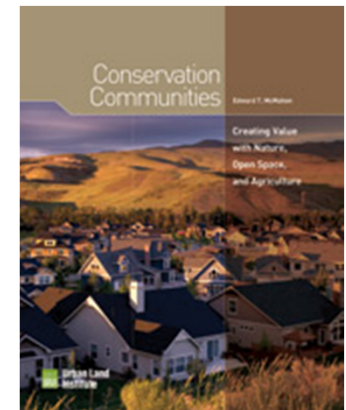
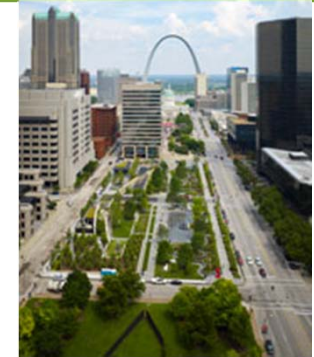




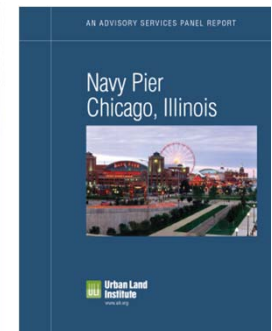
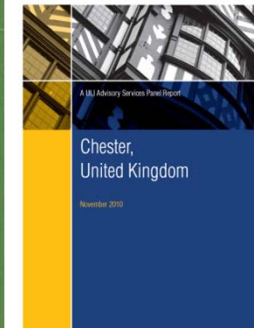
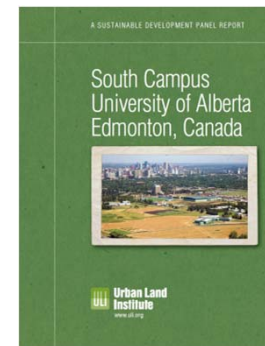
ULI Advisory Services Panel
Queen Creek, Arizona
June 6-11, 2011

- The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.
- ULI is a membership organization with nearly 30,000 members, worldwide representing the spectrum of real estate development, land use planning and financial disciplines, working in private enterprise and public service.
- What the Urban Land Institute does:
 - Conducts Research
 - Provides a forum for sharing of best practices
 - Writes, edits and publishes books and magazines
 - Organizes and conducts meetings
 - Directs outreach programs
 - Conduct Advisory Services Panels



Advisory Panels

- Since 1947
- 15 - 20 panels a year on a variety of land use subjects
- Provides independent, objective candid advice on important land use and real estate issues
- Process
 - Review background materials
 - Receive a sponsor presentation & tour
 - Conduct stakeholder interviews
 - Consider data, frame issues and write recommendations
 - Make presentation
 - Produce a final report



Sponsors

Town of Queen Creek Mayor and Town Council

- Mayor Gail Barney
- Vice Mayor Jeff Brown
- John Alston
- Craig Barnes
- Robin Benning
- Dawn Oliphant
- Julia Wheatley

- John Kross
- Wayne Balmer



The Panel Assignment

Queen Creek's Market Potential

- Are target industries valid?
- Relation to Phoenix Mesa Gateway Airport
- Employment opportunities
- Housing mix and density
- Agricultural assets



The Panel Assignment

Development Strategies and Trends

- From rural to suburban/urban
- Regulatory changes and incentives
- Town Center micro-development
- National trends



The Panel Assignment

Planning, Infrastructure and Design

- Connection to Airport and City of Mesa
- Transportation network
- Parks, trails and open-space strategies
- Horseshoe Park and Equestrian Centre
- General plan changes



The Panel Assignment

Finance

- Provision of infrastructure
- Economic incentives
- Long-term financial sustainability
- Reduce reliance on sales tax revenues



Striking a Balance

- Value of the panels to the panelists
- What goes around comes around
- Macro to micro
- National problems to local issues
- Objectivity, candor, and insight



Striking a Balance

- Balancing of Town attributes
- Balancing of political situation
- Balancing of budget



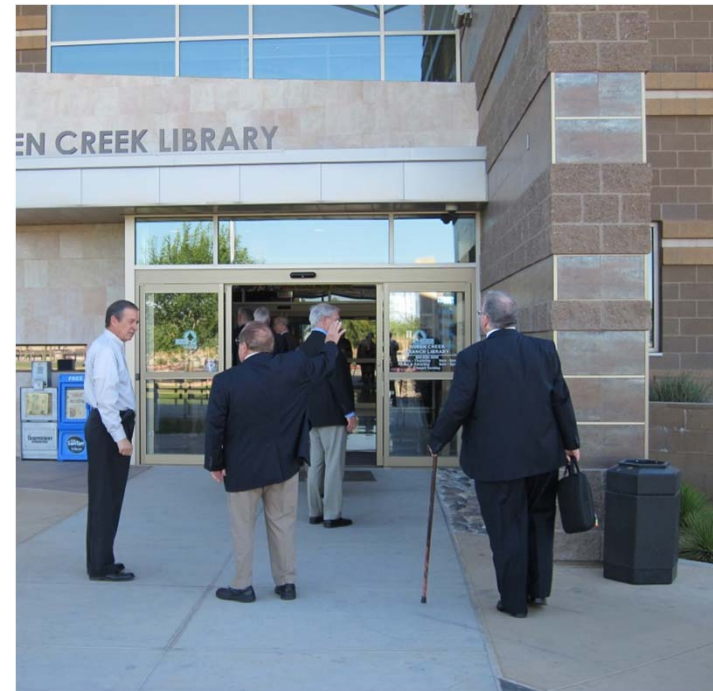
The Panelists

- Chair – Zane Segal, Project Director, Zane Segal Projects, Houston, Texas
- Market Overview - David Gazek, Senior Principal, AECOM, San Francisco, California
- Branding and Identity – Doug Wrenn, Principal, Rodgers Consulting, Germantown, Maryland
- Transportation - Ross Tilghman, Director, Tilghman Group, Seattle, Washington



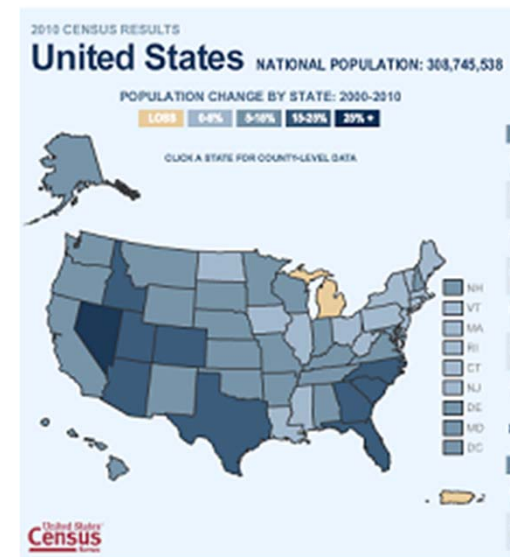
The Panelists

- Governance – Tom Eitler, AICP, VP for Advisory Services, Urban Land Institute, Washington, DC
- Land Use and Design – Bill Clarke, PE, LA, Planning Consultant, Ross, California
- Financial Realities - Dean Bellas, Ph.D., President, Urban Analytics, Alexandria, Virginia
- Implementation – Engin Artemel, AICP, President, The Artemel Group, Alexandria, Virginia



National Perspective

- Non-governmental jobs in 2010 were about the same as 1999 – approx. 108.5 million, while the US population grew 9% (26 million) in the same period
- Incomes were nearly stagnant over the last decade while the costs of education, health care and energy skyrocketed
- Median household income in 2008 (about \$50,300) fell below 1998
- Globalization, tech, off shoring manufacturing kept employment down
- Housing bubble peaked at 69% home ownership in 2006 and fell about 1.5% in 2010 to the same level as 2000
- Despite the national recession, Arizona's sun corridor is one of 11 emerging mega regions in the US



Regional Perspective – Greater Phoenix

- Outpaced US pop. in last 18 years - 60% growth expected by 2030 bringing total to more than 6 million – same as current pop of AZ
- Leading industries: (1) manufacturing, tourism (2) financial services and banking
- Job growth sectors: education, health care, trade, leisure/hospitality, professional and business services
- Retail sales tax stabilized but consumer spending down due to unemployment – AZ has the 42nd highest unemployment rate in the nation
- Anemic housing market affected by weak job growth, underwriting hurdles, loss of home equity, foreclosures
- 2010: Housing + commercial markets at/past bottom – 5 year recovery anticipated
 - Housing supply outpaced demand by 50,000 units
 - Office vacancy 25%; no multi-tenant office space u/c or expected for 5 years
 - Industrial vacancy 16.5%; Retail vacancy 12.3% and rising to 13% in 2011
- Bright spot MF housing; 9.5% vacancy 2011, 8.5% 2012; absorption 5,000 units 2011,12

Local Perspective

- Queen Creek pop of 26,400 and expected to reach 75,000 by 2030
- 77.5% white; Hispanic population dropped from 36% in 1990 to 16% in 2009
- 3.8 persons per HH in 2007; fastest growing segments are under 15 and 30 to 45
- \$83,400 household income – one of the highest in County (\$53,300) and State (\$48,700); Greatest income growth over \$75,000 – outpaced County and State
- 8.5% unemployment in 2009 compared to County (8.3%) and State (9.1%)
- White collar – employed in retail, finance, arts, education, professional services; leading the County in shift away from agriculture, construction, manufacturing
- Educational achievement rising; % Associate and Bachelor degrees exceeds County and State; % Graduate and professional degrees nearly equal
- Housing vacancy (12%) has risen but lower than County (14%) and State (17%)

Summary

Economic forces and challenges affecting Queen Creek and Maricopa County mirror those affecting nearly every town, city and county throughout the nation

However, Queen Creek is positioned to rebound more quickly than most towns and cities as:

- the national economy improves
- the sunbelt regions, including Phoenix, continue to lead the nation in pop and economic growth, and
- Queen Creek increasingly becomes one of the more affluent, well-educated and desirable communities in Maricopa County

Strengths

Rural quality of life

- Large lots and family orientation
- Agricultural mix and less traffic
- Open space, fencing and mountain views

Design quality

- Four-sided architecture
- Standards for materials, design, landscape and open space

Infrastructure

- Roads and public art
- Lighting and sidewalks
- Street trees and vegetation
- Rail capacity

Local amenities

- Library and community center
- Barney Family Sports Center
- Arroyos, parks, trail system



Strengths

Regional attractions

- Horseshoe Park Equestrian Center
- Olive Mill, Schnepf Farms, Pork Shop
- Performing Arts Center
- Cultural Foundation, Town

Financial reserve

- \$10 million
- High credit rating

Development capacity

- Water and waste treatment supply
- Roadway carrying capacity
- Ample vacant land; path of growth

Neighboring economic development drivers

- Phoenix Mesa Gateway Airport
- East Valley institute of Technology
- ASU Polytechnic, Chandler-Gilbert Community College
- Mesa Industrial Corridor, environ

Annexation opportunities

- Northeast, towards Superstition Vistas
- South towards San Tan Mountains
- To capture property taxes and development opportunities and to front new freeway



Weaknesses

Lack of sense of place

- Checkerboard, leapfrog development
- Dormant subdivisions; oversupply of pad sites
- Community discontinuity
- Lack of gateway, sense of arrival

Not freeway proximate

- Lack direct regional access and window to region
- Drive-through Mesa, Gilbert and Chandler

Lack of diversity

- Narrow range of densities and housing product types
- Limited affordability



Incomplete road system

- Problem intersections on major commuter streets
- Detours due to lack of ROW

Railroad and traffic conflict

- At-grade and diagonal crossings
- Traffic delays

Public school system

- Uneven and questionable reputation



Weaknesses

Cost of doing business

- Development fees
- Design guidelines
- Construction sales tax
- Approval and processing time
- Lack of predictability

Budget deficiency

- Reliance on sales tax and development fees
- Not tapping revenues from unincorporated areas

Uncompetitive position of job generating land

- Lack freeway access and visibility
- Lack infrastructure improvements
- Train intersection/traffic conflict
- Mesa readiness



Summary

Queen Creek is laying the groundwork as the residential community standard for the East Valley

- merging new development with rural quality of life
- drawing upon design standards, infrastructure, amenities

Well positioned to become the community of choice for employees around the Airport and to annex strategic areas of the county to capture tax revenues and freeway access

- financial reserves
- investment in infrastructure capacity

Level of readiness to realize vision and seize opportunities will determine success

- create a “Queen Creek sense of place” and provide opportunities for diversity
- complete road system and address rail conflicts
- facilitate development by managing the cost of it and making quality schools a priority
- diversify its revenue base and make strategic annexations

Branding and Identity



The Town's General Plan Vision Statement

Queen Creek desires to be a community different from others in the Phoenix metropolitan area.

The Town's vision is to provide a quality community environment with a focus on enhancement of our equestrian, historic, environmental, economic, cultural, physical, architectural, and aesthetic amenities.

The unique character of Queen Creek will be maintained by promoting orderly development in accordance with the goals and policies described in our General Plan, which provides for a range of land uses and lifestyles consistent with our desired community character. Following this course of action, we aim to continue "Keeping Queen Creek Unique."



Stakeholders

- Business community - entrepreneurial skill and experience
- Town government - public leadership
- Citizens - market and community support



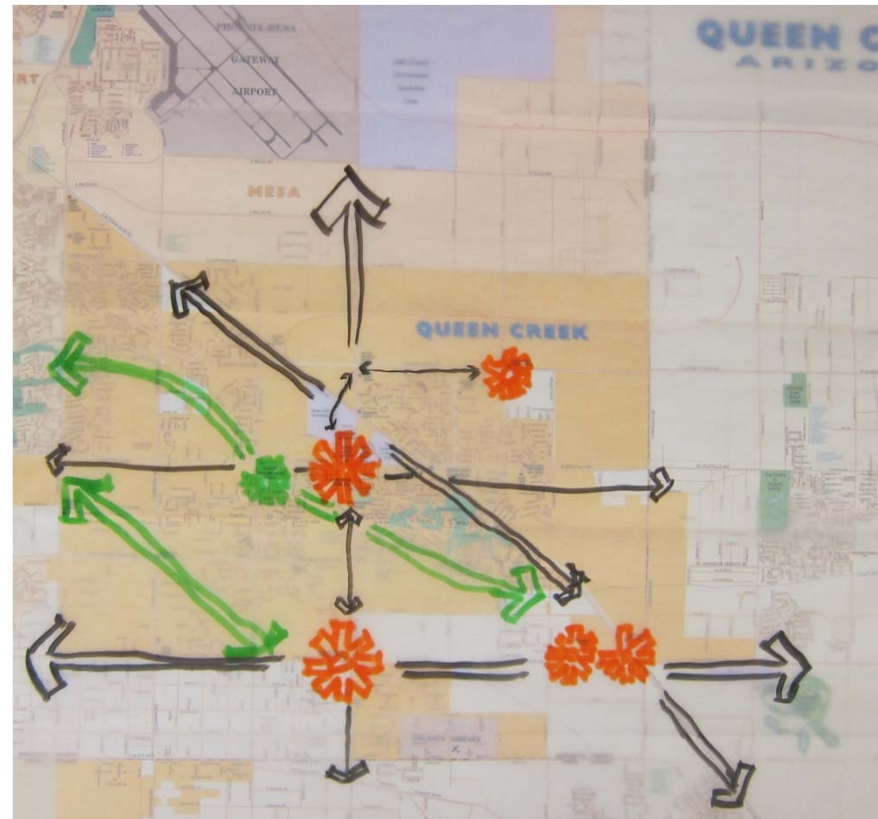
Guiding Principles

- Creating economic prosperity
- Improving quality of life
- Building upon existing strengths
- Accepting change
- Establishing priorities



Queen Creek's Unique Assets

- Regional
 - Mountain vistas
 - Hiking/riding trails network
 - Mesa Gateway Airport and ASU
 - San Tan Mountain Regional Park
- Town
 - Horseshoe Park Equestrian Centre
 - The Olive Mill
 - Schnepf Farms
 - The Town Center
 - Trails, parks, and open spaces
 - The Barney Family Sports Complex
 - Banner Ironwood Hospital
 - The Performing Arts Center
 - The Community's Agricultural Heritage



Branding and Identity

- Amplifying the brand --
Farmscape and townscape
coexist in an authentic
sustainable way
- Special events and
attractions – reinforce brand
and promote existing
businesses
- Establish expectations
through temporary uses and
activities that lead to new
shops and restaurants in the
future

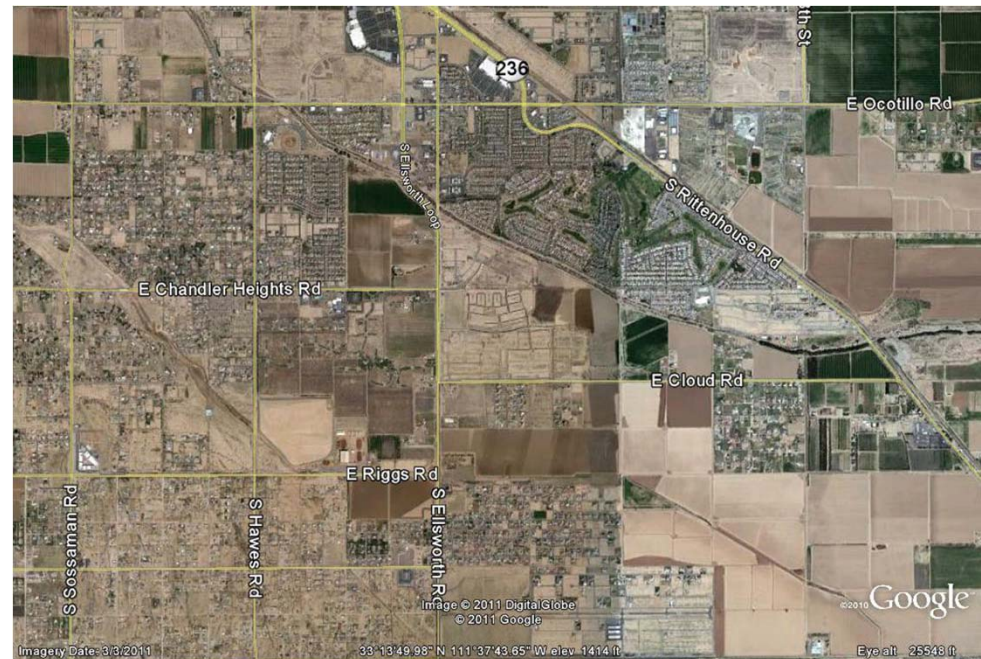


- Kitchen/ Restaurant Incubator Space
- Community Kitchen/Community Garden





- Arterial streets follow section lines with 1-mile spacing
 - Concentrates traffic
 - Few through streets within square mile grid
- Results in wide streets, signalized intersections
- Town has nearly completed its ultimate street network



- Reserve traffic capacity
- Distinctive trail system
- Attractive streetscapes
- Rail presence
- Through traffic – a sales opportunity!





Transportation Weaknesses

- Limited street continuity (breaks in grid)
- Barriers to walking
- At-grade railroad crossings
- No Freeway





- Funding is tight!
- Reconsider investment priorities
 - Save money in near term
 - Pick projects that best support Queen Creek's identity, job creation & Town Center now
 - Hold off on other projects for now





Transportation Opportunities

- Projects that re-enforce rural identity
 - Connect trail system to San Tan Regional Park
 - Consider roundabouts at intersections yet to be built out
- Projects for regional access & job creation
 - Continue advocating for freeway extensions
 - Prepare for freeway access – Ellsworth Rd.
 - Grade-separate RR crossing at Power/Pecos
 - Encourage vanpools for commuting to large employment sites

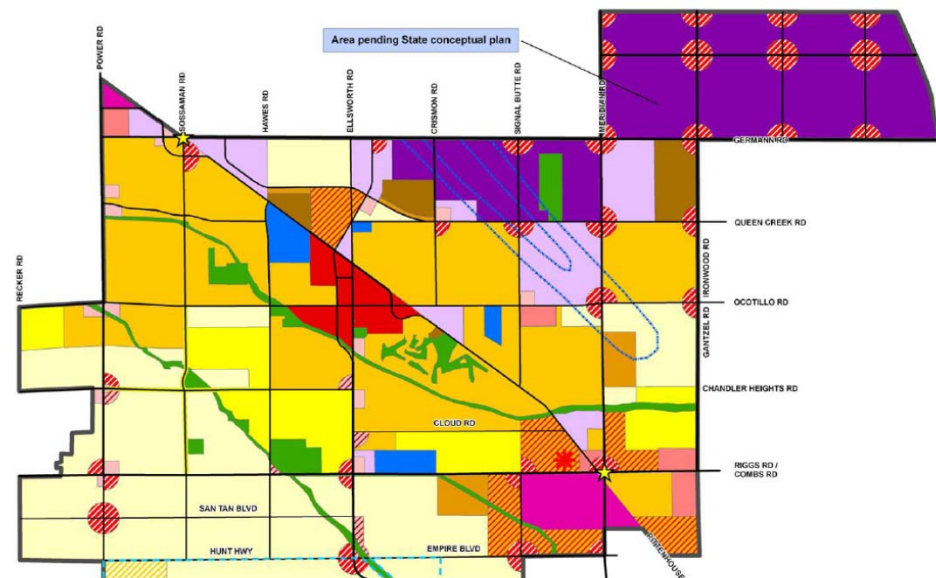




- Projects that support Town Center
 - Honor Ellsworth as Main Street (2 lanes + parking)
 - Orient new buildings to streets, especially Ellsworth
 - Break up blocks with small streets
 - Provide on-street parking
 - Reconsider zoning requirements for setbacks, parking

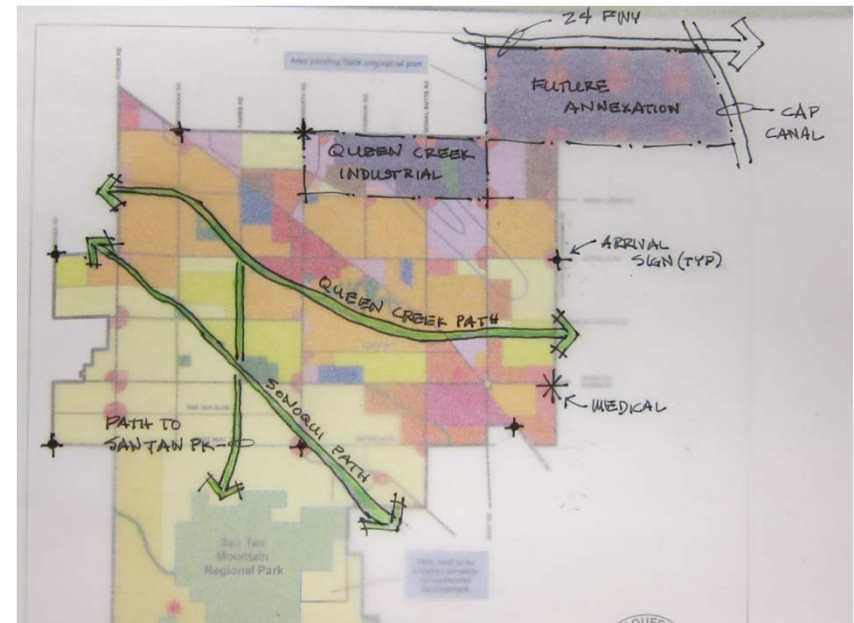


- Current planning work is consistent with desired community image
- Design guidelines creating attractive community
- Panel comments focused on a few key topics



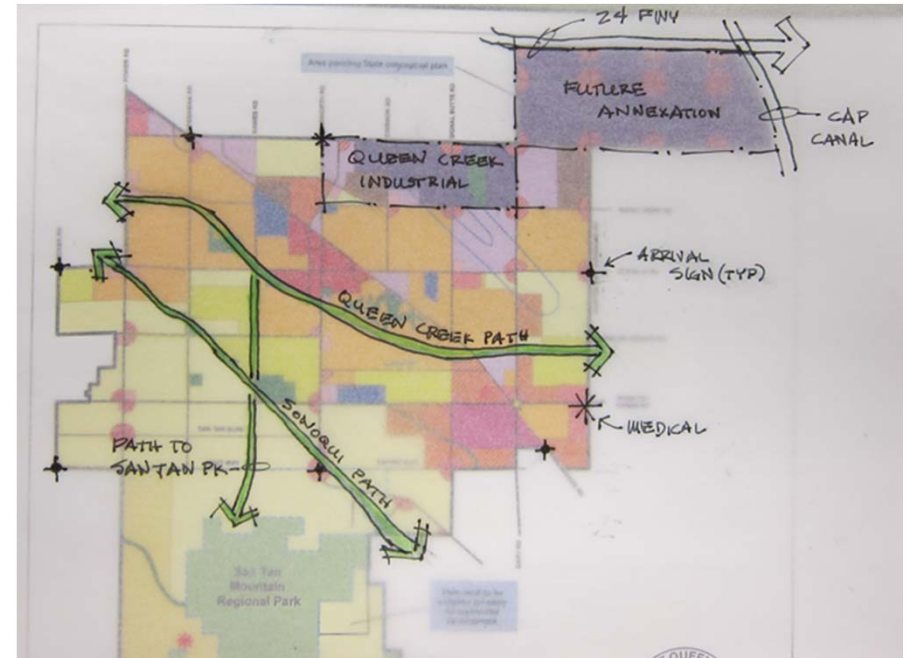
General Plan Topics

- Pursue annexation of land in Superstition Vistas
- Open Space: Multi-use trails on washes and to San Tan Park
- Limit efforts to attract office/industrial for quite a while
- Reinforce medical concentration emerging in southeast



General Plan Topics

- Consider Conservation Planning concepts
- Encourage construction of merchant built homes on dormant large lot subdivisions
- Implement arrival information signs at town entries



Town Center

- ASU product excellent with many useful ideas
- Panel ideas for consideration:
 - Block sizes and pedestrian activity



Mill Avenue, Tempe

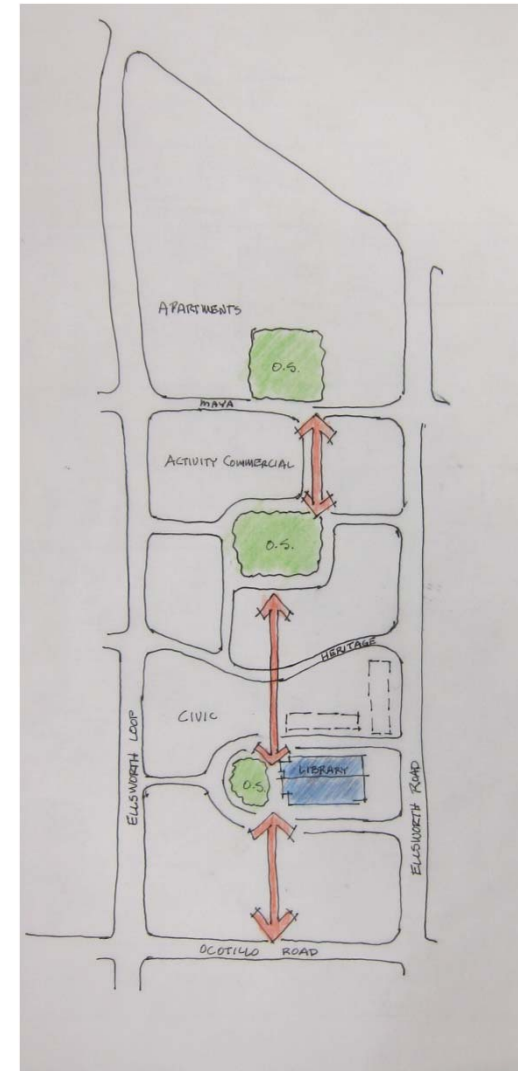
(Yellow box is ~1,200' x 700')



Ellsworth Road, Queen Creek

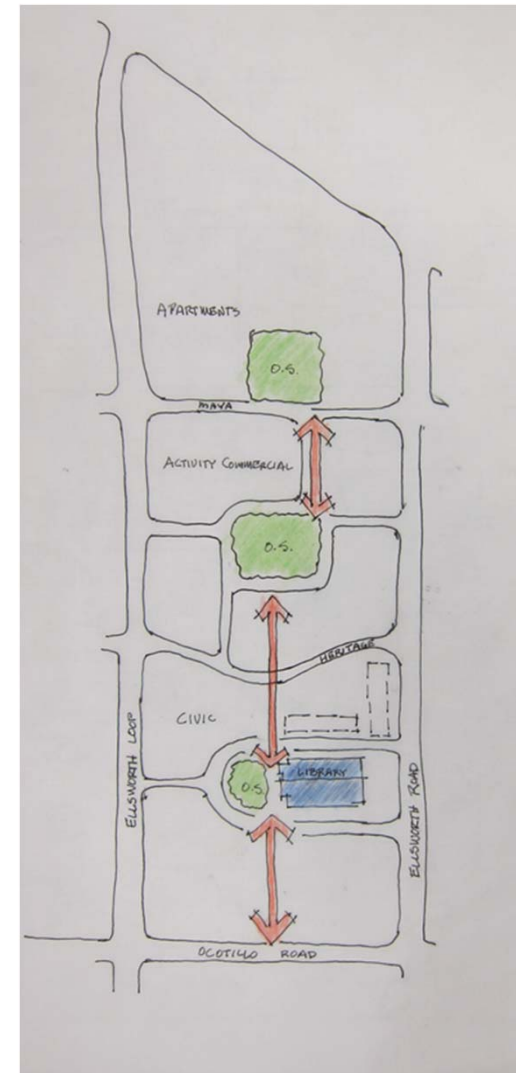
Town Center

- North of Maya Street
 - City may gain title to this parcel
 - 3-4 Story Apartments
 - Consider a public / private partnership apartment project
 - Small plaza on Maya to terminate pedestrian way
 - Establish north south axis to break up blocks
 - Possible interim civic use such as a community garden



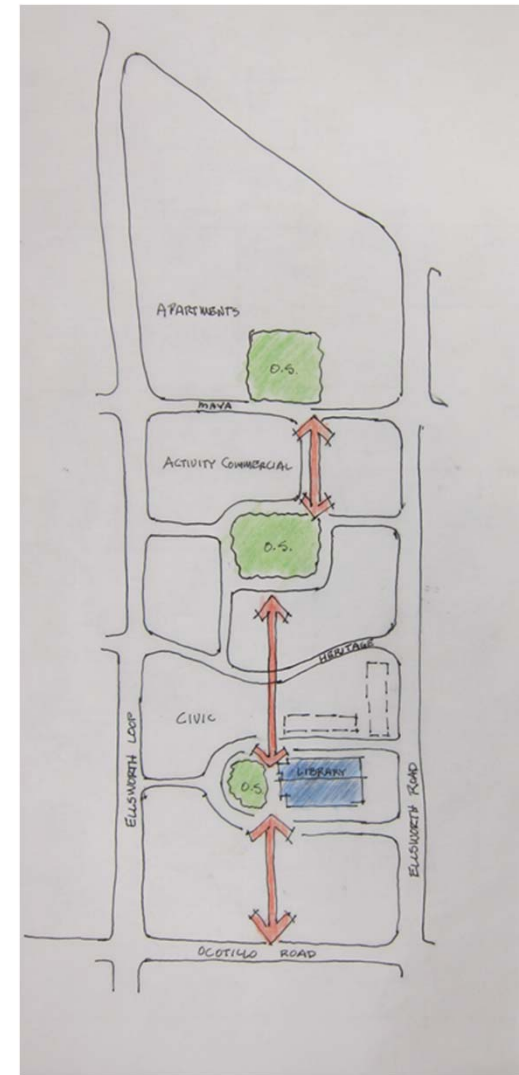
Town Center

- Maya St to Heritage St
 - Activity Commercial
 - Encourage activity commercial here
 - Possible uses: 2 to 6 screen movie theater, miniature golf, bowling alley
 - Open space square on central parcel
 - North / south axis continues through properties

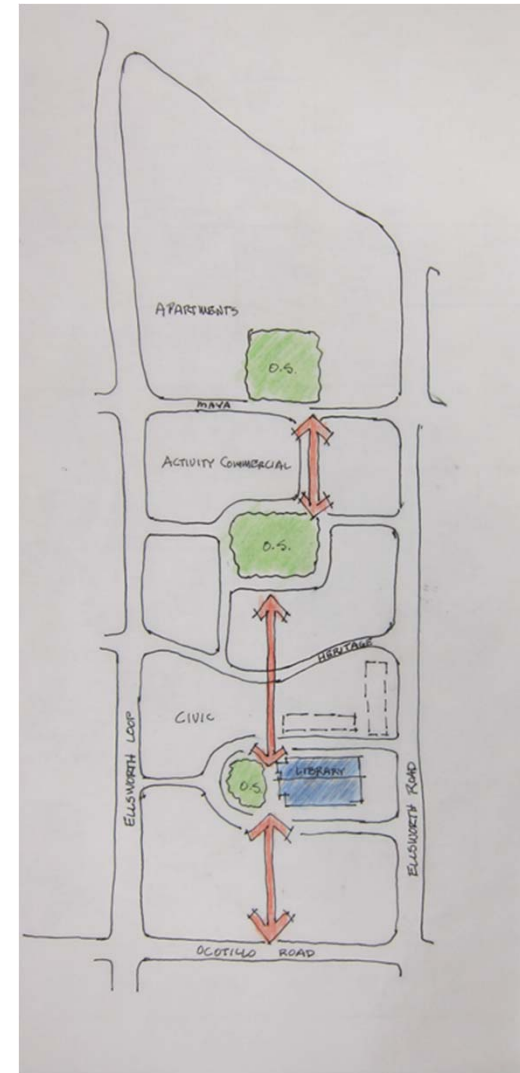


Town Center

- Heritage St to Ocotillo Rd
 - Civic
 - The civic block...existing Library
 - First phase of Communiversality should orient to Ellsworth
 - Activate plaza in front of library with civic sponsored events



- South of Ocotillo Rd - Evolution
 - Extend street scape
 - Encourage entrepreneurs, live work, small scale development and development of government uses
 - Urbanization will occur over lengthy period of time.



- Well Managed Town Government
 - Difficult Last Few Years
 - Tough Decisions
- Development Process
 - Reputation
 - Process sometimes cumbersome and unpredictable



Impact Fees

Jurisdiction	Impact Fee for Single Family Home (High End of Impact Fee Range)
City of Apache Junction	\$ 9,508
City of Chandler	\$ 22,079
City of Gilbert	\$ 23,887
City of Mesa	\$ 8,321
Town of Queen Creek	\$ 19,436
Maricopa County	\$ 5,346
Pinal County	\$ 8,725

Source: Home Builders Association of Central Arizona, October 2010

- Better predictability
- Implement a Greentape Process
- Better articulate the land use map and zoning designations



- Summary of the Town's Comprehensive Annual Financial Report (CAFR) for the FYE June 30, 2010.
 - Governmental fund revenues totaled \$33.3 million in FY2010.
 - Governmental fund expenditures totaled \$38.2 million in FY2010.
 - This net deficit of (\$4.9) million required the Town to fund its shortfall through internal transfers.
 - If this trend continues into the future and the Town's two primary sources of operating revenues (sales taxes and real estate taxes) do not increase at a rate sufficient to meet the cost to provide public services, then the Town could face a potential fiscal dilemma in the near future.

Table 1

**Strengths, Weaknesses, Opportunities and Challenges
Analysis of Top 5 Taxable Sales by Category
Town of Queen Creek, Arizona
FYE June 30, 2010**

% of Total Revenues	Sources of Funds	Strengths/Opportunities	Weaknesses/Challenges
23.7%	Retail Sales Taxes	Primarily generated by non-residents. Decline from FY09 to FY10 was slight.	Direct correlation between national recession and consumer spending. Disposable household income available for future consumption may continue to decline in the near future.
4.8%	Real Property Taxes	High-value housing stock. As the real estate market improves, so will real estate tax revenues.	Taxable sales down 14.2 % from FY09 to FY10. Current real estate market recovery has been slower than expected. Depressed housing values may continue for a few more years.
4.7%	Construction Sales Taxes	As new home sales rise in the future, revenues will increase.	Taxable sales down 63.5% from FY09 to FY10. Projected new housing sales in near future to grow at a slower pace than FY01-FY06 period.
4.6%	Communications & Utilities	Taxable sales up 23.1% from FY09 to FY10.	Taxable sales trend will stabilize as new home sales stabilize.
4.1%	Restaurants and Bars	Primarily generated by non-residents.	Direct correlation between national recession and consumer spending. Disposable household income available for future consumption may continue to decline in the near future.
Data Source: Town of Queen Creek, Arizona. <u>Comprehensive Annual Financial Report (CAFR) for FYE June 30, 2010</u> . Page 121.			

Data Analysis: Urban Land Institute, Advisory Services Panel for the Town of Queen Creek, AZ

Table 2
Strengths, Weaknesses, Opportunities and Challenges
Analysis of Top 5 Expenditures for Public Services
Town of Queen Creek, Arizona
FYE June 30, 2010

% of Total ¹	Expenditures	Uses of Funds	Strengths/Opportunities	Weaknesses/Challenges
28.8%	General Government Administration		Residents, employers, visitors, and tourists benefit from a well-run municipal government.	This is typically a lower percentage of expenditures after Public Safety and Public Works. This ratio suggests that the costs associated with GGA is disproportionately higher for the size of the Town.
22.2%	Public Safety		Services sub-contracted to a well-established public safety provider.	As Town expands in the future, it may be more beneficial from a benefit-cost perspective for the Town to operate its own Police Department. However, Town revenues need to be sufficient to take advantage of economies-of-scale.
20.5%	Annual Debt Service		Town had foresight to build infrastructure capacity to meet the needs of its residents, employers, visitors, and tourists.	This ratio also equates to 23.6% of total revenues which is two to three times higher than the debt service-to-revenue ratio for most towns. This could potentially be a dangerous situation and is equivalent to a household being overmortgaged. This potential danger is offset by the Town's high capital reserves. One use of this excess capital reserves could be to reduce the level of the Town's current debt.
7.3%	Culture and Recreation		Parks, Equestion Center, Library are new and provide a needed service to the residents and visitors of the Town.	Without a future dedicated revenue stream, the increased cost to provide these services might result in a cut-back in these services as Town grows.
5.6%	Highways and Streets		Road infrastructure is relatively new and under-utilized. Excess capacity currently exists.	Cost to maintain transportation network will increase as infrastructure ages.

Source: Urban Land Institute, Advisory Services Panel for the Town of Queen Creek, AZ

Note: ¹ Operating expenditures only. Does not include Capital Outlays.

Table 3
Market Criteria
Retail Center Size, Trading Area and Number of Households
Selected Retail Uses
United States

Description	(Range) Square Feet	(Miles) Trading Area	("Roof Tops") Households
Corner Store	2,000 - 5,000	0.5 - 1.0	1,000
Convenience Center (No Anchor)	10,000 - 25,000	1.0	2,500
Neighborhood Center (Supermarket Store Anchored)	60,000 - 90,000	1.0 - 2.0	5,000 - 8,000
Community Center (Discount Department Store Anchored)	300,000 - 500,000	5.0 - 7.0	30,000 - 50,000
Regional Center (Fashion Department Store Anchored)	700,000 - 1,000,000	12.0 - 15.0	150,000
Lifestyle Center	150,000 - 250,000	8.0 - 12.0	100,000

Data Source: Gibbs Planning Group.

Table Construction

Urban Land Institute, Advisory Services Panel for the Town of Queen Creek, Arizona



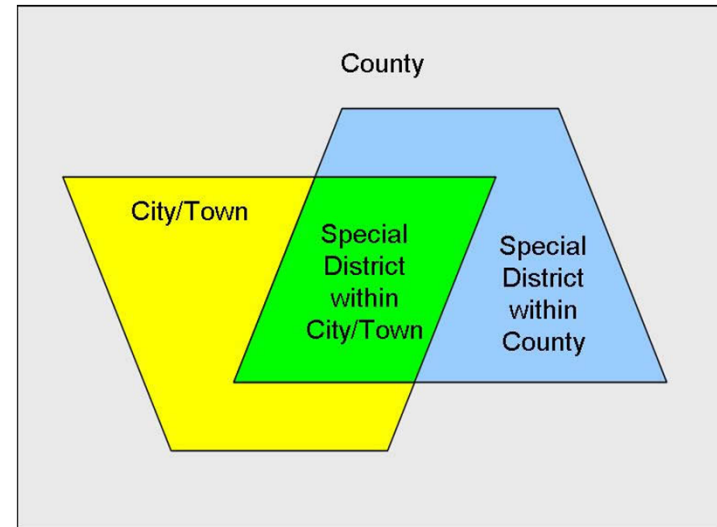
Financial Section – Current

- The Retail offerings in the Town of Queen Creek are concentrated almost exclusively in Community and Regional Centers, which cater to a much larger capture area than the Town itself. There is a lack of corner store, convenience and neighborhood centers which target local residents and offer greater convenience and accessibility to the Town's residents.
- Because the Town has a predominance of Community and Regional Centers, it enjoys the benefits of collecting retail sales taxes, especially from visitors and commuters who live outside of the incorporated areas of the Town.
- This reliance on retail sales taxes from large regional and community centers requires continued housing and population growth within and outside the town.
- This increased population growth will continue to place a burden (both physically and financially) on the Town's transportation network and the Town's public safety services.
- Real Estate Property Tax Increase or Special Assessment

- Increasing Sales Volume
 - Festivals & Events
 - Unique Restaurants & Hotel
 - Specialty Stores
 - Multifamily Units
 - Increasing Densities

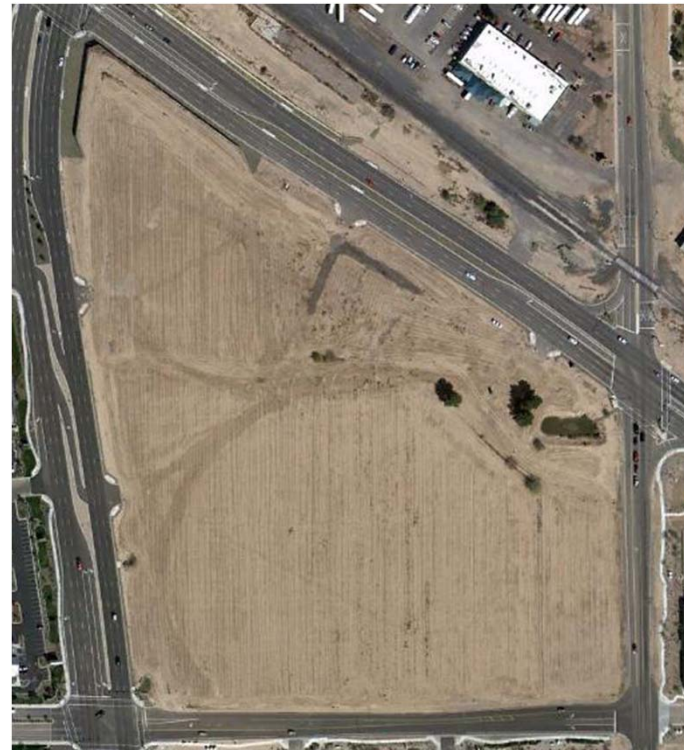


- Naming Rights
- Enterprise Fund
- Nonprofit Foundations
- Executive Suites
- Federal and State Funds
- Special Districts
- User Fees
- Renting out



Potential Land Strategies

- Seventeen Acre Site
 - Outright Sale
 - Long Term Ground Lease
 - Public Private Partnership
 - Joint Ventures
- Other Land Parcels
 - Outright Sale
 - Long Term Ground Lease
 - Public Private Partnership
 - Joint Ventures



- CIP Deferred Implementation
- Reserve Fund – If Not Now-When?



Points to Ponder

- The First Great Recession of the 21st Century
- Apartments a bright spot, homes a dim spot
- Commercial a black hole
- Quality infrastructure but at a cost
- Diversity of product type and density



Points to Ponder

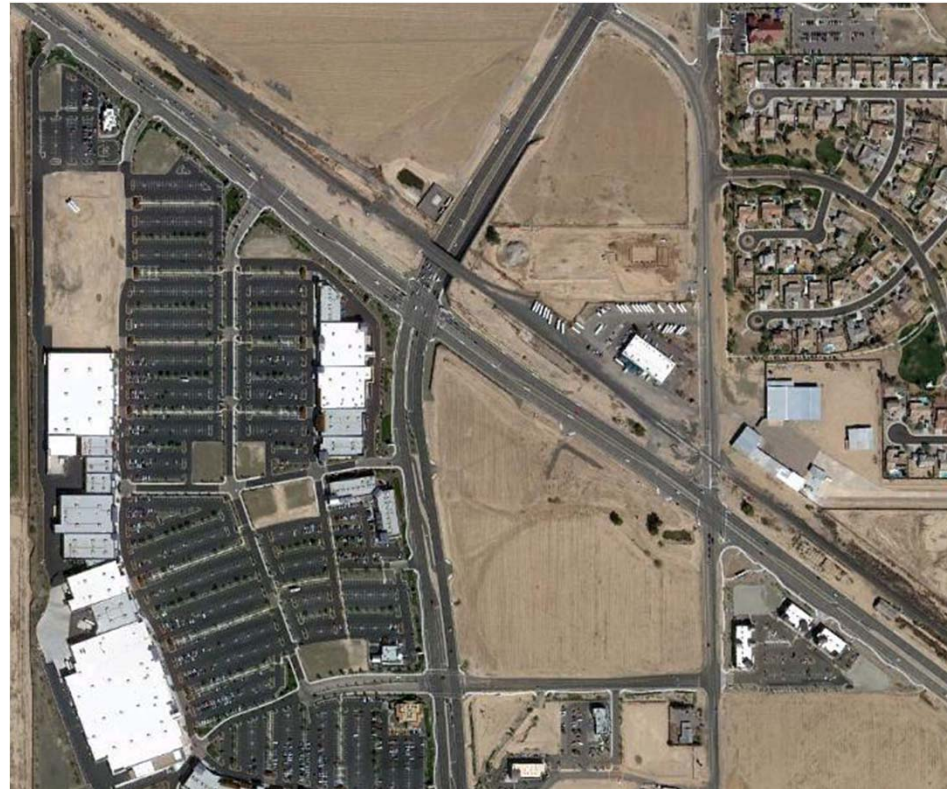
- Residential opportunity from major new employment in Mesa and at Airport
- A great hometown
- A true town center
- Gateways and sense of arrival
- Broadening retail and entertainment options



- Identity and brand
- Gateways
- Festivals
- Conservation design
- Agri-tourism
- Farm to table
- Economic development targets



- Improving retail sales
- Others income stream elements
- Public Private Partnerships
 - 17-acre site
 - Other Town-owned properties





Urban Land
Institute

QUESTIONS?

