

Economic Development Strategy 2024-29

City of Flagstaff

April 2024



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INTRODUCTION



This report presents an integrated Economic Development Strategy 2024-29 for the City of Flagstaff.

The strategy positions the City of Flagstaff to make incremental progress on four key economic development priorities over the next five years, while laying the economic foundation in anticipation of future development needs and opportunities over the next 10 to 20 years.

Recommendations are designed to produce tangible effects in the short-term and lay the foundation for long-term economic and social growth.

The Community Aspires To:



Within the next year: Become more collaborative, balanced, focused, resilient, forward-thinking, viable, vibrant, and united



Over the next five years: Develop clarity of purpose and growth to achieve overall stability, with an increased sense of focus and tangible outcomes



Over the next 10 years: Be vibrant and moving ahead, with improvements, innovations, and a shared identity rooted in growth targets

The following strategy provides direction to the community to advance these targeted outcomes.



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The Economic Development Strategy 2024-29



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THE STRATEGY

The City of Flagstaff Economic Development Strategy 2024-29 was developed using evidence and insights from the community.

More than 34,000 data points were collected and reviewed as part of the planning process to identify strengths, capacities, and assets in the community.

The goal of this strategy is to leverage Flagstaff's unique value proposition, competitive advantages, and strategic initiatives to position the city an ideal location to live, work, and invest.



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A COLLABORATIVE, EVIDENCE-BASED STRATEGY

OVER

490

survey responses
collected

OVER

34,000

data points
collected

7

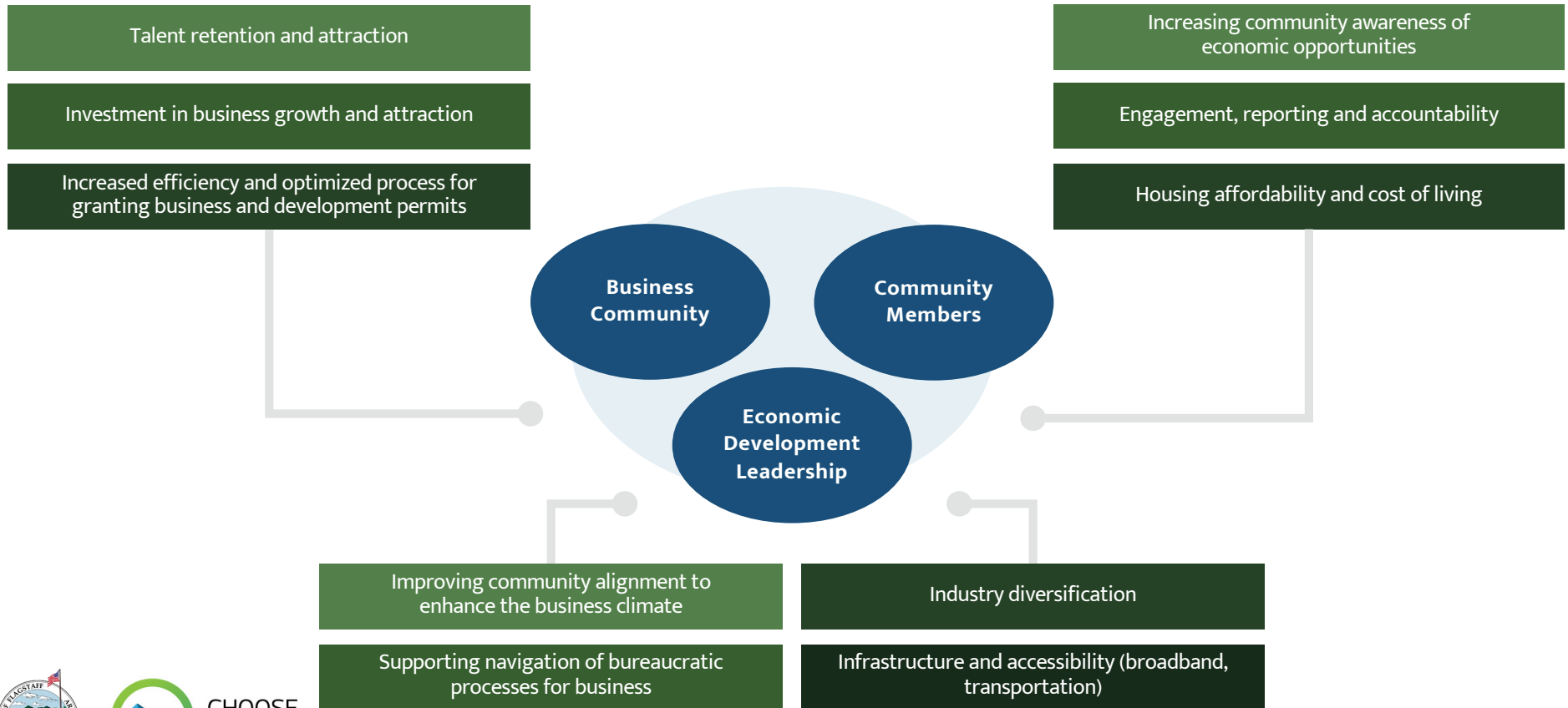
focus groups
completed



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COMMUNITY PARTICIPATION IN THE PLANNING PROCESS



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HOW TO USE THE STRATEGY AND MATERIALS

Use the Economic Development Strategy To:

- Promote Flagstaff's economic development vision, mission, high-level supporting evidence, and tangible plan of action
- Communicate direction, including the “why” and the “how” of the strategy

Use the Background Research Document To:

- Provide detailed data and evidence, including comparative matrices, stakeholder feedback, asset mapping, sector details, workforce and business counts, and other data inputs
- Elaborate on recommendations in the strategy and provide reference information for supporting organizations
- Guide future data collection



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Mission

To support and enhance economic growth and well-being for all.



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Vision

The City of Flagstaff has a diverse and resilient economy with a united community that promotes sustainable growth, innovation, and opportunity.



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The Strategic Framework



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Vision

The City of Flagstaff has a diverse and resilient economy with a united community that promotes sustainable growth, innovation, and opportunity.

Priority Sectors



Astronomy



Food Processing



Forestry Products



Health Care



Manufacturing

Mission

To support and enhance economic growth and well-being for all.

Pillars for Impact

Focus and Positioning

Branding and Awareness

Sustainable Economic Development

Community Ecosystem Development



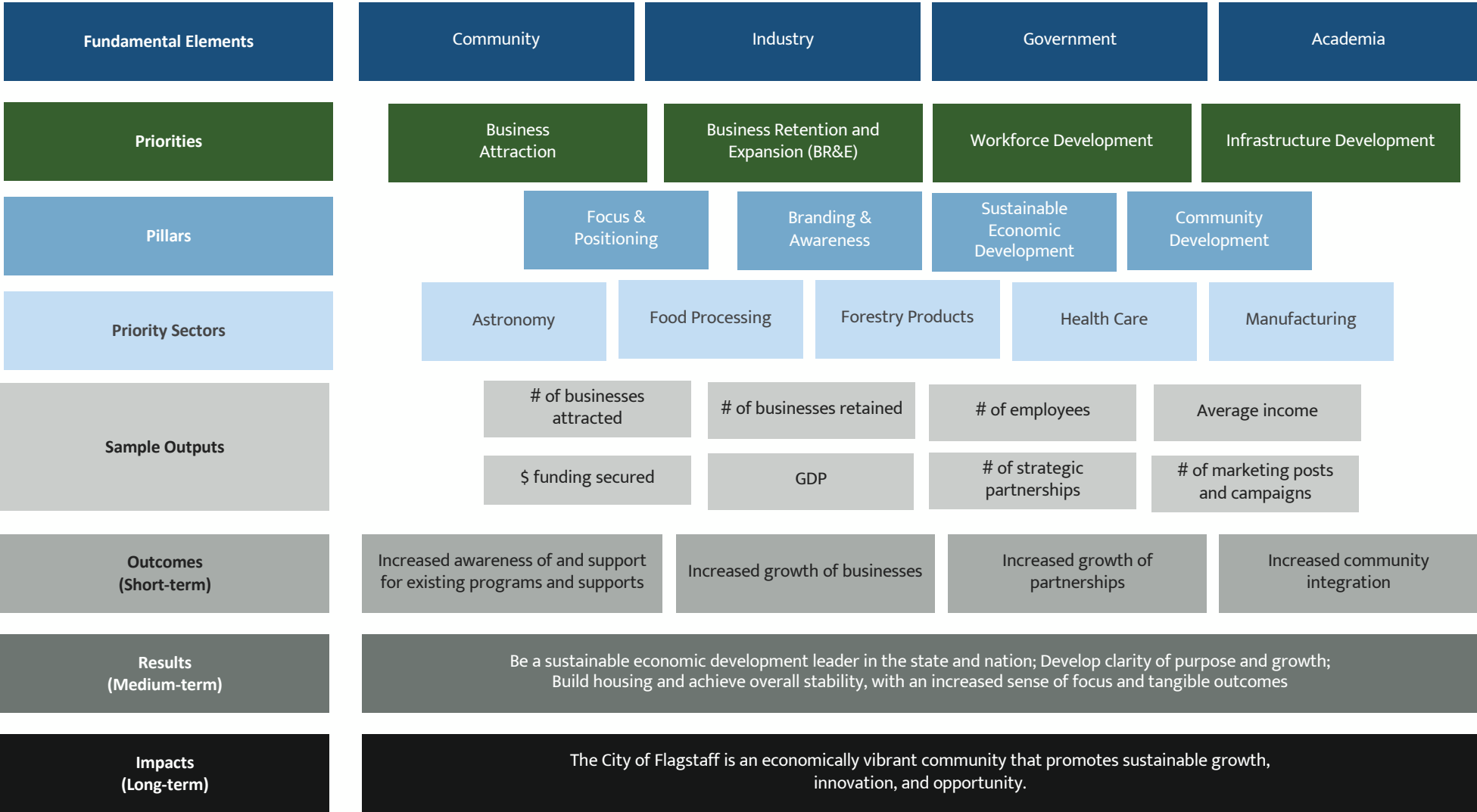
Economic Development Priorities

**Business
Attraction**

**Business
Retention &
Expansion
(BR&E)**

**Infrastructure
Development**

**Workforce
Development**



Sample Outputs	Number of businesses attracted Number of businesses retained Number of employees Average income Dollars of funding secured GDP Number of strategic partnerships Number of marketing posts and campaigns
Outcomes (Short-term)	Increased awareness of and support for existing programs and supports Increased growth of businesses Increased growth of partnerships Increased community integration
Results (Medium-term)	Be a sustainable economic development leader in the state and nation Develop clarity of purpose and growth Build housing and achieve overall stability, with an increased sense of focus and tangible outcomes
Impacts (Long-term)	The City of Flagstaff is an economically vibrant community that promotes sustainable growth, innovation, and opportunity

PILLAR ONE: FOCUS & POSITIONING

WHY?

Focusing on a few priority sectors will help the City of Flagstaff **maximize its efforts and impact** over the next five years.

Priority sectors have been chosen by reviewing areas of strength for the City of Flagstaff.

Promoting and enhancing these sectors can help drive business attraction, retention, and expansion in the city, county, and beyond.

Pillar One: Focus and Positioning

- Identify and Mobilize Priority Sectors
- Explore Adjacent Sectors
- Align the Talent Pipeline



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PILLAR TWO: BRANDING & AWARENESS

WHY?

A stronger brand will help **shape perceptions about Flagstaff, communicate the city's unique strengths, and support business and workforce attraction efforts.**

Promoting Flagstaff services and supports will **help more businesses find and use resources.**

Pillar Two: Branding and Awareness

- Brand the City of Flagstaff
- Communicate Flagstaff's Unique Value Proposition
- Enhance Workforce Partnerships
- Increase Awareness of Sector Strengths and Resources
- Raise Community Awareness of City Policies, Procedures, and Supports



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PILLAR THREE: SUSTAINABLE ECONOMIC DEVELOPMENT

WHY?

Flagstaff is a standout for its natural wonders and outdoor recreation. To **protect this value proposition while also promoting economic growth**, the City will want to establish criteria that balance these values.

This pillar will also be supported by recommendations in the Focus and Positioning pillar related to **green and circular economy convergence and high-tech industries**.

Pillar Three: Sustainable Economic Development

- Define What Sustainable Economic Development Means to Flagstaff
- Establish Metrics for Sustainable Economic Development that Support Municipal Climate Action Targets
- Attract and Expand Businesses That Align With City Criteria for Sustainable Development
- Identify Opportunities for Infrastructure Expansion
- Explore Funding Opportunities
- Enhance Business Supports That Promote Sustainable Economic Development



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PILLAR FOUR: COMMUNITY ECOSYSTEM DEVELOPMENT

WHY?

Building and maintaining strong stakeholder relationships will allow the City to:

- act as a **convener** for economic development activities; and
- **connect people and organizations with resources** they need to succeed.

Nurturing a strong network of community support, the economic development team can **respond to broader challenges such as infrastructure needs.**

Pillar Four: Community Development

- Pursue Funding to Address Infrastructure Challenges
- Strengthen Community Partnerships
- Formalize Relationships With Business Support Organizations



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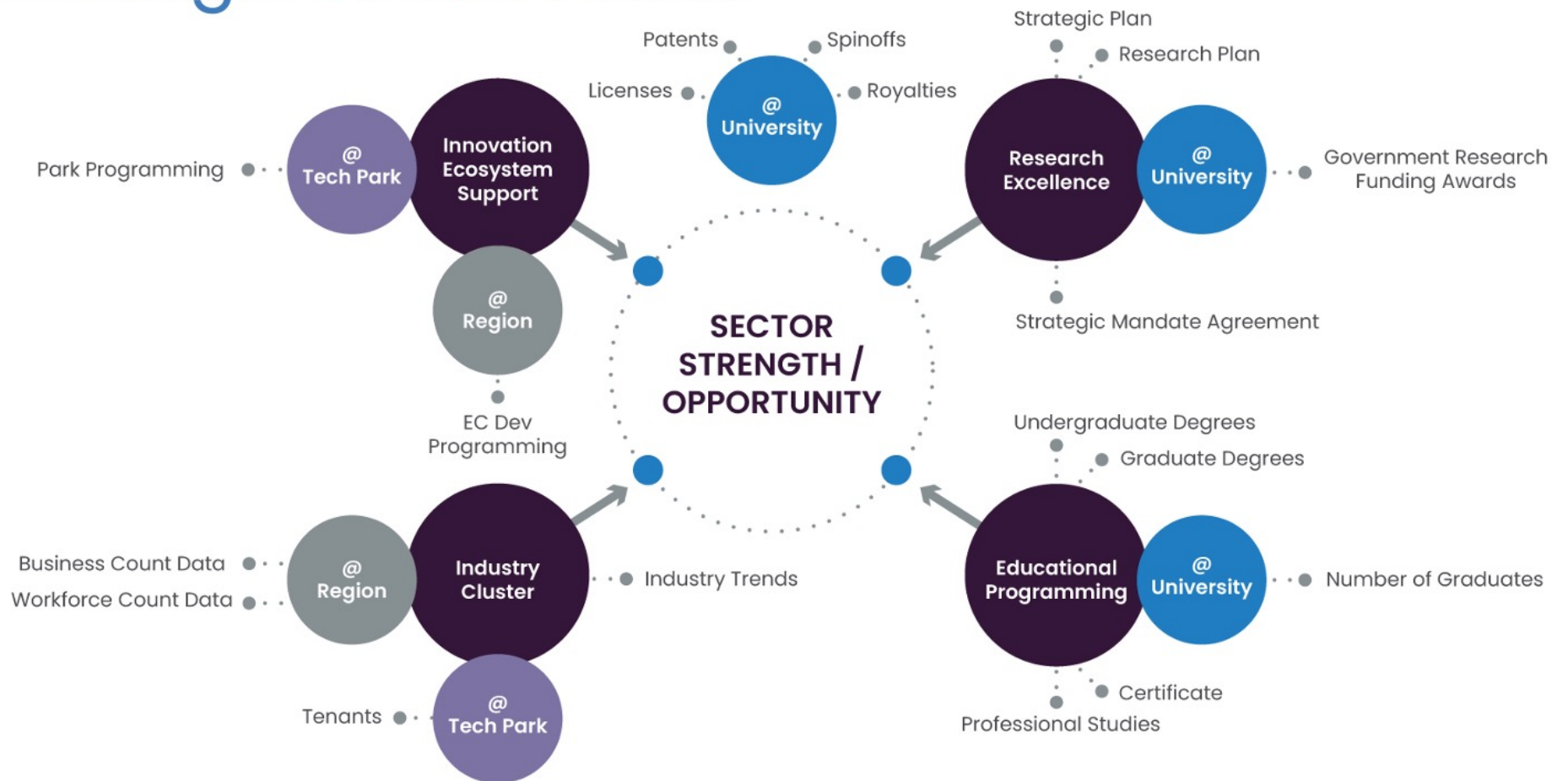
The Sector Strategy



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Strategic Sector Focus



✓ **Gross Regional Product**
The sector's contribution to the total regional gross domestic product, indicating outputs in the sector.

✓ **Workforce Counts**
The number of individuals employed in the sector, indicating its size and potential impact on the local job market.

✓ **Total Regional Sales**
The total sales revenue generated in the sector, highlighting outputs in the region and market size.

✓ **Job Postings**
The number of job openings in the sector, which can indicate demand for labor and sector growth.

✓ **Research Expenditures**
Funds spent on research activities in the sector, indicating a focus on innovation and development.

✓ **Natural Assets**
The region's natural resources and environmental features that can be leveraged for economic activities.

✓ **Infrastructure and Location Assets**
The presence of accessible roads, bridges, and broadband, that support connectivity within the sector.

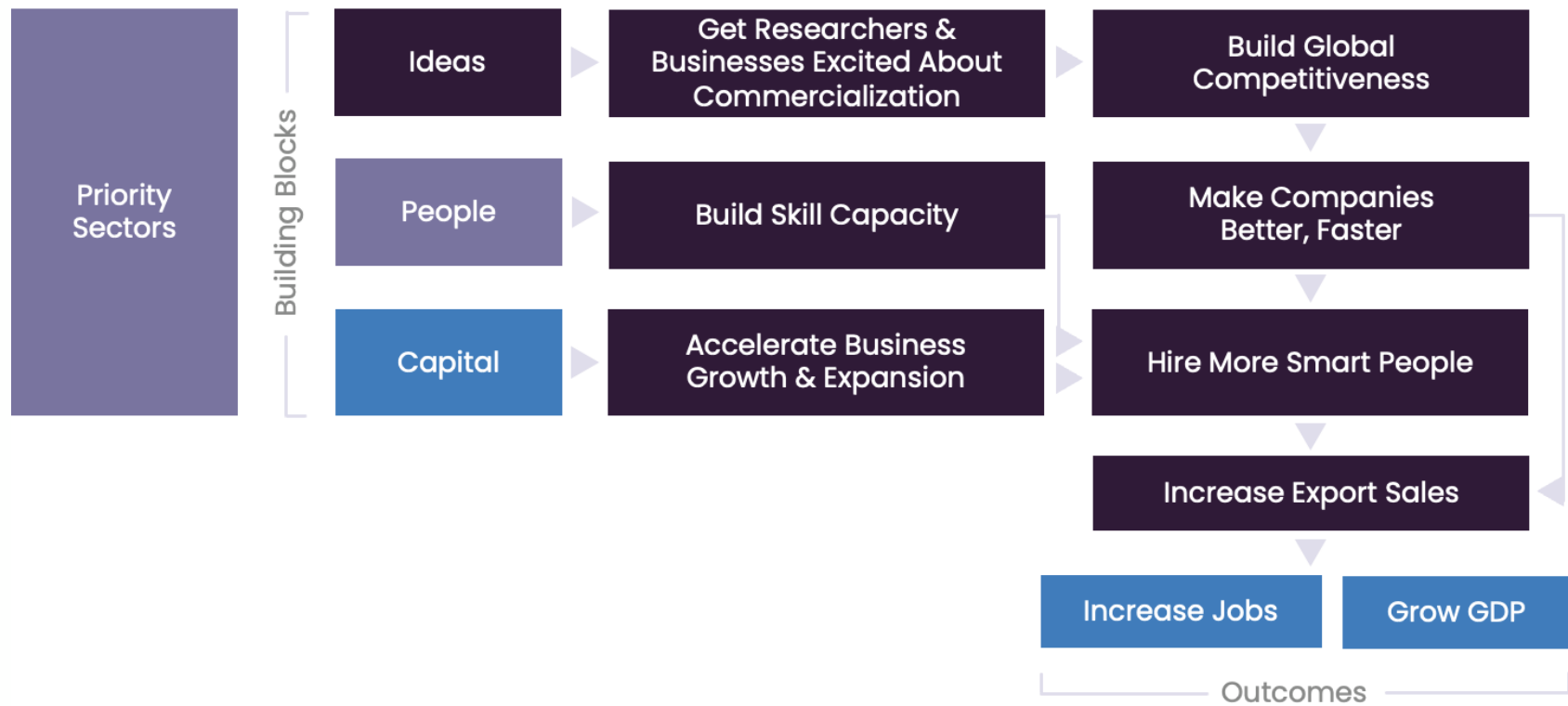
✓ **Research Organizations**
The presence and activities of research institutes and centers that support the sector's development and innovation capacity.

✓ **Post-secondary Programs**
Educational programs offered by local universities and colleges that provide skilled labor to the sector.

✓ **Emerging Trends**
New and evolving innovations in the sector that have the potential to impact its growth and sustainability.

✓ **Industry Clusters**
Concentrations of interconnected businesses, in the sector, which can drive economic performance.

What's the Point?



Priority Sectors in the Future

Priority sectors identified in the present column recognize Flagstaff’s existing strengths and their future growth potential. Adjacent sectors present opportunities for Flagstaff to build on and incorporate existing strengths within future green and next generation technology industries, supporting further differentiation and diversification.

Promoting and enhancing these sectors can help drive business attraction, retention and expansion.

Past	Present	Future (+Green Economy / Circular Economy)	Next Generation (+ICT)
Astronomy	Astronomy	<ul style="list-style-type: none"> •Dark Skies •“Astronomers for Planet Earth” – Center of education for climate change 	<ul style="list-style-type: none"> •Space •Optics / Lasers / Fiber •Imaging and Sensing •Artificial Intelligence and Robotics
Agriculture / Animal Husbandry	Food Processing	<ul style="list-style-type: none"> •Craft Brewing •Local Food 	<ul style="list-style-type: none"> •Beer 4.0 •E-Commerce
Logging / Timber / Forestry	Forestry Products	<ul style="list-style-type: none"> •Forestry Restoration and Management 	<ul style="list-style-type: none"> •Precision Forestry Management •Big Data / Predicting Modeling / Management Software •Drones and Remote Sensing •Biomass
Health Care	Biomedical/ Health Care	<ul style="list-style-type: none"> •Life Sciences and Biosciences 	<ul style="list-style-type: none"> •Medical 3-D Printing and Bioprinting •Artificial Intelligence and Robotics •AR and VR •Wearables •Connected Devices (Internet of Things) / “Internet of Medical Things”
Manufacturing	Manufacturing	<ul style="list-style-type: none"> •Sustainable Practices in Manufacturing 	<ul style="list-style-type: none"> •Additive / Advanced Manufacturing •Industrial Internet of Things



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Astronomy



Manufacturing



Biomedical / Health Care



Food Processing



Forestry Products

7

Postsecondary Programs
(at Flagstaff PSEs)

19

Postsecondary Programs
(at Flagstaff PSEs)

46

Postsecondary Programs
(at Flagstaff PSEs)

14

Postsecondary Programs
(at Flagstaff PSEs)

55

Postsecondary Programs
(at Flagstaff PSEs)

99

Job Postings
(between December 2022 and December 2023)

618

Job Postings
(between December 2022 and December 2023)

2,229

Job Postings
(between December 2022 and December 2023)

32

Job Postings
(between December 2022 and December 2023)

109

Job Postings
(between December 2022 and December 2023)

178

Workforce (2022)

3,078

Workforce (2022)

8,094

Workforce (2022)

371

Workforce (2022)

136

Workforce (2022)

\$27.3M

R&D Expenditures
at NAU in related fields
(2017 to 2021)

\$33.8M

R&D Expenditures
at NAU in related fields
(2017 to 2021)

\$180.4M

R&D Expenditures
at NAU in related fields
(2017 to 2021)

\$18.7M

R&D Expenditures
at NAU in related fields
(2017 to 2021)

\$36.3M

R&D Expenditures
at NAU in related fields
(2017 to 2021)

Astronomy

With its unique environmental assets and a growing workforce and business community in information technology, Flagstaff has an opportunity to establish itself as a leader in the astronomy sector. This sector was strategically chosen based on its overall alignment with Flagstaff's tourism strengths and sustainability-related goals. Astronomy offers growth opportunities with low environmental impact and high-wage job creation potential.

14.2% growth

In astronomy related occupations in Flagstaff from 2017 to 2022

A history of cutting edge research

At the Lowell Observatory in Flagstaff which was named one of the "World's 100 Most Important Places"

\$27.3 million

Physical sciences research expenditures between 2017 and 2021 at Northern Arizona University

7 programs

Supporting training and development in astronomy at Northern Arizona University, including specializations in: astrobiology, astrochemistry, astronomy, and planetary science.

99 job postings

In Flagstaff in astronomy and related industries between December 2022 and December 2023

Industry leading

Astronomy organizations such as: Lowell Observatory and the US Naval Observatory

Potential Sub-Sectors

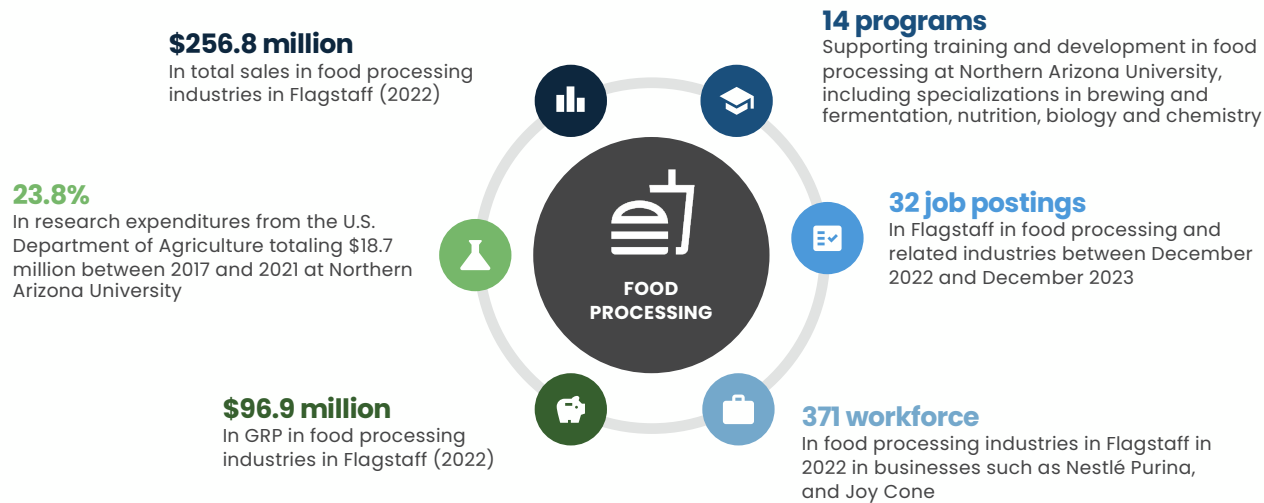
- Dark skies
- Space
- Optics/ Lasers/ Fiber
- Imaging and Sensing
- Artificial intelligence and robotics



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Food Processing

Flagstaff is home to major food processing businesses in Dog and cat food manufacturing and Cookie and cracker manufacturing. These businesses support hundreds of jobs and provide a solid foundation for further development. Benefitting from Flagstaff's strategic location between major urban markets and from the city's high-quality transportation and logistics infrastructure, this sector is poised for further development. Growth in this area could support enhanced affordability and food security solutions, contributing to Flagstaff's overall economic resilience.



Potential Sub-Sectors

- Craft brewing
- Local/ sustainable food
- Beer 4.0
- E-commerce

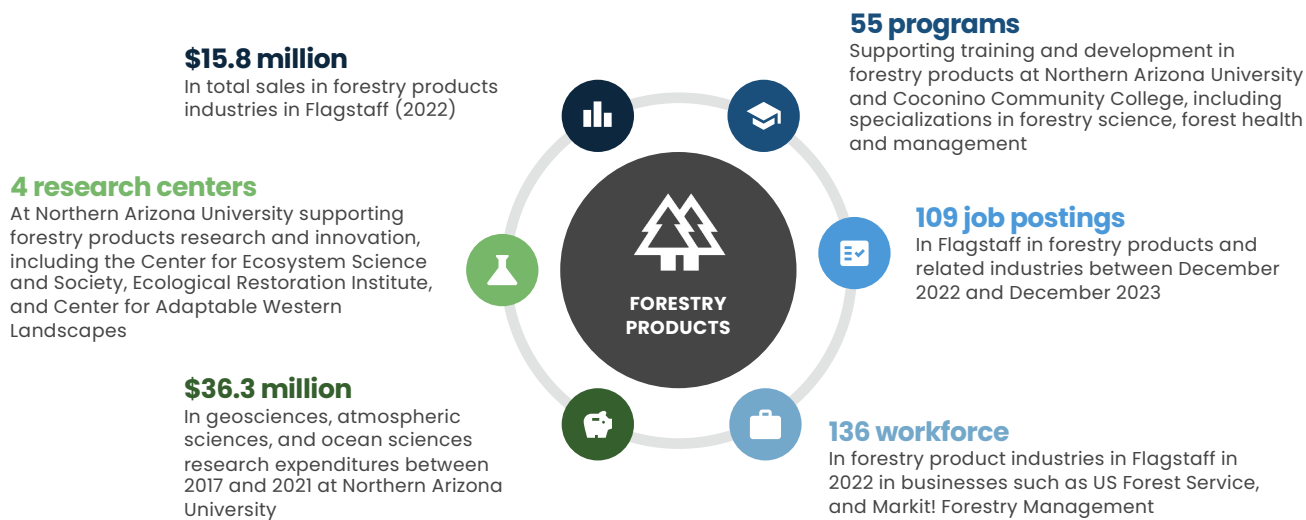


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Forestry Products

The forestry products sector accounts for 40.0 percent of Flagstaff's research organizations, indicating potential untapped commercialization and employment opportunities for Flagstaff in this sector. With future opportunities in forest health and restoration, building on this sector also aligns with Flagstaff's overall sustainability goals and contributes to community health and environmental resilience.



Potential Sub-Sectors

- Forestry restoration and management
- Precision forestry management
- Big data/ predictive modelling/ management software
- Drones and remote sensing
- Biomass innovation



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Biomedical / Health Care

Biomedical and Health care is one of Flagstaff's strongest sectors and demonstrates considerable potential for growth and diversification. This sector was strategically chosen for its potential to address regional infrastructure needs, create high-wage job opportunities, and contribute to Flagstaff's overall community and economic resilience objectives.

The second-largest industry cluster

in Flagstaff is medical devices, which employs over 1,500 people

4 research centers

at Northern Arizona University focused on health research and innovation, including the Center for Health Equity Research and the Pathogen and Microbiome Institute

\$180.4 million

In life sciences research expenditures between 2017-21 at Northern Arizona University

46 programs

Supporting training and development in health and life sciences at Northern Arizona University and Coconino Community College, including specializations in public health, medical and health sciences, nursing and paramedicine

2,229 job postings

In Flagstaff in health and life sciences industries between December 2022 and December 2023

8,094 workforce

In health and life sciences industries in Flagstaff in 2022 in businesses such as the Flagstaff Medical Center and Northern Arizona Home Healthcare



Potential Sub-Sectors

- Life sciences and biosciences
- Medical 3-D printing and bioprinting
- Artificial intelligence and robotics
- AR and VR
- Wearables
- Connected Devices (internet of things)/ internet of medical things



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Manufacturing

The manufacturing sector is well established in Flagstaff, with strong concentrations of workers in surgical and appliance supplies manufacturing, food and medical manufacturing, and surgical and medical instrument manufacturing. The sector benefits from Flagstaff's strategic location between major urban markets, quality transportation and logistics infrastructure, as well as a skilled workforce – all of which can support sector growth and diversification in the city.

The 5th largest industry cluster

in Flagstaff is food processing, which employs over 600 people

Flagstaff is 14x more specialized

In biomedical manufacturing than any other city in the United States

\$33.8 million

In engineering, and computer and information science research expenditures between 2017-21 at Northern Arizona University



19 programs

Supporting training and development in manufacturing at Northern Arizona University and Coconino Community College, including specializations in mechanical engineering, mechatronics and robotics engineering, and construction technology

618 job postings

In Flagstaff in manufacturing and related industries between December 2022 and December 2023

3,078 workforce

In manufacturing industries in Flagstaff in 2022 in businesses such as Nestlé Purina Petcare, W.L. Gore and Associates, and Novakinetics AeroSystems

Potential Sub-Sectors

- Sustainable practices in manufacturing
- Additive/ advanced manufacturing
- Industrial Internet of Things



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Discussion



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