**Economic Development Program Action Plan**

**Mission:**

Create and implement an economic development program aimed at diversifying Sedona’s economy by providing services that support the creation, expansion and location of quality businesses in Sedona

**Guiding Principles:**

* Focus on primary jobs that pay above average wages
* Focus on business creation and expansion before business recruitment
* Utilize public and private resources at the local, regional and state level whenever possible while directing internal resources to service gaps
* Focus on bonafide economic development programs while integrating economic impact perspective into all decision making, services and programs

**Year 1: Building Internal Capacity**

**Objective 1:** Create an Economic Development Department and fill the Economic Development Director position

**Strategies:**

* Elevate position from the previously proposed “manager” to a “director” position
* Reorganize the program from Community Development to the City Manager’s Office, reporting to the City Manager
* Regrade the position from SM-2 ($61,000-$88,000) to an SM-7 to ($78,000 to $110,000)
* Secure a $20,000-$30,000 budget allocation for travel, training, dues, promotional efforts, office supplies, and other ancillary costs

**Measurable Results:**

* Filled Economic Development Director position with qualified candidate

**Objective 2:** Integrate with Internal Departments

**Strategies:**

* Focus on Community Development
* Become familiar with the development process in order to act as an advocate/ ombudsman with new/ expanding businesses
* Plan integration into land use code revision process in order to assess and present economic development impact and look for ways to incent business development
* Represent the voice of economic development interests in all other city departments
* Look for programs, projects or services that have an economic impact
* Encourage mindfulness of the economic impact of all city decisions

**Measurable Results:**

* Positive departmental relationships as measured by 360 evaluations
* Customer satisfaction with facilitation of the development/ approval processes
* Input resulting from integration incorporated into decision making

**Objective 3:** Develop relationships with key organizations and area stakeholders

**Strategies:**

* Identify key organizations and individuals such as:
* Sedona Chamber of Commerce
* Verde Valley Regional Economic Development Organization
* Regional municipal economic development directors
* Arizona Commerce Authority
* Sedona banks commercial lenders
* Sedona commercial real estate brokers
* Small Business Development Center
* APS economic development
* NACOG Economic development Council
* Create formal and informal ties such as general affiliation, governing board participation, regularly scheduled meetings etc.
* Inventory and analyze services offered
* Identify service gaps

**Measurable Results:**

* Solid rapport with agency representatives as measured by 360 evaluations
* Establish clear understanding of agency roles, responsibilities and resources
* Comprehensive inventory of services and gaps for later planning exercises

**Objective 4:** Collect key statistical data

**Strategies:**

* Engage area realtors to establish inventory of available commercial real estate (developed and undeveloped)
* Collect community demographic data from state, regional and local groups (employment, education, income, age etc.)
* Collect data on local schools, health care and other community services and amenities
* Collect any previous studies on Industry/ economic cluster dater, labor demand, and marketing data

**Measureable Results:**

* Establish master inventory of key data
* Create a concise report capturing key data

**Objective 5:** Create Economic Development Council (EDC)

**Strategies:**

* Create a 9-13 member EDC (could begin as citizens work group)
* Incorporate key stakeholders such as Sedona Chamber of Commerce, City Council, staff and current/ retired owners/operators of Sedona businesses
* At least 50% representing private business
* Establish bylaws/ procedures, schedule, activities etc.
* Refine and expand Economic Development Action Plan

**Measurable Results:**

* Fill all council seats, establish regular meetings with high attendance
* Creation of new objectives and strategies for the Action Plan

**Year 2: Build Programs**

**Objective 1:** Assess existing business climate/ utilization of existing resources

* Develop a standard survey questionnaire
* Conduct one-on-one interviews with local business owners/ GMs
* Analyze data for trends

**Objective 2:** Identify and Target Service Gaps

* Strengthen weak links with external resources
* Enhance promotional efforts for underutilized resources
* Develop strategies for the creation of internal services to address gaps

**Objective 3:** Market programs/ resources

* Secure additional $30,000 budget allocation for website and print materials
* Design website as clearinghouse for demographic information and resource inventory
* Design and produce promotional material

**Objective 4:** Look for funding opportunities

* Explore potential private sponsorship
* Look for state and federal grants

**Year 3: Expand Programs**

**Objective 1:** Create a Business Advisors/ CEO Network

**Objective 2:** Complete studies targeted to key industries/ feasibility/ information gaps

**Objective 3:** Expand funding opportunities

**Objective 4:** Develop one or two targeted industries

**Objective 5:** Consider planning for large programs (business loans/ incubation space)

**EXECUTIVE SUMMARY and RECOMMENDATIONS**

**Executive Summary**

Sedona, Arizona is city surrounded by remarkable beauty and enjoys a mild four-season climate. Its desirability as a place to live and visit has been recognized worldwide. The City’s tourism economy takes advantage of these attributes and flourishes. As th reputation of Sedona grew, many people saw it as an opportunity to retire in this scenic haven. A secondary business sector began to evolve to serve the needs of these residents. The recent recession, however, has caused community leaders to reevaluate their limited-sector economic base.

Numerous interviews and meetings have been held to discuss the condition of the area’s current economy and to solicit thoughts and ideas on how to stabilize and expand the economic base. Throughout these discussions, a common theme emerged: tourism will always be the primary business sector of the area, it is expensive to live in the City, and higher than minimum wage jobs are desired.

The tourism economy has recovered to a level equal to or better than pre-recession levels. This has been due, in part, to the adjusted marketing efforts by the Sedona Chamber of Commerce. As disposable income levels decreased, the Chamber focused on in-state marketing in addition to out-of-state efforts. This adjustment proved successful in that the decrease in tax dollars was less than in many other Arizona communities.

The cost-of-living (primarily housing) and job wage issues were not, and are not, easily corrected. It is likely that housing costs will remain higher than the rest of the State and the majority of jobs will remain on the lower end of the wage scale. Steps can be taken to attempt to address the housing issue to some anticipated degree of success. A portion of the remaining undeveloped single and multi-family zoned parcels could be reviewed for incentives to attract moderately-priced housing products that would allow more employees to live within the community. This review would include the possible modification of development codes and/or the use of focused overlay zoning.

Attracting higher paying jobs will be more problematic. Except for management and professional positions, tourism-based businesses do not typically have the resources to offer high wages. Therefore, it will be incumbent on the community to identify and recruit business that do. Specific recommendations have been made regarding medical and medical research, solar technology, and eco-friendly enterprises.

Overall, Sedona’s current economy is strong, but still dependent almost exclusively on tourism. It is reasonable, however, to believe that diversification is possible. It will take a focused effort to make it happen. That means initiating a work program that can be supported by the community; at least in a general consensus form. Not everyone will necessarily agree with every point of the work program; but the goal is to strengthen the entire community; and, as such, stabilize and increase the tax-base necessary to continue to maintain and improve the qualities and amenities that the City’s residents have come to expect.

**Recommendations**

Recommendations derived from information gathered over the past several months are noted below. Each recommendation should be considered individually and as only one element of an overall work program. Each should be expanded into a comprehensive set of goals accompanied by its own work program. It should be understood that success in economic development activities does not occur quickly. It can sometimes take years of concentrated efforts before even moderate success can be realized. It is specifically recommended that the list below be reviewed, discussed in detail and prioritized to determine where the City wishes to focus its efforts and financial support.

* Develop an inventory of vacant and underutilized commercially zoned properties. Prepared in cooperation with the property owners, the inventory should include, at minimum, property address, Assessor’s Parcel Number, size, zoning, current condition, proximity of utilities and owner contact information. Preparing this inventory and keeping it current will aid in site-selection considerations by new businesses. It can also be shared with outside agencies and companies that participate in site selection activities.
* Examine the Land Development Code for modification opportunities that could encourage new business development options without jeopardizing the quality that Sedona demands. A review of the development code could look at incentivizing development review time-lines, cafeteria-style development standards and trade-offs, micro-zoning principles, overlay districts and other techniques.
* Consider opportunities to create an incubator business facility. The pending purchase of the property adjacent to City Hall may result in temporary excess office space that could be marketed for internet start-up, solar technology, medical research or other new innovation businesses. New businesses would have to demonstrate business acumen and a sound business plan as part of an application process prior to participation in a City sponsored program.
* Determine what, if any, excess City-owned properties might exist that could be marketed for private development. Said properties must follow Arizona Revised Statute requirements for municipal property disposition. Areas to consider include the Airport (subject FAA clearances), the City’s WWTP, and the City owned 200 acres south and east of SR 89A.
* Investigate, solidify and expand working partnerships with other organizations and agencies that focus on business expansion and new business recruitment activities. These groups should include the Sedona Chamber of Commerce, Yavapai College Regional Economic Development Center, Arizona Public Service Economic Development and Business Mentoring Programs, other Verde Valley Communities, and others as identified. These partnerships should focus on the retention and expansion of existing businesses in Sedona and the surrounding area as well as attracting new businesses.
* Consider creating a Verde Valley Film Commission to market the area for film production. This Commission should include, at minimum, representatives from each municipality, the business community, the USFS, ADOT and other organizations as appropriate. Marketing opportunities could include advertising in trade periodicals, attendance at site location conferences and web-based marketing.
* Meet with local medical professionals to determine the practicality of providing focused marketing efforts to attract new medical providers, medical research facilities, medical supply providers and other medical support businesses. If deemed feasibility, form a stake-holders group with these same professionals to develop a marketing program.
1. **OVERVIEW**

This Economic Development Stabilization and Vitality Plan (EDSVP) provides an assessment of the existing conditions that drive the economy in Sedona and is intended to help local stakeholders and decision makers to implement strategies that will contribute to the City’s future economic health. The EDSVP includes strategic recommendations to enhance Sedona’s business climate, ensure the fiscal health of the City, and support economic growth in a manner consistent with the City’s character.

The EDSVP focuses on a shorter time-frame than the Sedona Community Plan. The goals and objectives included in the EDSVP considers a five to ten year period and are the result of the evaluation of issues and opportunities associated with Sedona’s primary economic strengths. These issues and opportunities have been derived from a variety of sources including meetings with the Sedona City Council, City staff, the Sedona Chamber of Commerce, the Yavapai College Regional Economic Development Center, the Sedona Main Street Program, and various other stakeholder and special interest groups. The results are these primary goals:

* Encourage activities that support existing and encourage new businesses
* Enhance commercial areas to create quality shopping and dining experiences
* Encourage activities that attract visitors
* Support investment in the community that creates new jobs
* Cultivate an entrepreneurial and educational environment that encourages innovation

The US Census Bureau has provided the following base-line information regarding the 19 square miles that is the City of Sedona:

 **Sedona Arizona**

Population (2013 est.) 10,111 6,634,997

 Median age (2013 est.) 56.1 33.8

 Persons under 18 years (2010) 12.1% 25.5%

 Persons 65years and over (2010) 29.2% 13.6%

 High school grad/25 years and over 95.2% 85.7%

 Bachelor’s degree or higher/25 years plus 45.5% 26.9%

 Median value of owner-occupied housing $409,900 $165,100

 Households 5,302 2,370,289

 Median household income (2013 dollars) $48,450 $49,774

 Per capita income (2013 dollars) $42,970 $25,358

When compared to the rest of Arizona, Sedona demonstrates an older population with higher home values and a slightly below median household income. This would seem to verify the perception that Sedona has a significant retirement population living on a moderate income.

**Land Use – March 2015**

 Developed Undeveloped

Single Family 2627 acres 1048 acres

Multi-Family/Mobile Home 159 acres 47 acres

Lodging 159 acres 7 acres

General Commercial 238 acres 77 acres

As noted above, there is currently only a limited amount of tax-generating vacant developable property left within the City. Also, the City is surrounded by unincorporated public lands with no opportunity for development.

1. **ECONOMIC DEVELOPMENT BACKGROUND**

At its core, economic development will mean something different to each community or region. It’s a tool that is intended to sustain long-term economic viability and growth by increasing the amount of income entering a community from outside its market area and creating capital investment in the community. These activities generally take three forms:

* Business Attraction
* Business Retention and Expansion
* Business Creation

Economic Developers do not, themselves, create new jobs. They provide information and assistance to companies who create new jobs. They strive to have comprehensive information regarding:

* Local demographics
* Public Infrastructure and costs
* Real estate
* Taxes, fees, and regulations
* Quality of life
* Business assistance programs

In their quest for a stable economy, economic developers and their communities strive to:

* **Increase the Tax Base:** Additional revenue provided by economic development supports, maintains, and improves local infrastructure in order to provide higher quality public services to citizens.
* **Create Job Development:** Economic Development can provide better wages, benefits, and opportunities for advancement.
* **Assist with Business Retention:** Businesses feel appreciated by the community and, in turn, are more likely to stay in town, further contributing to the economy.
* **Encourage Economic Diversity:** Adiversified economic base helps expand the local economy and reduces a community’s vulnerability to a single business sector, thereby providing a cushion against economic shocks.
* **Ensure Quality of Life:** More local tax dollars and jobs result in sustaining the economic viability of the entire community including the standard of living for its residents in order to give a greater number of people access to wealth through personal economic growth.
1. **COMMUNITY INPUT / Challenges and Perceptions**

The 2014 Sedona Community Plan (SCP) was created through a community-wide effort that solicited input from a broad cross-section of residents and stakeholders. The voter affirmation of the SCP in March 2014 demonstrates the thoroughness of the effort and the endorsement of the results outlined in it. Chapter 7 of the SCP focuses on Economic Development. In it, the SCP acknowledges the significance of an asset-based economy and its importance for a stable community. The asset summary contained in the SCP has been further enhanced by the community outreach efforts resulting in the creation of the EDSVP. Some of these include:

**Scenery Air Quality Educational Attainment**

**4-Seasons Weather Volunteerism**

**Outdoor Activities USFS Cooperation Small Government**

**Physical Environment Local History Small Town Atmosphere**

**Focus on the Arts Clubs and Organizations**

There were also negatives or challenges identified as part of the research and community involvement experienced in developing the EDSVP. While they may real or perceived, these help to focus on corrective policies and objectives necessary for the creation of a successful EDSVP. A summary of the negatives and challenges include:

 **Cost of Housing vs. Job Type and Wages Cost of Living / Sales Tax**

 **Large % of Retirees Large % of Second / Vacation Homes**

 **Resistance to Change Political Divisions**

 **Residents Sense of Entitlement “Citizens Against Virtually Everything”**

 **No Central Gathering Place – Too Linear Noise Pollution**

 **Lack of Vacant Property Physical Constraints-Annexation Challenges**

 **Lack of Large Meeting / Convention Space**

**Lack of Specialized Educational Opportunities**

Observations and perceptions were also received regarding issues that local businesses feel have a direct impact on tourists and tourism. These observations generally support the challenges identified through public meetings and brainstorming sessions. They include:

* Local traffic is an issue for tourists.
* There needs to be a discussion of a by-pass of “Uptown” for tourists wishing to access Oak Creek Canyon from SR 89A and SR 179.
* There is a lack of night-time events for tourists and locals.
* There is a lack of parking in the “Uptown” area – consider a shuttle system or other public transportation.
* There is need for advanced / pro-action information in anticipation of heavy traffic for spring break and other activities.
* There is a lack of pedestrian amenities throughout the City due to its linear layout. This results in conflicts between pedestrians and vehicular traffic.
* How do we encourage single-day visitors to consider extended stays?
* It is difficult to find entry level employees.
* There is no local college; therefore there is an out-migration of high school graduates.

A Community College is fundamental to economic development.

Training that represents local business needs is necessary.

* Some believe that tourism negatively impacts retired residents. How do we improve our economy without impacting residents?
* New local businesses are migrating towards new City Hall.
* The City should sponsor a business incubator facility.
1. **TODAY’S ECONOMY**

The following information has been gleaned from the April 11, 2015 Financial Report for the month of February 2015 provided by the City of Sedona Finance Department. Additional detail fiscal information may be obtained directly from the Finance Department.

FY 2013-2014 Sales and Bed Tax Collections

* Total Tax Collected $14,206,467.
* Total Tax Attributed to Local Residents: $4,971,772. 35% of Total Tax Collected
* Taxes attributed to 100% Local Residents: $1,090,106. 7.7% of Total Tax Collected
* “Accommodations” is the only NAIC Code with 0% contribution attributed to Local Residents.

Annual Sales Tax Collections FY 2002 through 2014

* February is routinely one of the three lowest collection months in every fiscal year.
* December, January and March are generally low also … this may be due to ‘after Christmas’ day trip travel ‘blahs’ and prep for Spring Breaks.
* August ranks fifth lowest … this may be due to early school-starts and back-to-school activities.

Annual Bed Tax Collections FY 2002 through 2014

* February is one of the three lowest collection months 10 of the 13 fiscal years … mirroring sales tax collections.
* January is one of the three lowest collection months 11 of the 13 fiscal years.
* August, December and March follow being one of the lowest three collection months 4 times each.
1. **ECONOMIC DRIVERS**

Sedona is part of the Verde Valley regional economy. It is considered by many as the dominant force in that economy. As such, it could easily be considered ‘free-standing’ in that economy and not dependent on the other communities in the Verde Valley. Indeed, an argument could be made that the other Verde Valley communities are dependent on Sedona’s success for their own success. That said, Cottonwood, Clarkdale and Camp Verde have each indentified and carved out their own niche in the Verde Valley economy. Sedona’s niche is easily identified as “Red Rock Country”, but there are additional aspects that can be identified and ultimately built upon.

* **Retail Businesses**
	+ **Local Services**

Residents are provided with basic retail services such as groceries, pharmacies, fuel and vehicle servicing, home and garden, laundry, home décor, floral, apparel, office supplies and other daily needs. Large retailers and warehouse sales are located outside the City limits in other communities.

* + **Destination Retail/Arts and Culture**

Sedona is known for its wide array of galleries and shops that cater to the tourist trade and art aficionados. Local and nationally known artists are highlighted in their own studios as well as in larger, multi-artist galleries. In addition, there are numerous shops that sell souvenirs and keepsakes that highlight Sedona and the surrounding Red Rock Country.

* + **Lodging**

Businesses providing various types of lodging accounts for more than 31% of the total collected sales and bed tax in the City. Facilities include hotels, motels and resorts, bed and breakfasts, time-shares, cabins and recreational vehicles and camping. These uses are supported 100% by visitors/tourists.

* + **Recreation Retail**

The local climate, coupled with scenic beauty, provide Sedona and the Verde Valley with an unrivaled atmosphere for outdoor recreation opportunities. Sedona has a variety of retailers that cater to both local residents and the recreation visitor. The activities served include biking, ATVs, fishing, rafting, skiing, hiking, running, climbing, equestrian, golf and other activities.

* **Conventions and Tourism**

Revenues derived from tourism based business accounts for two-thirds of Sedona’s economy. For the most part, these revenues are realized from weekend and extended vacation visitors. Weekday conventions generate minimal revenues due to the lack of significant convention and meeting room space in a centralized location.

* **Office Users**

Some office users in Sedona generally cater to local residents. These include financial, bookkeeping, insurance, investment professionals, mortgage and lending institutions, and insurance. These professions require specialized training and knowledge and generally provides higher than minimum wage jobs.

Office users also include professions that have a broader reach for providing services such as real estate, attorneys, design professionals (architects, engineers, interior designers), photography and printing services, and others. These also require specialized training and some require professional registration in order to practice in the State of Arizona. Wage scales for some of these professions can be substantially higher than minimum wage.

In general, office users such as those above are essential to contributing to a stable economic climate. Whether they live within the City limits or not, workers from these offices greatly contribute through sales tax from local business purchases. In addition, a growing trend is the conversion of older office structures to becoming “greener” with energy efficient building renovation, thus providing construction jobs and sales tax revenues.

* **Healthcare**

Healthcare in Sedona covers a wide range of services. These are anchored by the Sedona Campus of the Verde Valley Medical Center (VVMC) under the direction of Northern Arizona Healthcare. The Sedona Campus has two primary care offices with board-certified physicians. Services offered include 24-hour emergency services, Cancer Center of Northern Arizona Healthcare, laboratory and imaging services, heart and vascular, rehabilitation and sports medicine, opthalmology, orthopedics, plastic surgery and rheumatology services in their nearby Medical Clinic in the Village of Oak Creek. Jobs in this sector require a high degree of technical training and certification.

There are also numerous facilities for dental, optical, hearing and speech, chiropractic, home and senior care, private practitioners, and physical therapy.

Along with physical treatments, Sedona is a hub for metaphysical and spiritual healing techniques and facilities, as well as personal enrichment opportunities. These include healing centers, massage, spas and salons, counseling and therapies, and retail stores offering supplies and books.

Sedona healthcare, in general, benefits from the moderate climate and extraordinary scenery. This setting enhances the desirability of seeking physical, mental and spiritual wellbeing. This distinct advantage could easily be a focus of markeing efforts that could attract new health service and research facilities.

* **Technology**

Computer, internet and telecommunication services are available in Sedona and the surrounding area. However, local residents have expressed disappointment as to the lack of fiber optic and broadband. There is limited technology training opportunities through Yavapai College. There is also a lack of significant office/business space available to expand such activities.

* **Manufacturing**

Manufacturing is defined as the production of durable and nondurable goods for consumption and distribution. Sedona does not have an industrial land use classification that would typically support these types of uses. However, advances in technology have allowed limited ‘manufacturing’ companies to exist in traditional retail/office for on-site production and sales.

* **Educational Institutions**

Quality education is essential for economic vitality of a community. The Sedona-Oak Creek Joint Unified District and the Sedona Charter School Inc. District provide quality K-12 programs for local families. In addition, there are numerous facilities that focus on mind/body and metaphysical health.

Yavapai College currently staffs a facility within the city limits near the west boundary of the City. There is a generally feeling, however, that it under-serves the community and that most tax resources are diverted to the primary campus in Prescott; approximately 2 hours away.

* **Other Sectors:**
	+ **Film Industry**

The Sedona International Film Festival attracts film submittals and attendees for around the globe. In its 22nd year, this event has made its mark on the film industry. Recent legislature at the State level has approved funding to reinstate the Arizona Film Commission. With assistance from the Sedona Chamber of Commerce, this business sector could provide an economic boost to the area without the need for building space, permanent parking, signage, etc. Film production historically benefits lodging, restaurants, caterers, and other local retail businesses. In addition, ‘extras’ are often hired from the local population. The Arizona Production Association provides information regarding production, post-production, sound, personnel and other services essential for film production.

* + **Green Businesses**

“Green Business” can be defined as a [business](http://www.businessdictionary.com/definition/business.html) functioning in a [capacity](http://www.businessdictionary.com/definition/capacity.html) where no negative [impact](http://www.businessdictionary.com/definition/impact.html) is made on the local or [global](http://www.businessdictionary.com/definition/global.html) [environment](http://www.businessdictionary.com/definition/environment.html), the [community](http://www.businessdictionary.com/definition/community.html), or the [economy](http://www.businessdictionary.com/definition/economy.html). A green business will also engage in forward-thinking [policies](http://www.businessdictionary.com/definition/policies-and-procedures.html) for environmental [concerns](http://www.businessdictionary.com/definition/concern.html) and policies affecting human rights.

With Sedona’s commitment to the appreciation and preservation of the natural environment, it is reasonable to investigate green business opportunities in the area. These efforts could include ecotourism, green technology and innovation, field testing of these technologies and sales.

* + **Home-based Business**

Properly managed, home-based businesses provide an opportunity to generate a new or ‘incubated’ business without negatively impacting the neighborhood where it is located. Start-up, home office provided a low-overhead location to test the marketplace before investing in office space and expanding to more than one employee. In some cases, residential neighborhoods adjacent to commercial business districts can host business and residential if appropriate regulations are in-place that encourages entrepreneurial endeavors while protecting the neighborhood against obtrusive signage, increased traffic congestion and parking impacts.

* + **Wine Industry**

A recent boon to Arizona’s economy has been the growth and advancement of the wine industry in several areas of the State. The Verde Valley is one of those areas. Local wines and tasting rooms add to the visitor draw of the area. In addition, Yavapai College offers classes in viticulture and enology culminating with an Associate of Applied Science degree. This focus by a local college emphasizes the significance of this growing industry.

1. **WORKFORCE**

The Yavapai College Regional Economic Development Center completed the Verde Valley Workforce Demand Analysis early in 2015. In it, changes in job numbers have been tracked for the past 5 and 10 years. It reports the greatest increase in jobs over 10 years have occurred in healthcare, retail trade, food and accommodations, small business services, transportation and warehousing, professional, technical, and scientific services, and crop and animal production. Minor declines have occurred in utilities, finance and insurance, manufacturing, wholesale trade, waste management and remediation support. While the report covers valley-wide numbers, one can glean that Sedona’s primary economic base … tourism … is strong and growing.

1. **HOUSING**

At $409,900, Sedona’s median single family home value is more than twice that of the rest of the State of Arizona ($165,100). With only about 700 multifamily dwelling units, it is difficult for minimum to mid-range wage earners to find affordable housing within the City and the immediate area. It routinely takes multiple wage earners living in a single household to make living in Sedona economical. Many employees commute from Camp Verde, Clarkdale, Cottonwood and Flagstaff, adding to their expenses and exacerbating local traffic issues. Approximately three quarters of Sedona’s residentially zoned land is currently developed; leaving approximately 1048 acres of single family and 47 acres of multifamily zoned vacant property remaining. While the need for affordable housing has been noted by numerous individuals, there is a perception that current development standards discourage property owners from pursuing this housing model.

1. **INFRASTRUCTURE/SERVICES**

Along with wet and surface physical infrastructure, City residents place a great emphasis on improvements for parks, open space and recreational facilities. The City of Sedona has an active Capital Improvement Program for parks, water, wastewater, street and drainage projects under design and/or construction. While not having a property tax and depending on sales tax, HURF and other sources for capital funding; the City has demonstrated good diligence in maintaining the City’s infrastructure for its current and future residents and businesses.

1. **STRENGTHS, WEAKNESSES, OPPORTUNITIES and THREATS (SWOT)**

**Related to Business Opportunities**

* **Strengths**
	+ Natural environment/scenery
	+ Climate
	+ Strong tourism economy
	+ Educational attainment
	+ Small town atmosphere/Small government
	+ Well-maintained physical infrastructure with extra capacity
* **Weaknesses**
	+ Lack of economic diversity
	+ Limited vacant property zoned for business development
	+ High cost of living
	+ “Land-locked” by public lands … limited annexation/expansion potential
	+ Traffic congestion in heavy tourist areas
	+ Lack of ‘control’ over ADOT and surrounding scenic and recreational jurisdictions
	+ Lack of fiber-optic and area-wide broad-band
	+ Lack of direct rail and interstate access
	+ Limited higher education opportunities
* **Opportunities**
	+ Desirable living environment for business executives
	+ Desire to bolster existing businesses and attract new ones
	+ Certain business sectors apparently have not reached saturation
	+ Regional partnerships with other economic development agencies and higher educational institutions
	+ Home business development
	+ Incubator business opportunities
	+ Regional film industry
* **Threats**
	+ Real or perceived restrictive Land Development Code
	+ Resistance to change/increases in business development and significant no-growth sentiments in the community
	+ Lack of property tax … and resistance to initiating one … to assist in funding long-term infrastructure and open space improvements and maintenance
	+ Travel/gasoline for shipping and tourists costs
	+ Slow business economic recovery outside of the Verde Valley
1. **OBSERVATIONS and ANALYSIS**

Overall, it would appear that Sedona would be a prime location for many desirable businesses; however there are factors that will restrict new business from locating here. First is the limited availability of developable sites. Vacant commercially zoned parcels total only about 75 acres with none being larger than 5 acres???. Second, there is no industrial or warehouse zoning located within the City, vacant or built. Creating new developable parcels would be difficult due to residents resistance to rezoning residential property for business development. Also, the City is essentially land-locked with minimal opportunity to annex developable parcels.

Sedona’s primary economic sector has been tourism dating back many years before incorporation in 1988. As such, it has been strengthened and expanded ever since. Many of the early tourists took up residence and a secondary retirement economy evolved. Many new businesses … healthcare, local service retail, financial, etc … served the slow growing population. As Sedona’s reputation grew nationally and world-wide, the tourist industry also grew, adding new lodging, art and cultural business ventures. Taking advantage of Sedona’s scenic beauty, metaphysical, spiritual and healing facilities also blossomed locally. This focus of users has created a limited variety of business sector types and almost wholly dependent on visitor dollars to survive.

Attracting businesses that might diversify the local economy, such as manufacturing and warehousing, will be difficult. This is due, in part, to the lack of direct access to rail, remote access to the interstate, and lack of land use and zoning designations that would support moderate and large scale manufacturing and warehousing. In addition, local resident’s sentiment would oppose such facilities. The City will need to investigate other options to diversify and add jobs of middle to higher wage scale.

Sedona’s pristine character and environment makes it extremely attractive to industry professionals and executives. However, the lack of large facilities and lack of access to major transportation act as a deterrent. Health services may be a business sector that could overcome the negatives, especially in the area of research and development in an office setting. Focused marketing efforts in this sector could prove successful. Additional opportunities that may exist include expansion of the wine industry and increased marketing for film production.

**SOURCES of DATA and INFORMATION**

* City of Sedona
	+ City Council
	+ Planning and Zoning Commission
	+ Community Development Department
	+ Finance Department
* Sedona Chamber of Commerce and Tourism Bureau
* Sedona Main Street Program
* Sedona Lodging Council
* Yavapai College Regional Economic Development Center
* Discussions with local business owners