



MEMO

TO: Planning and Zoning Commission Members

FROM:  Jerry Owen, Community Development Director

DATE: May 22, 2006

SUBJECT: P-324-06; Request from Bill and Emily Preece and Maria Bleicher, landowners, and Aero Development L.L.C., agent, to amend the Town of Payson General Plan on a 51.6 acre site located north of the Payson Airport from its current designation of "Employment" to "Rural Residential" which is defined as one residence per 1 to 4 acres. The site is located northeast of the Airport and is identified as Assessor Parcel Numbers 302-23-031, 302-23-029 and 302-23-026B.

Aero Development L.L.C. is requesting a major amendment to the Payson General Plan to as described above. As a voter approved plan, State statute and local procedures require a very deliberate, careful process before the Planning and Zoning Commission and Town Council can consider this amendment to the Town's General Plan. Staff has routed the application materials to a long list of agencies and completed all the necessary notice requirements. Attached for your the following materials:

1. Transmittal memo dated February 17, 2006 with excerpts from the General Plan and the list of receiving agencies.
2. Aero Development's application and supporting material 23 pages and concept site plan.
3. Packet of public comments received.

Staff recommends that the Planning and Zoning Commission recommend denial of this request to amend the General Plan to the Town Council in order to preserve the opportunity for employment uses in this area.

JUN 08 2006 D.2



COMMUNITY DEVELOPMENT DEPARTMENT
TOWN OF PAYSON

303 N. BEELINE HIGHWAY

PAYSON, ARIZONA 85541-4306

PHONE: (928) 474-5242 X. 263 • FAX: (928) 472-7490 • TDD: (928) 472-6449

MEMO

TO: Arizona Department of Commerce
Gila County
Gila County Planning Department
Central Arizona Association of Governments
Town of Diamond Star
All Interested Agencies

~~FROM:~~ Jerry Owen, Community Development Director

SUBJ: Proposed General Plan Amendment

DATE: February 17, 2006

The Town of Payson has received a request from Aero Development L.L.C. to amend the Payson General Plan on a 51- acre site located north of the Payson Airport from its current land use designation of "Employment" to "Rural Residential" which is defined as one residence per 1 to 4 acres. This request constitutes a "major amendment" to the Payson General Plan. Attached for your review is an excerpt from the Payson General Plan and the applicant's submittal packet. The Town of Payson requests your written comments on or before April 17, 2006 so they can be forwarded to the Planning and Zoning Commission and Town Council for their consideration. It is anticipated that the Planning and Zoning Commission will conduct a public hearing on this request at their May 22, 2006 meeting. All interested persons are invited to attend. This notice is being sent to you pursuant to ARS § 9-461.06. Should you have any questions or comments, please contact me at the address or phone number listed above. Thank you.

xc. Payson Town Council
Town of Payson Planning and Zoning Commission

EXCERPT FROM PAYSON GENERAL PLAN

Commercial Node #3 (70.62 acres) – This area along east Highway 260 and Tyler Parkway is an area for expanded commercial and hospitality services that are compatible with the topography and vegetation.

Commercial Node #4 (58.99 acres) – This area on north Beeline Highway north of Payson Ranchos is designated for significant regional commercial expansion to provide services to outlying areas as well as the local market. Resort, big box commercial, hospitality, retail/services, professional offices, restaurants, and entertainment venues are recommended. This area should include a planned commercial environment with clustered buildings, open spaces, and adequate buffering from residential areas.

Employment – This designation denotes areas where commercial, office, and/or light manufacturing can occur. These uses can occur in a planned business park-type of environment with clustered buildings and inward focused activity. Commerce parks often include a mix of light industrial, professional office, office/showroom, office/warehouse, retail services, and related uses. In addition, limited amounts of high density residential developments should be allowed to foster better overall circulation by placing affordable housing closer to job centers.

The specific district will be determined based upon site use, adjacent land use impact, and intensity of development. In particular, the master planned development should locate the least intense users along arterial streets with adequate setback buffer and where visibility to the public is likely. More intense uses shall be located away from arterial streets, buffered by other uses.

Employment Area #1 – The Payson Municipal Airport drives the employment activities in this area. This area should include a planned business park environment with clustered buildings, landscaping, and inward focused activities. Commerce parks include a mix of light industrial, professional office, office/showroom, minor retail services, and related uses.

Employment Area #2 – This area includes the industrial park subdivision and is driven by its location to the central part of Payson and access to major highways. Average lots are 37,000 square feet. This area is conducive to commercial park activities, including a mix of light industrial, professional office, office showrooms and office warehouses.

Employment Area #3 – This area is appropriate for light commercial uses such as professional and general offices. Medical offices and adult care facilities would be acceptable.

Employment Area #4 – This area is appropriate for a mixed use of multi-family housing and light employment uses. The close proximity to the Payson Regional Medical Center makes this area especially suited for medical offices and clinics.

Goals 2: Provide for the orderly physical and economic development of the identified growth areas.

Policy 2a: Assemble land into parcels functionally compatible with respect to shape and size for disposition and redevelopment in accordance with contemporary development needs and standards.

Policy 2b: Provide safe, efficient, and attractive circulation systems that minimize conflicts between different forms of traffic (i.e., pedestrians, automobiles, transit and service vehicles).

Goal 3: Strengthen the basic attractiveness, efficiency and effectiveness of the economy of Payson and the region by strategic development/redevelopment of the growth areas.

Policy 3a: Increase and improve the range, variety, and quality of goods and services available to both residents and visitors.

Policy 3 b: Create an environment conducive to quality private investment within the growth areas that further Payson's community vision and goals.

Policy 3c: Utilize the growth areas to create a strong sense of community identity that celebrates its history and culture.

Policy 3d: Continue to establish Payson as the regional economic hub of Northern Gila County by effectively diversifying the growth areas.

Policy 3e: Establish design parameters for commercial development that provide more of a neotraditional development scheme rather than traditional strip commercial development.

Goal 4: Develop the Payson Airport and surrounding employment areas as an important economic center in Northern Gila County.

Policy 4a: Ensure that the land use activities in the vicinity of the Payson Airport are compatible with the noise levels generated by airport-related uses.

Policy 4b: Attract businesses to the employment designated land around the Airport that provides jobs for Payson residents.

Policy 4c: Continue to make improvements to the Payson Airport to increase the economic viability of the airport.

D. Airport Growth Area

The Payson Municipal Airport Growth Area is critical to the future of the Town of Payson. The community has limited opportunities for employment growth, other than retail development, and the area around the airport is the only location for this type of land use to occur. Protecting the airport from the encroachment of residential development is critical. Due to market trends, this area has been under pressure to change from employment to residential. It is critical for the Town of Payson to maintain this approximately 222 acres as employment that surrounds the airport.

Over the next 10 years, the Town of Payson must focus its attention on creating jobs that pay a livable wage. The area's quality of life has attracted both people and retail businesses to the area, but the employment sector has been slow to follow. The Payson Municipal Airport is the engine that drives the current and projected airport-related employment within this growth area. Part of Payson's vision is to become a community where you can live, work, and play. The Airport Growth Area provides the opportunity for the Town to attract higher paying jobs so that residents can earn a decent living and be able to continue to live in Payson as the cost of housing continues to escalate.

The Payson Airport Growth Area is intended to be a mixed-use area that includes planned business uses located in a business park environment. The intent of the business park environment is to have landscaping throughout the park setting and have inward focused activities. The type of uses that would be acceptable in this growth area would include a mix of light industrial, professional office, office showrooms, and office warehouses.

Additionally as the Airport Growth Area develops over the next 10 years, providing alternative transportation options to support the employment in the area is critical. The continuation of the pedestrian/bike path system to connect the airport employment area as well as consideration of potential transit connections should be developed as the area continues to grow.

Agencies Mailing List

Payson Town Council 303 North Beeline Highway Payson AZ 85541	Town of Payson Planning and Zoning Commission 303 North Beeline Highway Payson AZ 85541
Gila County Board of Supervisors 1400 East Ash Street Globe AZ 85501	Payson Unified School District P O Box 919 Payson AZ 85547
Central AZ Association of Governments Historic Belmont Building 271 Main Street Superior AZ 85273	U S Forest Service Payson Ranger District 1009 East Highway 260 Payson AZ 85541
Arizona State Land Department 1616 West Adams Phoenix AZ 85007	Town of Diamond Star C/O Ronnie McDaniel P O Box 640 Payson AZ 85547
Arizona Public Service 400 West Longhorn Road Payson AZ 85541	Energy West of Arizona 200 West Longhorn Road Payson AZ 85541
Northern Gila County Sanitary District P O Box 619 Payson AZ 85547	NPG Cable 112 West Bonita Street Payson AZ 85541
Qwest 300 West Main Street Payson AZ 85541	PREDC P O Box 1771 Payson AZ 85547
Chamber of Commerce P O Box 1380 Payson AZ 85547	Northern Gila County Historical Society 700 South Green Valley Parkway Payson AZ 85541
Federal Aviation Administration Rudy Victorio, AZ Standards Branch Airport Division-15000 Aviation Blvd Lawndale CA 90261	Town of Payson – Public Works Dept. 303 North Beeline Highway Payson AZ 85541
Ted Anderson, Airport Manager Town of Payson 303 North Beeline Highway Payson AZ 85541	Gila Community College 201 North Mud Springs Road Payson AZ 85541
Central AZ Board of Realtors 600 East Highway 260 Payson AZ 85541	KMOG P O Box 44A Payson AZ 85547
Gila County Planning & Zoning P O Box 2297 Payson AZ 85547	Arizona Department of Commerce 1700 West Washington, Suite 600 Phoenix AZ 85007

Arizona Department of Transportation 200 North Colcord Road Payson AZ 85541	Tonto Apache Tribe 30 Tonto Apache Reservation Payson AZ 85541
Alpine Heights HOA P O Box 355 Payson AZ 85547	Chaparral Pines/Rim Golf Club 604 North Chaparral Pines Drive Payson AZ 85541
E & J Mountain Estates aka Forest Ridge C/O Mogollon Development P O Box 279 Payson AZ 85547	Elk Ridge HOA P O Box 1134 Payson AZ 85547
Forest Park HOA P O Box 1734 Payson AZ 85547	Golden Frontier HOA P O Box 182 Payson AZ 85547
Greenfaire HOA C/O Roger Schwartz 807 South Greenfaire Circle Payson AZ 85541	Manzanita Hills HOA C/O Mark Sopeland 302 North Antelope Point Payson AZ 85541
Oakridge Hills HOA P O Box 547 Payson AZ 85547	Payson North III HOA P O Box 1172 Payson AZ 85547
Payson North 4-A HOA P O Box 646 Payson AZ 85547	Payson North V HOA P O Box 1527 Payson AZ 85547
Payson Pines HOA P O Box 2784 Payson AZ 85547	Woodland Meadows HOA P O Box 104 Payson AZ 85547
Pinegate HOA C/O William Santucci P O Box 1372 Payson AZ 85547	Pinion Ridge HOA 411 East Phoenix Street Payson AZ 85541
Rim Ranch HOA P O Box 547 Payson AZ 85547	Rim View Heights Estates HOA C/O Hal Baas 1117 South Mud Springs Road Payson AZ 85541
Siena Creek HOA C/O Barbara & Patrick Underwood P O Box 1856 Payson AZ 85547	Stone Creek Development LLC 20701 North Scottsdale Road Suite MBE:107.512 Scottsdale AZ 85255
Trailwood HOA P O Box 1207 Payson AZ 85547	Whisper Ridge HOA P O Box 3406 Payson AZ 85547
Woodhill HOA Attn: Mark Miller P O Box 3311 Payson AZ 85547	VFW-Mogollon Rim #9829 709 East Highway 260 Payson AZ 85541

Veterans Helping Veterans 212 West Wade Lane Payson AZ 85541	Payson Area Habitat for Humanity Inc P O Box 1131 Payson AZ 85547
Citizens Awareness Committee C/O Bill Michaelis 629 East Coronado Way Payson AZ 85541	

03-06-06

**TOWN OF PAYSON
PLANNING AND ZONING COMMISSION or
BOARD OF ADJUSTMENTS APPLICATION**

The undersigned Applicant(s) hereby applies for:

- | | |
|--|---|
| <input type="checkbox"/> Abandonment Request | <input checked="" type="checkbox"/> General Plan or Land Use Plan Amendment |
| <input type="checkbox"/> Administrative Appeal | <input type="checkbox"/> Minor Land Division |
| <input type="checkbox"/> Code Amendment | <input type="checkbox"/> P & Z Commission Appeals |
| <input type="checkbox"/> Conditional Use Permit | <input type="checkbox"/> Preliminary Subdivision Plat |
| <input type="checkbox"/> Development Master Plan | <input type="checkbox"/> Temporary Use Permit |
| <input type="checkbox"/> Devel. Agreement, PAD & SPD | <input type="checkbox"/> Variance |
| <input type="checkbox"/> Final Subdivision Plat | <input type="checkbox"/> Zone Change |

Project Address: NA Tax Parcel Number: (SEE ATTACHED)
 Subdivision: Proposed PAYSON AIRPARK Lot Number: NA
 Name of Applicant(s): DOUGLAS R. PELTON/AERO DEVELOPMENT Phone #: 602-690-4927
 Mailing Address: 2733 N. BUCKER RD, SUITE 102/ PMB 505 Town: MEJA St: AZ Zip: 85215
 Name of Property Owner(s): (SEE ATTACHED)
 Mailing Address: (SEE ATTACHED) Town: _____ St: _____ Zip: _____
 Contact Person: DOUGLAS R. PELTON Phone #: 602 690 4927 Fax #: 480-718-7592
 Payson Business License # NA Sales Tax # NA
 Detailed Description of Request: REQUEST TO AMEND TOWN OF PAYSON GENERAL PLAN

(Note: Additional Description area can be included in an attachment)

Certification: I hereby certify that the data submitted on or with this application is true and correct, that I am the Owner of the property at this address, or that for the purpose of obtaining this approval I am an authorized agent on the owners behalf.

DOUGLAS R. PELTON *Doug Pelton* 12/21/05
 Print Name Signature Date

STAFF USE ONLY - PERTINENT DATA		
APPLICATION	DATE	INITIALS
DATE FILED	12-21-05	(RS)
COMPLETED APPLICATION	1-9-06	(RS)
NEWSPAPER PUBLICATION	5-5-06 5-16-06	(RS)
300' NOTIFICATION MAILOUT	5-4-06	(RS)
POSTING DATE	5-4-06	(RS)

APPLICATION FEE: \$
 GENERAL PLAN Amendment = \$4000
 Pd (RS)
 CHECK NUMBER: #1002 DATE: 12-21-05

RECOMMENDATION	DECISIONS
By: _____ Date: _____	By: _____ Date: _____

Request for Amendment to the:

Town of Payson
GENERAL PLAN
January 2003

Submitted January 2006 By:

Aero Development, L.L.C.

2733 N Power Rd, Suite 102
PMB 505
Mesa, AZ 85215
602-690-4927

Executive Summary

The executive summary is provided for those agencies that need to know the "bottom-line" of this proposal without the extreme detail presented. However, if there is any uncertainty as to the stated summary, the reader is encouraged to review the proposal in its entirety before making any final assessment of the merits of this proposal.

Purpose: This is a request for amendment to the Town of Payson General Plan (GP), Jan 2003. The requested amendment is for the purpose of changing the designated land use for a 51-acre set of parcels from Employment to Rural Residential.

Project: The proposed subdivision will be called "***Silverwing***". *Silverwing* will be located north of the Payson Airport on the east end and will comprise of developing 51 acres of natural forest into a rural residential "special use" airpark. *Silverwing* will consist of 20 lots, each of which will be 2+ acres. Homes will be single family with garage/hangers for aircraft. Roads will be joint use for vehicles and aircraft. Strict CC&Rs will maintain the highest standards for curb appeal and quality of life. These standards will be maintained through an architectural review process and Home Owners Association.

Silverwing will also make 1.5 acres (a long narrow slice of land adjacent to the airport north boundary) available to the airport for purchase. The purpose is to bring the airport into compliance with FAA obstacle clearance standards. This proposal will improve the safety standards for Payson Airport.

Discussion Items: Each of the following subjects are covered as *Discussion Items* in the text through a comparison of land use as Employment and as Rural Residential.

- **Land Use:** The zoning options for employment usage include commercial (C-1, C-2, C-3) and manufacturing (M-1, M-2). Commercial is immediately ruled out because of the lack of any vehicular or pedestrian traffic. There are no patrons due to the remoteness and isolation of this area. Manufacturing initially appears to meet the code definition. However, further analysis show that this use would be less than desirable. Manufacturing would disrupt the ecosystem, would be incompatible with topography and drainage, has major liabilities with respect to lack of highway accessibility, and lacks mandatory public utilities such as water and sewer. The definition of Rural Residential exactly matches the actual characteristics of this area. By definition, Rural Residential does not have access to public water or sewer, has limited ingress and egress roads, has significant growth of forest, is environmentally sensitive, isolated from activity centers, and is appropriate for horse property due to proximity to public lands. Rural Residential would be the best choice according to land use definitions.
- **Airport Growth Area:** *Silverwing* lies within the Airport Growth Area (AGA). The AGA consists of 1220 acres with the airport sitting in the northern third of this area. The GP clearly states that the AGA is a source of employment with specific emphasis on 222 acres in the West Airport Road area. This 222-acre area will be

privatized via the Montezuma Land Exchange within the next year yielding availability for development. The town is also planning the widening and relocation of Airport Road. This focus is compounding the problem of developing the subject area for employment purposes. By contrast, the lands designated as employment north of the airport are isolated by the physical barrier of the runway itself and will not benefit from the growth in the West Airport Road area. The total employment acreage south of the airport is 324 acres and north is 237. This is 561 acres of employment area without including the airport itself. So, why so much employment designation? It appears one reason is that the area north of the airport was designated employment as a solution to residential encroachment to the airport and associated potential noise complaints. Beyond this reason there is little justification for employment due to the previously discussed issues for this north area. Employment north of the airport will be unable to compete with the prioritized development of the West Airport Road area. If the subject 51 acres were changed to Rural Residential this would still leave 186 acres of employment north of the airport. This change is assessed at no negative impact on total employment for Payson. A review of the actual percentages of land use within the AGA indicates that there may be too much employment (55% of 1220 acres). Rural Residential would actually improve the balance of land use in the area.

- Environment: The subject area is environmentally sensitive with untouched forest and unique topographic features. Potential commercial use would virtually destroy the current vegetation. Commercial only requires 20% retention of natural growth compared to 80% for residential. Sloping terrain, natural outcroppings, and drainage patterns are not conducive to the large footprints of commercial buildings. Rural Residential would have the least impact on the environment.
- Noise: Noise can be created by many sources, which may pose a nuisance to neighboring communities. A case in point is the Door Stop in Skypark and the complaints from the nearby Mazatzal Airpark. Here, residential is complaining about an employment area. For the reverse, there have been no recorded complaints of noise from the airpark itself. This is because the noise associated with any airport is primarily associated with takeoff and landings, not the airpark. The solution to any noise situation is to encourage like usage between neighboring properties. Employment does not fit with this subject area because there is 2300 LF to the north, which is residential. This would be a repeat of the Door Stop situation. Purely residential does not fit because non-aviators complain about airplanes. The development of this airpark as a "special use" subdivision is an obvious solution. A Rural Residential airpark would be best in order to minimize any prospects of noise complaints.
- Economics: It can be argued that both employment and residential use of the subject area will benefit the Town of Payson monetarily with varying degrees depending on the type of business. However an airpark will benefit the Airport directly and actually produce income through users fees. This figure is estimated at over \$16,000 per year plus additional revenue from fuel sales. A Rural Residential

airport will help the Payson Airport reach their goal of becoming financially self-sustaining.

- Circulation: Currently this area has only one entry point off of McLane Road. Development of this area whether employment or residential will be the first step in supporting the Payson circulation plan and the associated development of the "Northwest Loop." However, it should be noted. Any further development beyond the proposed 20 lots in *Silverwing* is restricted, according to building code, to have a secondary entry/access. With public land to the west and north and no immediate prospects for privatization, this subdivision will remain a cul de sac for the foreseeable future. Limited entry/access means that Rural Residential is the best designation for this land.
- Utilities: There are currently no utilities available on the property. All utilities will have to be brought on-site through adjacent properties with major engineering challenges. The primary obstacle for employment is lack of public sewer. Both commercial and manufacturing zoning requires availability of public sewer with an estimated cost of \$1.1M. Septic or alternative systems are not an option. Therefore, this area is caught in a type of "catch 22", making development unlikely. However, it is suitable for development as Rural Residential, which does not require public sewer.
- Economic Feasibility: An analysis of developing like kind acreage in the West Airport Road compared to the subject area reveals that it would be more expensive to develop the subject area. Couple this with the fact that there is no accessibility or public/vehicular traffic makes this area unmarketable for employment. The area that is more expensive and unmarketable, by definition, is not economically feasible to develop as an employment area. A Rural Residential airport would be feasible.
- Real Estate Market: There is a current shortage of available residential land in Payson. This accounts for the 64% increase in cost of residential land over the last 1.5 years. Conversely, there is a surplus of employment real estate. This can be seen by the available acreage in the Skypark Industrial Area most of which has been on the market for the last 10 years. With the prioritization of the West Airport Road area and associated surplus land for employment, the development of any employment area north of the airport would not be successful. Development of the north area as Rural Residential would be marketable.
- Adequacy of Public Facilities and Services: The development of the subject area as employment or residential would obviously have some impact on Town facilities and services that would be required. Without the actual type development being known the true impact will also be unknown. This issue is considered neutral as to which land use would have the least impact.

Conclusion: The proper use of land must take into account all the many different factors associated with it. This requires a **total assessment** of: environment, engineering challenges, topography, drainage, community economics, noise, market impact, compatibility with adjacent lands, and availability of public utilities. The assessment may even require "walking the land" in order to understand the area itself.

Only, after all of the information is gathered, can you make a true assessment of the proper use of any piece of land. And in the final analysis, any decision must support the answer to these basic questions. *Does this make sense? Is this realistic? Is this feasible?*

Recommendation: It is recommended that the present designated land use for the subject 51 acres be changed from Employment to Rural Residential for the purpose of developing a "specialized use" Airpark Subdivision. As compared to employment usage, a rural residential special use airpark **would.... make sense, is realistic, and is feasible.**

About: Aero Development, LLC

Aero Development was recently formed by 3 partners for the sole purpose of developing an airpark subdivision, which will embody their vision of the perfect aviation community nestled in the perfect community. They want to be members of the airpark and also members of the town of Payson. Their motivation and passion is to develop an aviation neighborhood of the highest standards. Their goal is to carefully meld the natural beauty of the land, in a high country rural setting, with the improvements of the airpark to epitomize the best of all airparks... an airpark that will be a showpiece for Payson. All of the partners are professional businessmen and aviators, with an in-depth mix of military, commercial, and civilian aviation experience. The Aero Development partners include:

Paul Thompson - Concurrently an A-320 First Officer for United Airlines and also serving as a Reserve AF Aircraft Commander for worldwide airlift in the C-17. Graduate of Oklahoma State University ('88), BS Aviation Management. Married, 3 children, age 39.

Greg Willis - Currently Vice President of Operations for All-State Electric, a commercial electrical contractor doing business throughout the State of Arizona. Greg is also a furloughed MD-80 pilot for Northwest Airlines. Previous experience also includes active duty AF Aircraft Commander for worldwide airlift in the C-141. Arizona native and graduate of Arizona State University ('91) BS Aeronautical Engineering. Married, 2 children, age 37.

Doug Pelton - Concurrently an A-320 Captain for America West Airlines and also Branch Manager for Pacific Coast Mortgage, a banker/broker for home financing. Retired active duty AF F-15 pilot. Graduated USAF Academy ('74), BS Civil Engineering and Embry Riddle Aeronautical University ('87) Masters Degree Aviation Management. Married, 4 children, age 53.

Paul Thompson
480-225-3863

Greg Willis
602-757-8193

Doug Pelton
602-690-4927

Request for Amendment to the Town of Payson General Plan

References:

General Plan Update, January 2003 (GP)
Unified Development Code, May 21, 2004 (UDC)
Arizona Revised Statute (ASR) 9-461.06
Payson Area Transportation Study, December 1999 (ATS)
Payson Corporate Strategic Plan FY 2005-2006 (CSP)

Purpose:

The purpose of this request is to change the designated land use, as specified in the Payson General Plan, attachment #1, from Employment to Rural Residential for the subject area depicted in attachment #2.

The primary reason for changing the GP from employment to rural residential is that both commercial and manufacturing are not economically feasible for the subject area. Although this sounds definitive and simplistic, it must be pointed out that there are a multitude of other factors that impact the appropriate use of lands. The following discussion will review all aspects of the impact that any proposed land use change will have on the Payson community. The intent is to highlight the specific grounds and justification that supports this proposed change. The General Plan will serve as the guide.

Background: The requirement for a Change to the General Plan

It is especially important to understand the background necessitating a change to the General Plan due to the fact that **this is the first time this has been done in Payson.** The following section is provided to assist all staff agencies and approval authorities in understanding this process.

First of all, it is human nature to resist change. However, the authors of the General Plan were insightful enough to recognize that the plan is exactly what it says. It is a plan based on information available at the time; a snapshot in time, if you will. It is a guide.

"The Payson General Plan 2002-2012 is intended to guide future development and redevelopment decisions of the community in accordance with state law". (GP pg. 2)

"Planning is a continual process. No plan can be the "last word" on the community's future development. A single planning cannot provide solutions to all the economic and social problems facing a changing community. Changing conditions that impact resources, services and facilities make it necessary to revise and amend the plan as needed" (GP pg 2.)

This change is required per the General Plan due to a requested rezoning from R1-175 to R1-90 of the subject area for rural residential. Although the subdivision will remain rural residential it does increase the density. Allowable house per acre will increase from 1 per 4 acres to 1 house per 2 acres. This increase in density, even though it maintains a category of rural residential, triggers the requirement to rezone in compliance with the General Plan. This is because the General Plan specifies this area as employment.

For clarity let's illustrate. If 51 acres of existing R1-175 rural residential land (even though designated as employment in the GP) were subdivided and sold as 4-acre residential lots, no change is required. If the land was developed as employment and rezoned for commercial or manufacturing, no change to the GP is required because the land has been re-zoned in accordance with the GP. However, if the land is subdivided into less than 4-acre lots for residential, the GP has to be changes to residential.

This amendment will be categorized as a Major Amendment. According to ARS 9-461.06G, a major amendment means that the Town's land use plan requires a substantial alteration. According to the Town of Payson General Plan either of the following constitutes a substantial alteration:

Any change in the land use designation that changes the use from residential, commercial, public, or industrial to another use, provided such change affects an area of twenty (20) acres or more.

An increase in density or intensity of use on the property, provided such change affects an area of twenty (20) or more. (GP pg. 119)

Discussion Items: General There are many facets to the discussion of any land use change. Therefore, each area must be reviewed in detail in order to fully analyze the merits of this proposal. These areas of interest are detailed as seen in the "Discussion Item #'s" below.

Discussion Item #1: The Project

The name of the proposed subdivision is "**Silverwing**". It will be an aviation community located north of the Payson Airport on the east end. *Silverwing* will carefully transition 3 existing parcels totaling 51 acres of virgin forest into an airpark setting for 20 lots averaging over 2 acres each. Zoning will be R1-90. (See attachments 2 and 3)

This **special use subdivision** will serve as a model community for Payson with respect to the harmony of construction being in concert with its natural surroundings. *Silverwing* will consist of single-family residences with onsite hanger/garages for aircraft. Architectural standards will be strictly enforced by means of an Architectural Committee review process. *Silverwing* will also have an "architectural theme" incorporating a blend of stone, color, materials and natural vegetation that will tie it to a very upscale rural "high country" setting. These attractive aesthetics will be apparent from the moment of entering subdivision and will continue throughout. In order for these standards to be maintained beyond the development phase, a self-governing Homeowners Association will be established to

oversee the subdivision. As an added feature, the proximity of the development to public lands will also provide the rare opportunity to develop a subdivision allowing horse properties with access to the national forest.

Infrastructure will initially be completed by the developer with the deeding of roads to the Town of Payson for future management and maintenance. Roads within *Silverwing* will be designated as joint use for both vehicular and aircraft traffic. Public utilities will be used to the maximum extent possible. The one major exception will be public sewer. Public sewer is not currently available nor will it be economically feasible to provide. In lieu of sewer, on site on-site disposal systems (OSD) will be utilized. Details of the utilities will be discussed in detail later.

Silverwing will require offsite improvements in 2 areas. First, access for the subdivision will have to be completed. Currently there is a 60' easement (gravel road) off of McLane Rd that is used by the Forest Service to access public lands to the north and west of the subject area. This gravel road will have to be improved and graded for access to the airport. Electric and communications are expected to be brought into the airport in conjunction with these improvements. This will provide a conduit for future development of adjacent properties.

The second area of offsite improvements will involve access to the airport for homeowners to taxi their aircraft from their homes to and from the runway. A "pass through" gate will provide access, which will be located approximately in the middle of the southern boundary. Other improvements will be adding a taxiway from the gate to the runway.

This development will provide a major benefit to the Payson Airport. That will be the movement of the southern boundary of the existing parcels. Currently the southern boundary is in conflict (too close to the runway) with the obstacle clearance requirements of the airport. Therefore, the subdivision is being designed to split off a long and narrow sliver section of land, approximately 1.5 acres. This split will make the land available to the airport for future acquisition in order to bring the airport obstacle free area (OFA) under the control of the airport and into compliance with FAA standards.

Discussion Item #2: Land Use

Currently this land is zoned R1-175 which could be subdivided into 4-acre parcels without any changes to the GP. Each 4-acre owner could then build as each sees fit (within code) lending to an infinite number of different styles and variations within the area. There would be no community standards within the area. In order to prevent this type of adverse fill-in within Payson, the area needs to be developed formally.

Planned Developments. Planned developments represent the preferred method by which raw land is converted. (GP pg.12)

Therefore let's review the options available for planned development according to the definitions of commercial, manufacturing and residential to determine the best use of this acreage.

C-1 Neighborhood Service district – To accommodate a wide variety of neighborhood retail and service businesses, offices and other limited commercial uses with predominance on pedestrian access and convenience to residential neighborhoods. (UDC pg. 18)

The subject acreage is a remote and isolated area within the town. There is no thru traffic, no pedestrian traffic and no neighborhoods. C-1 is not an option for proper land usage.

C-2 General Commercial District – To accommodate the widest range of general commercial business activities on a scale more intensive than that permitted in the C-1 district, and with emphasis on shopping and business centers with indoor activities. (UDC pg. 18)

C-2 is not a viable option for the same reasons as C-1.

C-3 Highway Commercial District – To accommodate the commercial and business activities that, by their nature, rely upon intense vehicular traffic and are, therefore, most properly located along the state highways with emphasis on providing services for both visitors and residents of Payson. (UDC pg. 18)

There is no intense vehicular traffic or state roads in the area. C-3 is not a viable option for proper land usage.

M-1 Light Industrial District – to provide for limited manufacturing, processing, warehousing and light industrial uses, with predominance on indoor industrial activities conducted in a manner not to cause inconvenience or disturb neighboring properties. (UDC pg. 20)

M-2 General Industrial District – to provide for a wide range of industrial and manufacturing uses including intensive activities and outdoor storage while maintaining appropriate measure for safety and welfare. (UDC pg. 20)

At the outset, these 2 definitions of manufacturing seem to conform to the potential use of this particular area. However, there are other remaining issues that are adverse to developing this area as manufacturing.

Further study shows: Manufacturing requires roads and transportation systems, which are not available to this area. McLane Road is currently a 2-lane secondary road unable to handle heavy truck traffic. Offsite improvements would be required for both the transition from McLane to the access entry road and also for the entry road itself. These would be necessary for heavy trucks to make the turn and then accommodate the truck traffic up the steep grade entering the area.

Industrial site development standards, UDC pg 21, allow for lots as small as 22,000 SF or a little over ½ acre. This would equate to approximately 50 industrial lots permitted. Per commercial standards only 20% of the natural vegetation has to remain. Now visualize before and after development. The 51 acres is currently untouched forest. After industrial development, the land will have to be virtually cleared of all natural vegetation to accommodate the footprint of warehouses, structures, parking lots, outside storage facilities and roadways. Compare this to 80% coverage of natural vegetation for residential with the larger 2 acre lots. Residential would keep the existing environment intact.

Now consider that the public wants to visit the national forest, which borders on both the north and western sides of the subject area. The public would have to drive through an industrial area with storage areas and warehouses to get to the serenity of the public lands. This does not appear to be a compatible use of the land.

UDC (pg. 21) development standards, requires that public water be available to support the development. In a worse case scenario, this equates to 50 water units (ERUs) with unknown usage with varying types of potential manufacturing. This would be significantly more than the 20 ERUs required for an airport. The impact of this type of unknown water requirement cannot be assessed.

UDC (pg. 21) development standards, also requires that public sewer be available to support the development. However, public sewer is not currently available to this area nor is it economically feasible. This topic will be discussed separately.

Topographically, the area is not conducive to manufacturing due to prominent rock outcroppings, steep slope, and being land locked by national forest.

Also consider that there is currently land available for the purpose of manufacturing at both the airport and in the industrial park west of the airport. Developing this 51 acres specifically for manufacturing would also create an overbuild situation with existing industrial properties that are available. This would be in conflict with existing guidance of the General Plan itself.

Overbuilding with excessive commercial unit vacancy, should be discouraged. (GP pg. 13)

To summarize, the merits of developing this area as manufacturing are in conflict with the environment, access to public lands, current circulation system, water and sewer resources, and will also compete with existing available industrial properties in the development for the West Airport Road Area.

Finally, consider the definition of Rural Residential as detailed in the GP, pg. 28:

Rural Residential

1. *Areas where the general topography contains slope of 15% or greater.*
2. *Areas that are appropriate for horse property with access to trails or the forest.*
3. *Areas that do not have access or cost effective access to public water and/or sewer services.*
4. *Areas with limited point of ingress and egress for vehicular traffic and inadequate street design standards.*
5. *Areas that have significant growth of forest.*
6. *Areas that are environmentally sensitive.*
7. *Areas that are away from activity centers. (GP pg. 28)*

Without exception, every one of these 7 guidelines, that define the proper land use for Rural Residential, are applicable to the subject area. Of all the choices, commercial, manufacturing, or residential, the subject area best fits the guidelines for Rural Residential, per the General Plan itself.

Maintaining Rural Character – Payson residents value the rural character of the planning area, which is defined by the abundance of trees, open space and access to forests. This character should be aggressively maintained. (GP pg. 21)

Discussion Item # 3: Airport Growth Area

Any change to this specific section of land will have a direct impact on the designated growth area in Payson referred to as the **Airport Growth Area**. In order to conduct an accurate assessment of the Airport Growth Area (AGA) it will be necessary to first define the area and to review its current designated land usage. (See attachment #4)

The following chart is a summary of the land usage in the Airport Growth Area per attachments #1 and #5. It is important to note that the chart is divided into 2 separate areas termed north and south. This is because the AGA is divided into to separate "sub-areas" due to the physical barrier of the airport proper itself. This distinction is necessary due to a follow-on discussion highlighting the isolation of the northern acreage, lack of public utilities, and its inability to compete with the existing prioritized build out of the south airport employment area referred to as the West Airport Road area.

Airport Growth Area

		General Plan Use / Zoned	Acreage (est.)
Developed Land	North of Airport	Low Density Residential R3-MH	14
	Airport Proper	Employment / M-2 Manufacturing	104
	Skypark Industrial	Employment / M-1 Manufacturing	57
	Mazatzal Airpark	Medium Density Residential R1-12	97
	South of Airport	Employment C-2 Commercial	8
	South of Airport	Medium Density Residential R2 & R3	11
Total Developed Land			291
Undeveloped Land	North of Airport	Low Density	181
		Employment	237
	South of Airport		
	Land Exchange	Employment	(135)
	Land Exchange	Environment	(17)
	Land Exchange	Mixed Use #2 (Total)	(71)
		Employment -10%	7
		Low Density Res. - 20%	14
		Medium Density Res. - 30%	21
		High Density Res. - 40%	29
	Land Exchange	(Total Land Exchange)	(222)
South of Airport	Employment (remaining areas south and east of airport)	98	
	Mixed Use #2 (Total)	(190)	
	Employment -10%	19	
	Low Density Res. - 20%	38	
	Medium Density Res. - 30%	57	
	High Density Res. - 40%	76	
Total Undeveloped Land			929
Airport Growth Area - Total Acres			1220

The following Chart summarizes the proportion of land uses within the Airport Growth Area:

<u>Land Use</u>	<u>Acres</u>	<u>Per Cent of Total</u>
Employment Airport (M-2)	104	9
Employment Non-Airport (All other)	*(561)	* (46)
North	*237	*19
South	*324	*27
Low Density Residential	247	20
Medium Density Residential	186	15
High Density Residential	105	9
Environment	17	1
Rural Residential	0	0
Airport Growth Area Total	1220	100%

The GP clearly states its interest in developing the AGA as a source of employment.

Airport Growth Area – The airport and surrounding development area is intended to protect the viability of the airport and promote new employment opportunities conducive to the proximity to the airport. (GP pg.32)

It is critical for the Town of Payson to maintain this approximately 222 acres as employment that surrounds the airport. (GP pg. 39)

Designate West Airport Road as a high priority for infrastructure improvements to encourage the development of an employment center in the area. (GP pg. 23)

Continue widening Airport Road from 2 lanes to 3 lanes (center two-way left turn lane) from SR 87 to the Airport area. (GP pg. 60)

Before the discussion continues, it is important to clarify the 2nd quote above from the GP. The 222 acres referred to, is a tract of land referred to as the Montezuma Castle Land Exchange. The Montezuma Castle Land Exchange has been approved by congress. At the present time the legal description is being prepared by the Town of Payson, which should finalize the exchange within the year. This privatization of land will make current national forest acreage in the southwest area of the airport available to both the town and private parties for development. (See attachment #5 & #6)

Now, consider that the General Plan was written in January 2003, 3 years ago. Changes within the community have already taken place with more on the horizon. In 2003, the success of the Montezuma Land exchange was uncertain. Now it's completion appears to be inevitable. Therefore, the growth in the West Airport Road area will begin a polarization of employment opportunities within the Airport Growth Area due to the emphasis of its development. The subject area will not benefit from the development along West Airport Road because of the physical barrier of the airport itself to this development area. The

subject area will continue to be isolated until other adjacent properties are privatized from public lands and subsequently developed.

A review of the land use summary above clearly indicates that employment designated within the Airport Growth Area far exceeds the stated goal of 222 acres. Total employment acres, within the AGA, is 561 acres (46% of all land in AGA) not including the land associated with the airport itself. North of the airport, there are 237 acres (19%) and south there are 324 acres (27%) designated as employment.

The prospects of the north area being developed for employment are remote. This is because of the stark differences between the north and south areas. The south has accessibility to roads with planned improvements, availability to traffic flow and pedestrian travel, proximity to residential areas and availability to public utilities such as water and sewer. The North area remains isolated. There are no roads, traffic (vehicular or pedestrian), adjoining residential communities, nor easy access to public utilities.

Historically, the subject area was originally designated Planned Area Development (PAD #6) in the previous "Land Use Plan". PAD #6 was defined as mixed use with 70% residential and only 30% employment. Of the 237 acres due north of the airport, this would have meant 71 acres for employment and 166 acres for residential. The 2003 General Plan changed this to 237 acres employment and 0 acres residential.

One of the primary reasons for originally designating the north land adjacent to the airport as employment was to avoid the possibility of residential encroachment and associated noise complaints. This was evidenced by the failure of the MountainAirre high-density residential project in July 2000. It was voted down because of potential noise complaints from the high density, non-aviation residential subdivision. (The issue of noise will be discussed in detail later.)

Was the decision to make this area north of the Airport employment only to solve the noise complaint issue? Or was there a study conducted that concluded that land usage in the AGA needed to designate 46% of all land for employment. It appears that the former question is probably true.

The above statistical review suggests that the proportion of employment to residential may even be too high. Consider the amount of residential development that would be required to support the workforce necessary to build out 561 acres of employment in the AGA. Would this even be possible with the limited residential acreage defined? And wouldn't this in and of itself be in conflict with the General Plan's stated goal of maintaining a rural character?

Maintaining Rural Character – Payson residents value the rural character of the planning area, which is defined by the abundance of trees, open space and access to forests. This character should be aggressively maintained. (GP pg. 21)

Any growth within the region has to have a concurrent increase in both residential and employment. To restate the obvious, if there are no employment opportunities there will be no increase in residential. However, if there is no increase in residential there will be no increase in employment.

This request does not advocate that all of the land north of the airport should be non-employment. It does advocate that this area is unique and suitable for aviation related uses. There are approximately 186 acres available between the subject area and Mazatzal Airpark. This is plenty of land for future "special use" development (i.e. aviation) or other compatible zoning. Consideration should be given to other uses such as aviation related manufacturing or major repair facilities, forest fire fighting support facilities, designated improved public park area, public golf course, or other public facilities

Nor is the requested land use change intended for the sole purpose of increasing rural residential land within Payson. The definition and guidelines for rural residential and then a total assessment of the community will in and of itself help to establish the proper amount and use of the land. This requested land use change is simply because the subject acreage is better suited for "special use" rural residential as opposed to employment, which it is not suited for.

The final assessment to this topic is that the proposed change from Employment to Rural Residential will not have any adverse affect on the community. Overall, the Town will probably see a net gain of employment opportunities in the Airport Growth Area due to the accelerated development of the West Airport Road area but not without concurrent residential growth.

Discussion Item #4: Environment

Topography – The 51 acre site has some extreme changes in slope. It sits high above the entry/access road off of McLane Road. The elevation change is approximately 110 feet increase from McLane to the eastern boundary. Current slope is estimated at a grade of 12% with some short distances in excess of 12%. The terrain continues to rise through the eastern third of the area increasing an additional 50 feet and then sloping downward on average 5% to the west. This high point in the area forms a natural saddle, which is also a prominent granite rock out cropping. These rock formations are striking example of the area's natural beauty.

Vegetation – The entire area is covered with natural vegetation, which is an untouched mix of Pinion, Juniper, and Scrub Oak. Coverage varies from sparse to dense and averages medium throughout.

Drainage – The current lay of the land provides for natural drainage from the "saddle" eastward down the hill adjacent to the exiting access road. To the west, the water flows following a natural valley centered in the 51 acres and flows into the adjacent National Forest.

If this area was developed as an industrial site, the topography could have an adverse affect on the construction of buildings if the building size has a large square footage. Because the area is not flat and has an average grade of 5% slope, any large warehouse type structure would have a requirement to "cut and fill" to the extreme. These large structures would upset and/or destroy the natural vegetation and could also divert natural drainage to a point of no water to some areas and flooding to others. Additionally, the natural rock formations within the area may be damaged or destroyed to make way for the large structural requirements of industrial development.

In contrast, *Silverwing* will take all of these factors into account in order to preserve as much of the natural setting as possible. The initial development of the subdivision will landscape using the natural vegetation from disturbed areas. Prior to any construction, the architectural review committee will require landscaping plans to be submitted with construction plans. Building envelopes will be required to ensure the natural vegetation is not damaged during the construction phase. Every effort will be made to preserve existing vegetation by requiring relocation of plants elsewhere on the lot or within the subdivision. Homes and hangers will be inherently smaller than industrial structures and will be able to be strategically placed to preserve the vegetation and natural drainage. The location of the planned street layout for *Silverwing* has also been carefully selected for drainage flow. It is actually complementary to the natural drainage by acting as a means of collection to channel the water towards the west for dispersement onto the nation forest. (See contour lines on attachment #3)

Hillside development – Hillside development regulations are not applicable to this project. The Hillside Development Regulations in the UDC apply to all building lots with an average slope of 15 % or greater.

Discussion Item #5: Noise

The prospects of noise are a primary concern for any development.

Major source of noise within the Town of Payson planning area is surrounding the airport and highway noise. Through its land use plan and policies, the Town of Payson is dedicated to the development of the airport while protecting encroachment of residential development. (GP pg. 101)

While this statement is well intended, it is not applicable to a residential airpark, which is a special use community. To validate this assessment you must review the subject of noise from 2 key aspects. First, who is causing the noise and then, who is complaining about the noise.

1. Who is causing the noise? (Please refer to attachment #1 during this assessment.)

If the subject area was developed for **employment** and was causing noise, who are the neighbors (as defined by General Plan) and are they at risk to unwanted noise?

Eastside: Usage is also employment. There is no conflict because of like use.

Southside: Usage is airport. No conflict.

Westside: Usage is employment. No conflict

Northside: Usage is residential. There is a total of approximately 2,300 linear feet (LF) of common boundary between employment and residential. Unfortunately, this is exactly what is occurring presently on the west end of the airport. Mazatzal Airpark residents have been complaining about the Door Stop in the Skypark Industrial Area. Very clearly, there is a potential risk of noise complaints from the northern residential neighbors with respect to the employment neighbors to the south. A repeat of the Door Stop example must be avoided.

If the subject area were developed as a **special use residential airpark**, there would be no noise complaints.

Now, here one might argue that airparks create noise and this is not true. This is a misconception of understanding where the noise is generated from. Airplanes taxiing at near idle through an airpark are not creating unwanted noise. Consider that the noise of a taxiing aircraft is less than that of a common lawnmower or popular quad ATV.

Noise is produced during the takeoff and landing phase at the airport, which is not noise from the airpark. The noise can be from any aircraft whether local or transient during this phase of flight. To best prove this point, understand that there have been no reported noise complaints of aircraft taxiing within Mazatzal Airpark on the west end of the Airport.

2. Who is complaining about the noise?

If the subject area were developed for **employment**, it would not be complaining about noise outside of its bounds. Therefore, no conflict.

If the subject area was developed as a **special use residential airpark**, would the residents be complaining and what kind of noise would they be complaining about?

Eastside: Usage is employment. However there is a major topographic buffer, which includes a drop-off in elevation of 110' creating a natural barrier to noise to the airpark. Additionally, the majority of this land will be unbuildable due to steep slopes in excess to 20% grade. The buildable area will be adjacent to McLane road, which makes it more conducive to commercial retail a non-noise land usage. Any noise complaints from this employment area would come from the residents on the east side of McLane well before they would come from the airpark, high above and beyond the barrier ridge to the west. Therefore, there is no conflict on the eastside.

Southside: Usage is airport. The residents are part of the aviation community and have chosen to live at the airport accepting of the associated environment. No conflict.

Westside: Usage is employment. However, the Payson airport is planning on acquiring the land (FY 2007) directly west of the subject area for the purpose of moving the "segmented circle" to bring the airport into compliance with FAA standards. (See attachment #7) This will provide an inherent buffer for approximately ½ of the western border. This leaves only 545 LF on the western border that will be at risk of noise to employment.

Northside: Usage is residential. There is no conflict due to same land usage.

Noise Summary: The use of the subject area as employment has 2,300 LF as compared to special use rural residential which has 545 LF of potential boundary in conflict with adjacent land usage. It is clear that proposed Rural Residential use of the subject area as an airpark is the best choice to avoid noise complaints.

As a related point, the noise from the airborne traffic in the vicinity can still be a source of conflict with the surrounding areas. The flight pattern has recently been moved from the south side to over the north side of the airport, which is less dense. This flight pattern is currently over the subject area. As part of the development of the airpark, CC&R's will be crafted to specify that the airspace over the subdivision will be protected by an "avigation easement" whereby the property owners are formally notified of the associated hazards of the aircraft including noise overhead.

Discussion Item #6: Economics

The development of *Silverwing* will have a very positive economic impact on the Town of Payson. The benefit to the community will come in many forms such as professional services, indirect employment benefits, cash infusion to the local economy, and the direct monetary benefit to the airport.

The future owners of the planned 20 residences of *Silverwing* will not impact or take away any existing jobs. The anticipated market for these 20 residences will be individuals who are already employed or retired. The demographics of homeowners for this project will include professional people such as businessmen, pilots, and financial, legal, and medical professionals to suggest a few. These types of professionals will be important and supportive assets to a growing community. There is a strong likelihood that these types of individuals would actually create employment opportunities because they provide professional services that would need employees to support their businesses. There is even a stronger likelihood that they would be responsible for creating employment opportunities because they will have the financial means to create them.

The indirect employment benefits to the local economy are varied depending at which point in time you want to assess them. Initially, the local construction companies and their employees will benefit from the build out of *Silverwing* and it's associated infrastructure. The subdivision will need roads, taxiways, fences, gates, electric, communications, sanitary systems and water. A conservative estimate would be \$1.5M spent within

Payson. The build-out of 20 homes with hangers, on average of \$750,000 each equates to \$15M. The requirements for "in town" services, translates to demand for increased employment in Payson. *Silverwing* residences will need aircraft inspections and repairs, recreational services, personal services, and professional services. It would be a gross understatement that these types of needs do not bring any employment opportunities to the Town of Payson.

Money being spent on taxable goods probably has the most profound affect on an economy. Sales tax on the construction materials alone is estimated to yield an estimated \$1.3M directly to the Town of Payson.

Basic economic principles confirm that a dollar spent in the local economy has a compounding affect within that community. For example, every \$1 taken in will be spent again in some other transaction. On average, a single dollar may be exchanged up to 6 times before ending up in a financial transaction outside the community. Let's quantify this concept. If there are 20 residences with \$20,000 discretionary cash to spend within Payson, this would equate to \$400,000 cash influx to the local economy. If this changes hands 6 times this equates to a compounded cash influx of \$2.4M. What would this money be used for? Paying wages, buying durable goods, entertainment, meals, expanding businesses, etc. If half of this \$2.4M is used to buy taxable goods the benefit to Payson would be 0.5 times \$2.4M times 8.72% sales tax equating to \$104,600 revenue per year. The overriding point is that *Silverwing* would have a positive economic benefit to the Payson business community. Additionally, the Town of Payson would benefit from the increased sales tax revenue.

What about the economic impact on the airport? The airport is currently conducting a reassessment of their business plan to ensure the ability to be self-sufficient.

Key Result Area 11:

*Airport, Objective #2: Make the Payson Airport as self-sustaining as possible.
(Corporate Strategic Plan, pg. 11)*

Silverwing will not add to the financial burden of the airport. On the contrary, it will actually be an income producer for the airport.

- Money will be collected from the airpark homeowners. As an offset to any lost revenue of having a local aircraft in a personally owned hanger instead of in a leased tie down or hanger on the airport property, owners of the airpark will pay an airport "user's" fee equivalent to the current airport tie-down fee.
- The property owners will also pay a monthly "pass through" fee for the purpose of funding required maintenance on the airport access gate.
- And finally the property owners will pay a taxiway maintenance fee specifically for the taxiway from the airpark to the runway.

These fees will be collected and then paid on a monthly basis to the airport by the Homeowners Association. Initial estimates are \$67 per month for 20 lots equating to

\$16,080 per year revenue to the airport. The initial offsite cost of the construction of the taxiway from the airpark to the runway will be borne by the developer. Other indirect benefits to the airport will be increased revenue from fuel sales. The point of interest is that *Silverwing* will be a source of revenue for the airport, which will support the airport's goal of becoming financially self-sustaining.

Discussion Item #7: Circulation

Initially, the subdivision will be a "cul-de-sac". There will be only one entry access from McLane Road. As part of the development, road improvements will include construction of a paved access road from McLane to the eastern border of *Silverwing* and the town roads within *Silverwing* itself. It will also include road spurs to the adjacent western and northern parcels. These spurs will, in the short term, allow Forest Service and public access to the adjoining national forests. They will also provide access for further future development.

The development of *Silverwing* will have no adverse impact on the current town circulation system (public roads). On the contrary, it will actually be the first step in supporting the Circulation Plan, which recommends public access to the northwest via a "Northwest Loop" by year 2007. This is per the Transportation Study of 1999. (See attachment #8) (The 2007 estimates are currently not realistic in that the land is still part of the national forest.) Although the Northwest Loop is depicted to be north of the subject area, the development and associated spurs to the adjacent properties will provide secondary exits to access the Northwest Loop. The overall impact of developing this acreage will be positive. *Silverwing* will be the first domino to fall in the future development of land north of the airport and thus promoting the associated Northwest Loop.

However, it should be noted. Any further development beyond the proposed 20 lots within *Silverwing* is restricted, according to building code, to have a secondary entry/access. With public land to the west and north and no prospects for privatization, this subdivision will remain a cul-de-sac for the foreseeable future. Limited entry/access means that Rural Residential is the best designation for this land.

Discussion Item #8: Utilities

In order to have a clear understanding of the magnitude of costs in developing the subject area, it will be helpful to review the prospect of bringing in utilities to this remote area. The property has not been developed to present because of the many liabilities of the acreage with respect to accessing public utilities. If the required public utilities were already accessible from the property boundaries this may have been developed years ago.

Communications: Telephone and cable will have to be brought in from McClane Road approximately 1000 feet. Comparing the cost for employment vs. residential, communications will be the same for entry but would be higher in total because of build out of 50 lots of employment compared to 20 lots for residential

Electric: Electric will have to be brought in from McLane Road approximately 1000 feet. Service entry requirements will have to be large enough to provide continuation of service

to adjoining lands for future development of those areas. Comparing the cost for employment vs. residential, electric will be the same for entry but would be higher in total because of build out of 50 lots of employment compared to 20 lots for residential.

Water: Public water is currently not available. Although public water tanks are available "on-site" in the northeast corner of the subject area, this water is of no use to the subdivision. This is because of the topography and the rising terrain to the west, which has an elevation higher than that of the water tanks. There are 2 possible solutions. One would be to construct an on-site pumping facility to create the head pressure necessary to support the subdivision. The second would be to access an alternative source of water such as the water line from south of the airport. This water source is from the tanks south of the airport, which are higher than the subject area elevation and would produce enough head pressure for supply. Regardless, either solution will be an expense beyond that normal for either employment or residential development with existing access to public water.

Potential water use will be less for residential (20 lots / 20 ERUs) compared to employment (50 lots / 50 ERUs). The specific details, in reference to required and available ERUs, will be addressed during the rezoning process for the subdivision. Suffice to say that *Silverwing* will be developed with available ERUs.

Sewer: Although there are many reasons why this area is not feasible for employment, the predominant reason is that public sewer is not available nor is it cost effective to construct. Both commercial and manufacturing zoning requires availability of public sewer. Septic or alternative system is not an option. Therefore, this area is caught in a type of "catch 22", making development unlikely. However, it is suitable for development as Rural Residential which does not require public sewer.

The requirement for public sewer for both commercial and manufacturing remains the single most expensive line item for the development of the area as employment. This issue has been such a major concern that Tetra Tech, an engineering firm, has been requested to assess this item singularly. Their estimated cost for the annexation and construction of public sewer in this area is \$1.105M. (See attachment #9) Their findings confirm that the expense of constructing a public sewer system in conjunction with all of the other excess development costs to bring utilities into this area in essence puts the aggregate costs over the top. This makes developing this area economically unfeasible.

The alternative to public sewer of course is on-site disposal systems (OSD). OSD systems will be the method of management of waste within *Silverwing*. It will be both economic and feasible. OSD is not an approved alternative to commercial and manufacturing. In this case Rural Residential is clearly the best land use for this area.

Discussion Item #9: Economic Feasibility

The primary argument that this land area is not feasible economically for employment development has been detailed from many different facets in the above discussions. In order to clarify the above discussions on the feasibility aspect of the subject area from an

economic standpoint, let's compare the pros and cons of developing a "same kind" of 51 acres of employment designated real estate in the West Airport Road area. For sake of discussion these 51 acres will be in sections 3, 4, 8, and/or 9, which is part of the Montezuma Castle Land exchange and is currently also designated as employment. (See attachment #6) In other words, which area is cheaper to develop, and is there a need or market for development in this area? The area that is more expensive and unmarketable, by definition, is not economically feasible to develop. Please reference the following chart:

Feasibility Assessment

Category	Subject Area 51 Acres	West Airport Road Area 51 Acres
Is there existing thru traffic to support business?	No	Yes
Are the existing roads acceptable to heavy traffic and Truck traffic?	No.	Yes and are programmed to improve also.
Is there a workforce available with the subject community?	No. Workforce would have to commute from another area or part of town. This is reasonable because of Payson small size.	Yes immediately to the west. To the south Land Use plans call for Mixed-use meaning residential will be available within the general area.
Are adjoining Public Utilities available to the development?		
Communications	No	Yes
Electric	No	Yes
Water	No (Required by code)	Yes
Public Sewer	No (Required by code)	Yes
Marketability: Is this a desirable area for employment use?	No	Yes

As illustrated above, it will be cheaper to develop like kind acreage in the West Airport Road area, which also makes it more competitive in cost and therefore more marketable. Therefore, the employment area designated north of the airport is determined to be unmarketable.

Discussion Item #10: Real Estate Market

Any decision with respect to changing land use will require a detailed assessment of the real estate market itself. Coldwell Banker conducted such a review in December 2005, which is summarized as follows:

There is currently a shortage of available residential land. Reviewing the MLS database revealed that 132 vacant lots were available with the majority in golfing communities. These golfing communities also require the purchase of expensive golf memberships. If the golf properties were discounted, this would only leave 19 available lots within the Town of Payson for non-golfers. A further study of land cost reveals the land prices within Payson have increased by 64% for the last 1.5 years. Most residential land is sold out before the subdivision is built. This accelerated increase of land costs confirms the stated shortage. When there is a supply shortage, there is an associated increase in price. (Supply and demand).

Meanwhile, there is a surplus of employment vacancies. An assessment was done for the entire area of Payson. There is adequate available commercial land scattered through the Payson area. One notable conversation between Bob McQueen (Coldwell Banker) and a prominent area developer and builder, stated that the developer had commercial land to build on but would not consider it in the near term because there was no market demand. The major focus of the commercial availability study centered on the West Airport Road area due to the proximity of the subject area to like designated employment area. Analysis revealed that there are a total of 13 vacant lots with in the Skypark Industrial Area with lot sizes varying from ¼ acre (6), ½ -3/4 acre (6) and 2.68 acre (1). The striking point here is that this land has been available and on and off the market for the last 10 years. There simple has been no market for this employment land.

A review of building permits also confirms this assessment. Of all of the permits pulled in 2004 (229) only 11 were commercial or 4.8%. Thru October 2005, a total of 349 permits were pulled with only 14 being commercial. This equates to 4.0%, which is an actual decrease in commercial (employment) demand. In economic terms, this is an indication of an overbuild situation.

Overbuilding with excessive commercial unit vacancy, should be discouraged. (GP pg. 13)

Now, take into account, the previously stated priority of developing the West Airport Road. This will create even more competition for the development of the currently isolated subject area for employment use. On a positive note, this prioritization of the West Airport Road area will be a "marketing window" for employment in that area. Because the subject acreage is not part of the West Airport Road area, any development for employment purpose would put the development at risk because of marketability problems. Any developer would hesitate before spending money on a project for which there is no market.

The following question will best summarize this topic and illustrate the prospects of the subject area being developed for employment purposes. *"Would you as a developer invest in the subject area as an employment property knowing what you now know about the Airport Growth Area?"*

Discussion Item #11: Adequacy of Public Facilities and Services

The adequacy of public facilities and/or services (Fire Department, Emergency Medical Teams, Libraries, Hospitals, Schools, Public Safety) should not have any relevance to the decision as to what is the best type of land use designated per the General Plan. Suffice to say that as the community grows, required public facilities and services will likely increase whether the land is designated as employment or residential. Also, take into account that impact fees paid at the time of permit offset these costs. Industrial areas may require more fire and emergency contingency services. The residential uses may need more schools and libraries. Overall, this issue is considered neutral as to which land use would affect Town Services the most.

Conclusion and Recommendation:

The proper use of land must take into account all the many different factors associated with it. This requires a **total assessment** of: environment, engineering challenges, topography, drainage, community economics, noise, market impact, compatibility with adjacent lands, and availability of public utilities. The assessment may even require "walking the land" in order to understand the area itself.

Only, after all of the information is gathered, can you make a true assessment of the proper use of any piece of land. And in the final analysis, any decision must support the answer to these basic questions. *Does this make sense? Is this realistic? Is this feasible?*

It is recommended that the present designated land use for the subject 51 acres be changed from Employment to Rural Residential for the purpose of developing a "special use" subdivision. As compared to employment usage, a rural residential, special use airpark **would.... make sense, is realistic, and is feasible.**

Employment
Future Airport Acquisition -2007
Segmented Circle

Employment

Employment

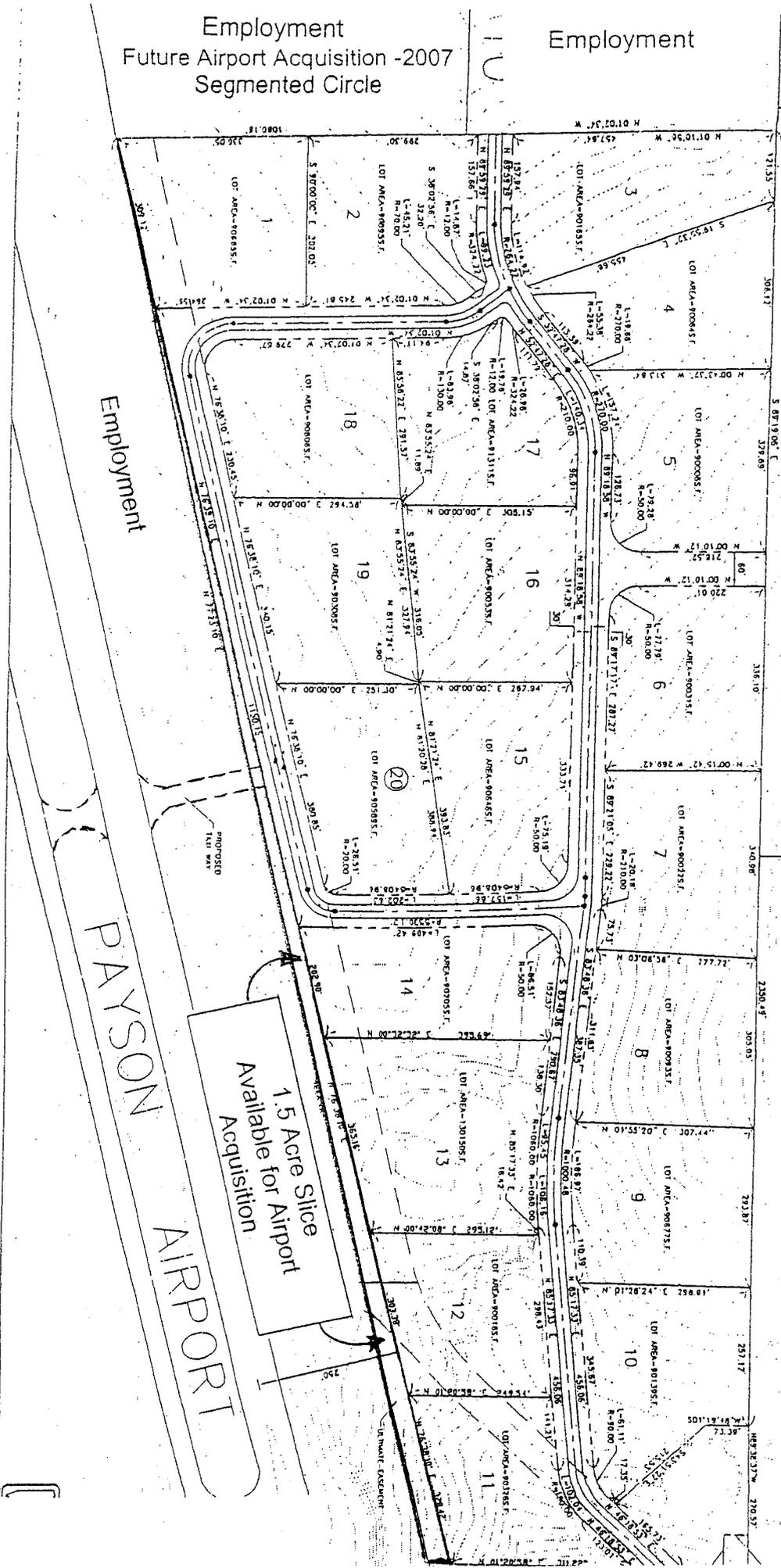
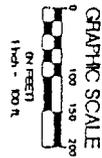
Low Density

Low Density

CONCEPT SITE PLAN

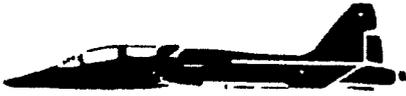
PAYSON AIRPORT

1.5 Acre Slice
Available for Airport
Acquisition



P-324-06

PUBLIC COMMENT



AERO DEVELOPMENT, LLC

2733 NORTH POWER ROAD SUITE 102, PMB 505, MESA,
ARIZONA 85215

DOUG PELTON 602-690-4927
FAX 480-718-7592

GREG WILLIS 602-757-8193

PAUL THOMPSON 480-225-3863

May 5, 2006

To: Jerry Owen
Director of Community Development
Town of Payson

Subject: Community Workshops for Amendment to General Plan

Dear Jerry,

This letter is to confirm that we have conducted 2 community workshops per the Town of Payson. A summary is provided below:

April 24

Meeting held at the Country Kitchen. Attendance was 2. No adverse comments. Attendees were adjacent property owners and very supportive of project due to the potential benefits of the development of the subject area and the resulting positive impact on their property.

May 1

Meeting held at the Town Hall. Attendance was 10. No adverse comments.

- 8 attendees were adjacent property owners and again supportive of the project due to the potential benefits of the development of the subject area and the resulting positive impact on their property.
- Other attendees included 1 Councilman and 1 member of the Chamber of Commerce.

Questions asked during the meeting:

Was McLane Rd going to be improved due to increased use? This was asked by the residents who live off of McLane with an obvious interest to improving their street. Response: Silverwing would only improve the current existing dirt access road from McLane to the subdivision.

What is the cost of the land to the Town of Payson for the slice of land available to the airport. Response: The actual cost to the town is expected to be 5% of the fair market value (yet to be determined) due to federal grant money (95%) being used for purchase.

Local residents asked if they could access their own land off of the improved entry road off of McLane. Response: It would be doubtful due to some fill required for grading the access road to meet code requirements for the steep incline. Their existing driveways off of McLane would be better suited to access their exiting property.

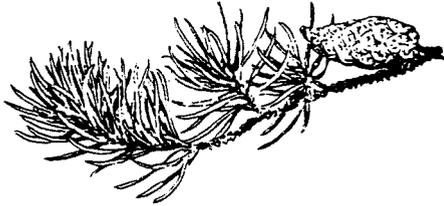
There was concern voiced for noise and dirt from increased traffic up the access road. Currently there is noise and dirt from 4 wheelers that go up to the subject area to ride. Response: The improvements to the access road of paving and widening will solve the dirt problem. It is also expected that the 4 wheeler noise will be eliminated due to the change of status from raw land to developed subdivision. There will also be less traffic on the access road than on McLane due to it being a cul-de-sac and non-thorough fare road. Therefore, Silverwing will be an overall improve to the situation.

One resident asked what the long term plans were for the national forest land north of the Silverwing. Response: Unknown. This land is listed in the General plan as low density residential.

General observation: Attendees commented that the presentation was very informative and the development of Silverwing would be welcome.

(signed)

Doug Pelton
Partner



P A Y S O N R E G I O N A L
ECONOMIC DEVELOPMENT
C O R P O R A T I O N

RECEIVED

May 1, 2006

MAY 17 2006

Town of Payson
Planning and Zoning Commission
303 N. Beeline Highway
Payson, AZ 85541-4306

COMMUNITY DEVELOPMENT
DEPARTMENT

To Whom It May Concern:

The Payson Regional Economic Development Corporation has discussed the proposed amendment to Town of Payson General Plan on a 51-acre site located north of the Payson Airport from its current land use designation of "Employment" to "Rural Residential" and has the following responses.

1. The area under discussion is the largest of only six areas designated for employment. These are the areas of the town where jobs can be created to support the residential growth of Payson. The economic development of any community depends on available land to create a decent ratio of jobs to population as a foundation for a solid community. The developer is mistaken, as stated in the proposal, about Payson having so much other land for employment opportunities. This is not the case according to the adopted land use plan of the Town of Payson.
2. Amending the General Plan to allow the 51 acres north of the airport conflicts with multiple approved policies in the Town of Payson General Plan, 2003. Specifically,
 - 3.2i. Ensure that land use activities in the vicinity of the airport are compatible with the noise levels from the airport.
 - 3.4a. Ensure there is adequate land available for commercial and employment-related development.
 - 3.4b. Ensure that there is adequate buffering available between commercial/industrial land uses and residential areas.
 - 4.3d. Continue to establish Payson as the regional economic hub of Northern Gila County by effectively diversifying the growth areas.
 - 4.4a. Ensure that the land use activities in the vicinity of the Payson Airport are compatible with the noise levels generated by airport-related uses.
 - 4.4b. Attract businesses to the employment designated land around the Airport that provides job for Payson residents.

PO Box 1771 • 600 S. Green Valley Pkwy. • Payson, AZ 85547
Phone 928.468.6659 • FAX 928.468.8197
E-mail info@paysonecon.org • Website www.paysonecon.org

4.4c. Continue to make improvements to the Payson Airport to increase the economic viability of the airport.

4.3 Growth Area Critical Issues that must be addressed through Growth Area Planning include incompatible land uses and incompatible zoning (p.32). Another critical issue that is listed, Employment Opportunities (p. 34), states "The Town of Payson has limited areas appropriate for new business development that will diversify the economic base and create quality jobs that pay a livable wage. The Land Use Plan designates employment uses in areas surrounding the airport that serves two purposes: protecting the airport from residential encroachment and offering new employment growth opportunities."

Section 4.5 of the Growth Area Plan (p. 36) includes the airport area as a focus area over the next 10 years. However, the development "is intended to be mixed-use that includes planned business uses located in a business park environment." It also states " The Payson Municipal Airport is the engine that drives the current and projected airport-related employment within this growth area.... The airport Growth Area provides the opportunity for the Town to attract higher paying jobs so that residents can earn a decent living and be able to continue to live in Payson as the cost of housing continues to escalate."

3. Caution should be taken when zoning residential very close to any airport. Community complaints that appear on the front page cause community suffering. However, the real issue is the 65 DNL or higher rating that may be detrimental to human well-being. It opens the door to future legal complaints.
4. This development would eliminate a parallel taxiway to the north side of airport that would decrease the ability to fully expand aviation-related businesses as an economic driver. This may also narrow the business development for businesses that utilize aviation as a tool to their business success. Moreover, it would be detrimental to the ability of the airport to become economically self-supporting.
5. The safety of building a taxiway in the middle of a runway should be studied in greater depth in light with FAA regulations. It would be more than unfortunate for the Town to approve something that is unsafe or that knowingly violates federal safety regulations.

PREDC does not completely discourage residential development in the airpark, if the conditions are appropriate. Some residential presently exists and some land could be set aside for affordable/attainable housing so that Payson's ideal of working and living in the same area can be achieved. However, the proposed development is neither appropriate from an infrastructure/ land use perspective or from an economic development perspective.

The Town of Payson General Plan, 2003 could be amended to permit rural residential. However, as we make decisions, which impact the future, we should all be mindful of the multiple components of a successful community. Nice homes may be one component, but well-paying jobs so the young people have *hope* of living here and raising families here is also an important part of a real community.

Owen, Jerry

From: Anderson, Ted
Sent: Thursday, May 11, 2006 11:01 AM
To: Owen, Jerry
Cc: Carpenter, Fred
Subject: FW: Payson Airport - NE Land Development

FYI

-----Original Message-----

From: Eric.Vermeeren@faa.gov [mailto:Eric.Vermeeren@faa.gov]
Sent: Thursday, May 11, 2006 10:49 AM
To: Anderson, Ted
Cc: Anthony.Garcia@faa.gov; Mike.Agaibi@faa.gov
Subject: Re: Payson Airport - NE Land Development

Ted

I recall having a conversation with a developer who is proposing a through-the-fence residential development at your airport. My conversation with the developer was technical in nature based on him getting approval from the city of Payson to allow him through-the-fence access. The technical aspects of our conversation involved the dimensions and route of a taxiway onto the airport from the residential development.

My position in the Federal Aviation Administration (FAA) is to provide technical information to any developer who proposes to develop a project on an airport open to the public. I give out technical information to developers in order to ensure safety to the flying public by meeting FAA design standards in our advisory circulars.

I am not in a position to approve or disapprove a project that is being proposed to the city of Payson. The city of Payson ultimately decides whether this project is in the best interest for Payson Airport. If an official other than yourself were to ask me for my opinion on this development, I would recommend to him or her not to approve the development since it involves residential homes right next to Payson Airport.

I understand the city of Payson has been advised by the FAA from our office and our headquarters office that this development should not be approved. The city of Payson should consult with Tony Garcia, Compliance Specialist, before a decision is made to approve or disapprove this development project.

Eric

"Anderson, Ted"
<TAnderson@ci.payson.az.us>

05/09/2006 03:17
PM

Eric Vermeeren/AWP/FAA@FAA

To

cc

Subject

Payson Airport - NE Land
Development

Hi Eric,

Regarding the land development by private partners on the northeast side of the Payson airport, there seems to be a conflict. Our Community Development Director, Jerry Owen, has received a letter from Tony Garcia that cites a few grant assurances and recommends that the residential development not be approved. Doug Pelton, one of the development partners, had stated that after talking/visiting with you about the development that it is OK to build it.

He has nothing in writing from you - only stating his version of the conversation.

It would help if you could clarify the above, specifically FAA's official position.

Thanks,

Ted



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SUPERIOR, AZ 85273

May 10, 2006

Jerry Owen
Community Development Director
Town of Payson
309 N. Beeline Highway
Payson AZ 85541

Dear Mr. Owen:

Thank you for transmitting the proposed request for a major amendment of Payson General Plan on a 51-acre site located north of the Payson Airport. We understand that the proposal would change the current land use designation from "Employment" to "Rural Residential," defined as one residence per 1 to 4 acres.

The Central Arizona Association of Governments opposes the proposed amendment, on two bases:

1. Tourism and high-priced residential development are the principal causes of Payson's growth. The markets for its new residential development are principally second homes, retirees, and semi-retirees who do not depend on local jobs, but instead create demand for low-wage jobs in retail and other consumer support industries. Thus, there is a disconnect between Payson's economy – mainly in low-wage tourism and consumer support industries – and the cost of its housing.

Those who work in these two principal industries are not likely to afford to live in Payson; their commuting adds to traffic congestion, not to mention the higher cost burden due to transportation for low-wage employees. The existing land use designation for the 51-acre site creates a land reserve for future industry growth that could provide high to medium wage jobs that would mitigate this fundamental economic problem. Converting it to low-density residential merely exacerbates this problem.

2. From the fiscal perspective of Payson's balance between Town expenditures and revenues, low-density residential development is most likely to create more operating & maintenance expenditures than revenues for the Town. We strongly suggest that the Town should conduct a fiscal impact analysis of the proposed amendment to see if it pays for itself. If it does not, the Town would be wise to require fiscal mitigation prior to approving the amendment.

Enclosed with this letter is a brief technical analysis that supports our conclusions. If you have any questions, please do not hesitate to contact me.

Regards,

Jack Tomasik
Planning Director
Central Arizona Association of Governments
jtack1027@qwest.net

GILA COUNTY: GLOBE, HAYDEN, MIAMI, PAYSON, WINKELMAN
PINAL COUNTY: APACHE JUNCTION, CASA GRANDE, COOLIDGE, ELOY, FLORENCE, KEARNY, MAMMOTH, MARICOPA, QUEEN CREEK, SUPERIOR

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Technical Discussion
Proposed General Plan Amendment, Town of Payson

Planning Department
Central Arizona Association of Governments
May 10, 2006

This is a technical analysis of a proposed major amendment of Payson General Plan on a 51-acre site located north of the Payson Airport. The proposal would change the current land use designation from "Employment" to "Rural Residential," defined as one residence per 1 to 4 acres.

Two planning issues arise from the proposed change. Both of the issues are economic.

1. Tourism and high-priced residential development are the principal causes of Payson's growth. The markets for its new residential development are principally second homes, retirees, and semi-retirees who do not depend on local jobs, but instead create demand for low-wage jobs in retail and other consumer support industries. Thus, there is a disconnect between Payson's economy – mainly in low-wage tourism and consumer support industries – and the cost of its housing.

Those who work in these two low-wage industries are not likely to afford to live in Payson; their commuting adds to traffic congestion, not to mention the higher cost burden due to transportation for low-wage employees. The existing land use designation for the 51-acre site creates a land reserve for future industry growth that could provide high to medium wage jobs that would mitigate this fundamental economic problem. Converting it to low-density residential merely exacerbates this problem.

2. From the fiscal perspective of Payson's balance between Town expenditures and revenues, low-density residential development is most likely to create more operating & maintenance expenditures than revenues for the Town. We strongly suggest that the Town should conduct a fiscal impact analysis of the proposed amendment to see if it pays for itself. If it does not, the Town would be wise to require fiscal mitigation prior to approving the amendment.

Payson's Economy

Based on preliminary estimates, in 2005 Payson contained 15,540 persons¹ and 7,400 jobs by place of work.² The Town's ratio of jobs-to-population is 47.9%, which is higher than Arizona (40.4%) and Gila County (38.4%). This ratio indicates a healthy balance between jobs and population, which indicates that Payson has a relatively self-sustaining economy.

However, Payson's industry structure is quite specialized, especially in low-wage industries. Table 1 shows the percentage distribution of jobs by place of work in Payson and Arizona.³ Payson's economy is dominated by five industry clusters that together contain 88% of all jobs in the Town. Of these five clusters:

- Three are industries that support the Town's residents – consumer industries, education & government, and health services. These three industries contain 52% of Payson's jobs – well above the State's 42% share. Consumer industries, the largest cluster in Payson, is a low-wage sector.
- Development industries (construction and utilities) respond to new construction caused by residential growth itself. At 19.5% of total jobs, development industries in Payson are well above the average for Arizona. It is the only high-wage cluster in Payson's five major sectors. As Payson approaches

¹ Arizona Department of Economic Security, January 2006.

² Central Arizona Association of Governments, based on Dun & Bradstreet employer listing, adjusted to US Bureau of Economic Analysis estimates.

³ Sources: Arizona Dept. of Economic Security (Arizona, 2005); Dun & Bradstreet (Payson, January 2006).

Table 1
Distribution of Jobs by Industry Cluster
Payson and Arizona, 2005
(Percent of Total Jobs)

Sources: Arizona Dept. of Economic Security (Arizona); Dun & Bradstreet (Payson)

Cluster	Wage Type	Arizona	Payson	Difference
Consumer Industries	Low Wage	15.9%	27.0%	11.0%
Development Industries	High Wage	11.1%	19.5%	8.4%
Tourism/Travel	Low Wage	10.1%	17.2%	7.1%
Education & Government	Medium Wage	17.7%	12.7%	-5.0%
Health Services	Medium Wage	9.3%	11.6%	2.3%
Advanced Business Services	High Wage	19.7%	5.1%	-14.6%
Transportation & Distribution	Medium Wage	6.1%	3.6%	-2.5%
Other Basic Industries	High Wage	1.8%	2.2%	0.4%
Standard manufacturing	Medium Wage	4.4%	0.5%	-3.9%
High-Tech	High Wage	1.8%	0.3%	-1.5%
Mining & Primary Metals	High Wage	0.4%	0.2%	-0.2%
Aerospace & Aviation	High Wage	1.7%	0.1%	-1.6%

build-out, jobs in this cluster are likely to decline. As that happens, Payson's economy would be even more dominated by low-wage sectors.

- The last of the major clusters in Payson is tourism/travel, which contains 17% of the Town's jobs by place of work and which is the lowest-wage sector of all clusters.

Table 2 summarizes the Payson economy in terms of wages paid by its industries. Forty-four percent of all of the Town's jobs are in low wage industries. Development industries comprise most of the Town's high wage jobs. Since absolute growth in Payson is severely limited by federal lands, topography and water, the residential growth of the past is not going to continue indefinitely. The residential growth that supports the Town's development industries is going to slow with the approach of build-out, and it is prudent for the Town to begin planning for a more diversified economy that emphasizes industries with high- and medium-wages, in order to balance the price of its housing with the earnings of its residents that depend on full-time jobs.

Table 2
Distribution of Jobs by Wage Rate of Cluster
Payson and Arizona, 2005
(Percent of Total Jobs)

	Arizona	Payson	Difference
High Wage	36.4%	27.4%	-9.0%
Medium Wage	37.5%	28.4%	-9.1%
Low Wage	26.0%	44.2%	18.1%

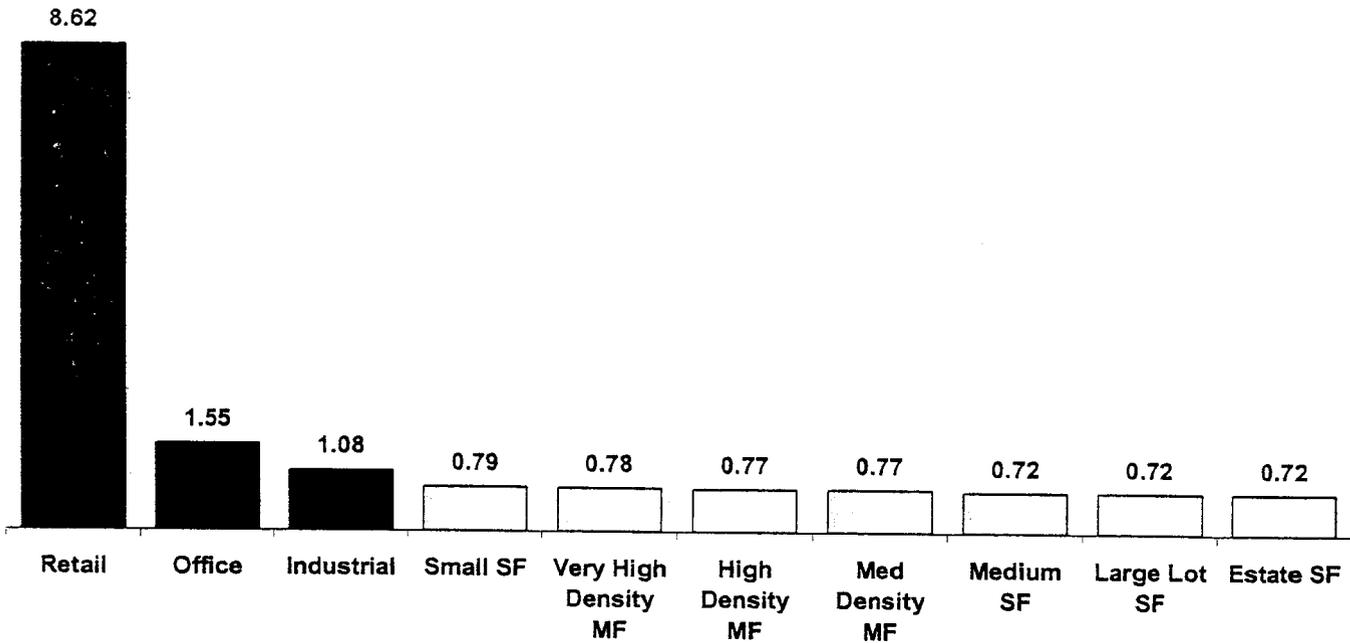
In this context, it is important to note that employment areas surrounding airports are among the most competitive in Arizona. Using metro Phoenix as an example, general aviation airports like Scottsdale Airpark, Deer Valley Airport and Chandler Municipal Airport are among the most successful job centers. Low-density residential development would not only replace valuable employment-generating land uses, but could pose a barrier to the future development of the Payson airport. Rather than a general plan amendment that converts employment to residential, the Town's present classification, which contemplates a planned business park environment, is much more appropriate for protecting the viability of future economic diversification.

Payson's Fiscal Balance

An important consideration in land use planning that is too frequently overlooked is the fiscal impacts of differing land uses. There are drastically different rates of revenue generation for differing land uses and, just as importantly, local expenditures that are required to serve different land uses.

Chart 1 illustrates this point. Based on a study prepared by the Maricopa Association of Governments, it uses actual FY2001 budgets of the cities and towns in Maricopa County. Although the details for Payson would be different, the resulting patterns are likely to be similar. The chart plots the ratio of revenues generated by land use types (excluding impact fees) compared to the operating & maintenance expenditures required, on average, to service each land use.⁴ A ratio of 1.0 would indicate that revenues exactly equal expenditures; ratios higher than 1.0 generate more revenues than expenditures, and ratios below 1.0 generate fewer revenues than the public expenditures required to service them.

Chart 1
Fiscal Balance by Land Use Type
Maricopa County Cities & Towns, 2000
(Revenues Generated Per Acre Divided by O&M Expenditures per Acre)
 Source: Maricopa Association of Governments, 2002



Key points:

- Due to State tax laws that emphasize government funding through sales taxes, retail land uses generate, by far, the highest amount of revenues. It has the highest positive ratio – which can be conceived as similar to a profit margin.

⁴ All computations are on a per-acre basis.

- Office and industrial land uses, besides holding buildings that house high- to medium-wage jobs, also have the benefit of positive ratios. Though not as high as retail, these other nonresidential land uses also contribute positively to a city or town's annual budget.
- All residential land uses have ratios below 1.0, and the ratio grows lower with lower density.

Applying this information to the proposed general plan amendment, from the perspective of good financial management, the Town would be converting a positive revenue-generating land use to a negative one. CAAG very strongly recommends that the Town ask for a fiscal impact analysis of the proposed amendment before going forward. If there is a negative fiscal impact, it is not unreasonable to require mitigation through some device.



United States
Department of
Agriculture

Forest
Service

Payson
Ranger
District

1009 E. Hwy. 260
Payson, AZ 85541
928/474-7900

File Code: 1560

RECEIVED

MAY 04 2006

COMMUNITY DEVELOPMENT
DEPARTMENT

Jerry Owen
Community Development Director
Town of Payson
303 N. Beeline Highway
Payson, Arizona 85541-4306

Dear Mr. Owen

I apologize for the tardiness of this response, however, we have reviewed the request from Aero Development to amend the Town of Payson General Plan on a 51 acre site located north of the Payson Airport from its current land use designation of "Employment" to "Rural Residential" and have some concerns. The proposed "Silverwing" subdivision would be located north of the Payson Airport and would border Tonto National Forest lands. The Forest Service has concerns with this proposed major amendment to the Town of Payson General Plan. As you know, the Payson Airport is a significant resource in our firefighting activities. We believe the airport will become even more valuable to our fighting efforts in the near future. We intend to expand our operations and perhaps relocate some of our resources at the airport. As such, we believe that this proposed change in designation may hinder our activities at the airport. The proposed change from "Employment" to "Rural Residential" could result in an increase in complaints about the noise associated with airplanes and helicopters used in Forest Service forest fire suppression efforts. We do see the potential for conflicts with the management of the Tonto National Forest, if the amendment is approved, and the land use designation is changed to "Rural Residential".

Thank you for the opportunity to review and comment on the proposal.

Sincerely,

EDWARD E. ARMENTA
District Ranger





U.S Department
of Transportation
**Federal Aviation
Administration**

Western-Pacific Region
Airports Division

Federal Aviation Administration
P.O. Box 92007
Los Angeles, CA 90009-2007

March 16, 2006

Jerry Owen, Director
Community Development Department
Town of Payson
303 N. Beeline Highway
Payson, AZ 85541-4306

RECEIVED

MAR 20 2006

COMMUNITY DEVELOPMENT
DEPARTMENT

Dear Mr. Owen:

**Payson Municipal Airport
Proposed General Plan Amendment**

We are replying to your memorandum dated February 17, 2006, which described a proposal to change the Payson General Plan in order to permit Aero Development LLC to build a residential development next to Payson Airport (PAN). As you requested, we are providing comments that have an important bearing on this matter and its outcome.

When the Town of Payson accepted Federal airport assistance, the Town agreed to abide by the assurances contained in the grant agreements. Assurance 21, *Compatible Land Use*, requires the Town of Payson to restrict uses of the land adjacent to and in the vicinity of the airport to only those uses that are compatible with normal airport operations. One form of incompatible land use would be the presence of residential dwellings next to or on an airport. To control land use, the Town of Payson can exercise land-use authority by adopting zoning laws that promote compatible uses and prevent incompatible use next to the airport. The Town has no obligation to grant access to the airport to any additional residential airpark developers/users. The County can limit development of residential units by restricting access to the airport from a residential airpark. This in and by itself constitutes adequate control in preventing the introduction of additional residential airparks next to the airport.

Aero Development LLC (Aero) is proposing to develop a type of residential development that is commonly called an airpark because the dwellings have hangars for the parking of aircraft. Regardless of the name, an airpark is a residential use and is therefore an incompatible use of land on or immediately adjacent to a public airport such as PAN. The fact there is aircraft parking collocated with the homes does not change the fact that it is still a residential use. Such a land use practice is inconsistent with 49 USC §47104(a) (10) and associated FAA Grant Assurance 21, *Compatible Land Use*.

The importance of compatible land uses around airports cannot be overlooked. Since 1982, the FAA has promoted adherence to statutory mandates to prevent the encroachment of residential development into airports' influence area. Moreover, the FAA has spent more than \$300 million in Airport Improvement Program (AIP) funds to mitigate land use incompatibility issues. A substantial part of that amount was used to buy land and houses and to relocate the residents who lived next to airports. Allowing a residential airpark next to a federally obligated airport, as Aero proposes to do, would be inconsistent with ongoing efforts to prevent new incompatible land uses.

Airport sponsors are supposed to use zoning authority to maintain compatible land uses on or next to federally obligated airports. The Town of Payson attempted to comply with this requirement when it established a General Plan that designated the area around PAN as an "Employment" zone suitable for only commercial, office, and/or light industrial uses. Assuming that the General Plan has been in effect since the 1990's, the Plan did not prevent the establishment of the existing residential airpark on the west side of PAN. The Town of Payson is now giving consideration to a second airpark, which would represent another deviation from the approved land use designation specified in the General Plan for the airport area. The proposal makes us wonder how the Town could be successful in preventing incompatible residential development by the local zoning authority if the Town is actually promoting a change in land use to permit residential airparks next to the airport.

There is another sensitive land use issue that troubles the FAA. Residential airparks require through-the-fence access. Aircraft owners in the residential community expect to have airport access between their homes and the runway. Although there is presently no regulatory prohibition preventing through-the-fence access, the FAA discourages through-the-fence operations as a matter of policy because they make it more difficult for an airport operator to control airport operations, maintain safety, allocate airport costs to all users, and deal with private property owners who may place their personal property interests over that of the airport.

The FAA policy is associated with Assurance 5, *Rights and Powers*, which requires that airport sponsors avoid taking any action that would deprive them of the rights and powers to comply with and enforce all the requirements contained in the grant agreements with the federal government. In addition, Assurance 5 stipulates that a sponsor may not sell, lease, or encumber any of its title or interest in airport property that has been obligated for airport purposes and displayed on the Airport Layout Plan (ALP). It is the FAA's position that through-the-fence access is tantamount to an encumbrance on the airport owner's title interest. Therefore, it should be avoided because through-the-fence does not fully comply with the intent and purpose of Assurance 5.

The record shows that the Town of Payson is having difficulty managing the relationship between the current airpark and the airport. Issues related to safety, security, and access fees have been debated for some time. Unfortunately, the Town has not been able to reach complete agreement on all issues with the private property owners who use the airport. The FAA believes that difficulties the Town is having with the existing airpark will be repeated if the Town allows another airpark.

Furthermore, through-the-fence airport access from private property may be inconsistent with security guidance issued by the Transportation Security Administration (TSA). TSA created guidelines for general aviation airports - Information Publication (IP) A-001, *Security Guidelines for General Aviation Airports*. The TSA guidelines, drafted in cooperation with several user organizations including the Aircraft Owners and Pilots Associations (AOPA), recommend better control of the airport perimeter with fencing and tighter access controls. Therefore, a residential airpark and through-the-fence access points may actually hinder rather than help an airport operator maintain airport security.

For the above reasons, we must express our opposition to the proposed amendment to the General Plan for the 51-acre site located north of Payson Airport that would permit the erection of a residential airpark with airport access. Once again, allowing incompatible land use such as the proposed residential development next to PAN, which is a federally obligated airport, is inconsistent with 49 USC §47104(a) (10) and associated FAA Grant Assurance 21, *Compatible Land Use*. The Town of Payson must do everything in its power to foster compatible land use and prevent incompatible land uses, such as the proposed project, from occurring.

In closing, we remain convinced that PAN, as a federally obligated airport, has a role to play in the national, regional and local aviation systems. We hope the Town will take our comments and concerns into consideration and not approve the proposed amendment to the General Plan for the 51-acre site next to the Airport. It is imperative that the Town be responsive to the Federal requirements outlined in this letter.

If you need assistance or further clarification of the above matters, please contact me at (310) 725-3634. Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Tony Garcia". The signature is written in black ink and is positioned above the typed name.

Tony Garcia
Airports Compliance Specialist

cc: ADOT
Ted Anderson

2200 W. Doll Baby Ranch Road
P.O. Box 619
Payson, Arizona 85547



(928) 474-5257
(928) 474-5258 FAX
(602) 256-0047 Phoenix

February 24, 2006

Mr. Jerry Owen
Community Development Director
Town of Payson
303 N Beeline Highway
Payson, AZ 85541

RE: Proposed General Plan Amendment

Dear Jerry,

I have received your memo of February 17, 2006 concerning the proposal to amend the Town's General Plan to accommodate a proposed development which abuts the airport property.

First, the property is currently not within the territorial boundaries of the Northern Gila County Sanitary District, therefore, we have no legal authority as it relates to the property's use or not of the public sewer system. Reading through the proposal it's obvious the proposed development is contemplating some other means of sewer service to the property.

They have stated the cost to develop the infrastructure and connect to the District's sewer system would be difficult and expensive. That is probably a correct assumption, however, that may not be justification for allowing a project to use other means of disposal that could have the potential of having a negative impact on our local aquifers and water supply.

Should you have any further questions, please contact me at your earliest convenience.

Sincerely,

NORTHERN GILA COUNTY SANITARY DISTRICT


Joel S. Goode
General Manager

pc: File

Date: 5/12/06

To: Aero Development, LLC
2733 N Power Rd, Suite 102
PMB 505
Mesa, AZ 85215

Subject: Support for "Silverwing"

I/We support the "Silverwing" Project and the associated Amendment to the Town of Payson General Plan and Re-Zoning of 51 acres adjacent to the Payson Airport.

(Additional Comments:)

As part owners of this property, we can attest to the fact that this parcel has been difficult to get approved through the zoning board for other uses. Over the years, it has been in escrow 3 times + was denied zoning each time. This seems to be an excellent alternative use.

Request the Town of Payson approve the amendment and re-zoning.

Name: MARIA + ALLEN BLEICHER

Address: 2836 E Winckcomb Dr.
Phoenix, AZ. 85032

Date: 17 May 06

To: Aero Development, LLC
2733 N Power Rd, Suite 102
PMB 505
Mesa, AZ 85215

Subject: Support for "Silverwing"

I/We support the "Silverwing" Project and the associated Amendment to the Town of Payson General Plan and Re-Zoning of 51 acres adjacent to the Payson Airport.

(Additional Comments: I think the Silverwing development is a good match for the aviation ^{community} and financial heart for the town of Payson. I don't foresee any adverse effects this development would have on me or my property which is adjacent to this planned development. It has our full support.

Request the Town of Payson approve the amendment and re-zoning.

Name: Kim & Marilyn Fork

Address: 1620 N. Mc Lane
Payson

Date: 5/16/06

To: Aero Development, LLC
2733 N Power Rd, Suite 102
PMB 505
Mesa, AZ 85215

Subject: Support for "Silverwing"

I We support the "Silverwing" Project and the associated Amendment to the Town of Payson General Plan and Re-Zoning of 51 acres adjacent to the Payson Airport.

(Additional Comments:)

Request the Town of Payson approve the amendment and re-zoning.

Name: *John & Martha Seubner*

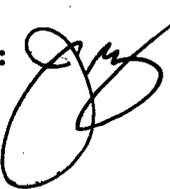
Address: *1618 C N. McLane Rd.
Payson, AZ. 85541*



MEMO

TO: Mayor and Council

THROUGH: Fred Carpenter, Town Manager

FROM:  Jerry Owen, Community Development Director

DATE: June 8, 2006

SUBJECT: P-324-06; Request from Bill and Emily Preece and Maria Bleicher, landowners, and Aero Development L.L.C., agent, to amend the Town of Payson General Plan on a 51.6 acre site located north of the Payson Airport from its current designation of "Employment" to "Rural Residential" which is defined as one residence per 1 to 4 acres. The site is located northeast of the Airport and is identified as Assessor Parcel Numbers 302-23-031, 302-23-029 and 302-23-026B.

At their meeting of June 5, 2006, the Town of Payson Planning and Zoning Commission made the following motion: Russell Goddard moved, seconded by Hal Baas that the Planning and Zoning Commission recommend **denial** to the Town Council of P-324-06, amending the General Plan for the area northeast end of the airport from "Employment" to "Rural Residential".

Motion carried 4-2 with a roll call vote of Russell Goddard – Aye, Hal Baas – Aye, James Scheidt – Aye, and Mark Waldrop – Aye with Barbara Underwood – No, and Kevin Sokol – No.

Addenda to: JUN 08 2006 F.2

AIRPORT DEPARTMENT



TOWN OF

303 N. Beeline Hwy
Payson, AZ 85541
928-472-4748
928-472-4749 - FAX
928-472-4260 - AWOS

To: Mayor and Council Members
From: Ted Anderson, Airport Manager *Ted*
Cc: Fred Carpenter, Town Manager
Re: Supplemental Information – Public Hearing – General Plan Amendment – 51.6-Acre Aero Development LLC
Date: May 31, 2006

Two members of the Aero Development group gave a presentation on the proposed development of 51 acres located on the northeast side of the airport to the Airport Advisory Committee at its March 22, 2006 meeting. The Committee approved a motion to recommend to the Town Council approval of the proposed project and recommended to amend the General Plan to accommodate this project and to make a diligent effort to purchase the strip of land from the developer to secure land for the object free zone and the windsock for the airport. A copy of the draft meeting minutes is attached.

You should be informed that since the Advisory Committee meeting on this matter that Tony Garcia, FAA Compliance Officer and spokesperson on this matter, called me. As referenced in the meeting minutes the FAA recommended that this project not be approved. He added that if the development is built, a letter of non-compliance to the FAA grant assurances would most likely be written. This action could curtail any future FAA sponsored projects at the airport.

It is my recommendation that the Town Council not approve this development. Please contact me via e-mail at tanderson@ci.payson.az.us or by calling (928) 978-4748 if additional information is desired.

Respectfully submitted.

Attachment – As Stated

ADJOURNMENT

- A The regular meeting of the Airport Advisory Committee adjourned at approximately 6:03 p.m. Adjournment

Approved:

Clyde “Dick” Walker, Chair

Date: _____

ATTEST:

Gaye Stidham, Deputy Town Clerk

Certification

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Airport Advisory Committee of the Town of Payson held on the 22nd day of March 2006. I further certify that the meeting was duly called and held and that a quorum was present.

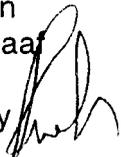
DATED this ____ day of _____, 2006.

Gaye Stidham, Deputy Town Clerk

Affix Town Seal

Robert W. Henley

TO: Mayor and Town Council Members
Planning & Zoning Commission Members
Jerry Owen
Ray Erlandsen
Sheila DeSchaaf

From: Robert Henley 

Date: June 2, 2006

Subject: P-324-06, Request to amend the Town of Payson General Plan

RECEIVED
Town Clerk
JUN 02 2006

Town of Payson

I won't go into a summary of this request since everyone has a full packet of data outlining the pros and cons of this request. However, I want to outline my activity in developing the General Plan and my thoughts on how to best proceed with this request.

I was appointed to the Technical Advisory Committee for the General Plan Update prior to being elected to the Town Council. I continued serving in that capacity after my election to council. I also reside in the Mazatzal Mountain Airpark and I am active in the aviation community in Payson.

I had several objectives while serving on this committee, but as it relates to the airport, I wanted to ensure the town limited any residential encroachment around the airport that could impact its future. I have always felt a residential airpark is a very acceptable airport neighbor. Commercial and light industrial are also acceptable. Certainly the commercial development around the Scottsdale airport has been very successful with its "through the fence" operations helping in that development.

The initial description of Employment Area #1, the area around the airport described the Scottsdale Business Park very well. But it also contained at the end of the description the phrase "high density residential and related uses". I pushed to have that phrase removed and I was successful.

I had never walked or visited the privately held property to the north of the airport that is covered by the request to amend. I doubt anyone on the committee had visited the site, evaluated the terrain issues, and assessed the difficulty of bringing in the utilities and street infrastructure to make this a viable commercial operation. So it was easy to make it an employment area without considering the actual viability of implementing it as such.

When Aero Development L.L.C. first visited the Development Services meeting I told both the real estate broker and the principals of Aero Development I was not in favor of an amendment to the General Plan to accommodate their proposed

residential airpark development. I wanted to ensure we had adequate space for employment area within the town limits of Payson.

However, I felt I should take the time to visit the site and listen to their proposal because it would be a revenue generator for the airport. The key issues that Aero Development outlined in their proposal are very valid. The costs to make the 51 acres usable as a commercial site make it impossible to create a viable project. I have spoken with two groups that have spent the time and money to ascertain that same conclusion.

The following are key points that should be considered during your decision process:

1. During the development of the General Plan Update, the possibility of a land exchange of Federal lands to the south & west of the airport was doubtful. Since the adoption of the General Plan, Congress has passed legislation directing the Forest Service to move ahead with that exchange. I believe over 200 acres of that land is within the Employment Area #1. That land has better access to the necessary utility and street infrastructure to make commercial & light industrial development cost-effective. The topography is flatter and will be easier to develop without significant impact to the "lay of the land".
2. The costs to bring in sanitation, water, and other utilities to the 51 acre site north of the airport, along with a commercially acceptable street into the area make it too expensive to do, certainly in light of the competing properties to the west and south of the airport.
3. The objections of the CAAG representative would be valid if the costs to develop the 51 acres were cost-effective. I think if the CAAG representative had the chance to visit the site and review situation first hand, he would see it that way.
4. The Airport Advisory Committee has approved the use of the 51 acre site for the Silverwing project. They see it as a good project as it relates to airport issues and the need to generate revenue for the airport.

In closing, I urge the approval of the requested amendment to the General Plan because of its revenue generating benefits to the airport and its goal of maintaining the natural environment and topography of the area.