historic population growth in the region; (2) the fact that several communities, including Pinetop-Lakeside and the Study Area, function as a regional “hub” for the White Mountains area; (3) the vibrancy of the second home market; and (4) tourism and visitor spending.

Table 4.3-1, *Population/Employment Ratios- White Mountain Region, 1998*, illustrates that the Town of Pinetop-Lakeside is one of the top employers in the region and acts as a hub. Whereas the Navajo County average is to have one employee for every 3.2 residents, the Town of Pinetop-Lakeside has one employee for every 2.8 inhabitants. This is one of the highest ratios in the region.

**TABLE 4.3-1
POPULATION/EMPLOYMENT RATIOS – WHITE MOUNTAIN REGION
1998**

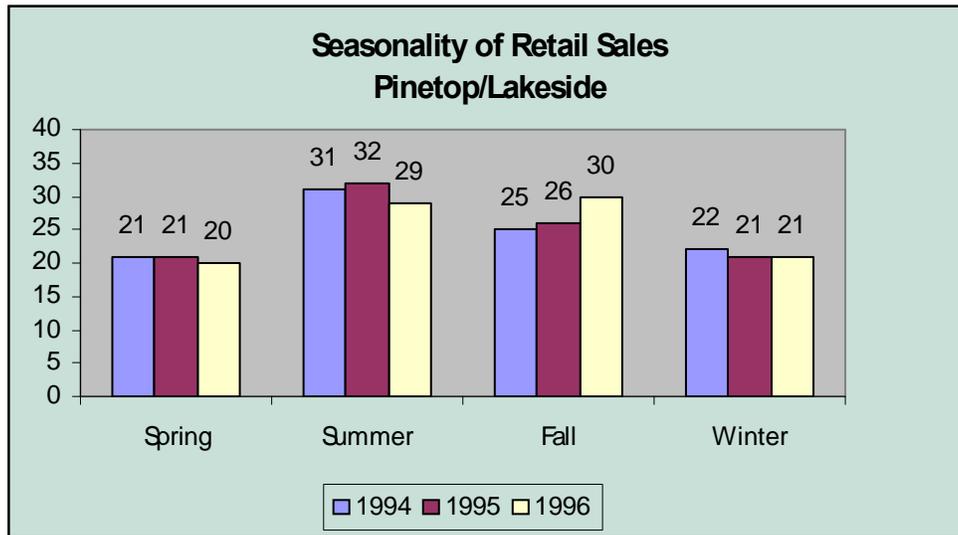
Location	1998 Population	1998 Employment	Population per Employee
St. Johns	3,398	1,465	2.3
Springerville	1,977	803	2.5
Taylor	2,829	1,029	2.7
Pinetop-Lakeside	3,529	1,251	2.8
Eagar	4,788	1,670	2.9
Navajo County	94,129	26,934	3.2
Snowflake	4,375	1,319	3.3
Show Low	7,542	2,233	3.4
Whiteriver	4,362	997	4.3

Source: Arizona Department of Economic Security (DES); White Mountain Regional Transportation Plan, 1999

By attracting second home owners, as well as visitors, sales tax revenues are robust in comparison with other communities. This has resulted in a lower tax burden for local residents (the Town of Pinetop-Lakeside does not have a property tax) and a better capability to provide municipal services. The Retail Analysis also noted that the community contained 673 hotel/motel/cabin units and accommodated over 297,000 overnight visitors in 1995.

The seasonal nature of tourism and second home occupancy and their importance to the economy of the Study Area are depicted by the percentage of retail sales by quarter (Spring, Summer, Fall and Winter). Both Summer and Fall accounted for more than 25% of total sales in each of the three years analyzed, while Spring and Winter accounted for less than 25% of total sales in each of the three years, as illustrated in Exhibit 4.3.1, *Seasonality of Retail Sales – Pinetop/Lakeside*. With the development and marketing of the Sunrise Park Ski Resort and renovations and improvements, such as a new high-speed quad chair lift, the opportunity arises to capture a larger share of the retail sales market during the winter months. Of course, this will depend to a great degree on the vagaries of the weather and moderate to heavy annual snowfalls. With the opening and development of the White Mountain Apache Tribe's Hon-Dah Casino, which contains a 128-room hotel and conference center, the importance of tourism to the local economy was further intensified.

EXHIBIT 4.3-1



Source: Arizona Department of Revenue

Although tourism offers significant opportunities for economic development, it also has some pitfalls. For instance, ski tourism is directly related to the amount of snowfall and its accumulation. The greater the snowfall and the greater the accumulation, the greater the likelihood of a successful winter tourist season. Similarly, draught conditions during the summer can result in a greater danger of fire, which can lead to limitations on camping activity and decrease the number of visitors during the peak season. Summer visitations can decrease even more dramatically if a significant forest fire were to occur. Because of the importance of uncontrollable climatic conditions on the local economy, and on the revenues generated by sales taxes and their impact on the fiscal stability of local government, the diversification of the economy takes on a significant role and is often mentioned as a desirable objective.

INCOME

According to the 1990 census, Table 4.3-2, *Town Income Comparison-1990*, the median income for the Town of Pinetop-Lakeside was \$26,366 for households and \$36,331 for families. (Non-family households include individual residents.)

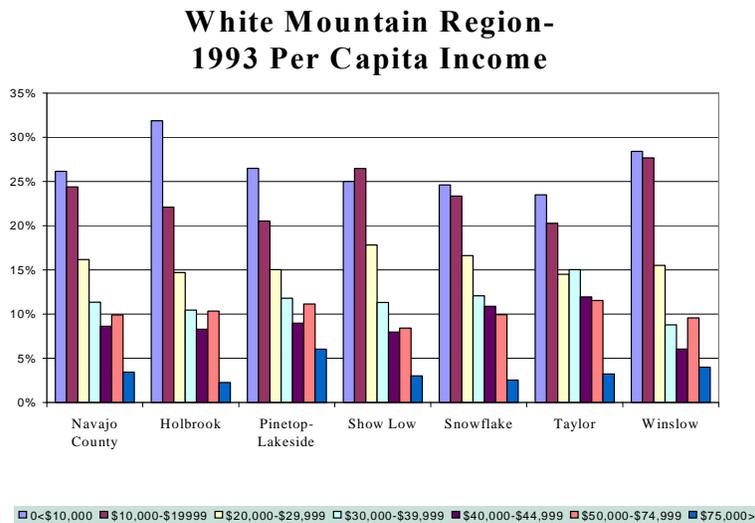
**TABLE 4.3-2
TOWN INCOME COMPARISON – 1990**

	<i>Household</i>	<i>Families</i>	<i>Non-family Households</i>
0<\$10,000	107	50	59
\$10,000-\$19,999	225	159	73
\$20,000-\$29,999	187	130	51
\$30,000-\$39,999	127	108	18
\$40,000-\$49,999	104	90	12
\$50,000-\$74,999	120	110	10
\$75,000>	59	59	0
Total	929	706	223
Median Income	\$26,366	\$36,331	\$17,083
Mean Income	\$32,178	\$36,045	\$19,185

Source: Town of Pinetop-Lakeside - 19

Exhibit 4.3-2, *White Mountain Region 1993 Per Capita Income*, compares the per capita income of the planning study area with other jurisdictions in the region based upon state tax income forms. In 1993, Pinetop-Lakeside reported the highest percentage of individuals with incomes in excess of \$75,000.

**EXHIBIT 4.3-2
WHITE MOUNTAIN REGION 1993 PER CAPITA INCOME**

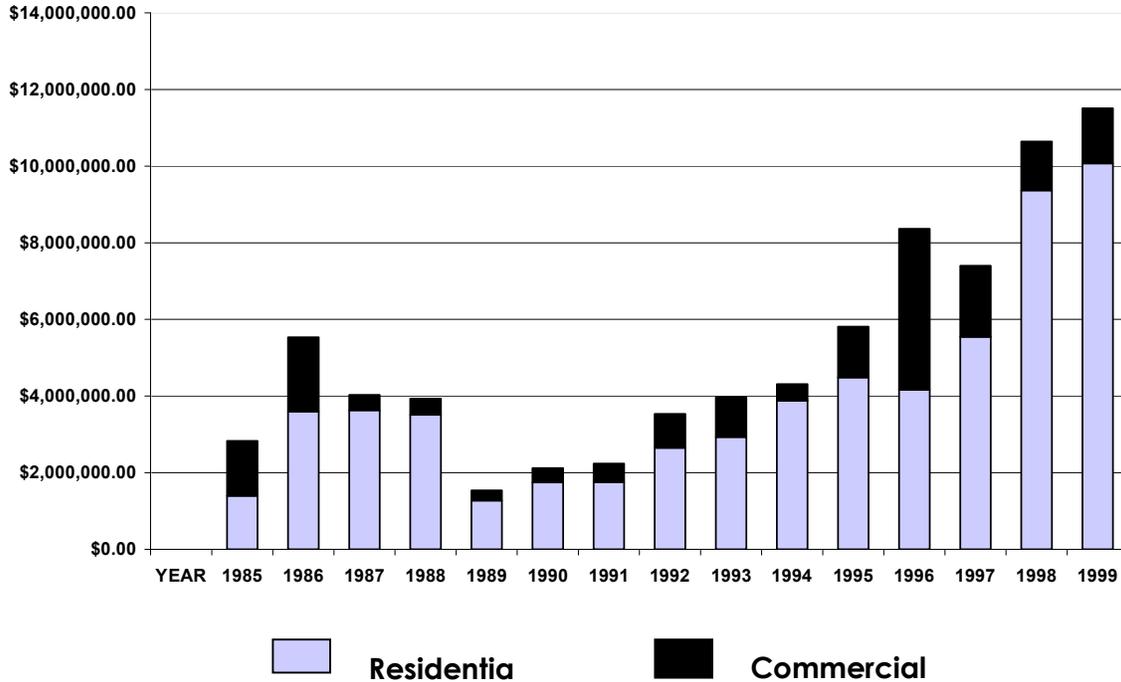


ECONOMIC TRENDS

The Pinetop-Lakeside economy is primarily dependent upon tourists and seasonal residents from the Phoenix and Tucson areas. As a result of this population base, the economy primarily revolves around services (35%), retail trade (22%), and construction (14%).

A growing summer home market has continued to expand the local economy. Increased tourist activity has also helped boost the local economy. However, citizens have become concerned about the severe up and down swings in the economy. In addition, families in the community are concerned that their children may not be able to stay in the area after they graduate because there are few jobs for other than tourist and retail services. Another concern is the seasonal swing in economic activity. For these reasons, the community is interested in creating new employment that is year-round and more diversified. To meet this need, a plan for a commerce park located on Porter Mountain Road has been initiated and is intended to provide a new area zone for business retention and new operations.

EXHIBIT 4.3-3
Town of Pinetop-Lakeside
1985-1999 Building Valuation



Construction activity occurring over the past 13 years has substantially boosted the local economy and has increased sales tax generation for the Town. Construction offers not only full-time, but seasonal and part time employment opportunities. However, since construction activity fluctuates over time there is some concern over the ability of the local economy to shift when development slows.

ASSESSMENT

It is going to be difficult for Pinetop-Lakeside to compete for business opportunities that want to be in a relatively large community. In that context, Show-Low has a competitive advantage for attracting a wider variety of business types.

Many Pinetop-Lakeside citizens are worried that increased industrial activity in the town will ruin the character of the community and its quality of life. Bringing industry to the community does not necessarily mean an increase in the sales tax base (except as a result of the retail sales made by the added employees).

- ❑ The Town and County should investigate a more targeted approach to solve their economic base problems. The town should perhaps assist Show Low in attracting the major industrial entities into Show Low, while Pinetop-Lakeside concentrates on attracting specialty businesses and needed enterprises that directly serve the community.
- ❑ Pinetop-Lakeside could target a spectrum of business entities for their new commerce park and other sites which match a set of criteria that reinforces the town's quality of life vision as well as need for a broadened economic base. Examples of these kinds of uses might be: medical supply, medical clinics, medical research, high tech research (Riotech), eco-tourism, wilderness research, fish farms, outdoor equipment manufacturing companies (Orvis, Chouinard, cross-country skis, camping equipment, etc.) hospitality training, publications, financial offices, and even software development.
- ❑ The visual and physical development of the commerce park will be a very important aspect of the development effort. The park must be site planned and landscaped to be a visual asset to the community with safe access and egress.
- ❑ The most important element for the financial success of Pinetop-Lakeside is for the community to remember that people and business will continue to locate and settle in the community as long as it retains its attractive visual character and high quality of life. Some aspects of new and existing development have changed the character for the worse. Once this valuable asset is lost, the community's "*comparative advantage*" will be lost. Once this is lost, the community will no longer be able to choose the kind of community they want to be because they will have to attract whatever business they can get.
- ❑ Relating to the previous bullet item, it is clear that economic development activities need to be environmentally sensitive and that there is a need to court and promote businesses that are environmentally friendly.

4.3.3 GUIDING PRINCIPLES FOR DETERMINING DESIREABLE BUSINESS AND INDUSTRY

The following Guidelines are provided as criteria for evaluating the desirability of new business and industry. The Town of Pinetop-Lakeside and Navajo County should encourage business and industry in the Study Area that:

- ❑ Can meet or exceed Town and County environmental quality standards;
- ❑ Promote long-term, year-round economic stability and employment opportunities;
- ❑ Promote pedestrian friendly development and development locations near capable roadway networks.
- ❑ Are consistent with the relevant Policies and Guidelines of all elements in the *Pinetop-Lakeside/Navajo County Regional Plan*;
- ❑ Will attract employees having a high degree of technical skill and education while at the same time offer career opportunities for those having lesser skills or education;
- ❑ Will market its product(s) or service(s) regionally, nationally, and/or internationally, not locally only;
- ❑ Will maintain its physical facilities in a manner as to complement the natural environment of the community;
- ❑ Will not consume large volumes of water and energy resources;
- ❑ Will not emit noxious fumes, odors, or waste products into the atmosphere, ground, or water;
- ❑ Will share an interest in the well-being of the Town of Pinetop-Lakeside and Navajo County;
- ❑ Will help the Town and County maintain their high quality of life;
- ❑ Will vigorously work for better employment, education, medical, and cultural facilities for all of the Town and County's citizens; and
- ❑ Will work in harmony with existing business and industry in the area.

Examples of those types of desirable business/industry may include, but are not limited to, the following:

- Health and biomedical industries, including health care suppliers and equipment manufacturers, research laboratories and pharmaceutical manufacturers;
- Telecommunications and information industries, including companies that make computers, communications equipment and electronic components;
- Any other high technology or professional firm meeting the above criteria.

- Business and financial services, including insurance, securities, engineering, architectural and accounting firms

4.3.4 ECONOMIC DEVELOPMENT OBJECTIVES, EVALUATION MEASURES, POLICIES, AND PROGRAMS

The Economic Development Element is intended to guide the growth of the community by providing goals, objectives, policies, and programs designed to ensure high quality new development, preserve sound neighborhoods and non-residential areas, upgrade areas targeted for revitalization, and maintain areas designated for their unique environmental quality of long-term use as open space. Future growth should be managed to create an appropriate mix of land uses, while protecting surrounding areas and ensuring the availability of critical public services and facilities. The following goals, objectives, policies and programs are designed to meet these aspirations.

ECONOMIC DEVELOPMENT GOAL

To expand the diversity of the economic base in the Study Area to create a well rounded economy. To encourage managed growth to ensure prosperity, quality job opportunities, and the provision of the highest quality of community services while maintaining and protecting the area's natural beauty and environmental quality and sustaining the community's identity.

OBJECTIVE 1

Diversify the Economy

EVALUATION MEASURE: Number of people involved in the hospitality industry as a percentage of the total workforce and expansion of the number of employment categories.

POLICY: The White Mountain Regional Development Corporation should work with the Town and County to develop a strategy for enticing new desired business entities into the Study Area.

POLICY: Attract business by providing a wide range of urban amenities and services throughout the community.

POLICY: Home occupations should be encouraged and permitted to the extent that they are compatible with adjacent or surrounding properties.

POLICY: Develop a strategy to improve and market the quality of life of the community as a business relocation draw.

POLICY: Promote the establishment and expansion of small businesses and work place alternatives including home occupations, telecommuting businesses, and technology transfer based industries.

POLICY: Establish a Telephone/Telecommunications Committee to work with phone companies to ensure that the Study Area is provided with state-of-the-art communications capabilities.

PROGRAM: Evaluate the Town and County's business license procedure to streamline or minimize the process for small businesses and to ensure compatibility between the Town and County. This includes standardizing the fee structure.

PROGRAM: Working with the White Mountains Regional Development Corporation and the Pinetop-Lakeside Chamber of Commerce, provide information on small business assistance programs, the agencies regulating small businesses, and distribute small business resources directories.

PROGRAM: Create a Target Industry Committee representing a broad cross-section of community interests to develop selection criteria for determining desirable target industries that are harmonious with the local customs, culture and overall quality of life expectations of the community.

PROGRAM: Prepare an Economic Development report every five years which describes the Study Area's economy, identifies important demographic and industry trends, identifies leading economic indicators, and identifies and ranks targeted industries to help guide business recruitment and local business expansion efforts.

PROGRAM: Establish land use regulations that permit by right home work place alternatives and home occupations as a means of reducing commutes.

OBJECTIVE 2

Build out Commerce Park

EVALUATION MEASURE: Number of new developments locating in the Commerce Park

POLICY: Encourage existing commercial uses located in incompatible locations to relocate to Commerce Park

PROGRAM: Provide financial incentives to attract businesses to locate in the Commerce Park

PROGRAM: Work with the White Mountain Regional Development Corporation and the Pinetop-Lakeside Chamber of Commerce to develop promotional materials for the Commerce Park

OBJECTIVE 3

Redevelop/Revitalize the Downtown

EVALUATION MEASURE: Number of projects, either new developments or rehabilitations, occurring in the Downtown area.

POLICY: Promote the redevelopment and rehabilitation of older commercial areas to make them more efficient, accessible, aesthetically appealing, and economically viable.

POLICY: Work with the Main Street Program to obtain funding to support downtown redevelopment efforts

POLICY: The use of public transportation should be encouraged to serve and support the Study Area's tourist and employment destinations.

PROGRAM: Implement the newly adopted Redevelopment Plan

OBJECTIVE 4

Work closely with secondary and post secondary educational institutions to provide education and training that supports business retention, expansion and attraction.

EVALUATION MEASURE: Number of new programs/courses started at secondary and post secondary educational institutions.

POLICY: Work with the Blue Ridge School District and the Northland Pioneer Community College to use their resources to enhance the business climate in the Study Area.

PROGRAM: Establish a Business Internship Program to place high school students in temporary, part time positions with participating businesses.

PROGRAM: Establish a Business Mentor Program which would tap the resources of the business community and bring them to the classroom for practical instruction

OBJECTIVE 5

Improve the Regulatory Process

Evaluation Measure:The turnaround time for processing permits and applications

POLICY: Reform and improve regulatory processes relating to business in order to foster the spirit of cooperation, understanding, and consensus between government and business

POLICY: Improve, streamline, and monitor permit-processing procedures.

POLICY: All regulations should be written in a concise and easy to understand manner.

POLICY: Regulations should include a means to accomplish regulatory needs with the least interference and/or barriers to business. Interested parties should be invited to participate in the development and review of new regulations.

PROGRAM: As part of the annual budget review process, Town and County departments should identify potential changes in fees, improved regulatory processes, and appropriate staffing allocations and organization to match forecasted work load which minimize delays that create a negative effect on stimulating economic activity.

OBJECTIVE 6

Increase cooperation and coordination between agencies to promote economic development efforts in the region

POLICY: The Town and County will work with all levels of government and with the various economic development organizations, including the business community, to cooperatively identify and promote the Study Area's opportunities and strengths.

PROGRAM: Participate with NACOG, Navajo County, Native American Tribes, White Mountain Regional Development Corporation, and Show Low to develop a unified regional strategy for economic development.

OBJECTIVE 7

Assist in the retention and expansion of existing businesses through focused outreach and public and private incentive programs and target new industries that diversify and strengthen the local economy.

EVALUATION MEASURE: Increase in the tax base through business expansions and employment.

POLICY: The Town and County should assist in the expansion and retention of existing businesses.

POLICY: Identify and attract selected targeted industries that are consistent with the Regional Plan's goal of balancing economic vitality and environmental protection.

PROGRAM: Establish a system for annually inventorying existing industries and businesses in order to provide early warning of businesses that are at risk and are considering moving or expanding out of the Study Area.

PROGRAM: Monitor land availability through five-year reviews of the Regional Plan to assure a sufficient supply of commercially designated lands.

OBJECTIVE 8

Continue to promote tourism

EVALUATION MEASURE: Number of new jobs created that work in the tourism sector.

POLICY: Build quality recreational facilities to attract people, activities and economy.

POLICY: Promote complementary business development to the Hon-Dah Casino

POLICY: Encourage developments that promote or can be integrated into a community theme.

POLICY: Promote eco-tourism strategies.

POLICY: Expand nightlife opportunities for residents and visitors.

PROGRAM: Develop a target market of tourism/recreational businesses: golf, ice skating, trails to town facilities, hospitality training, museums, etc.

PROGRAM: Develop a mixed use village center.

PROGRAM: Create a mixed-use facility for the performing arts.

PROGRAM: Develop tourism/public relations committee/improve media coverage.

OBJECTIVE 9

Encourage high quality commercial development that is sensitive to the environment

EVALUATION MEASURE: Increase in volume of commercial development within designated commercial land-use areas.

POLICY: Discourage independent commercial development extending along street frontages characterized by multiple curb cuts, proliferation of free-standing signs, congested traffic movement, and poor design features.

POLICY: Promote a climate conducive to economic growth and rejuvenation without sacrificing environmental standards

POLICY: Promotion and protection of environmental quality as an economic asset.

POLICY: When a development site is located adjacent to environmentally sensitive lands, a finding shall be made which concludes that the development project will have no significant impact on adjacent lands.

4.3.5 ECONOMIC DEVELOPMENT IMPLEMENTATION PROGRAM

A key component of the *Pinetop-Lakeside/Navajo County Regional Plan* is the Implementation Plan for each element of the Plan, as identified in Table 4.3-3, *Implementation Plan: Economic Development Element*. The Economic Development Implementation Program includes:

- ❑ **IMPLEMENTATION MEASURE:** Provides a description of the action, program, or strategy
- ❑ **PURPOSE:** Identifies the intent of accomplishing each implementation measure
- ❑ **POLICY REFERENCE:** Identifies the particular policy that the implementation measure addresses
- ❑ **TIME FRAME:** Establishes the target years, in short-, mid- and long-term increments, for implementation in the first twenty years of the planning horizon
- ❑ **KEY PARTICIPANTS:** Identifies the appropriate public or private body, agency, group or individual responsible for the implementation measure

**TABLE 4.3-3
IMPLEMENTATION PLAN: ECONOMIC DEVELOPMENT ELEMENT**

Implementation Measure	Lead Agency	Support Agency	Timeframe 6 Years
Establish Uniform Standards and Fees for Business Licensing	Planning Commissions	Town and County Staffs	2
Prepare Small Business Development Information Packets	WMRDC*	Town and County Staffs	1
Create Target Industry Committee	WMRDC	Town and County Staffs	2
Prepare Five-Year Economic Development Report	WMRDC	Town and County Staffs	2
Revise Home Occupation Section of Zoning Ordinance to be more Permissive for Home Occupations	Planning Commissions	Town and County Staffs	1
Provide Financial Incentives to Attract Businesses to Commerce Park	Council and Supervisors	Town and County Staff	1
Develop Promotional Materials for Commerce Park	WMRDC	Town and County Staffs	1
Adopt Redevelopment Plans for Relevant Areas in the Study Area	Council and Supervisors	Town & County Staffs	5
Prepare Annual Report Identifying Changes in Fees, Improved Regulatory Procedures, Staffing, Needs, etc.	Planning Commissions	Town and County Staffs; WMRDC	1
Work with NACOG, Native American Tribes and the City of Show Low to Develop Unified Strategy for Econ. Dev.	Council and Supervisors	Town and County Staffs; WMRDC	3
Establish a Business Retention and Expansion Program	Council and Supervisors	Town and County Staffs; WMRDC	2
Prepare Five-Year Review of Commercial Land Availability/Adequacy	Planning Commissions	Town and County Staffs	5
Develop a Target Market of Businesses Catering to the Tourist Industry	WMRDC	Town and County Staffs	3
Develop a Mixed-Use Village Center	Planning Commissions	Town and County Staffs	4
Build a Facility for the Performing Arts	Council and Supervisors	Parks Department; Heritage Funds	5+
Create a Tourism/Public Relations Committee	WMRDC	Town and County Staffs; Volunteers	3
Relocate Incompatible Commercial & Industrial Uses to Commerce Park or Another, More Compatible Site	Planning Commissions	Town & County Staffs	5+
Establish a Telephone/Telecommunications Committee	Planning Commissions	Town and County Staff	To be determined.

*White Mountain Regional Development Corporation