

Verde Valley Forum 2004

Achieving a Sustainable and Diversified
Economy in the Verde Valley

Forum Final Report

Cliff Castle Casino Lodge
Camp Verde, Arizona
Sunday, February 29th, 2004



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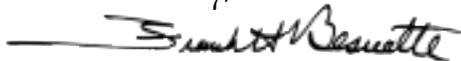
The nineteenth annual Forum sponsored by the Sedona Academy of Public Affairs is now history. More than 125 Verde Valley citizens were involved either as participants or volunteers. In addition to substantial pre-forum preparation, everyone committed nearly three full days of their time and energy participating in a highly successful event. This report summarizes their deliberations and consensus recommendations and offers a rich resource for future planning for a sustainable and diversified economy in the Verde Valley region.

Several months prior to the Forum, the background research team from the NAU Bureau of Business and Economic Research conducted focus groups with a cross-section of Valley residents. They determined that developing a sustainable and diversified economy in our region is an important priority and is seen as vital to maintaining and enhancing the quality of life in the Valley. These findings, along with substantial additional demographic and other information, were included in a Background Report provided to the Forum participants three weeks before the event.

Verde Valley Forum 2004 was made possible by many sponsors who deserve recognition and appreciation for their contributions. The support of the Forum by so many sponsors shows that the time for regional planning is now and that it can lead us to a bright future.

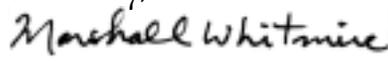
Finally, an important announcement was made at the Forum. The Sedona Academy of Public Affairs, recognizing that needs of the Verde Valley communities can be better met through regional cooperation and planning, has become the Verde Valley Forum for Public Affairs. Several weeks prior to the 2004 event, the board of directors adopted a new organization mission and vision reflecting this major change. This broadened membership and scope of responsibility will help assure the organization remains a relevant force in bringing Valley citizens together to address important public issues.

Sincerely,



Frank Besnette
President

Sincerely,



Marshall Whitmire
Vice President for Forums

How It Works

Participants came together from various communities in the Verde Valley with varying backgrounds, philosophies and perspectives. Armed with knowledge gleaned from an informative Background Research Report, inspired by a stellar lineup of speakers and energized by two and a half days of discussions and debate, participants produced this Final Report. It sets forth a series of observations and recommendations intended to foster regional cooperation and collaboration about achieving a diversified and sustainable economy for the Verde Valley. While not every participant subscribed to every statement or recommendation in this report, the series of conclusions and specific proposals reflect the consensus reached during the Forum.

Introduction

On February 27, 2004, at the Cliff Castle Conference Center in Camp Verde, 117 Verde Valley area residents met to consider the challenge of achieving a sustainable and diversified economy in the Verde Valley. Their discussions were stimulated by an excellent background report on the economics and demographics of the Verde Valley area, and several accomplished speakers who provided the necessary inspiration for a well-informed debate.

In planning for this year's forum, the Sedona Academy turned its attention once again to a timely topic for the Verde Valley, namely the area's economy. The 94 forum participants, four panel moderators, four recorders, four technical representatives and 11 staff members explored the topic of creating a sustainable and diversified area economy.

As in the past, substantial effort was made to gather a broad cross-section of participants. They represented ages from high school to senior citizens, various careers and retirees, men and women, all from the nine communities of the greater Verde Valley region. The participants were divided into four discussion panels, each a cross-section of concerned citizens including students. The discussion panel roster appears in Appendix II.

This was the 19th in the annual series of forums. Three have covered the Verde Valley region, while 16 have focused on greater Sedona. The 2004 forum included two days of intensive panel discussion sessions, mealtime presentations by experts in the field, and a half-day plenary session during which the four panels worked together and reached consensus on the contents of this Final Report.

The forum began with a Friday morning breakfast and welcoming remarks from Sedona Academy President Frank Besnette, who made the formal announcement that the organization has changed its structure and name to become the "Verde Valley Forum for Public Affairs".

“We feel that the new organization and name better depict our current and future activities,” said Besnette. “With our third Verde Valley Forum, our focus has evolved to reflect the growing spirit of cooperation among our communities. We recognized that it is high time to change our makeup and goals to meet regional needs,” he added. “We’re no longer just residents of Sedona, or Jerome, or Cottonwood, or Camp Verde, or Clarkdale etc. Now we’re all *Verdeans!*” he declared.

The next speaker was Yavapai-Apache Nation Chairman Jamie Fullmer. He said how pleased he and the Nation were to host this year’s forum and that the morning rain was a good omen for the start of our event. Chairman Fullmer said his tribe is one of the important members of the Verde Valley community. He encouraged everyone to seek a common vision for the area which will support our economy. He defined his “big five values” as air, water, management of waste, economic development and education. He emphasized the importance of educating our children so they can become knowledgeable stewards of our lands.

Chairman Fullmer was followed by the keynote speaker, Luther Propst, Executive Director of the Sonoran Institute, a non-profit group devoted to achieving shared conservation goals by assisting communities and other organizations in the Western U.S., Mexico and Canada. They help clients make responsible and effective plans for growth that achieve social and environmental goals while often increasing profitability and community benefits.

At Friday’s luncheon, our State Representative, Tom O’Halloran, advised the group to ask themselves “Where will we go and how will we get there?” He said that problems with economic development in rural Arizona are systemic. “We’re having exponential growth in the service industry. Some legislators think that’s great, but almost none of those jobs have benefits. Every new job like that creates more stress on the tax structure,”

he added. Representative O'Halleran was followed by Michael Kinsley, Principal of the Rocky Mountain Institute's Communities Practice group. He praised the Forum for "doing regionalism in a very fundamental way." He drew the distinction between two very different meanings for "growth": Expansion, which just makes a community bigger with more buildings and people and infrastructure and malls etc., and Development – which makes it better? – better jobs, more income, improved quality of life.

At Friday's dinner President John Haeger of Northern Arizona University welcomed the group and expressed his pleasure that NAU is able to support the Forum endeavors in a major way through its College of Business Administration, Bank One Center for Business Outreach, which prepared the Background Report for Forum 2004. After his welcome, participants heard speaker Hoyt Johnson III, Systems Manager of the NASA project at Prescott College and a partner in the Blueline Consulting Group. He spoke on "Spatial Growth Modeling: Forecasting for the 21st Century in Yavapai County". He illustrated how the latest technology in growth modeling software can be used by government, industry, citizens and students to improve understanding of the long-term impacts of decisions.

The speaker at Saturday's breakfast was John Morgan, Associate Dean of the Yavapai College Agribusiness and Science Technology Center. He had new ideas for environmentally-friendly industries for our high desert area. Perhaps the most intriguing was fish farming, which is efficient in converting one pound of feed to a pound of meat, and uses the same water over and over – unlike cattle and crops. He also showed how farms of the future may be much more efficient, enclosed in greenhouses and growing crops all year with less water.

The final speaker, at Saturday's luncheon, was Johanna Divine, Manager of the Flagstaff Community Farmers' Market. She presented an excellent half-hour video which she had written,

produced, videographed, and edited. It is entitled “Young Agrarians – Changing the Face of Agriculture in the West”. She interviewed small farmers on their farms, showing their ingenuity in making a living from the land in different ways.

The ideas produced by the four panels during two days of discussion were combined by a writing committee into a draft report, which was then submitted to a plenary session on Sunday morning. The product of that session is this Final Report and Recommendations of Verde Valley Forum 2004.

It should be understood that the 2004 Forum focused on the greater Verde Valley area, defined as the incorporated jurisdictions of Camp Verde, Clarkdale, Cottonwood, Jerome, and Sedona; the Yavapai-Apache Nation; and the census designated places of Big Park, Cornville, Cottonwood-Verde Village, and Lake Montezuma.

Participants in the Forum Panels were prepared for the event by studying the Background Report. Consultants Ronald Gunderson, Linda Stratton and Joseph Walka of NAU with the Verde Valley Forum 2004 research committee, staffed that effort. The report’s purpose was to facilitate informed deliberation on issues related to the Verde Valley economy. The Background Report is posted on our website at verdevalleyforum.org, along with this Final Report.

The Background Report begins with a general introduction supporting the timeliness of the topic and its importance for the region.

The second chapter describes the region, setting the stage for the economic discussion to follow. It describes the area’s natural beauty and resources, and discusses the people who live here, along with important related statistics.

Chapter Three reviews aspects of the current economic engine. What are its current trends and where it might be headed? Population increased by 27% in the last 10 years. It’s projected to reach more than 90,000 by 2020, and could swell to

111,982 by year 2050. Current numbers on employment by industry point to the area's large dependence on tourism and its accompanying businesses. Land use, housing and tax revenues are also reviewed.

Chapter Four examines the views of five locally-drawn focus groups. A total of 31 persons participated in the five 90-minute sessions. Their opinions and attitudes formed a representative view of the topic.

Chapter Five discusses the rural nature of the region and its approach towards visioning for the future. The report suggests that the next step is to produce a comprehensive vision for the region, focusing on a sustainable and diversified economy.

Chapter Six reviews current planning efforts in the region, especially the Yavapai County General Plan. It underlines the importance of moving from vision to planning and eventually to implementation. It recommends that good ideas and approaches be shared among various area groups.

Chapter Seven reviews ways of moving from vision to planning and implementation. It describes existing town groups involved in economic development and recommends some organizational considerations.

The Background Report and this Final Report examine the subject of achieving a sustainable and diversified economy for the Verde Valley from a variety of angles. They provide a vision and blueprint for action in our region. The Verde Valley Forum for Public Affairs presents these publications to inspire the kind of open-minded dialog that can be created through non-confrontational sharing of information, ideas and attitudes. Without the close collaboration and cooperation of all the Verde Valley communities, the goal of achieving a vibrant, sustainable and diversified economy will be difficult, if not impossible, to achieve.

Values and Realities

Question 1

What is meant by a "Sustainable and Diversified Economy?" Is such a thing desirable and/or achievable in the Verde Valley?

The word "growth" doesn't work well for us, because it is commonly used to describe two very different concepts – Expansion and Development. Expansion makes a community bigger – more people, more infrastructure, buildings, subdivisions, malls etc. Development (which might also be called "enrichment") makes it better – living-wage jobs, increased income with more savings and an improved quality of life. Expansion can be beneficial, but much of it is not. There are many opportunities to develop without necessarily expanding.

Michael Kinsley
Principal
Rocky Mountain Institute

What we call natural capitalism is another word for sustainable development.

Michael Kinsley

Answering questions about developing a sustainable and diversified economy for the Verde Valley demands a definition of the term. One must acknowledge the continuous and inevitable population growth taking place throughout the state, particularly in the region, as well as the demographics inherent within that growth.

Managing growth is a dynamic process which requires careful analysis and thoughtful planning. Unmanaged growth can result in sprawl, environmental degradation, economic disenfranchisement, and a declining quality of life.

A sustainable economy is a self-perpetuating one that serves the existing population and anticipates future needs. A diversified economy serves the diverse cultural, professional, educational, service and aesthetic needs of an economically and socially diverse population.

Both imply an economy in which existing resources and industries have been recognized and solidified, and in which new possibilities for economic development are continually sought and cultivated. Preservation of natural resources, open space, traditional values and ways of life are vital concerns when contemplating economic development. A sustainable and diverse economy can only be realized with the full cooperation of all communities within the Verde Valley.

Developing such an economy requires a regional vision, as well as a commitment to balancing economic needs with environmental concerns.

A sustainable economy must be diversified. It must serve the differing needs of diverse people and communities in terms of employment and services. It should evolve from community values. Planning for and achieving a sustainable and diversified economy must include consideration of the best use of all resources, affordable housing,

Question 2

What are the values that have formed the basis of the Verde Valley's economy in the past?

The future of sustainability is about change. The economic developers in our area must focus on helping to create this change, and they must do it in a way that will create a higher standard of living for the folks that are here, and make sure that it revolves around sustainability – before it's too late, before it's overwhelming.

John Morgan
Associate Dean
Agribusiness and Science
Technology Center
Chino Valley Campus
Yavapai College

preservation of environmental quality, land use, and insuring an adequate water supply.

Such an economy is achievable, but will require the cooperation of the many communities, interest groups and individuals within the Valley.

Past Values

Past values were largely a function of inhabitants' reliance on the natural and physical environment – water, land, natural beauty and a highly desirable lifestyle. Further, the early inhabitants were primarily involved in agrarian or resource extraction activities that shaped the commonalities in fixing values.

While differences in value sets did exist within and between the communities in the Verde Valley, the differences were, in reality, smaller than the commonalities. For example, early values historically were formed in isolation. Over time, as people became more mobile and as newcomers arrived, the trend was toward concurrence in values, especially about land and land use. These were past common values and practices:

- ◆ Basic survival
- ◆ Self-reliance
- ◆ Sacredness of land, air and water
- ◆ Exploitation of natural resources
- ◆ Failure by new settlers to acknowledge the presence and contributions of indigenous peoples
- ◆ Focus on personal or familial economic growth rather than on interrelated community growth

People had the right to choose whether to live in incorporated or unincorporated communities. That freedom of choice was an intensely felt

What do the people in the Verde want? Do you want economic growth and what do you want it to look like? It's a no-brainer to say that when you bring in more people and rooftops, more retail follows. Does that help keep your young people here?

John Morgan

Question 2A

What values should form the basis for the economy of the Verde Valley in the future? [From the panel, and from the Research Report?]

value. While some significant differences did distinguish one community from another, the overall values within the Verde Valley seemed more to unite rather than divide the region. Differences and diversity are healthy attributes among Verde Valley inhabitants – as long as they do not become points of bitter and irresolvable contention.

Generally, the past values of independence and autonomy within the various communities are giving way to the greater value of regionalization, coordination in visioning and identifying goals and objectives.

Future Economic Values

There are common perceptions of what values should be retained and sustained for the Valley's economic future. Primary among those is the preservation of historic, social, cultural and economic qualities that for generations have characterized each of the communities. In particular, preservation of the unique natural environment is critical. Small town identities, even though they are interrelated with other communities, must be sustained.

Each community must acknowledge the need to include all socio-economic and ethnic populations, and that each has the right to expect and receive respect and support from all others.

In particular, genuine efforts are needed to encourage youth and young adults to remain within the greater community or return to it early in their adult life. Toward that end, job opportunities beyond the usual service positions must be developed. The expansion of educational opportunity at all levels needs strong support throughout the Verde Valley. Education is a core value.

Several specific value-based actions are priorities in supporting future economic growth:

- ◆ Increasing public awareness of the inter-relationship of economic prosperity and environmental preservation

The oceans now have a short life span due to over-fishing. When we have a shortage of water, it's best to make multiple uses of that water. You can do that with fish – fish and shellfish can be grown year round using the same water over and over.

Fish and shellfish, like chicken, are very efficient in use of food – approximately 1 to 1 1/4 pounds of food to 1 pound of meat.

We do dumb things with water. We transport water 340 miles from the Colorado River to Tucson with 70% lost to evaporation – mostly for recreational use. We could be doing better.

John Morgan

- ◆ Recognizing distinctive community identity and character, while encouraging community interdependence and cooperation
- ◆ Encouraging expansion of job opportunities to meet the needs and interests of our diverse populations
- ◆ Preserving and sustaining the quality of life that inhabitants value is highly important as an underlying economic force within the various communities
- ◆ Recognizing and supporting the inherent right of all residents to receive respect and consideration, regardless of their individual interests or positions

While individual differences exist within and between the various communities, more values are held in common than are sometimes presumed. Community differences should perhaps be considered as strengths rather than liabilities.

Future values must include support for inter-community cooperation and collaboration, while individual community independence is respected. A sense of equity among the communities should be encouraged, with emphasis on meeting the economic needs of the greater region.

Current and Future Demographics

The population of the Verde Valley has experienced remarkable growth in recent years, and that growth is expected to continue. At the current rate of growth, population is expected to reach nearly 90,000 by 2020, representing a 50% increase since 2000 [from the Background Research Report] and could swell to 111,982 by year 2050 [Hoyt Johnson III]. The area's population is notably divided – based upon income level, education, and age. The trend of increasing cultural and ethnic diversity is likely to accelerate, and the direction of that trend is not likely to change.

Question 3

What are (will be) the realities of the Verde Valley's current and future demographics? As population grows, what economic development issues will become more important over time and which less so? What will be the possible effects on the environment and quality of life?

Because of its scenic beauty and agreeable climate, the Verde Valley is a very attractive location in which to retire. The area has seen rapid growth in its population of wealthy, well-educated older citizens who require specific goods and services from the local economy. This migration has dramatically driven up housing costs in the Valley – to unaffordable levels for many service workers. The impending retirement of the baby boomers will only intensify this trend.

The need for affordable housing will become more critical, while harder to accomplish. A key factor is the relative lack of well-paid jobs. Education levels are relatively high for older citizens, but low for the service workers required by the current economy. For well-educated residents of working age, relatively few lucrative job opportunities exist locally.

Home-based businesses and a reportedly large population of undocumented workers are both difficult to quantify in planning activities. They definitely add an unknown factor.

Population growth makes the Verde Valley an attractive location for big-box stores and other national chains that have a history of displacing local small businesses. However, many residents welcome the availability of chain stores because they save time and money and because they offer many products in one location. They may have the additional benefit of reducing air pollution. Without careful regional planning, the area is poised for unmanaged development.

With inadequate growth management the following factors will become major threats to the Valley's quality of life: reduced environmental quality, shrinking water supplies, traffic congestion, and further economic polarization of the work force. An active, organic approach to growth management is required. As the population grows and ages it will be even more important to plan for and develop increased multi-modal transportation,

The social and fiscal impacts of this "amenity growth" – this growth that's driven by such large forces – challenge the social fabric of the community. They make it harder for people to sit down with one another and work out solutions – they undermine the long-term prosperity of a community.

The social impacts – the loss of neighborliness. It is the fiscal impacts that unite old-timers and newcomers, that unite people in different parts of an area – that bring people together to do something about it.

Luther Propst
Executive Director
Sonoran Institute

All over the West, we see rapid change. We see beautiful wide-open landscape that almost overnight changes dramatically.

We see the loss of distinctive local character. We see a loss of the sense of place that makes a community unique. We see homes that local residents can no longer afford. We see the conversion of streams and riparian areas into wonderful habitat for skateboards.

We see the loss of wide-open spaces that are the heart of the West – and an increasing number of communities are finding that these wide-open spaces are the economic backbone of their community as well.

Luther Propst

Question 4

What are the current strengths of the Verde Valley economy? What are its weaknesses? How do these strengths and weaknesses reflect the current values of the region, and its economic needs?

medical care and elder care, and more recreational opportunities for an aging population. Depletion of natural resources, especially water, is a key concern. Overall quality of life issues must be considered carefully.

Education is an important factor in managing the Valley's growth and economic development. Students completing higher education elsewhere often do not return. Recent initiatives have attempted to address this by matching educational opportunities to the local economy. Such innovative approaches may help, as a skilled labor force could help to attract appropriate industry.

Strengths and Weaknesses

By far, the major economic strength of the Verde Valley is tourism. It drives many of the service-oriented businesses (hotels, restaurants, B&B's, galleries, and other tourist-oriented small businesses). Visitors are drawn to our area by world-class scenery, natural open spaces, outdoor activities, climate, and cultural heritage, all of which must be protected because of their importance to the economy. Other economic forces include arts, construction, retail trade, agriculture, government, education, health and social services, and casino gaming.

Another major economic strength – the retirement community is a great resource for volunteering and community service. In addition, many retirees have disposable income to fuel local businesses by spending their dollars locally. Proximity to educational opportunities at Yavapai College and Northern Arizona University is also an economic strength.

There can be a sort of chicken-and-egg discussion about whether inadequate education in the area's younger working population disinclines new employers to move to the area; whether the brain drain from migration of well educated young people to places with richer employment

Although our communities in the Verde Valley are different, there are many values that we as human beings in this valley can share. For these values, my big five (all in the same linear spectrum) are:

(1) Air, which we all breathe and share a concern for its quality.

(2) Water, which we of the Yavapai-Apache Tribe hold sacred, and which in our state is gold – a battle that’s worth fighting. We all must come together on it for honest growth to happen.

(3) Waste, and how we manage for it.

(4) Economic development. We need to view this Valley as a region in dealing with economic development, so we can understand each other’s priorities, so we can know which businesses to bring in, providing opportunities for our best and brightest young people who want to stay in this Valley and work and thrive and have a successful life here.

(5) Education is the glue that will hold all these things together. We need to educate ourselves about each other, and about the things we share. “Brain drain” is a problem our valley has had; our best and brightest young people go away to college and don’t come back.

Jamie Fullmer
Chairman
Yavapai-Apache Nation

opportunities impedes local economic progress; and finally, whether limited employment options in the area influence a significant number of youth to see little value in continuing their education even through high school graduation.

High dependency on tourism is one major weakness of our economy. The tourism industry tends to have low-paid, service-oriented jobs which normally provide few or no benefits. These jobs also tend to be seasonal and can be adversely affected by outside influences.

The local transportation system is also considered a weakness, with its high dependency on vehicular traffic and lack of air service. It is desirable to strengthen small businesses so low profit margins will not keep wages low. Outdated management practices need improvement. Poor telecommunications infrastructure must be corrected to keep area businesses competitive and to attract new businesses.

Many people come to the area for its small-town appeal – a strong cultural value throughout the Valley. However, we need to spend locally to support our neighbors’ businesses and increase the local tax base. Some Verde Valley residents still go to Phoenix, Prescott or Flagstaff to shop, attracted there by advertising, lower prices, more choice, and quality. Local small businesses find it hard to compete with larger ones that can keep prices low because of volume. They must find other ways, perhaps with more management skills and innovative ideas, to persuade locals to spend their money in the Verde Valley.

The desire to retain public lands may hinder future economic growth, but it is a priority which will be strongly defended by local citizenry. Some communities are not supportive of different types of housing, thus driving workers to live outside the communities where they work. This trend also adds to traffic congestion, pollution, higher

costs of living, a lack of services where needed, and a lowering of the sense of community.

Issues and Opportunities

Nine general economic activities were identified as desirable and congruent with the core values of Verde Valley residents:

1) **Tourism** – especially experiential tourism* – provides many economic opportunities for the area. Visitors from all over the world come to experience our area’s beauty and historic sites. Many residents have chosen to live in the Verde Valley to enhance the quality of their lives. Welcoming and serving others who visit, presumably to enjoy the same benefits, seems in harmony with our values.

Experiential tourism is desirable because it has a higher economic multiplier than pass-through tourism. Destination visitors stay longer, spend more, and generally contribute more to the area’s economy and overall vibrancy. Sports and recreation, arts and entertainment, cultural-heritage tourism and destination-based education [described below] are potentially lucrative enterprises that could supplement the traditional hospitality industry which currently exists.

2) **Health care** is reportedly the second largest industry in the Valley. High quality health care services are in demand by older citizens, in particular, and a real attraction for businesses. Alternative and complementary health care services are growing rapidly. Further development of this sector would provide well-paying jobs, would respond to the needs of a relatively affluent aging population and further distinguish the region’s quality of life. This could have a multiplying effect by helping to attract related well-paying industries to the Valley.

3) **Forest products** may also provide opportunities. Currently, huge amounts of excess biomass

Question 5

What sorts of economic activities would reflect the core values of the region?

* experiential Tourism

It has recently become common in the tourism industry to refer to eco-tourism, cultural heritage tourism, adventure tourism etc. under the umbrella term “experiential tourism”. For the sake of brevity we will use this new term for the remainder of this report.

We've lost 953,000,000 acres of farmland in the US already and there's no end in sight. We're still importing 85% of our fish into the United States – it's the fourth biggest trade deficit in the country.

John Morgan

What are the industries of the future? Where will the economy be 10 years from now? The next big wave, after the biosciences and communications, will be sustainability. The first step in changing the economy of rural Arizona is getting students into higher education. NAU and our partners at Yavapai College are very committed to making that a reality – to take programs to people, rather than expecting students to come to Flagstaff or Prescott, but actually to offer programs almost anywhere and everywhere.

John Haeger
President
Northern Arizona University

exist in the forests, inviting wildfire. This biomass could be used for a variety of purposes, including power generation, lumber and other products such as lubricants. A side benefit would be a reduction in the danger of forest fires. Lumbering in public lands is controversial, however, and public education would be necessary to develop broad-based support for this enterprise.

4) **Agriculture and ranching** may contribute substantially to a sustainable economy, especially with respect to regional self-reliance by providing local supply for local demand. This is congruent with the area's traditions and core values and can contribute to an emerging economy's diversity. Sustainable natural agriculture may blend the region's heritage with current and emerging economic realities.

5) **Light industry** is desirable for our region. Solar power, recycling and other "green" businesses are particularly attractive. High tech, light assembly industries provide higher wages and are good new business opportunities.

6) **Research-based organizations** and businesses would bring high-paying jobs into our area. Coordinating programs with our existing higher education institutions could bring about a synergistic result, benefitting the Valley overall as well as the research and education sectors. This is consistent with the core values of our region. Some examples are pharmaceutical, ecological and geological research companies and those associated with biotech and alternative energy.

7) **Destination-based education**, such as elder-hostel, conferences and workshops are potentially lucrative enterprises compatible with the values of Valley residents. Such activity positively affects the hospitality industry, increasing demand for lodging, meals, etc.

8) **Home-based businesses** such as consulting, and cottage industry manufacturing represent a

Collecting biomass from forests

We have a tremendous amount of biomass going to waste right now. We're cutting it down, chipping and shredding it and burning it off – it's a waste of renewable energy.

One idea is to build a plant near the forest to create pellets. All of the energy that comes from that plant, they are willing to give away to businesses that locate next to them, rather than wasting it. That's forward thinking – the way it should be.

We need to find light industries with that mindset. They have to reforest what they take out and that requires seedlings that can be grown in a greenhouse – that provides a light industry opportunity.

John Morgan

Question 6

What sorts of economic activities could provide a “sustainable and diverse economy” for the existing and projected populations of the Verde Valley [as identified by the research report and earlier discussion]?

significant and growing sector of the area's economy, but remain hard to quantify. Some disagreement exists as to whether the cottage industry segment is a plus or minus. Home-based businesses generate revenue, which is plowed back into the local economy, but they may include hidden costs to the community as well. Such businesses seem to be congruent with the area's values, however, as they are largely independent, entrepreneurial in nature and do not contribute to vehicular pollution.

9) **Senior services** include health care, financial planning, entertainment, and recreation. Given the large number of affluent older citizens in the Verde Valley, high quality senior services are in great demand. These services also reflect the core values of the population.

Economic Activities for Our Projected Population

Six economic activities were identified that could provide a “sustainable and diverse economy” for the existing and projected populations:

1) **A regional conference center** would provide more jobs, attract visitors and provide an indoor venue for the performing arts. Conferences would draw more upscale visitors.

2) **Agricultural activities** could be expanded to include small orchards, native plant nurseries, organic vegetables and other produce desired by residents and visitors.

3) **Outdoor activities** such as hiking, biking, fishing, and birdwatching are natural draws to the Verde Valley. Small businesses supporting these activities can be expanded. Other outdoor oriented businesses could include survival or outward-bound schools.

4) **Specialized learning programs** that would take advantage of the cultural heritage and natural features of the Valley could be developed. These would include topics such as Native

150 years ago, 75% of this country was farming. In this very short time in history we've gone from 75% to 2%! So, progress has come, but it has taken its toll. If you're to be in agriculture today, the biggest questions are: "Is it viable?" and "Can I make a living?" You can, but you must do it right.

The farm of the future will look different if it's to be profitable. What I think has merit here, for keeping it small, is that an average person owning two 30' x 100' greenhouses, managed properly, can net \$60,000 per year. That's currently a very good wage for Yavapai County (which currently averages only about \$16,000 per year).

And, those two greenhouses can equal the production of 30 acres farmed conventionally – while using a fraction of the water.

John Morgan

Question 7

The tourism, retail, and service sectors are important parts of the Valley's current economy. Many of the jobs in these sectors are relatively low wage. Can better paying jobs be created in these sectors? What role could these sectors play in a sustainable and diversified economy in the Verde Valley?

American culture and history, archeological sites and geological features. Elderhostel programs offer another opportunity.

5) **Guest ranches** promote longer stays and capitalize on our western heritage.

6) **Web-based businesses** could be encouraged to come here. Telecommuting activities allow employees to work from home and keep income and spending in the Valley.

Some of the above initiatives would require more supporting infrastructure. One of the main needs is affordable housing, which would help keep employees living and working in the same community. The Verde Valley could develop innovative ways of providing such housing that could become a model for other rural areas. Local governments must aid in this activity, through appropriate zoning and economic support. To attract web-based businesses, information technology infrastructure would need upgrading. The area's financial institutions should make investment capital more easily available to local entrepreneurs.

Tourism, Retail, and Service Sectors

Three major sectors of our economy – tourism, service and retail – are unique and need to be addressed separately.

Tourism

People employed in tourism-related industries need appropriate training prior to being assigned to jobs. But more typically, many learn while on the job – often from people who are not qualified to teach them properly, perpetuating the problem. Such jobs typically command low wages, so there is substantial turnover. Therefore, many in tourism jobs are transient.

More tourism industry leaders should support entry level training. Employers should provide real incentives for employees who demonstrate

willingness to receive training and remain with the job for an extended time. The tourism industry should become more eco-friendly to conserve water and other resources. Savings through conservation could be used in many ways, perhaps passed along to employees.

Specific suggestions which tourism-related industries and communities might consider:

- ◆ Promote more specialized activities (e.g. bird-watching, cultural and historic tourism, and selected special events).
- ◆ Encourage ethnic minorities to become more involved in tourism development.
- ◆ Accommodate the burgeoning convention and conference business.
- ◆ Create more excursion activities that would encourage greater use of the Valley as a hub.

There are ways for companies to be more prosperous or more successful or more competitive by doing the right thing for the environment. Those are not mutually exclusive. The political rhetoric for many years has been that we must choose between business and the environment – that’s not true. The assertion that we hear is that to comply with the Kyoto Accords, somehow we’ll kill the economy – that’s ridiculous. We can actually improve the economy in ways that reduce our use of fossil fuels.

Michael Kinsley

Retail

Controversy exists about the big box stores. Products sold in such stores are needed and usually are available there at lower prices. Such stores offer convenience and greater variety than smaller businesses. They often employ persons who are not seeking full-time jobs. Some are concerned that big-box employers do not provide good pay or benefits. However many locally-owned or operated businesses also fail to provide good pay or benefits. While some locally-owned businesses are more responsive to and supportive of employees, more need to be.

Service

Forum participants were critical of service industries, especially restaurants, cafes and fast food enterprises, and in some situations, hotels and motels. They specifically cited those establishments that rely on customer tipping to provide employee income. If they would practice better

The problems relating to economic development in rural Arizona are systemic to the entire area. We're having exponential growth in the service industry, and some legislators think that's great to have all these new jobs, but almost all those jobs have no benefits. Every new job like that creates more stress on the tax structure.

Tom O'Halleran
Representative, District 1
Arizona State House
of Representatives

Question 7A

What role could these sectors play in a sustainable and diversified economy in the Verde Valley?

conservation of physical resources in water use, food preparation, laundry, landscaping and the like, those savings could be passed along to employees through wage increases. They did exclude some service industries from such criticism, among them those related to health care and senior centers.

If service industries would pay higher wages, better employees would be attracted and could be retained. Service industry employees need to be more highly valued, praised and appreciated.

Roles for These Sectors

A voluntary standard for wages in the tourism, retail and service industries is recommended. Funds needed for higher wages could be generated through the reduced costs of advertising and training for new employees because turnover would decrease. Further savings would come from retaining experienced employees who are more productive.

Worker training for the three sectors should be expanded. Scholarships or stipends could be offered to attract qualified students into vocational programs. Those programs should go beyond the usual "how to make a bed" or "how to wait tables" training, and instead focus upon development of some entry level management skills. For example, a quality culinary school in the Verde Valley could train people for better than just fast food, dish washing or serving positions. Improved training for non-English-speaking populations could focus on preparing these workers for more than entry-level positions.

Local and regional government officials should use creative planning and zoning to encourage startup businesses. Communities throughout the Verde Valley could set aside land where small businesses could begin. Information about regulations on home businesses should be disseminated broadly so that all communities are

The building of affordable housing is counterproductive when it's developed in return for free-market density increases. It's counterproductive unless the community deed-restricts affordable units to occupancy only by working locals, and to limited appreciation (for example 3% per year).

Michael Kinsley

Question 8

Who should be the focus of a job creation effort in the Verde Valley – the unskilled, the poor, the young, the highly skilled, older workers, current residents, new arrivals?

aware of the best procedures and policies. A business incubator should be established on a regional basis. This could help develop programs to evaluate, document and certify workers.

The forum consensus was that all Verde Valley communities need to make concerted efforts to assure that affordable housing is available. In addition, more focused attention needs to be directed at providing more opportunities to move beyond the low wage jobs in the region.

Job Creation in the Verde Valley

Everyone should be involved in strategizing ways to create jobs. The notion of prioritizing one group over another for initial efforts should be resisted. Wealthy retirees, the well-employed, the low-wage earner, the unemployed – all have a vested interest in a vibrant, sustainable and diversified economy. The region's Hispanic population must be recognized in all efforts. Regional identity and community are necessary ingredients in any economic solution.

Of particular note is the great wealth of resources represented by the region's retirees. These individuals can be recruited as volunteers and engaged in the effort. They would benefit directly from their involvement by improved access to high quality goods and services.

Higher education institutions need to take a leadership role in enticing students to remain in the Verde Valley. In addition to providing education that targets skills in local demand, these organizations can do much to enhance the attractiveness of the region by providing a broader range of educational opportunities to the general population. The recent formal agreement between Yavapai College and NAU is a very positive development. Colleges can be instrumental in attracting new enterprises to the Valley.

The lack of some types of businesses in some communities presents opportunities for economic development.

Defining a Specific Future

In identifying some general characteristics of businesses we should target to attract to the Valley, it's clear that low-polluting, low-impact industries would match the values of Valley residents. Such clean industries might include medical equipment manufacturing, insurance claims processing, health research, arts and entertainment, spiritual and new-age businesses, and educational and skill-training activities. Green industries devoted to the manufacturing or use of green or recycled products might lead to production of materials for construction of environmentally friendly buildings and promote use of reclaimable materials, reducing trash and illegal dumping.

Specific industries identified as desirable are:

- ◆ Agriculture, including growing high-end, niche and organic produce and plants and promotion of greenhouse growing make better use of agrarian and water resources.
- ◆ Forest reuse could include the use of small diameter trees for pallets or chipped wood products, possible use as fuel and encouragement of biomass industries. There is concern over the possible truck traffic which would accompany these activities.
- ◆ Fish farming is a sustainable desert activity because the same water can be used again and again.
- ◆ Alternative energy which includes solar, biomass and wind.
- ◆ Research institutes such as alternative energy, ecology, biomass use, bio-tech, geology, green housing, health care and Native American studies.

Question 9

What kinds of industries or economic sectors should be targeted for the Verde Valley, and why?

I believe that the ties always come back first to education, then research and then economic development.

John Haeger

Small to medium greenhouses, organic farms and nurseries can produce pharmaceuticals from plant derivatives to combat disease; high-end organic produce; and fish and shellfish. Yes, fish and shellfish in the desert, because you can reuse the same water over and over – much more efficient than raising cattle and field crops.

John Morgan

Green building is about energy efficiency, using local materials, and doing things smart.

Right now we are using propane to heat greenhouses - BAD. Glass is a poor insulator, so much energy is lost. NASA has developed a thick polymer to insulate greenhouses in space. But, NASA won't release the patents to the private sector. If NASA would release these patents, we could revolutionize the greenhouse industry overnight, going from an R2 value of insulation in the walls to R50 - in one stroke.

Right now, per million BTUs, you are paying about \$15.00. Pelletized fuels will guarantee five-year prices of \$6.50 to \$7.00 per million BTUs - half the cost for a sustainable energy product.

John Morgan

- ◆ Green construction: use green, energy-efficient products to improve sustainability of housing. Designs could promote reuse of water, energy-efficient glass products, recycled building materials, and local products.
- ◆ Local recycling should be expanded to reduce illegal dumping in forest areas, to promote reuse in local industry, and to reduce pressure on local landfills.
- ◆ Arts and performing arts present great opportunities to attract more visitors and artists to the Valley. Area casting foundries are a big plus for local artists but are little known outside the area.
- ◆ Health-care services represent a growing industry in the Verde Valley. Increases in the number of medical facilities, doctors, nurses, elder-care facilities, and emergency facilities are critical to the well-being of Valley residents.
- ◆ Alternative health care, such as acupuncture and Native American healing, could be promoted as specialties of the area.
- ◆ Tourism, already the area's top industry, could be enhanced in creative ways. Conference business is very important to develop and tourism would benefit greatly from a new facility. Such ideas as cultural heritage tourism, birding, outdoor recreation and events would engage tourists in fulfilling experiences and increase the existing tourism base. More RV facilities and events would increase visits from this growing segment of the population. Marketing the area to tour bus companies might be more profitable if they can be attracted to stay longer.
- ◆ Spirituality-based businesses are a part of the Valley, especially in Sedona, and are a strong draw to the area. Perhaps other businesses can

So what we see all over the Inter-mountain West these public lands states that have mountain ranges and beautiful climates – we see rapid growth – unprecedented growth rates.

Not only the rates of growth are important, but the patterns of growth. In many cases, we see patterns of growth that are wasteful. The damage to scenic resources that are the basis of the economy is fiscally damaging and undermines the integrity of working agricultural landscapes. The challenge is made more acute by the rates of growth.

The US grew in the '90's by the highest rate of growth it's ever experienced since the baby boom years – the highest total rate of growth in the '90's – over 13% in 10 years. Arizona ranks as the second fastest growing state in the U.S. after Nevada, and Nevada grew on a much smaller base, and that was mostly on the fringes of one city. Arizona had growth all over the state – it grew by 40%, Maricopa County by 44%, Pima by 26% and Yavapai and Coconino grew at dramatic rates.

Luther Propst

take more advantage of this fact by acknowledging their importance.

- ◆ Educational opportunities have an exciting potential to draw visitors and life-long learners to the Valley. The growing green industries might start a learning center. Apprentice and mentoring programs can take advantage of our excellent talent pool, especially from the retiree population. Hands-on skill centers and programs can teach vocational as well as arts and entertainment skills. Greater cooperation between Yavapai College and Northern Arizona University has begun, and needs the support of the entire Valley, including businesses, to take advantage of the significant potential that this partnership represents.
- ◆ Home-based business is already here and needs to be explored for possible expansion. Local zoning and other rules might be adjusted to allow a less restrictive and friendlier atmosphere for home-based businesses. The absence of need for commuting makes for an environmentally friendly business.
- ◆ Use of native materials, such as sand or rock, harvested and used in an environmentally responsible manner, could provide raw materials for businesses such as glass-making or landscaping.
- ◆ A fairground-type facility might be developed to attract different types of events, conferences, and music.
- ◆ Regional information centered at strategic locations could encourage visitors to remain in the area longer. These facilities might also be a new marketing arm for the region.
- ◆ A regional visitor's guide, both printed and on DVD, should be developed. Such a guide would be available at local visitor centers, distributed to local hotels, motels and B&B's

and mailed to those who ask for information on the area. Further, a regional website promoting the area should be developed.

Various studies and needs assessments could better guide the region in its economic development efforts. Such studies could help local governments in updating plans, regulations and laws to promote new business. These studies could also inform existing businesses on the needs and wants of residents. Recent studies should be shared.

Priorities for Economic Development

Prioritization is less important than developing a multi-faceted approach that engages each effort simultaneously as part of an organic, clear vision and strategy. Business incubation, attraction, expansion and retention will certainly generate increased economic activity, but if done only for their own sakes, will not answer the need for a sustainable diversified economy that serves Valley residents.

However, if economic growth occurs as a result of a unified vision and careful planning, all of these activities will be more successful. Perhaps an innovative document could be created, outlining the “Verdean Principles” for doing business in the Valley. Such an economic model should reflect the core values described in this report, and serve as guidelines for the retention, expansion, incubation and attraction of business in the Verde Valley.

Participants generally agreed upon the following order: retention, expansion, incubation and attraction, noting that the range of priority differences among them is very small.

Business retention and expansion are very important. Existing businesses that benefit the area and the workforce should be supported. Businesses have a natural life cycle – market

Question 10

What should be the priorities for economic development efforts – business retention, business expansion, or business attraction, and why? What is most important? What is least important? Why?

Another important piece at the very base of sustainable economy is applied research. Part of the recent NAU-Yavapai College agreement is a commitment to provide applied research needs and facilities to the Verde Valley and Prescott areas. That will allow us to participate as major players in this next wave for the future of the state.

John Haeger

forces and inadequate capital and management will cause some to fail. But many businesses cease operations unnecessarily and might benefit from looking afresh at their operations and the assumptions which underlie them. Salt River Materials Group was cited as one business that has turned its attention to greener ways of doing business. By doing so it more closely reflects the values of the community. It also has positioned itself to enjoy the financial benefits of becoming environmentally friendly. Tax credits for environmental improvements would serve as a powerful motivator for similar businesses, and might be one way in which citizens and governments can encourage such moves.

Business incubation is closely related to business retention. The small business failure rate is very high, and given the importance of developing new business in the Valley, steps should be taken to support these entrepreneurial ventures. This will require significant thought and leadership and more small business and skill development programs. Local expertise – perhaps from retirees – could provide counsel and support for new business owners. And perhaps local contractors and developers could be influenced to build a business incubator facility that would assist entrepreneurs to get established, by providing low cost office space with shared secretarial and support services.

So for smart growth, there are five strategies: (1) Restrict expansion, (2) Make expansion pay its way, (3) Design expansion properly, (4) Build affordable housing, and (5) Foster sustainable development, including ways to develop without expanding.

Michael Kinsley

An issue related to business retention, expansion and incubation is the availability of local capital. Financial institutions will need to be enlisted in creating a sustainable and diversified regional economy and encouraged to support these activities with affordable financing.

Successful business attraction begins with a clear vision of what businesses we would like to attract. Potential businesses will look at business climate, success rate, tax structure, availability of a qualified labor force, quality of living and many

The greatest threats to rural development:

- *The more people you get, the more apt you are to get disease*
- *The more land you give up, the more you need to depend on others to provide food*
- *Water issues*

John Morgan

Question 11

What kind of infrastructure needs must be addressed for the Verde Valley economy to become more diversified and sustainable? Physical needs? Technology needs? Social/political needs?

Infrastructure

The panelists expanded the definition of infrastructure to include education, healthcare, government and some other categories as part of infrastructure needs.

other factors. They should not be courted simply for the sake of increasing overall economic activity, but rather for their fit with the region's values and vision. They should not be granted unfair tax advantages, nor should the communities support a disproportionate share of the infrastructure costs of new development. Overall, while in favor of development, panelists were not in favor of unmanaged growth. New businesses must not diminish the quality of life of residents, but rather contribute positively to it.

Infrastructure Needs to Address

Comments from all four panels were intense, and at times impassioned, about what they envisioned as infrastructure needs within the Verde Valley. Not all the needs cited could necessarily be considered "infrastructure" in the traditional definition of the word. [The dictionary definition is: *The basic physical and organizational structures and facilities (e.g. buildings, roads and power supplies) needed for the operation of a society or enterprise*]. The panelists expanded the definition of infrastructure to include education, healthcare, government and some other categories as part of infrastructure needs.

For instance, all four panels were forceful in their statements about the need for of a wide variety of educational institutions and programs including technical schools, secondary school programs, apprenticeships, higher education and skill centers in the Verde Valley. An example is Yavapai College, with its Small Business Development Center, its Northern Arizona Regional Skills Center and its Small Business and Entrepreneurship Program. These programs should educate students about issues, knowledge and the skills that support the attainment of sustainable economic development. The Valley Academy for Career and Technology Education (VACTE) should do the same thing. The Latin American Center is urged to provide that kind of

An offshore oil rig learned to save almost \$30 million per year by making changes in a lot of small ways, primarily through energy efficiency. Their engineers previously were oriented toward maximizing product output – not on maximizing profit, but presuming that more output would make more money.

The company needed to rethink their business. We helped them increase value and profit from their existing throughput, just by reducing waste and inefficiency.

Whatever the “throughput” of any enterprise – whether it’s barrels of oil, or bushels of grain, or real estate transfers, or sales tax revenues, or tourist days – we must focus our attention on maximizing its value and efficiency, not only increasing the throughput.

That is what we mean by economic development. For example, rather than attempting to maximize tourist days here, we should focus on increasing productivity from the existing tourist days. Throughput is gross, the community needs net.

Michael Kinsley

information to its clients. And Northern Arizona University, through its Bank One Center for Business Outreach, could parallel those educational offerings.

Regional planning such as the Verde Valley Transportation Planning Organization (VVTPO) must be initiated rather than having each community do its own individualized planning for all infrastructure needs.

Strongly urged was the creation of enterprise zones where appropriate and possible, with the potential for tax rebates and other incentives to attract and retain desirable economic growth that would not degrade the natural environment.

While regional consideration must be given to infrastructure, it is also necessary to respect the uniqueness of each independent community and its attributes.

Physical needs

Within the broad category of physical needs, we must recognize the dominant need for major infrastructure changes. Roads and highways need improvement – but not necessarily as freeways. Roads should not degrade the environment. The bottom line need is for better circulation throughout the region while observing these concerns. It must be noted that within one panel not all participants agreed that roads were a critical need.

Hiking and biking trails and pathways need to be created throughout the entire region. Too often, such trails and paths are localized and not interconnected with other communities.

Closely related to improving roads is requesting more and better public safety and supervision of roadways. More and better signage should include informational-educational signage about the various locales in the greater Verde Valley region.

In addition to improved roadways, a centrally located regional airport could better serve the greater region in both passenger service and product deliveries – (fresh fish daily). Perhaps a regional rail system might be gconsidered.

All were adamant in requesting that complete and thorough attention be given to water in all its forms in the Valley – as a natural resource, as a potable product, as a recyclable resource, and as sewage. We must address the need for systematic, comprehensive and efficient recycling and waste management programs (water, sewage, paper products, plastics, and other waste products that presently are sent to landfills).

The need for developing safe, low-cost housing in all communities is a region-wide responsibility.

State officials – politicians, agency heads and organizations – should be lobbied to identify and secure funds to support regional infrastructure development and improvement.

Technological needs

Less attention was focused on technological needs, but the following items were cited:

- ◆ More and better technology education
- ◆ An improved telephone system, including cell phone towers, providing environmental concerns are addressed
- ◆ Improved Internet service in all communities, including tourist facilities

It was suggested that all Verde Valley communities collaborate in using such data as those described by speaker Hoyt Johnson III (“Spatial Growth Modeling: Forecasting the 21st Century in Yavapai County”) to plot technologically where they want to go with infrastructure.

Pharmaceuticals: The three state universities are anticipating that biotech research – driven by companies like TGen – will drive the state’s economy by 2015. Five years ago Arizona was not a player in the bio-tech industry at all. Transgenics is the next wave similar to Microsoft.

With greenhouses you can grow year-round, but it’s what you grow in them that young farmers should think about. Higher end crops, like vegetables, but even more importantly, it’ll spin off as therapeutics and plant derivatives. They require clean, high-end areas to grow and Yavapai County has the ideal climate and elevation as well as clean water. It would take 30 acres of field and the corresponding water to equal the yield of one acre of greenhouse tomatoes.

John Morgan

We see local land use ordinances that may avoid the worst but don't bring out the best. We see development that's ugly – that even the banker, before the ink is dry, says "what in the world was I thinking when I loaned money to build that thing?"

We see development that caters more to automobiles than it does to people. If you talk to an anthropologist from another planet, he'll say "Automobiles are in charge here and they have a detachable brain and a complex bifurcated reproductive life."

We see development that fragments wildlife habitat – and that habitat is often not just a wildlife resource but an economic one as well.

The result is that we see conflict over development – conflict over what kind of economic future we want, conflict over land use planning and some segments of the community intensely against one another – when people need to be working together to realize all these goals.

We see the level of dialog reduced to either "stop all change" or "yes, let's embrace anything that comes in promising tax revenues." The result is utter confusion – do we live in the Old West, do we live in the New West? Sometimes the situation gets so bad that panic is the appropriate response.

Luther Propst

Social and Political Needs

This category provoked by far the most responses. Municipal and county governments should create a climate receptive to sustainable economic development. More aggressive political pressure needs to be exerted on local, state and federal officials to become more responsive – more quickly – to our infrastructure needs.

Among other socio-political needs identified were these:

- ◆ Distribute information on infrastructure development and needs by utility companies (APS, telephone, cable, water et. al.)
- ◆ Sponsor regional forums for all ages, cultural and ethnic groups to inform the public of infrastructure needs and developments
- ◆ Increase financial support to unincorporated communities so they can create and maintain necessary infrastructure
- ◆ Increase awareness of the role and position of eco- and cultural-heritage tourism as an economic growth component that requires infrastructure support (e.g., transportation)
- ◆ Create more cultural and social evening activities for residents and visitors
- ◆ Strengthen support of social programs for youth, seniors and the economically disadvantaged
- ◆ Promote affordable and dependable child care to support our work force
- ◆ Demand timely support from legislators to help resolve issues of the migrant and undocumented workforce

The state legislature has talked about creating a plan every time I've gone to a new session. But rather than creating a long-range plan, some legislators shrink that down to a few months. They say, "We can only plan for the time we're in office, because we can't commit future governments to ideas that we have today." That's the kind of government we've had in Arizona. Maybe it's partly my fault – maybe I'm not getting the message across, but it's partly your fault too. Numbers count. Your voices count. Your ability to move an agenda forward counts. And we won't move any agenda forward in this state until the people understand that service jobs are not the best kind that the state should be reaching for. The pay for that kind of job is terrible and the ability for employers to provide any kind of a benefit package is totally lacking.

Tom O'Halleran

Question 12

Given the diversity of the Verde Valley population – in age, educational backgrounds, career objectives – how desirable and possible is it to create a coordinated and coherent program to achieve a sustainable and diversified economy?

These recommendations were made:

(1) The Verde Valley needs more influence on the State Land Trust.

(2) Communities should help home-based and small business development adjust to the impact of increasing land values.

(3) More needs assessment research is required to determine kinds of businesses needed to support our diverse populations.

(4) The collective influence of Verde Valley communities should be applied to persuade federal officials of the need for more political and financial support of the U.S. Forest Service and its districts within the region because our forests are severely impacted by population and visitor increases.

In conclusion, all had clear visions of what they perceived as infrastructure needs. In general, each panel, independent of the others, submitted similar recommendations.

Creating a Coherent Program

Cooperation and coordination are keys to the success of this regional effort. Therefore, it is essential to create a program reflecting buy-in from all communities of the Verde Valley. In this regard, Forum participants commended the leadership of the Sedona Academy for changing its name, focus and mission to the "Verde Valley Forum for Public Affairs." They praised the leadership for its vision and positive change in its objective to become more collaborative and representative of the greater Verde Valley region.

Public apathy could impede any effort to develop and implement programs. Some may have a protectionist attitude toward their community which could undermine a regional effort. Past efforts, such as the Verde Valley Regional Economic Development Council, were never able

As a team, working together with a regional viewpoint, we have more power and lobbying authority than we do as individual communities. It doesn't always have to be about commerce; sometimes it can be about the bigger picture – sharing the potential for the future of our peoples.

Jamie Fullmer

This Verde Valley Forum is very unusual – maybe even unique. A lot of communities say “We’ve gotta do regionalism.” You guys are doing it, in a very fundamental way.

Michael Kinsley

Question 13

Is there a sufficiently strong common vision for the Valley's economy to support regional economic development efforts? If not, how could that vision be developed, if desired?

to reach consensus on regional issues, or influence other area councils or governments to act in a regional manner. This barrier must be overcome.

Although our diverse population might make regional programs difficult to develop, strong, thick-skinned community leaders from all over the Valley are needed for the development and implementation of any program. Informing the community about the benefits of regional planning and cooperation will increase support of elected officials in making the appropriate changes in the best interests of the entire region. Highly motivated people (like those attending this Forum), are needed to promote and help implement a regional plan.

Other regional players need to be included in this effort: the U.S. Forest Service, State Land Department, chambers of commerce, APS, Qwest, water companies, etc. They could be instrumental in helping to implement a regional program. Despite challenges, Forum participants believe that a coordinated and coherent program to achieve a sustainable and diversified economy is definitely desirable and possible.

Moving Toward Tomorrow

This Verde Valley Forum has done much to support the creation of a common vision for the Valley's economy, but more is required to clarify the details to the public and encourage them to support implementing a shared regional vision. Much headway was made over the weekend to begin the process, but much remains to be done.

The need for coordinated regional development efforts is clear. There is an identifiable core for a common vision to guide those efforts. But, it is unclear whether there is sufficient regional will and cooperative spirit to make it happen.

Where are we going to go and how will we get there?

Tom O'Halleran

Some of the most interesting areas for applied research include water as a sustainable resource, and our ability to harness new forms of power such as solar and wind. Both Yavapai College and NAU are already investing heavy resources in both of these areas, for an understanding of how we can provide that power at reasonable rates.

John Haeger

Question 14

As the Verde Valley grows in population, its communities may become more distinct in terms of their visions and what they offer to their residents.

What are the implications of this to regional economic development?

On paper there remains a group called the Verde Valley Regional Economic Development Council (VVREDC), but this organization was not very successful and should not be revived in the same form. VVREDC experienced difficulties throughout its history, but the adoption of a vision-based approach might improve the chances for success by a new organization. Certainly the energy generated by this 2004 Verde Valley Forum indicates a renewed enthusiasm for a regional, vision-based effort.

Communities within the Valley do not share all the same goals, but there is significant commonality in several areas. Infrastructure such as water and roads is a common concern. Focus on these and other big-picture issues can help to establish a common vision. Community leaders should be fully engaged in building regional cooperation.

Education, public involvement, outreach and strong leadership are fundamental to developing a unified regional vision that extends beyond the confines of the Forum. Public dissemination of this Final Report should be thorough and timely. Harnessing the energy evidenced at the Forum is essential to making this happen. The Verde Valley Forum for Public Affairs will conduct a series of "road show" meetings to present these Forum 2004 findings to all Valley cities and town councils and other community groups as requested and appropriate.

Regional Economic Development with Increasingly Diverse Community Visions

As regional population continues to grow, communities may become more diverse within, while remaining distinctive among themselves. For example, the Hispanic population in Sedona has grown from 5.2% in 1990 to 8.9% in 2000. Over the same period, the school-age population

With a short-term impact model you can overlay the impacts of an episodic event (flood, earthquake etc.) on future scenarios. With a long-term model, you can study the economic and environmental impacts of growth – water, traffic, air quality etc.

Hoyt Johnson III

One of the fundamental roles of Northern Arizona University is to be an economic engine and catalyst for the communities in which we're located. And that's in cooperation with local businesses, Yavapai College and public agencies. When we come to that understanding about the role of universities, then we begin to change behavior in lots of significant ways.

John Haeger

of Big Park grew from 8.2% to 11.1%, and the elder population of Lake Montezuma dropped from 33% to 21%. It is likely that such trends will continue over the next several years.

Sedona has established itself as a center for tourism and the arts, Cottonwood has become a retail center, and Camp Verde maintains its agricultural character. Communities are likely to become more specialized, even while their individual populations become more diverse. Each community should be able to capitalize on its unique qualities to support its economy, while all work together to advance regional plans.

As towns, cities and unincorporated communities grow, they should take stock of their strengths and weaknesses, assets and liabilities and preserve their unique character. By continuing to serve and support their own citizens and businesses while maintaining a regional focus, these communities can experience their own inevitable growth as a period of positive, managed development.

However, building a common identity in a diverse and distinctive region depends on effective regional cooperation and commitment to a shared vision. One very useful tool could be a regional daily newspaper, or at least extended regional coverage in the several community newspapers now published. Regional advertising should also be expanded, as it would help businesses to capitalize on residents' willingness to travel throughout the region – and help build a regional identity.

Frequent regional travel – to a shopping center, to a doctor, to a restaurant, etc. – might impact transportation infrastructure. Heightened regional identity, and specialized economic development within communities, might increase travel between communities. These realities need to be weighed against the greater good of well-planned and managed regional development.

With transgenics (developed by entities like TGen) we're able to do things a lot faster than Mother Nature could. The biggest issue is control – people talk about "Frankenfish" and "Frankenfruit". But it takes ten years of research before a product can get into the marketplace.

The U.S. has the most rigid standards of control in the world. The bottom line is we're living longer than ever, and we're healthier than we've ever been. And you don't eat any corn that isn't a hybrid

John Morgan

Question 15

How should economic development efforts in the Verde Valley be organized? What should the mission of such efforts be? Who should have responsibility? How should such efforts be financed?

The Verde Valley is poised to experience a “rising tide that lifts all boats”. Toward that end, panelists questioned whether innovative tax structures might be enacted to allow for regional sales tax revenue sharing. Shared revenues and risks would be a very positive outcome of a highly-developed regional identity.

Creating a new regional economic development agency would be a worthwhile step. By coordinating individual efforts and providing a central clearinghouse for information and ideas, such an agency could continue the work begun at the Forum. It would help to develop an enhanced regional identity, while respecting the identities and autonomy of the individual communities.

Organizing Current Efforts

A single regional organization should be formed to lead development of a Verde Valley sustainable economic development program. This organization must represent all constituencies in the Verde Valley – the public, the business sector, and government. Some participants interested in serving on such a committee identified themselves on the last day of the Forum.

This organization should be carefully structured to represent truly the diversity of the Verde Valley. It should have the mission to develop a coherent program based on the principles and ideas in this Forum Final Report. The organization should define its principles and desired outcomes. Perhaps it could begin by learning from successful regional efforts like the Verde Valley Land Preservation Institute, which itself arose out of the 2002 Verde Valley Forum.

In addition to a volunteer pool of persons interested in this new organization, representatives from chambers of commerce, Yavapai College, Northern Arizona University, the Yavapai-Apache Nation's economic development program, and from the counties should be asked to serve.

Steps to Develop Support

Question 16

What specific steps would be necessary to develop processes and adequate support for sustainable and diversified regional economic development in the Verde Valley?

It was emphasized that the organization should become fully operative within one year. It should develop a systematic, realistic action plan with measurable goals. Governance procedures must be established at the outset to guide decision-making in areas of legal authority and responsibility, fiscal accountability, and equitable community representation. The latter was deemed especially important because of the need for buy-in by all communities. Any organization must be not only an advisory group, but empowered to initiate action. Once the organization is formed, it should consider seeking support for a more formal structure. Regional support can be strengthened by addressing and understanding the economic disparity and needs within the various communities, and the related sustainability issues.

The new organization should have a leader, maybe a paid professional manager. This leader needs to be energetic and skilled at rural and sustainable community economic development, and have background and experience consistent with the explicit mission of the organization.

There may be needs for some staff support, office space, research and data collection, computer hardware and software, and other equipment.

Any new organization must have the backing of municipal, county and tribal governments, census-designated places and other unincorporated communities. Each governmental body should pass a resolution proclaiming its support of the organization's goals. Other community leaders should also be asked for strong, positive endorsements to provide visible evidence that sustainable and diversified economic development is a priority.

Once the organization is formed and governance procedures are in place, the committee should identify and visit various audiences and organizations, both governmental and community-

Alternative energy has to happen – we have no choice. We (in North Central Arizona) have a tremendous climate for energy. We have wind in the valleys, very clean air and the sun. The biggest hitches we face right now are the commitment of the land it takes to create alternative energy – and it's not aesthetically pleasing. Will people like looking at acres of wind turbines, or acres of glass solar panels?

Power companies need to be close to the grid – they can't transport electricity over great distances. This is the battle right now. Solar panels made for power companies are huge, costly and unattractive. And the materials come from out of state, so the money flows out.

John Morgan

based, to outline and discuss the recommendations of the 2004 Forum. The Final Forum Report and other supporting documents should be made available and discussed in depth to demonstrate that the new organization is indeed action-oriented.

The committee might use a computer model of projected growth impacts. (See earlier reference to Hoyt Johnson III presentation.) Data from county and state (and when appropriate, federal) sources should be used as well. Such information can prove the need for control mechanisms to prevent undesirable growth patterns. Some communities already have economic plans that can provide a starting point.

Forum participants were emphatic about the need for a carefully-constructed, comprehensive public information effort to keep the various communities aware of proposed actions. Among specific recommendations were community forums and meetings, audiovisual presentations, regular releases through print and broadcast media, a website and other methods.

Funding sources must be identified to support progress. Among potential sources are the cities and towns; other community groups; grant donors; county, state and federal governments; and a percentage of the funds from the Proposition 202 mandate by which all Native American tribes must set aside monies for economic development. Other possible resources include the Arizona Association for Economic Development, the Arizona League of Cities and Towns, NACOG, and the Arizona Department of Commerce (through GREPS – Grants for Regional Economic Development).

Funding by Valley communities could be on a per capita basis. Chambers of commerce should contribute funding because of their interest in business vitality and health. Businesses need to be included in the process and asked to contribute support personnel, equipment, facilities, financial

Using spatial growth models (in the computer) you can look at different scenarios and see "what happens if we try this". You can map future growth coupled with resource usage. You can study the impacts of various policy choices.

Hoyt Johnson III
Systems Manager
NASA Project at Prescott College
Partner, Blueline Consulting Group

support and other resources. Obtaining such support should be a responsibility of the new manager.

Without equivocation, each of the four panels emphatically endorsed these plans. They believe action must be taken quickly to assure that the momentum of Verde Valley Forum 2004 is not lost, and to demonstrate that the organization is not just philosophical, but active and aggressive (though not confrontational).

Final Comment

It is quite apparent, based on the recommendations of all four panels, that they do not want these recommendations to sit on a shelf. On the contrary, the participants are firm in their belief that immediate and resolute actions should result from the intensive deliberations that occurred.

It is clear that a strong sense of optimism about the economic future of the Verde Valley is in place. Forum participants acknowledge that implementation of a feasible and realistic development plan will be a challenge.

Verde Valley residents are up to that challenge.

Many of us have talked about the future of economic development and its relationship to the natural environment, based on the past. We hold old stereotypes and old impressions, ideas and concepts about how to get to the future. It may not be possible to get to a successful future by attempting to force it from the past. Perhaps we should look to the future for the future.

Marshall Whitmire
Vice President for Forums
Verde Valley Forum for Public Affairs

Appendices

I - Forum Discussion Outline

II - Forum Panel Members

III - Forum Committees and Staff

IV - Forum Conference Speakers

V - 2003 Sedona Academy Board

VI - Information on Past Forums

Appendix I

Achieving a Sustainable and Diversified Economy in the Verde Valley

Discussion Questions

Session One

“Values and Realities”

1. What is meant by a “Sustainable and Diversified Economy?” Is such a thing desirable and /or achievable in the Verde Valley?
2. What are the values that have formed the basis of the Verde Valley’s economy in the past? What values should form the basis for the economy of the Verde Valley in the future? [From the group, and from the Research Report?]
3. What are (will be) the realities of the Verde Valley’s current and future demographics? As population grows, what economic development issues will become more important over time and which less so? What will be the possible effects on the environment and quality of life?
4. What are the current strengths of the Verde Valley economy? What are its weaknesses? How do these strengths and weaknesses reflect the current values of the region, and its economic needs?

Session Two

“Issues and Opportunities”

5. What sorts of economic activities would reflect the core values of the region?
6. What sorts of economic activities could provide a “sustainable and diverse economy” for the existing and projected populations of the Verde Valley [as identified by the research report and earlier discussion]?
7. The tourism, retail, and service sectors are important parts of the Valley’s current economy. Many of the jobs in these sectors are relatively low wage. Can better paying jobs be created in these sectors? What role could these sectors play in a sustainable and diversified economy in the Verde Valley?
8. Who should be the focus of a job creation effort in the Verde Valley – the unskilled, the poor, the young, the highly skilled, older workers, current residents, new arrivals?

Session Three

“Defining a Specific Future”

9. What kinds of industries or economic sectors should be targeted for the Verde Valley, and why?
10. What should be the priorities for economic development efforts – business retention, business expansion, or business attraction, and why? What is most important? What is least important? Why?
11. What kind of infrastructure needs must be addressed for the Verde Valley economy to become more diversified and sustainable? Physical needs? Technology needs? Social/political needs?
12. Given the diversity of the Verde Valley population – in age, educational backgrounds, career objectives – how desirable and possible is it to create a coordinated and coherent program to achieve a sustainable and diversified economy?

Session Four

“Moving Toward Tomorrow”

13. Is there a sufficiently strong common vision for the Valley’s economy to support regional economic development efforts? If not, how could that vision be developed, if desired?
14. As the Verde Valley grows in population, its communities may become more distinct in terms of their visions and what they offer to their residents. What are the implications of this to regional economic development?
15. How should economic development efforts in the Verde Valley be organized? What should the mission of such efforts be? Who should have responsibility? How should such efforts be financed?
16. What specific steps would be necessary to develop processes and adequate support for sustainable and diversified regional economic development in the Verde Valley?

Appendix II - Forum Discussion Panels

Blue: Jerome Room	Green: Cottonwood Room	Red: Camp Verde Room	Purple: Sedona Room
Chair: John Burton	Chair: Ronald Evans	Chair: Roger Lavery	Chair: Kathy Cruz-Uribe
Recorder: Anne Minard	Recorder: Catherine Ayers	Recorder: Patricia Johnson	Recorder: Kate Lyon
Helen Bartels	Carol Abrahamson	Dave Beach	Ken Anderson
Ashley Baugh	Mike Baca	David L. Benore	Edgar Ball
Margie Beach	Dieter Bartels	Andy Bertelson	Don Beard
Susan Beach	Fred Dorfman	Sandy Boothe	Les Bovee
Tom Bonomo	Kathleen Fleenor	Ray Elliott Jr.	Steven L. Brown
Nancy J. Brown	Anita Goss	Wendy Escoffier	Michael Cosentino
Chip Davis	Mickey Hernandez	Jodie Filardo	John DiBatista
Ed Dominick	A. Roy Horn	John Gillam	Holly Epright
Audrey Dorfman	Diane Joens	Brian Lane	James G. Gibson
Brian Dugan	Bill Kusner	Gayle Mabery	Jim Gillespie
Jeff Dunn	Heather McCallum	Judy Miller	Doug Hulse
Bill Eich	Karen McClelland	Leonard P. Miller	Kim Johansen
Dick Ellis	John Neville	Michael Mongini	Rowan Kaiser
Marge Graziano	Robyn Prud'homme-Bauer	Chris Moran	Richard Kevin
Carol Hulse	Mairi Ross	Nora Rasure	Judy Lerette
June B. Jochum	Dan Schay	Pamela Ravenwood	Enalo L. Lockard
John Mackler	Gozde Sevim	Bob Rothrock	Ron Lucazk
Neil McLeod	Doug Stevens	Emil Schubert	Jane Moore
Genevieve Nelson	Harry Swanson	David Tracy	Mathew Morris
Karen Pfeifer	Philip Terbell	Jim Trueheart	Tom O'Halleran
Raymond Reyes	Janette M. Tomlinson	Josh Usher	Matt Ryan
Sheila Stubler	Mike Willett	Ryan Van Benthuyssen	Peter Sesow
Chet Teague		Rob Witt	Susan Solomon
Jane Winiecki			C. Rene Toman
			Felicia Velazquez

Technical Representatives will rotate among the panels during the sessions:

Walter Vannette, Ron Gunderson, Joe Walka, Wayne Fox

Appendix III - Forum Committees and Staff

Conference Steering Committee

Marshall Whitmire, *Conference Chair*

George Tice, *Budget and Accounting*

Dan Schay, *Research Committee Chair*

Margo Running, *Physical Arrangements Chair*

Kent Jones, *Participant Selection Chair*

Bea Axline, *Staff Member*

Linda Besnette, *Staff Member*

Sandy Moriarty, *Staff Member*

Margo Running, *Staff Member*

Tom Shuman, *Staff Member*

Plenary Session Committee

Frank Besnette, *Plenary Session Report Caster*

Marshall Whitmire, *Plenary Session Report Caster*

Steve Hansen, *Plenary Session Recorder*

Jim Eaton, *Plenary Session Recorder*

Fred Estrella, *Plenary Session Recorder*

Conference Report Committee

Steve Hansen, *Chair*

Paul Domingue, *Member*

Jim Eaton, *Member*

Fred Estrella, *Member*

Ray Newton, *Member*

Report Design and Production

Steve Hansen

Appendix IV – Forum Conference Speakers

Jamie Fullmer

Chairman, Yavapai-Apache Nation

Luther Propst

Executive Director, Sonoran Institute

Tom O’Halleran

Representative, District 1, Arizona State House of Representatives

Michael Kinsley

Principal, Rocky Mountain Institute

John D. Haeger

President, Northern Arizona University

Hoyt Johnson III

*Systems Manager, NASA Project at Prescott College
Partner, Blueline Consulting Group*

John Morgan

*Associate Dean, Agribusiness and Science Technology Center
Chino Valley Campus, Yavapai College*

Johanna Divine

Manager of the Flagstaff Community Farmers’ Market

Appendix V - The 2004 Verde Valley Forum Board

Executive Committee

Judy Adams	Sandy Moriarty
Frank Besnette	Bill Pumphrey
Linda Besnette	Margo Running
Richard Dahl	Daniel Schay
James Eaton	Tom Shuman
Steve Hansen	George Tice
Gene Holloway	Marshall Whitmire
Kent Jones	

Board Members

Rod Abbott	Paul Kessel
Robert Aberg	William Kusner
Judy Adams	Gayle Mabery
Bea Axline	Anita MacFarlane
Ashley Baugh	Joan McClelland
Frank Besnette	Donna Michaels
Linda Besnette	Ben Miller
John DiBattista	Jane Moore
Richard Dahl	Sandy Moriarty
Paul Domingue	Bill Pumphrey
James Eaton	Margo Running
Fred Estrella	Daniel Schay
Judy Feldstein	Harry Schoenberg
Jodie Filardo	Emine Sevim
Louis Getoff	Morrey Shifman
Ben Goldsmith	Tom Shuman
Cole Greenberg	Kathy Shriver
Steve Hansen	Jean-Marie Swalm
Brenda Hauser	Alexandra Thorne
Lisa Hirsch	George Tice
Gene Holloway	Chris Watkins
Diane Joens	Marshall Whitmire
Kent Jones	

Appendix VI – Information on Past Forums

Sedona Forum I: January 1985

The Challenge of Growth and Development to the Greater Sedona Area

Sedona Forum II: January 1986

Water Quality/Quantity and Sanitation in the Sedona Area

Sedona Forum III: February 1987

Growth Management and Land Use Planning

Sedona Forum IV: January 1988

Sedona – Assuring a Quality Future

Sedona Forum V: January 1989

Achieving a Unified Community in the Greater Sedona Area – Maximizing Opportunities and Resources

Sedona Forum VI: January 1990

Our Cultural Values – Past, Present and Future

Sedona Forum VII: January 1991

Environmental Quality in the Sedona/Verde Valley Area

Sedona Forum VIII: February 1992

Sustaining the Sedona Area's Economy

Sedona Forum IX: February 1993

Building Community through Citizen Involvement

Sedona Forum X: March 1994

Building Partnerships with the U. S. Forest Service

Sedona Forum XI: March 1995

Congestion or Conservation – Do We Have Choices?

Sedona Forum XII: March 1996

Tourism Management for a Sustainable Future

Sedona Forum XIII: March 1997

Creating a Healthy Community for Children and Youth

Sedona Forum XIV: March 1998

Issues and Impacts

Verde Valley Forum 1999: June 1999

Regional Planning & Growth Management

Sedona Forum 2000: December 2000

Aging in Sedona – Challenges and Opportunities

Verde Valley Forum 2002: March 2002

Implementing a Verde Valley Open Space Plan

Sedona Forum 2003: February 2003

Building Future Community Leadership

Verde Valley Forum 2004: February 2004

Achieving a Sustainable and Diversified Economy in the Verde Valley

Background Research Reports and Final reports are still available for most, but not all, of the past Sedona and Verde Valley Forums. A full collection is available at the Sedona Library. Copies of the available printed reports may be obtained by writing to: Verde Valley Forum for Public Affairs, PO Box 2696, Sedona AZ 86339-2696. As time and resources permit, past reports are being converted and made available for review and printing at our website: www.verdevalleyforum.org.