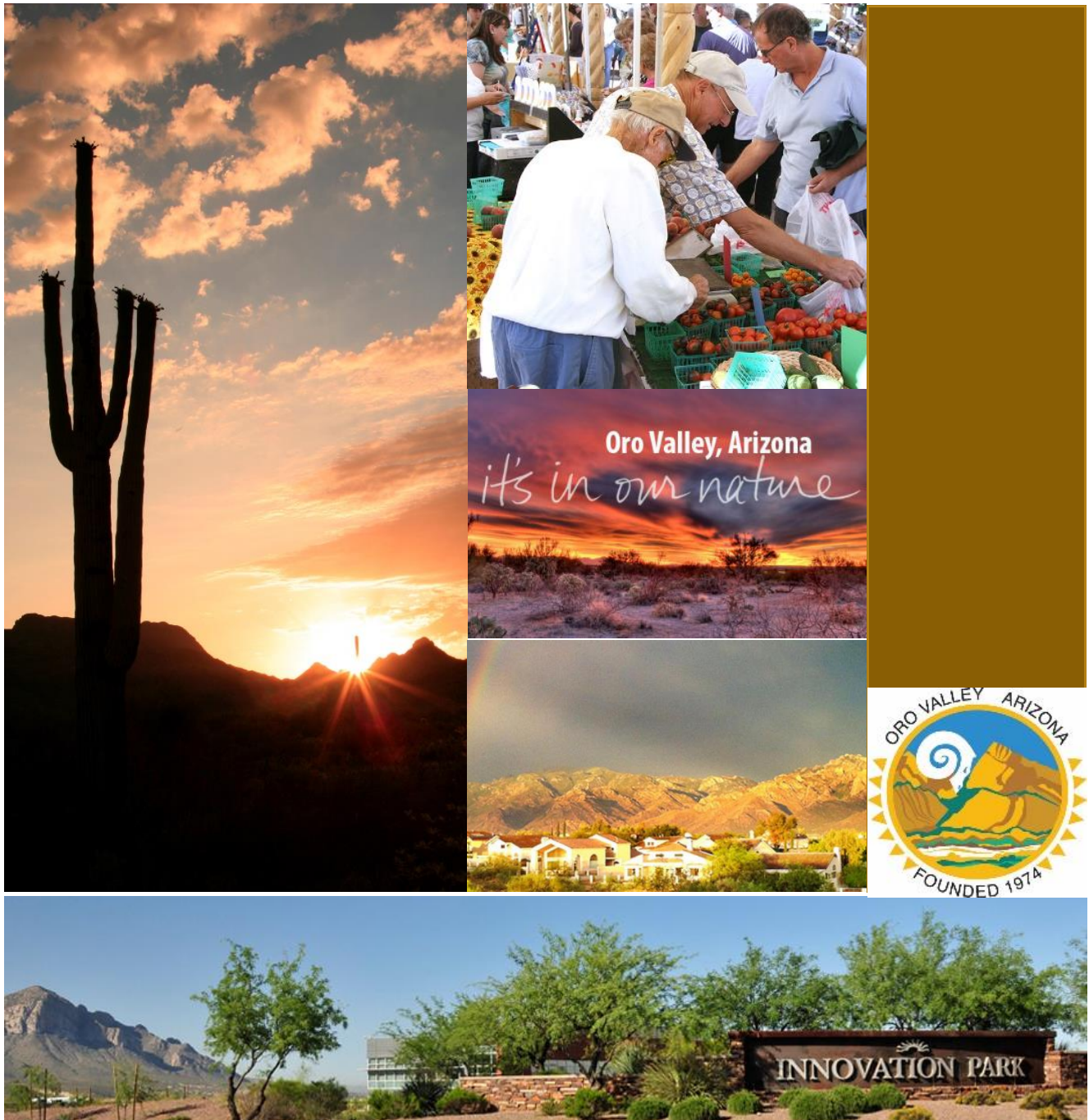


Comprehensive Economic Development Strategy FY2019/20 - FY2024/25

TOWN OF ORO VALLEY



INTRODUCTION

ECONOMIC DEVELOPMENT AND THE TOWN'S GENERAL PLAN



When the residents of Oro Valley, Arizona were brought together to create the 2016 Your Voice, Our Future general plan, they overwhelmingly envisioned the need for long-term financial sustainability. They envisioned a diverse and dynamic economy that would support a wide-range of services such as shopping, housing, high quality parks and recreational amenities, arts and culture and exceptional city services. Today, the community enjoys high quality infrastructure, including streets, public utilities and exceptional fire and police protection.

The Your Voice, Our Future general plan has set the foundation to guide and direct the priorities of their local government and the outcomes they envision for the community. Specifically, the community set some clear policies related to economic development and economic sustainability:

- Develop a diversified and robust economic base to support long-term economic stability.
- Establish programs, strategies, investments and financial incentives that advance the Town's economic prosperity.
- Create a targeted and coordinated marketing campaign targeted to primary employers.
- Promote Oro Valley as an ideal destination for economic activity, tourism, shopping, cultural attractions, research and development.
- Support the Oro Valley workforce and residents through education and training programs and needed services and amenities.
- Support annexations that are economically beneficial to the Town while also considering the impacts to residents and the social, aesthetic and environmental quality of the Town.
- Maintain financial stability for Town operations, programs and services.

Economic development practitioners work to attract, expand and retain primary and service related employers and jobs in the community. Securing the community's financial health is accomplished by expanding and diversifying the community's tax base and can be measured through tax revenue to the state and local governments. This strategy provides a five year (FY2019/20 - FY2024/25) implementation framework to support the community's economic vitality goals that will work to achieve the vision outlined in the Your Voice, Our Future plan as related to economic development. This document is being referred to as the Comprehensive Economic Development Strategy (CEDs).

CREATING A COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS)

The Town of Oro Valley CEDS Game Plan is the result of an in-depth analysis of Oro Valley's economic strengths and weaknesses, regional economic trends and related economic information. An important component of the report is the input of over ninety (90) interviews with key leaders, executives and other officials representing business and industry, education and workforce, government and strategic economic development allies.

Extensive research on the community's economic bases and service sector employers was conducted, with hundreds of employer targets vetted. The North American Industry Classification System (NAICS) was evaluated to enhance precision primary employer targeting relative to linking to national standards. This will enable Oro Valley to accurately classify and direct business development opportunities within the local community and link those to the U.S. Business Economy.

The CEDS Game Plan puts into play active strategic alliances with both public and private sector organizations. The game plan connects prospective employers to prospective employees. It identifies specific strategies and tactics to connect producers with suppliers and service providers. This game plan will be used to stimulate the interest of prospective investors and to help the Town's professional team measure and manage the complex processes inherent in community and economic development.

The Town of Oro Valley has a robust community, a stable revenue base, strong bond-rating and a Council-approved financial policy that has collectively led to and supports fiscal sustainability. To ensure that is sustained and enhanced, the Town must also have a strong game plan that continuously scores wins that enable economic and tax base expansion.

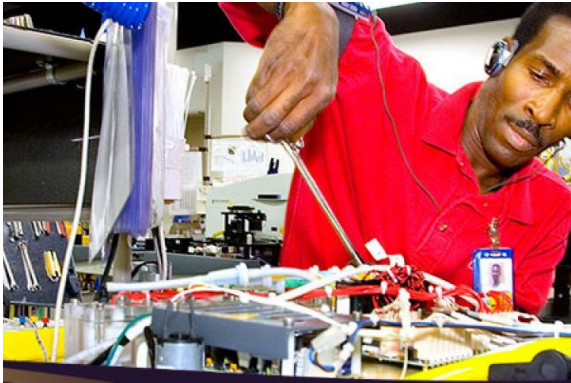
MOVING FORWARD

The best way to shape the future economy is to help create it. Not only for current residents, but also for future children, grandchildren and generations to follow. Well planned economic development can positively impact the direction of a local government and its economy. The programs, strategies and deployment tactics outlined in this report are focused on advancing the community's economic prosperity while also providing intergenerational equity to all who live in Oro Valley.

It will always be the Town Council's policy direction that ultimately determines the community and economic development future for Oro Valley. Staff implementation of the CEDS will support the Town Council vision and help sustain set a positive direction for the community. In April 2019, the Town Council adopted their FY2019/20 – FY2020/21 Strategic Leadership Plan (SLP) which includes an Economic Vitality focus area and several goals and objectives reflective of priorities within this strategy. Connecting the Council's two-year SLP with the five-year CEDS will assist the town in communicating to current and future business owners that the economic health of the Oro Valley community remains a top priority.

FIVE-YEAR STRATEGIC ACTIONS

Generate high quality primary employer prospects and convert them into active prospects for Oro Valley.



Proactively seeking and working potential employer prospects is a crucial foundation to meeting the goals outlined in this plan. While leads are sometimes forwarded from regional or state partners, it is the grassroots approach working with other businesses, Town leaders, and engaging with regional partners that will prove most fruitful in the long term in attracting primary employers that provide base jobs paying significantly above the average industry wages in Pima County. To that end, the following tactics will be employed:

- Develop a visionary industry segment cluster approach for attracting and expanding new primary employer locations and new primary employer job opportunities to the Town of Oro Valley.
- Recruit, train and mobilize collaborative, internal and external project teams to proactively develop and guide new primary employment leads showing promise to the Town of Oro Valley.
- Create collaborative alliances with local business, industry, government, education and workforce leaders to provide periodic updates that link targeted jobs with targeted industries.
- Develop an incentive program designed to attract primary employers and other businesses with significant local economic impacts.

Maximize opportunities to attract businesses within the ‘Start-up Economy.’



All across the country, entrepreneurs are founding and building

new companies that use technology in innovative ways. This startup ecosystem provides a rich environment in which the Town of Oro Valley can potentially compete. As a target sector, start-up businesses have some different needs and are attracted to different things. While Oro Valley may not be a good fit for all start-ups, there are opportunities that can be pursued as part of the Town’s economic development strategy. The following tactics will support such an effort:

- Support the development of the planned UA Center for Innovation at Oro Valley incubator/accelerator in Innovation Park.
- Link to the University of Arizona Innovation Ecosystem to attract faculty and staff to Oro Valley via the future Veterinary College scheduled to begin with its first cohort in the Fall of 2020,

- Grow the bio economy in Oro Valley with a focus on retaining and expanding diagnostics and discovery firms.
- Collaborate with the University of Arizona, Arizona State University, Pima College and other higher education institutions to identify potential tech-transfer opportunities with prospective academic entrepreneurs.
- Leverage relationships with area venture capital firms to assist prospective entrepreneur prospects.
- Seek ways in which regional resources, such as Start-up Tucson and the Pima County Small Business Development Center, can be utilized to help educate and support prospective entrepreneur prospects.
- Develop a strategy to identify, engage and support community-based “solopreneurs” (consultants, early retirees, freelancers) and others who want to create new businesses.
- Attract consulting service providers, such as accountants, architects, artists/artisans, engineers, scientists, management consultants, and others to Oro Valley.
- Create and house specific start-up opportunities and link to existing empty buildings.

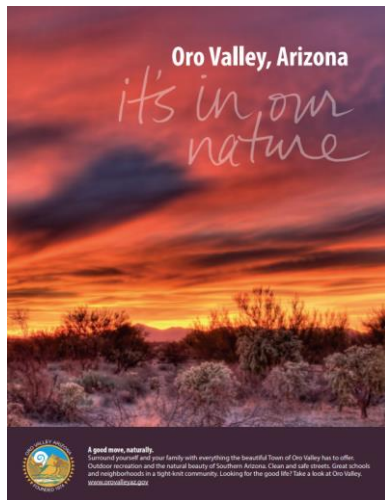
Attract retail to Oro Valley that is supported by area demographics.

The Your Voice, Our Future General Plan includes a vision for a “complete” community, one in which connections for residents to live, recreate, dine and shop are created within the community. The Town needs to continue to focus on ways in which existing and planned retail areas can be successful given the current retail shopping trends affecting the entire country.



- Conduct an external retail assessment by a nationally recognized firm to assist the Town in collecting and analyzing data needed to identify current/future demand, facility opportunities, and community/drive-distance shopping and purchasing habits, and develop a targeted strategy to attract compatible retailers.
- Develop a more robust Shop-Dine-Explore strategy, incorporating opportunities to create interesting linkages between agriculture, arts and crafts, farmer's markets, wellness industries and the like, linking with national growing trends to improve one's overall 'Health and Happiness' (physical, social and mental health).
- Identify key retail centers with current vacancies or those at risk of increasing vacancies and develop potential regulatory and incentive options that would help drive new investment and visitors/shoppers to the properties.

Develop a robust economic development marketing strategy that provides targeted & expected information for business/retail prospects.



Having a robust marketing attraction presence and strategy is another key component to the Town's future economic development success. Business location consultants (also known as 'Site Selectors') and business prospects utilize extensive on-line research in evaluating options. Ensuring Oro Valley has cogent and current information that aligns with the needs of business prospects is an important part of the Town's strategy. The Town must also make a concerted and strategic effort to have a visible presence in the regional business, development and real estate sectors, and have a positive message in which to communicate Oro Valley's interest in attracting and supporting business. The following tactics will set the groundwork for success in this area:

- Update and enhance the economic development information on the Town's website and other on-line and social media locations, seeking ways to enhance business recruitment and connect prospects to all Town, regional and state information and incentives as a one-stop shop.
- Identify specific, targeted primary audiences for Town economic development marketing opportunities and focus outreach strategy accordingly.
- Innovate and expand economic development messaging as a vital community priority.
- Elevate and resolve community competitiveness challenges.
- Identify potential customized research that could be of benefit to business prospects and prepare and post information to the Town's website.
- Identify ways in which area businesses can partner with the Town to promote Oro Valley as a business location destination.
- Expand the depth and breadth of Business Retention and Expansion efforts to ensure existing businesses are supported.

Attract talent to support current and future primary employers and fuel new business/entrepreneur growth.



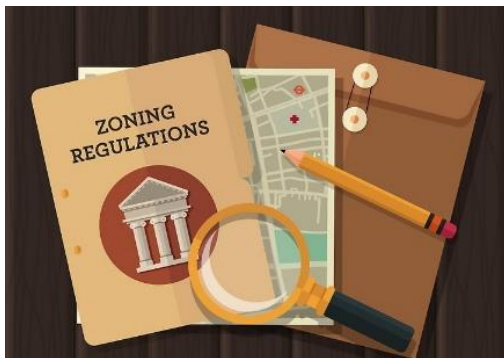
The attraction and retention of world class talent is a crucial centerpiece of creating and sustaining a world-class community and economic development game plan for Oro Valley, one that will serve the community well for decades to come. Talent becomes more ubiquitous each and every day; and Oro Valley needs world class talent to compete and win in the global marketplace. Oro Valley represents only 36 square miles of Pima County's 9,187 square miles. While Pima County boasts a population of over one million residents, Oro Valley has less than 50,000

year-round residents. More than 13,000 adult workers who live in Oro Valley leave the community to

work in neighboring communities and about 8,000 workers who live in neighboring communities travel to Oro Valley to work. To that end, the following tactics will be implemented:

- Identify opportunities to facilitate the creation of co-working space to help accommodate the emerging independent workforce.
- Partner with local businesses, workforce development organizations, higher education and other key stakeholders in developing an inclusive strategy to connect local and emerging talent with current and future employers.

Review and appropriately modify Town codes to mitigate unintended consequences that put the Town at a regional competitive disadvantage.



The research, interviews and analysis conducted in preparation of this strategy identified a recurring theme regarding some development requirements and processes that result in costs not competitive with surrounding areas. It is understood that the Town of Oro Valley offers a commodity—a high quality community with unparalleled views—that itself results in higher land costs, attractive buildings at the higher end of the cost scale, and higher commercial rents. The Town must maintain the underlying values that make Oro Valley a highly desired place to live,

while also identifying those requirements that have room for improvements and modifications that could more effectively help Oro Valley better compete for primary sector employers as well as retailers.

The Town should work toward processing permits and other development proposals at the ‘speed of business.’ The overall processing of proposals for zoning modifications and site plans not included in the Town’s EEZ zone require significant steps and months of review. Resident input is important. However, most communities apply the same administrative review process to commercially-zoned properties as the Town has introduced in the EEZ zone, which have been successful to date. Those and other opportunities should be explored in Town processes. To support this goal, the following tactics will be pursued:

- Evaluate the Zoning Code for improvements to the community engagement/input process, seeking to ensure meaningful input while eliminating duplication and redundancy.
- Develop and deploy a Form-Based Code to allow for administrative approvals and ranges of performance standards in entitled, commercially-designated zoning areas.
- Identify code changes that could be implemented to better allow developers to have ‘shovel ready’ sites.
- Evaluate potential improvements in the architectural review process to improve consistency and reduce the number of approval steps required.
- Analyze the Town’s sign code and identify potential options for modifications that would enhance retail visibility while still ensuring community aesthetic values are retained.

Implement procedures to improve efficiencies and consistency in staff interaction with current and future businesses.

The Town's zoning and development codes contain specific process requirements themselves that Town staff must follow. However, there are significant opportunities in improving 'how' those requirements are met and the manner in which processes are implemented across multiple departments that touch the development process. More can be done internally to improve predictability and better herald each applicant through the planning, permitting and building process. To that end, the following tactics will be initiated over time:



- Develop an internal strategy that will allow the Town to offer highly accelerated plan review/permit issuance for targeted prospects, incorporating relationships with external firms, to include potential partnerships with other governmental agencies.
- Embrace and deploy the principles and tools of the Town's OV Peak Performance process improvement initiative and apply to the various Community and Economic Development Department planning and development processes. Focus on ways in which second and third reviews can be minimized.
- Benchmark similar processes and procedures in highly successful local governments, analyze Town procedures against best practices and implement identified process improvements.
- Maximize utilization of technology once process improvements have been mapped and implemented.
- Support a collaborative and cohesive organizational culture by ensuring all employees actively connect individual work and processes with economic sustainability of the community.

Identify opportunities to increase tourism investment in the community.

Tourism is the leading export industry in the State of Arizona. Oro Valley is fortunate to have a major resort as well as several second and third tier hotels to support its share of visitors. With the increase of Airbnb rentals across the country, the Town also receives revenue from property owners who take advantage of part-time residency. According to the Tucson Association of Realtors, approximately 30% of Oro Valley's single family residences are second or third homes. The Town partners with Visit Tucson for most of its tourism attraction efforts. Building upon that partnership and other stakeholders, the following tactics are identified to further advance the Town's opportunities to attract visitors to Oro Valley:



- Develop and implement a modern, cohesive brand and related branding/marketing campaign highlighting Oro Valley assets and amenities that link efforts between economic development, tourism and workforce attraction.
- Collaborate with public and private tourism partners/businesses to develop a more robust destination visitor strategy that takes advantage of facilities and amenities in Oro Valley and its immediate surrounds.

Address deficiencies in the physical business development ecosystem.



In order to achieve the Town’s economic development goals, the town must work toward addressing or minimizing deficiencies that are hindering attraction, retention and/or expansion of business, particularly primary sector employers. Less than 200 acres of buildable primary employer land remains within the 36 square miles of Oro Valley. In order to fulfill the vision of the community in the Your Voice, Our Future general plan, and to see an increase in the number of primary job opportunities provided in Oro Valley, this barrier will need to be addressed.

Available land is not the only thing that is considered by site selectors when evaluating a community for a potential prospect. Other physical infrastructure is important, especially for those businesses that are among the Town’s most compatible prospects. The speed of internet and availability of dark fiber is a barrier to some prospects and/or potential future expansions. The Town should also be very cognizant of barriers associated with connection to and reliability of electrical power, natural gas, water and wastewater, to include redundancy for some prospects. To achieve this objective, the Town will pursue the following tactics:

- Explore opportunities to grow accessibility of dark fiber and dual service cellular providers.
- Identify and consider potential future annexation areas that could be considered high quality candidates for future primary employer-zoned land.
- Explore feasibility of converting the Town’s Municipal Operations Center complex to primary employment sector land in the future.

Update town policies for future land use/

As the Town of Oro Valley approaches ‘build out’ it continues to identify several opportunities to strategically expand its ability to accommodate needed property for expansion. There are multiple potential future annexation areas that could be considered high quality candidates for future primary employer-zoned land. Within the current town limits there are also multiple opportunities to expand its need for new tech park land.

- Explore feasibility of expanding appropriate uses in existing commercially-designated land to allow for siting of primary employers.
- Explore ways to add at least one hundred acres of “Tech Park” zoned land into the Town of Oro Valley during the next ten years, and discourage efforts to convert the current limited supply of similarly-zoned areas into non primary employment uses.

NEXT STEPS

The implementation of this Comprehensive Economic Development Strategy (CEDS) Game Plan is dependent upon strong and dynamic partnerships with other organizations that also support business attraction and expansion. This Game Plan will help ensure that our community remains focused on advancing the economic prosperity for all who live and work in our community, and will be evaluated every year over its five-year shelf life for needed course

corrections. Many of the goals and tactics will be implemented by Town staff, led by the Community and Economic Development Director. Some of the tactics mentioned in this CEDS will require Town Council direction and approval, and those will gradually come before the elected body as the tactics are prioritized and explored. Town staff remain committed to following the direction of the Mayor and Town Council, and will assist the Council in prioritizing the goals and tactics in their biennial Strategic Leadership Planning process.

