



UPDATE

The Arizona Association for Economic Development is the leading advocate for responsible economic development for all of Arizona.

Aviation Industry Contributes Billions to Arizona Economy

[Pete Klute, Klute Communications]

The aviation industry in Arizona – which includes not only the airlines but also commercial, general, and military operations and bases, aviation manufacturing and related industries – is a major contributor to the state’s economy. In addition, the industry facilitates economic development by bringing visitors and newcomers to the state as well as greatly reducing transportation times within the state. Distant rural communities with airports are less than two hours away from Phoenix by air – even in small, single-engine, private aircraft.

The airline industry alone has a significant impact on the state. For example, the three City of Phoenix-owned airports have an annual economic impact of more than \$26.2 billion or \$72 million per day.

In 2002, the civilian aviation industry statewide had an economic impact of \$37 billion. This included payroll of \$14.6 billion for more than 467,855 jobs. That same year, military aviation facilities had an economic impact of \$5.7 billion, with 83,506 jobs generating a payroll of \$2.3 billion.

Because of the industry’s importance to the state’s economy, Governor Janet Napolitano established the Governor’s Advisory Council on Aviation (ACA) in September 2004. The group was tasked to study and issue consensus findings and recommendations that specifically addressed: a) airspace utilization and airport capacity; b) land use compatibility; c) federal funding for aviation in Arizona; d) criteria for evaluating aviation facility and system needs; and e) future aviation needs assessments and funding strategies. These five areas were combined into three categories for further study: Land Use, Capacity, and Funding needs.

The ACA met 19 times in several locations and consulted with or took testimony from a variety

of aviation and regional interests. A final report was issued on Jan. 31 this year. Some of its recommendations are below but the full report is available at http://www.azdot.gov/aviation/aca/PDF/FINAL_REPORT.pdf.

GROWING SMARTER ACA says there must be close coordination between ADOT’s Aeronautics Division, State Land Department, State Real Estate Department and airport operators to map airport influence areas, noise contours, hazard districts and traffic pattern airspace requirements for each public-use airport and to make those maps public and readily available for developers, airport sponsors and planners. The State should provide templates and structures for regional partnerships and intergovernmental coordination for collaborative land use planning in the vicinity of airports.

LAND USE The ACA recommended legislation to help achieve State oversight of compatible land use planning near airports. It recommended that local zoning officials should work with public airports to adopt compatible land use code. Another recommendation was that the Aeronautics Division of ADOT should receive notification of local zoning changes and requests for permits for tall structures within airport influence areas. The ACA said that

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SPOTLIGHT: Paul Blue

[Cathy Ji, City of Mesa]

He is living proof that a graduate internship can result in gainful employment. The spotlight this month is on an individual who started his economic development career as an intern working on the City of Phoenix's first Enterprise Zone application back in 1989-90. He has had various tours of duty with the city landing with the Aviation Department in 2001. He is an AAED member and the Assistant Aviation Director for the City of Phoenix...please meet Paul Blue.

What is an economic development accomplishment you are most proud of?

I worked this project that was to be a 60 acre business park surrounded by residential, which with economic development team involvement, became a 1,600-acre project including retail, a JW Marriott, etc. The project I worked on is known today as Desert Ridge. The project created jobs, new revenue to the city, added to the quality of life and provided critical infrastructure to benefit the community.

What project does Phoenix Sky Harbor have underway that has a regional/state wide impact?

Phoenix Sky Harbor is the front door of the state of Arizona. Most potential economic development prospects considering Arizona come through this door. We view it as our responsibility to maintain both the quality of the facilities but

also provide the capacity to meet the demands of the traveling public. Phoenix Sky Harbor is the number one economic engine for the state with \$72 million in economic impact daily. \$2.9 billion in capital projects are slated for the next 10 years on the 6,000 acres of real estate that the Aviation Department controls.

What do you see as being the major economic development issue facing your department in the next five years?

The regional transportation system is the major issue. We have no problem landing planes, but getting people to the airport is the real problem. We are supportive of statewide economic development efforts and will do our part to support initiatives to better the regional transportation system.

What do you enjoy about your job?

Working for the Aviation Department is the closest thing to running a business and still work in government. Approximately 85-90% of our funding comes directly from airport revenues generated. So we must earn in order to spend.

What is a little known fact about you?

If the day job doesn't work out I may moonlight as a jazz musician. (In addition to his MPA and MBA, Paul has a BA in Jazz Performance and plays the soprano saxophone.)



Ooops...

Correction to last month's Latest Dirt...

Proper credit was not given to our very own AAED PR Committee member. A late "thank you" to Pete Klute of Klute Communications for his contributions to last month's issue.

all existing and future airport studies should be integrated in each community's general plan.

CAPACITY The report states that legislative action is needed to meet the aviation industry's growth demands and that airports must work with the FAA and ADOT – Aeronautics to fund airport construction and growth in the state while protecting the military's need for Arizona airspace.

Specific recommendations include:

- Fund and implement capacity projects at 25 airports;
- Change Grand Canyon National Park airport's funding from the State's Aviation Fund to an enterprise fund; and
- Develop a plan for small airports in outlying communities.

FUNDING The ACA recommended legislative action to provide dedicated funding to develop the rapidly growing aviation infrastructure. It noted that if adequate funding is not provided to ensure Arizona keeps up with the rapid growth of the state's population and aviation community, it will have a significant adverse impact on the economic prosperity of the state. Some specific recommendations include:

- Every effort should be made to protect the federal Aviation Trust Fund and its funding for airports from diversion to FAA operating expenses;
- Likewise, the state's Aviation Fund should also be protected from diversion to non-aviation purposes;
- ADOT's Aeronautics Division should take a number of steps to expedite and improve the flow of funds for airport improvements throughout the state.

The Advisory Council on Aviation's report concludes that it is imperative that the challenges outlined be addressed and solutions implemented. If the state does not strategically plan for compatibility and compliance, develop airport capacity and fund the aviation system appropriately, growth will not stop. Instead, the challenges will multiply, investments will depreciate and the negative impacts will compound for the state's aviation communities. In turn, this negative impact will affect all communities and other industries throughout the state.

AAED members will want to become familiar with the report and its recommendations.



NEWSWORTHY

Scott Cooper has recently accepted the position of Economic Development Coordinator with the City of Peoria, filling the vacancy left by James Mason who is now the Assistant to the City Manager. Congratulations to them both.

Kevin McDowell, District Sales Manager – Phoenix, Cort Business Services has replaced Jamie Dean the active member for AAED. Jamie has accepted a position with another company.

Teri Killgore, formerly with the City of Mesa, Economic Development Department, has recently joined the Economic Development Office with the City of Chandler.

Tina Reed gave birth to a baby girl, Keegan Michaela Reed at 12:56 p.m. on March 28, 2007. The new little one weighed in at 7 pounds and 7 ounces and was 20 inches long. Congratulations Tina!

[Myra Gotsch, AAED]



INTRODUCING...
THE LOVELY MISS
KEEGAN MICHAELA
REED!

LATEST DIRT

[Amanda Elmore, Barton Mallow]

Tempe – WestStone Communities, a Scottsdale developer, announced its plans to construct a 26-story condominium tower on Tempe Town Lake’s north shore. The Onyx Tower will include 196 condos ranging in price from \$300,000 to more than \$1 million. Included in the tower will be a lap pool, a bar area, a 10-seat movie theater and conference room.

Phoenix – W Development L.L.C. announced its plan to build a 32-story, \$100 million high-rise project featuring 204 residential units, 8,000 square feet of retail, a pool deck and rooftop party/meeting rooms. The project, entitled Omega, will be located at the 2nd Avenue and Adams.

Green Valley – Along South Camino de la Canoa, Green Valley will finally receive a recreational park which has been in the works for more than 10 years. The park will include a senior center, concession area, restrooms, picnic area, ramadas, a paved trail, dog park, basketball courts, and mesquite bosque. In addition, 21 of the 50 acres will be used for the construction of softball diamonds.

Sierra Vista – The Sierra Vista Economic Development Foundation (SVEDF), in conjunction with the City of Sierra Vista, has announced the opening of Southwest AeroTech located at the Sierra Vista Airport. Southwest AeroTech will provide a premium avionics repair center servicing general aviation and corporate aircraft. It meets the needs of the aviation community throughout the southern half of the state and into New Mexico.

“It’s more important than just five new jobs for the community,” says Barry Albrecht, CEO of Sierra Vista Economic Development Foundation. “It’s part of an adjusted plan that will encompass

the attraction and facilitation of new, smaller aviation-related business that will generate economic momentum for the airport and the community.”

Congratulations to the Sierra Vista Economic Development Foundation, CEO Barry Albrecht and his staff in working together with the City of Sierra Vista management to ensure the success of this project.

Chandler – A \$100 million mixed-use facility including 342 condominiums, retail space, offices and restaurants is being planned on 12 acres near Chandler Fashion Center.

Tucson – Global Investment Recovery has acquired a 44,000 square foot facility at 820 S. Euclid Avenue. The company which recycles computers, telecommunications equipment, consumer electronics and military electronics, plans to employ 85 individuals.

Yuma – Global Entertainment is proposing to build a \$50 million multi-purpose events center in Yuma, and bring in the Central Hockey league—the question is, will the community support the public-private partnership?

Glendale – Delta Dental is constructing a 31,350 square foot corporate headquarters in the Talavi Business Park. They plan to

begin operations at that site in October 2007.

91 Glendale, a corporate office park anchored by the Wells Fargo Regional Center, is currently under construction at 91st and Glendale Avenues. The site will include 3 office buildings, a branch bank, and two retail/office pads. There will be approximately 135,000 square feet office for lease at build-out. Phase I is scheduled for completion in third quarter 2007.



Latest Dirt, continued from page 4

Opus West has broken ground on a spec office development at Missouri and 99th Avenues. Total build-out will provide 300,000 square feet of Class-A office space for lease or sale. Phase I, scheduled for completion in the first quarter of 2008, includes 1 three-story, 2 two-story and 2 single-story office buildings totaling more than 189,000 square feet.

Coca-Cola recently held the grand opening of their new 126,000 square foot distribution center located in Glendale Airpark.

Does your community have some "DIRT" to share? Send your contributions to the editor, Rbusch@ScottsdaleAZ.gov.

Have a story idea for the UPDATE?

We want to hear from you!
Write the editor at rbusch@scottsdaleaz.gov.

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AAED TRIBAL ECONOMIC DEVELOPMENT COMMITTEE

2007 Update

[Patricia Krogh, Tribal Economic Development Committee Member]

This past fall, AAED held a tribal showcase with the Salt River Pima-Maricopa Indian Community on October 10. Vickie Goergen chaired this successful event which had a total of 150 attendees and presented opportunities to not only listen to speakers from several Salt River Pima-Maricopa enterprises and find out how to do business with the community, but also offered a bus tour to various enterprise sites. Sponsors and members of the committee also enjoyed a cocktail hour and dinner with several representatives from the Salt River Pima-Maricopa Indian Community the night before the showcase. A wrap-up meeting to review the October showcase was held in January and the committee is currently seeking a Native American community to showcase in the fall of 2008. Vickie Goergen has agreed to chair the project again this year.

On January 15, Committee Vice Chair Levi Esquerra invited a number of representatives from Native American communities to meet with AAED members the day before the annual Tribal Legislative Day at the Arizona State House. The committee continues to reach out to Native American representatives to establish how AAED can bring value to Indian Country while encouraging association membership and participation on the Tribal Economic Development Committee.

Representatives from the Pascua Yaqui Tribe, Gila River Indian Community, Navajo Nation, White

Mountain Apache Tribe and the Tohono O'odham Nation attended and expressed they would like AAED to be an educational resource in the area of best practices for economic development and provide networking opportunities with legislators, Arizona Department of Commerce and other state agencies. As a result, the committee is researching how it can cooperate with the Center for American Indian Economic Development (CAIED) which is holding an economic development best practices workshop for Native American representatives in August. Committee Member Miguel Bravo also continues to fine-tune a PowerPoint presentation on economic development basics while Committee Member Joe McClure is working on a revision of a white paper on workforce development. Both of these projects will be offered as resources to Native American communities.

In February, the committee welcomed guests from the Gila River Indian Community (GRIC), GRIC Economic Development Planner David Jacome and GRIC Leasing/ Contracting Coordinator Elaine Blackwater and encouraged their participation in AAED and the committee. Committee Chair David Kash and Vice Chair Levi Esquerra will work with the committee for the next few months to revise the 2007-08 Action Plan to reflect the feedback gathered in the January meeting with tribal representatives.

Board Elections

The Ballots for the 2007-08 AAED Board Elections have been sent out. The deadline for them to be received in the AAED Office is close of business on Thursday, April 19th.

Please take a moment and look over the bios of the candidates enclosed in your ballot mailing. You will see what outstanding candidates we have running for seats on our Board of Directors. Remember, you chose your leadership.

Don't bypass the opportunity to support your candidate!

CALENDAR OF EVENTS

MAY

May 2, 3, 4

2007 AAED Spring Conference, "Arizona at the tipping point... igniting the future" at the Nautical Inn in Lake Havasu City

May 17

Southern Arizona Luncheon
Joint meeting of AAED and Marana Chamber of Commerce at StarDance Center in Marana
Program speaker: U of A President Dr. Robert Shelton

JUNE

June 5

Phoenix Luncheon – Program is the Economic Impact of Westgate "Leveraging Your Community Thru Sports and Entertainment"
A panel will speak consisting of: Brad Parker, Vice President of Public Affairs, AZ Sports & Tourism Authority, Mike Bucek, Senior Vice President & Chief Marketing Officer, Phoenix Coyotes, Dave Groff, President, Westgate Live, and Jack Lunsford, President/CEO Westmarc.

AUGUST

August 15, 16, 17

Governor's Rural Development Conference, Hilton El Conquistador, Oro Valley



SEVERAL MEMBERS OF AAED RECENTLY GRADUATED FROM THE UNIVERSITY OF OKLAHOMA'S ECONOMIC DEVELOPMENT INSTITUTE INCLUDING, DINA SERIN FROM AVONDALE, JULIE ENGLE FROM YUMA, RAFAEL TAPIA FROM THE ARIZONA DEPARTMENT OF COMMERCE, AND MEGAN GRIEGO FROM FOUNTAIN HILLS (PICTURED HERE).

AAED Update

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Photo, top of page 1: Marana Airport as viewed with a beautiful Arizona sunset