WEEKLY UPDATE

COMMUNITY DEVELOPMENT DEPARTMENT

FRIDAY 13JULY 2007

CITY OF TEMPE ARIZONA

THE SMART PLACE TO BE®

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SUCCESSFUL INDEPENDENCE

More than 45,000 visitors visited **Tempe Beach Park** on July 4th to watch a stunning, 40-minute fireworks display bursting over **Town Lake**. It's difficult to determine how many people watched the display from surrounding park areas and roads. A gathering of vehicles enjoyed the display from the **Tempe Marketplace** parking lot. For the first time, boats with official Town Lake permits were allowed to be on the water east of the marina. The light rail bridge was illuminated for an additional patriotic color burst. KPHO-TV 5 once again broadcast the display live and highlights of the show were replayed over and over during the weekend.

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NORTHSHORE

Northshore recently celebrated the construction of its five levels of building, including the roof trusses and roof decking. The "Top Out" party included about 100 workers, VIPs, Management Team [pictured left], and even developers of other projects. While it is traditional to have a pine tree crested at the building's pinnacle, this is Arizona, so the construction team used an orange tree instead [pictured right]. Only two units remain for sale in the Northshore development. Construction of this **WestStone** project may be complete by year's end. **northshoreaz**.com/home.html

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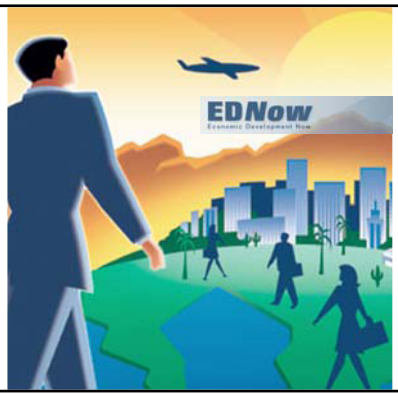

ECONOMIC DEVELOPMENT NOW

The **International Economic Development Council** [IEDC] **National Conference** will be held in Phoenix this fall from September 16-19. Economic Development Director, **Sheri Wakefield-Saenz** has served as the Program Chair for the conference with a theme of ***Economic Development in the 21st Century: New Leadership, New Models***. Tempe will be showcased to leaders from around the globe during conference events such as the Sunday tour - ***"Tempe and the New American University."***

In advance of the nearly 2,000 City Council members, economic development professionals and site location consultants traveling to Phoenix in September, Tempe is showcased in this month's IEDC newsletter, *Economic Development Now*. The July 9 issues features the success story of our Downtown and Town Lake revitalization [see attached article, page 3].

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MAY THE FORCE BE WITH YOU

Harkins Theatres raised $20,000 for Tempe charities at its opening gala. The theater opened June 27 with 'Star Wars' on Arizona's largest movie screen. 'Star Wars' is a historic movie for Harkins, as the original **Ciné Capri** screened the film to sell out crowds for more than a year. Darth Vader and a variety of storm troopers and other characters guarded the crowd of more than 700. In fact, the crowd was so large that not everyone could fit into the theater, so **Dan Harkins** rolled out a never-been-seen copy of the new 'Die Hard' movie and played it on one of the other screens. Harkins' connection to Tempe runs deep, as his family once showed movies at **Tempe Beach Park** and also opened Tempe's first movie theater, what is now called the **Valley Art** [**College**] **Theatre** in 1940. Plans are to run a more diverse showing of films at **Centerpoint**, including documentaries, independent films and foreign choices, in keeping with Tempe's eclectic nature. **Tempe Marketplace 16** offers the **Ciné Capri** theater with state of the art sound and cushy rocker seats and 15 other screens.

harkinstheatres.com

"The business world rewards a long-term perspective more than the political world does."

— Al Gore, Founder, Generation Investment Management

CHILDREN'S GALLERY

While working with the **Tempe Historical Museum** staff to develop the ***Project Planning Guide*** for the Museum's upcoming renovation, **Community Design Studio** staff have also assisted in preparation of a grant application to fund a "**Children's Gallery**". Currently, the Museum offers little for toddlers and youngsters ages two through eight. The Gallery will provide a dedicated young children's area and pursue a "family learning" approach with something appealing for all ages.

rendering: Mark Vinson

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ParkiT HERE, FIRST HOUR FREE

After much discussion and planning, the **DTC Parking Cooperative** rolled out a revised parking rates and validation program. Among the changes are increases in monthly permit fees, hourly and daily rates. Another significant change is the elimination of the two-hour validation program in favor of granting the first hour free with no validation - $1.00 and $2.00 validations will now be available. These changes were needed to meet the market demand and to keep pace with the parking charges and policies recently enacted by **ASU**. This week the **Mill Avenue District** business owners were notified of these changes, and will be providing feedback on the program.

ParkiT™

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COMMUNITY DEVELOPMENT *YEAR IN REVIEW*

The **Community Development** team shared Klondike bars while watching the *Year in Review* at **Hatton Hall**. **Chris Salomone** welcomed new staff and led the team through a PowerPoint of the staff's accomplishments for 2006. Salomone also discussed the goals that came out of the City Council retreat and how they would affect Community Development. "Cities three times our size don't have the kinds of business and development we do," he said, and thanked staff for hard work. He also complimented staff on the **H.O.P.E.** [Homeless Outreach Program Effort] and **Housing** program efforts and the number of code compliance calls made. The *Year in Review* will soon be available on the Community Development website.

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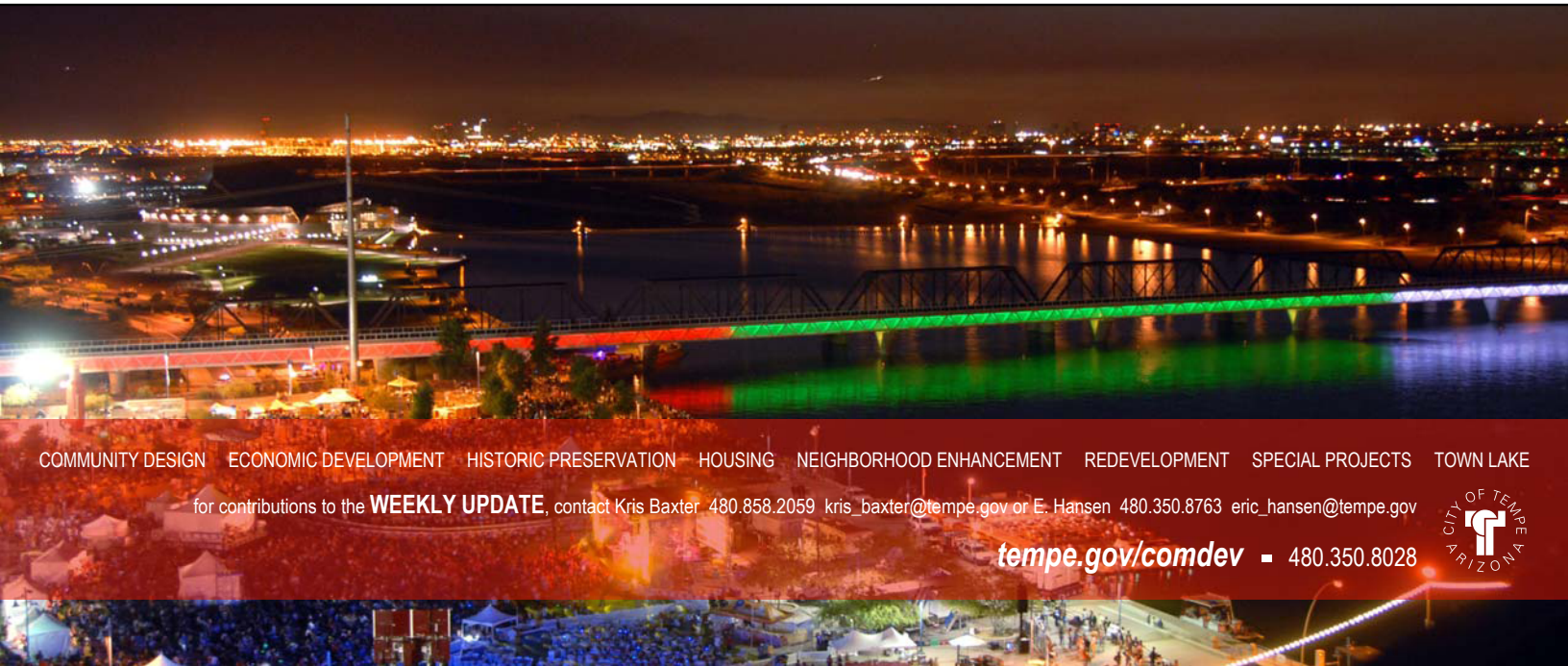

COMMUNITY DESIGN ECONOMIC DEVELOPMENT HISTORIC PRESERVATION HOUSING NEIGHBORHOOD ENHANCEMENT REDEVELOPMENT SPECIAL PROJECTS TOWN LAKE

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CITY OF TEMPE ARIZONA

EDNow
Economic Development Now

INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

July 9, 2007 / Volume 7 / Issue 13

Case Study for Urban Development: Tempe, Arizona

By Sheri Wakefield-Saenz, City of Tempe Economic Development Director

It started happening all at once – after decades of groundwork, infrastructure planning and prudent financial management. Tempe, Arizona, is experiencing a development boom that is changing this formerly mid-rise, mid-income community to one of multiple high-rises and luxury developments. More than 50 major development projects worth at least $2 billion are under way in a 40-square-mile city that's landlocked by other municipalities. What spurred the transformation of this former college town into a nationally recognized urban community?

Mill Avenue and downtown redevelopment

Like so many other communities, Tempe's downtown was in decline in the 1960s. At its heart is historic Mill Avenue, part of the original I-10 highway that ran from the East Coast to California. But when the downtown Mill Avenue corridor was bypassed for a new state route, it took tourism traffic and dollars away.

"Our primary business district was a bit worn. Tempe has always been a bit counter-culture, but Mill Avenue was becoming rough," said Neil Calfee, the city's redevelopment director.

A team of redevelopment and economic specialists was formed and in the mid-1980s, Tempe began its efforts to revitalize the downtown. The city created the Mill Avenue Redevelopment Area, which allowed the use of multiple tools and incentives to facilitate projects. Some of these included:

- Sales tax rebates (multi-year transactions; construction materials)
- Property tax abatements and development fee waivers or reductions
- Land write-down
- Eminent domain and city-funded demolition to remove slum and blight
- Reduction of on-site parking requirements, or city-provided alternative parking
- Direct contribution of city funds (using CDBG) to acquire property

In addition, the city invested in infrastructure such as brick sidewalks, street trees and gas lamp-styled street lighting.

The city's work motivated the private sector to invest in the downtown district. A local development company, DMB, began assembling land for a major development featuring restaurants, retail, and office buildings, one of the first truly mixed-use projects in the country. A prime corner in the downtown, comprising 24 acres, was used to recruit a Chase Bank regional office with 2,200 employees. On a bookend corner of the downtown, a headquarters office was built for America West airlines (now US Airways' corporate headquarters), bringing an additional 1,200 jobs to support the restaurant and retail.

The transition took more than a decade, but Mill Avenue once again became the vibrant heart of the city.

Tempe Town Lake

Arizona State University (ASU) has long been a partner in Tempe's development. Opened in 1885 as a teaching school, the university since has evolved into a Class I research institute, and consistently ranks among the nation's top academic programs in business, communications and engineering. With more than 60,000 students, the university is a major economic driver for the community.

ASU played a major role in the creation of the city's largest recreation and development opportunity, Tempe Town Lake. The lake's origins lie in the Salt River Project, a series of dams constructed decades ago to make the river safer, create electricity and preserve water for irrigation. Unfortunately, it also created a dry riverbed, which became an eyesore and an illegal dumpsite.

Something had to be done. In 1966, ASU's Dean of Architecture, James Elmore, challenged his students to design something that would revitalize the area adjacent to the Mill Avenue District. The design was for an urban lake that ran for many miles along the Salt River, surrounded by retail shops, offices and restaurants. The plan originally extended through neighboring Phoenix and Mesa, but when it went before voters in the 1980s, only Tempe residents passed the measure. Rather than giving up on the concept, Tempe City Council went forward with a modified plan, out of which came Tempe Town Lake.

The project took more than three decades. Through the efforts of congressional representatives, the state legislature, the Flood Control District of Maricopa County and local leaders, Tempe was able to secure $300 million in funding to channelize the land and remove thousands of tons of trash, tires, junked cars and appliances. Purchasing everything from inflatable dams to bike racks for surrounding park space, the City of Tempe took on the expense to build the lake ($44.8 million), through the formation of a Community Facilities District (CFD).

The CFD makes the lake and surrounding development a public-private partnership. Each parcel's assessment is calculated based on linear lake frontage, distance from the lake itself and developable square footage. As land is sold and developed, money is paid back into the city coffers for the lake's annual operating expenses, as well as a percentage of the original construction costs for the lakefront land. The initial public investment in the park system surrounding the lake was kept low to encourage development and allow the private sector's influence on the look and feel of the project. Development and recreation space co-exist at nearly a 60/40 split.
With this plan in place, Tempe Town Lake opened in 1999.

The creation of this two-mile lake turned more than 800 acres of formerly undeveloped land into an oasis of opportunity. Water in the desert is a rare commodity, so the lake environment has become a prime destination for Class A office users such as KPMG and Monster Worldwide, as well as thousands of luxury condominiums.

Creating the 'There' there

SunCor Development Company had the foresight to purchase the land where Mill Avenue crosses over the top of Tempe Town Lake and built a mixed-use development with condominiums, Class A office, restaurants and retail at the entrance to Tempe's main business corridor. Construction on this project began in 2000, the same time an economic slump hit the entire nation, and the initial phase of the project developed cautiously.

Yet it wasn't the new development that initially activated Town Lake, but a series of events that were recruited, planned and executed. From dog walks to triathlons, Tempe Town Lake opened its shores to special events. The success of these smaller events was used to lure larger events. The Fiesta Bowl Block Party, traditionally held on Mill Avenue, was extended to Tempe Town Lake. The first Fourth of July celebration surprised everyone with massive attendance that blocked traffic for hours. Eventually, the event calendar has become filled with a combination of national and community events, including Ironman Arizona, PF Chang's Rock-n-Roll Marathon, AVP Pro Beach Volleyball, and many others.
Events have generated more than $60 million in tourism revenues annually and untold amounts of free publicity. Tempe Town Lake became the state's second most popular attraction in 2005, just after the Grand Canyon.

The events and attractions at Town Lake, as well as national marketing, have contributed to the surge of development. At least 10 high-rise towers, including offices and condo buildings, are under construction or were recently completed. In addition, the publicly approved and funded $60 million Tempe Center for the Arts opens September 8, 2007.

In 2005, the Tempe City Council sold a much-litigated, 27-acre parcel of land on the banks of Town Lake for $42 million, land that originally had been given away in order to incent development shortly after the lake was built. The Pier at Town Lake, a $1 billion mixed-use development planned for the site, will feature a resort hotel, 500,000 square feet of Class A office, more than 1,000 condominiums and nearly 1 million square feet of high-end retail.

Development brings business

The development of Town Lake and redevelopment of Mill Avenue have not just encouraged new construction, but also helped attract between 20 to 30 new corporate locations in the community annually, including Fortune 500 companies such as Smith Barney and Freescale. Job growth has consistently held at 2,200 to 3,600 jobs per year.

SunCor's first Class A office building leased out almost instantly. Its second building, nearly twice as large, is more than 90 percent occupied just two months after opening, and a third is under construction. Class A office lease rates in Tempe are commanding $28-$40 per square foot.

In addition to corporate locations, our team added a retail recruitment specialist and a technology specialist to build those sectors.

- *Retail recruitment:* Shopping is the most popular activity for Tempe tourists, according to recent Convention and Visitors Bureau statistics. The retail program has helped the community to maximize the influx of tourist dollars and draw record-high levels of new sales tax revenue. Our focus on retail has netted the state's only IKEA store, many millions of square feet of new stores, and rehabilitation of many storefronts and neighborhood shopping centers. Today, the retail specialist's primary function is filling the more than 2 million square feet of new retail expected on the ground floor of the new high-rises under construction.

- *High technology*: The growth of technology businesses has brought with it a need for city staff with knowledge of biotechnology, nanotechnology, radio frequency advances and other scientific areas, in order to recruit new companies and assist with the development of existing technology partnerships. A significant outcome of our focus on technology is Papago Gateway Center, a 260,000-square-foot Class A biotechnology development opening later this year.

In the future

Beyond Tempe's current success, the city has much to look forward to. Le Meridien Hotel breaks ground this August, and in September, Tempe Marketplace opens nearly 2 million square feet of retail on a former Superfund site. In late 2008, a light rail system will begin operation.

Tempe continuously refines its economic development strategy by monitoring market trends and anticipating how the city can play a positive role. This means staying active in community economic development partnerships, remaining watchful of new transportation options, keeping staff current and highly trained, and using new media technology, such as podcasts and interactive maps, to market the city. While many cities would have considered being landlocked a path to decline, Tempe has turned that into a benefit by growing skyward.

On Sunday, September 16, don't miss your chance to explore Tempe's unique urban environment on the "Downtown Tempe and the New American University" tour, in conjunction with IEDC's Annual Conference. Sign up now for this insider's tour and learn firsthand how Tempe spurred its upward growth!

July 9, 2007 / Volume 7 / Issue 13

For more information about Tempe, visit www.tempe.gov/business for videos, interactive maps and podcasts. You may contact Tempe Economic Development Director **Sheri Wakefield-Saenz** at (480) 350-8812 or email her at sheri_wakefield-saenz@tempe.gov.