

PAYSON GENERAL PLAN UPDATE 2014-2024
DRAFT CHAPTER II – INTRODUCTION: PAYSON ARIZONA

Prepared for:

Town of Payson, Arizona



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2 INTRODUCTION: PAYSON ARIZONA

A baseline profile of demographic and economic conditions in which the Town of Payson operates is included here to identify factors that will influence future development.

2.1 TOWN OF PAYSON IN CONTEXT

Payson is strategically placed in the center of Arizona. It is near equidistance to the major cities of Flagstaff and Phoenix. Payson is the commercial hub of northern Gila County and an important gateway to the Mogollon Rim country recreation destinations just north of town. Payson is part of the picturesque Arizona highlands surrounded by the Tonto National Forest. It has a modest elevation of 5,000 feet.

2.2 PAYSON PLANNING AREA

A demographic profile for Payson places the Town in a regional context by observing Town population trends in relation to county, regional and state trends. Economic trends for the Town are placed in the context of the larger Gila County economic region to demonstrate the fluidity of economies across political boundaries. To place the Town in its broader geographic context, Gila County, which includes Payson, and the State of Arizona are profiled as primary peer geographies, with the Town of Camp Verde and the City of Show Low profiled as secondary geographies.

Primary Peer Geographies

Town of Payson: The Town is located in northern Gila County, in the geographic center of the State of Arizona. It is approximately 90 miles northeast of the greater Phoenix area, and approximately 90 miles southeast of Flagstaff. The Town is accessible by the north-south route State Road 87/Beeline Highway, which connects Payson to Phoenix, and by the east-west running State Road 260. Payson's land area covers approximately 19.5 square miles. Included within the incorporated municipal boundary of Payson is 6.2 square miles of Tonto National Forest.

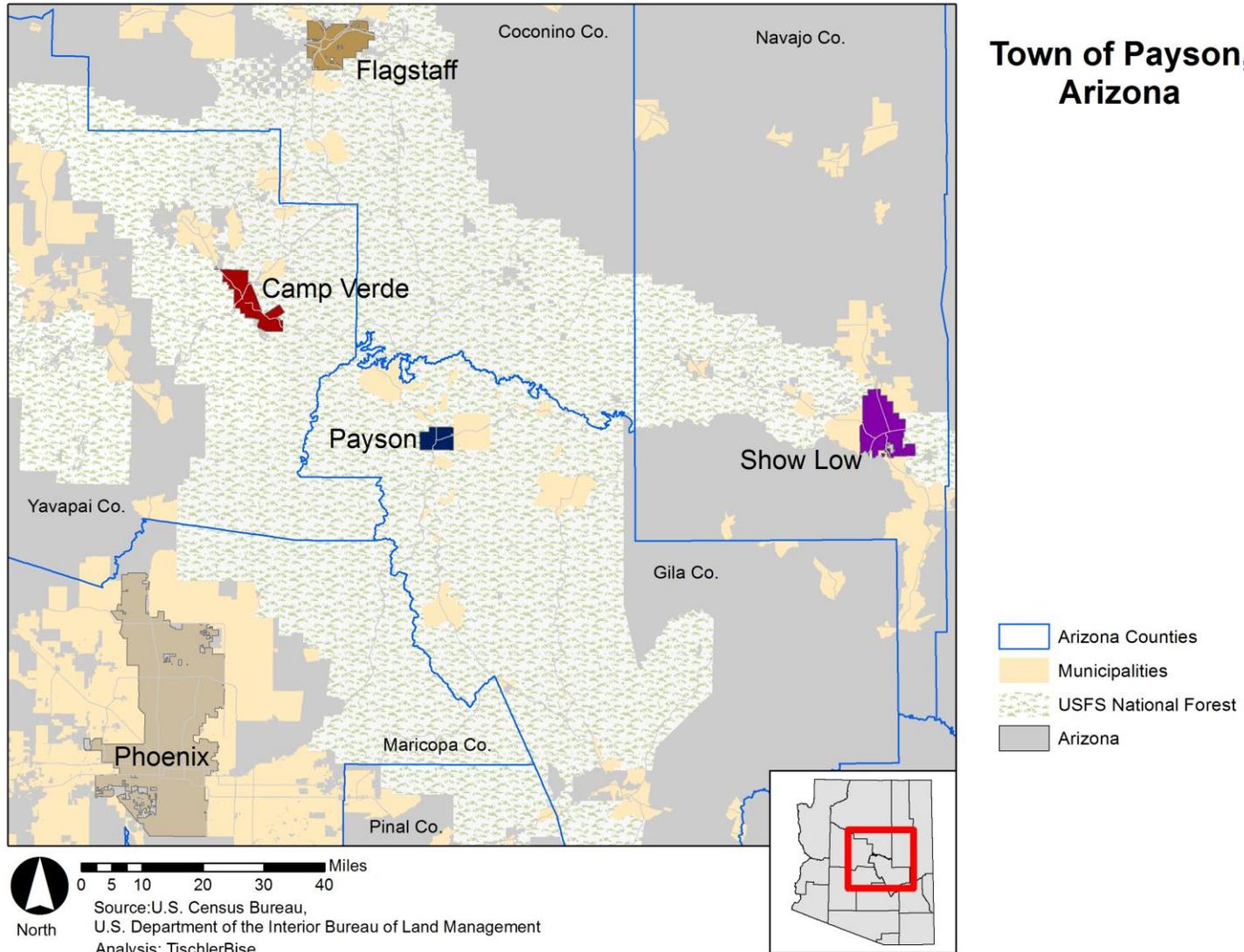
Gila County (Payson Micropolitan area): With a land area of approximately 4,796 square miles, Gila County is bounded by Yavapai County to the northwest, Maricopa County to the west, Pinal County to the south, Graham County to the southeast, Navajo County to the east-northeast, and Coconino County to the north. The northwest section of Gila County is part of the Tonto National Forest. Payson is the largest population center in Gila County.

State of Arizona: Arizona has a land area of 113,990 square miles, with a 2010 estimated population of 6,392,017, according to the U.S. Census Bureau Decennial Census count.

Secondary Peer Geographies

Salient data is shown for two peer geographies. Like Payson, a significant portion of the Town of Camp Verde includes Tonto National Forest land. The City of Show Low is used for context because, like Payson in Gila County, Show Low is the most populous municipality in Navajo County, and with multiple state highways passing through the City, Show Low faces some of the same issues Payson sees.

Map 1: Town of Payson and Peer Geographies



2.3 POPULATION AND HOUSEHOLDS

Population

Trends in population and household growth are important factors in planning for the long-term sustainability of Payson. While historic trends are not guarantees of future change, they are the best foundation on which to base expected change.

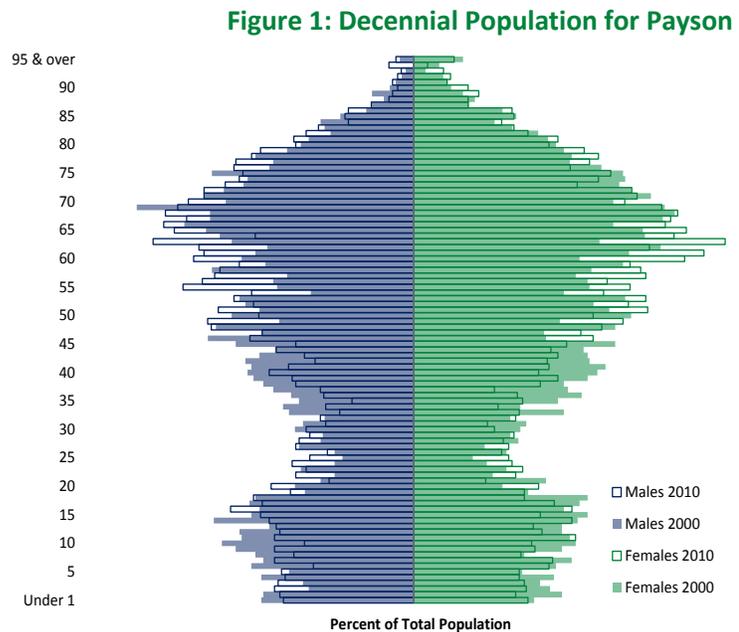
According to the U.S. Census Bureau 2000 and 2010 decennial census counts the Town experienced a 12 percent growth rate between 2000 (13,620 persons) and 2010 (15,301 persons). Camp Verde and Show Low are not as large as Payson; however, with growth rates of 15 percent and 39 percent respectively, each outpaced Payson in population growth for the decade. Between 2000 and 2010, the state of Arizona had a net gain of 1.2 million people for a growth rate of 25 percent. Gila County grew at the much slower rate of only 4 percent, gaining a total of 2,262 persons during the decade. Nearly three-quarters of Gila County population growth happened in the Town. This demonstrates the importance of Payson as the regional population hub.

Payson has an economic opportunity not shared by the peer geographies; with 785 persons per square mile, Payson has the highest population density of all the study geographies. Payson is followed by Show Low City with 261 persons per square mile. Camp Verde had 252 in 2010. Gila County, with 11 persons per square mile, is far less dense than Payson and the State of Arizona, which had a 2010 population density of 56 persons per square mile.

Age Levels

According to the U.S. Census Bureau 2010 Decennial Census, the median age of Payson's residents is 53, making it the highest median age of the peer geographies. Payson is a popular home for retirees, which skews the median age higher. In comparison, Gila County has a median age of 48, and the State of Arizona has the lowest median age, 36 years.

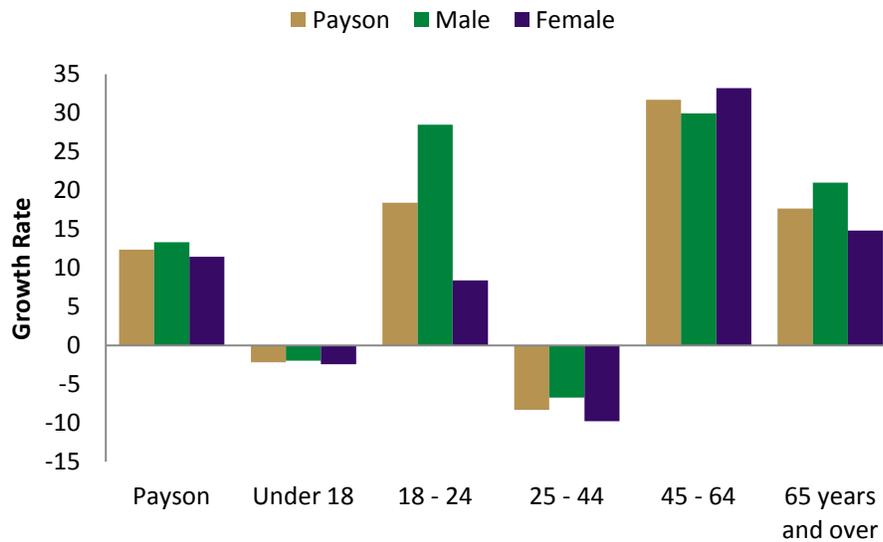
The Town of Payson experienced a demographic shift between 2000 and 2010. The population pyramid in Figure 1 demonstrates the changes for each age from under age 1 to 95 years and older.



Source: U.S. Census Bureau: 2010 Decennial Census Summary File 1, Table PCT12; and 2000 Decennial Census Summary File 1, PCT012.

Gains in shares of the population over age 45, and between ages 18 and 24, were balanced by losses of primary school-aged children, and the primary workforce cohort of 25 to 45. Figure 2 below shows population growth rates between decennial census counts for the Town population and for the male and female portions of the total population.

Figure 2: Population Growth Rates by Age Cohort



Source: U.S. Census Bureau: 2010 Decennial Census Summary File 1, Table PCT12; and 2000 Decennial Census Summary File 1, PCT012.

Households

According to the U.S. Census Bureau, a household is a housing unit that is occupied by year-round residents. In 2010, 77 percent of Payson’s 8,958 housing units were counted as households. Figure 3 demonstrates the results of dividing the total population (15,301) by the number of households (6,860) to achieve an average household size of 2.23 persons for Town of Payson. Given the high percentage of “empty-nester” and retiree-aged residents in the total population, smaller household size is expected in comparison to the peer geographies.

Figure 3: Population and Households

	Population	Housing Units	Households	Average Household Size
Town of Payson	15,301	8,958	6,860	2.23
Town of Camp Verde	10,873	4,726	4,088	2.66
City of Show Low	10,660	7,722	4,368	2.44
Gila County	53,597	32,698	22,000	2.44
State of Arizona	6,392,017	2,844,526	2,380,990	2.68

Source: U.S. Census Bureau, 2010 Decennial Census Summary File 1, PCT12; and 2000 Decennial Census Summary File 1, QT-H1.

2.4 POPULATION DEMOGRAPHICS

Starting with the 2010 decennial census, the U.S. Census Bureau no longer obtained detailed information using a “long-form” questionnaire. Instead, extensive demographic, housing, economic, and social characteristics of the population are now collected as part of a continuous monthly mailing of surveys, that began in 2005, and is known as the American Community Survey (ACS). To collect a statistically significant sample of populations under 20,000, like Town of Payson, survey results collected over a five year period are reported each year. The remainder of this demographic analysis relies on the U.S. Census Bureau’s American Community Survey (ACS) 2007-2011 5-year Estimates (2011 ACS Estimates) for Town of Payson and all peer geographies to allow for data comparisons.

Race and Ethnicity

Figure 4 shows the distribution of population by race for Town of Payson and the peer geographies. According to the 2011 ACS Estimates, 95 percent of Payson’s population self-identify as *White Alone*. Payson has significantly less racial diversity than Gila County and the State of Arizona.

Figure 4: Distribution by Race

Race	Town of Payson	Gila County	State of Arizona
One race	98.4	97.8	97.3
White alone	95.1	79.1	78.7
Black or African American	0.2	0.4	4.0
American Indian and Alaska Native	0.9	14.7	4.4
Asian	0.0	0.2	2.7
Native Hawaiian and Other Pacific Islander	0.0	0.1	0.2
Some other race	2.2	3.4	7.3
Two or more races	1.6	2.2	2.7

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2007-2011.

Less than 10 percent of Payson residents (1,481) self-identify their ethnicity as *Hispanic or Latino*. This is 10 percentage points fewer than Gila County’s share of residents who self-identify as *Hispanic or Latino*. Almost 29 percent of Arizona’s population, or 2 million residents, self-identify as *Hispanic or Latino*. The portion of Payson residents who self-identify their ethnicity as *Hispanic or Latino* grew from 5.2 percent to 9.7 percent between 2000-2010.

Poverty

Town of Payson has a lower percentage of its population living below the poverty line compared to Gila County and the State. *Persons for whom poverty status is determined* by the U.S. Census Bureau are grouped in three age cohorts. In comparison to the County and the State, Town of Payson has the smallest percentage of persons in poverty for each of the cohorts reported. See Figure 5 for more details.

Figure 5: Percent of Population for whom Poverty Status is Determined

Age Group	Town of Payson	Gila County	State of Arizona
Persons below poverty	10.4	20.9	16.2
Persons under 18 in poverty	19.1	32.6	22.9
Persons aged 18 to 64 in poverty	10.0	21.8	15.1
Persons over 65 in poverty	4.9	7.2	8.2

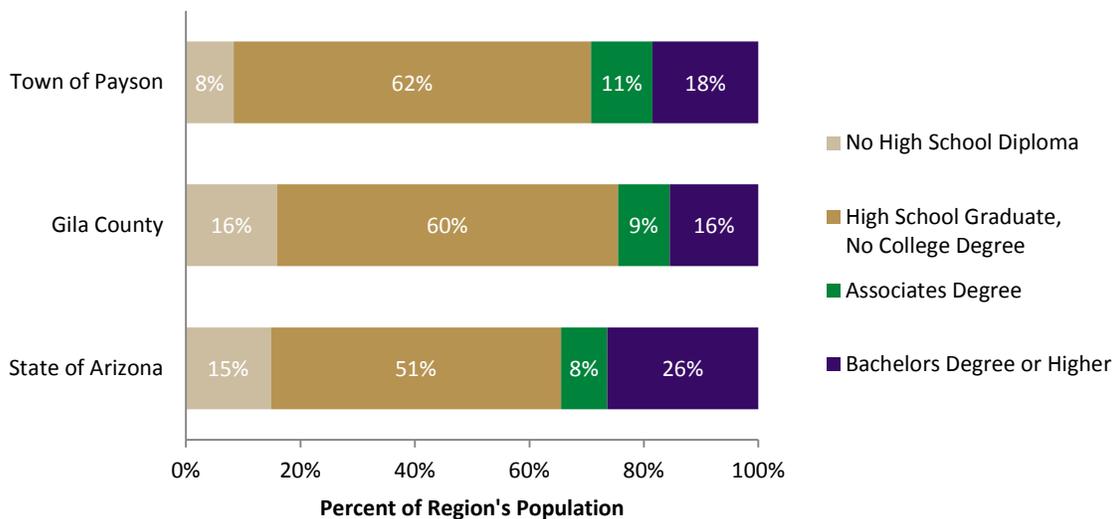
Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2007-2011.

Educational Attainment

Town of Payson’s residents are more educated over-all, relative to Gila County. However, with 70 percent of the Town’s population having no college degree, Payson is at a competitive disadvantage to the State of Arizona.

Figure 6 shows the population distribution by educational attainment for Town of Payson and peer geographies.

Figure 6: Educational Attainment



Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2007-2011.

Employed Population

According to 2011 ACS Estimates, 48 percent of Payson's 16 Years and Over population is in the labor force. Nearly a third of the employed civilian labor force works in the *Educational Services, Health Care, and Social Assistance* industries. *Arts, Entertainment, Recreation, Accommodations, and Food Services* host 16 percent of Payson's employed civilians. See Figure 7 for a distribution of occupations held by the employed civilian residents of Town of Payson.

Figure 7: Occupation Distribution for the Town of Payson

Occupations	Percent of Employed Civilians
Management, professional, and related	30.9
Service	29.7
Sales and office	19.5
Construction, extraction, maintenance and repair	11.6
Production, transportation, and material moving	8.3

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2007-2011.

2.5 HOUSING DEMOGRAPHICS

Household Income

Residents of Payson enjoy a level of prosperity somewhat higher than Gila County but lower than the State. According to 2011 ACS Estimates, the *median household income* for the Town was \$43,741. Show Low had a *median household income* of \$36,941. Camp Verde and Gila County had \$37,904 and \$37,905 respectively. The highest *median household income* among peer geographies was the State with \$50,752.

Home Construction

Examination of housing units built over time shows Payson’s housing construction boom paralleling that of the State and County, where the bulk of the housing stock was constructed in the three decades between 1970 and 2000. The upsurge of residential construction starting in the 1970s remained relatively robust even subsequent to 2000, until the national downturn in the housing market took hold. See Figure 8 and Figure 9 for more detail of housing construction in Payson and peer geographies.

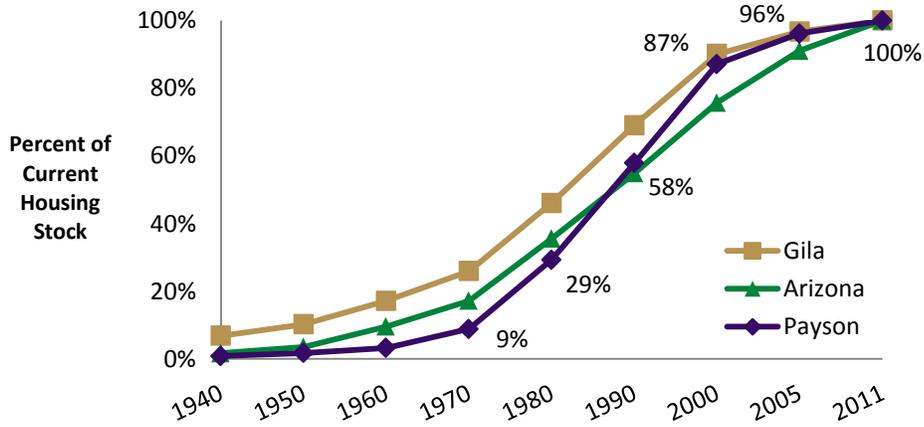
Figure 8: Construction of Housing Units

	Payson		Gila		Arizona	
	Count	Percent	Count	Percent	Count	Percent
Total Housing Units	8,417		32,470		2,816,719	
Built 2005 or later	324	3.8	1,056	3.3	251,536	8.9
Built 2000 to 2004	758	9.0	2,160	6.7	432,297	15.3
Built 1990 to 1999	2,463	29.3	6,837	21.1	587,448	20.9
Built 1980 to 1989	2,404	28.6	7,464	23.0	544,199	19.3
Built 1970 to 1979	1,722	20.5	6,519	20.1	516,738	18.3
Built 1960 to 1969	470	5.6	2,860	8.8	215,025	7.6
Built 1950 to 1959	127	1.5	2,249	6.9	170,151	6.0
Built 1940 to 1949	78	0.9	1,111	3.4	51,049	1.8
Built 1939 or Earlier	71	0.8	2,214	6.8	48,276	1.7

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2007-2011.

Figure 9 shows that just over a quarter (29 percent) of Payson’s current housing stock was built prior to 1980. Between 1980 and 2000, nearly 60 percent (4,867 units) of current inventory was built.

Figure 9: Share of Current Housing Stock Added by Decade



Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2007-2011.

Home Values

Over half of Town of Payson’s housing inventory is valued over \$200,000 a unit. The Town’s *median home value* is \$210,000 – significantly higher than all other peer geographies. However, Payson mirrors County and State trends with 29 percent of its inventory valued between \$100,000 and \$200,000.

Figure 10: Distribution of Households by Unit Value

	Town of Payson	Town of Camp Verde	City of Show Low	Gila County	State of Arizona
Owner-Occupied Units	4,713	2,943	2,922	15,301	1,560,581
Less than \$50,000	10	16	12	20	8
\$50,000 to \$99,999	6	14	17	17	11
\$100,000 to \$149,999	8	19	20	12	15
\$150,000 to \$199,999	21	17	24	16	17
\$200,000 to \$299,999	35	13	18	20	23
\$300,000 to \$499,999	15	12	8	10	17
\$500,000 to \$999,999	5	7	1	4	8
\$1,000,000 or more	0	1	1	1	2
Median Home Value	\$ 213,000	\$ 150,800	\$ 151,900	\$ 154,200	\$ 197,400

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2007-2011.

2.6 HOUSEHOLD DEMOGRAPHICS

The American Community Survey (ACS) divides housing units into two categories. Single family residential units include: mobile homes, detached units (both stick-built and manufactured), and townhouses that share a common sidewall but are constructed on an individual parcel of land. The second residential category, multifamily, includes all structures with *two or more units* on an individual parcel of land. A *household* is a housing unit that is occupied by year-round residents

Dwellings with a single unit per structure averaged 2.35 *persons per household*. Dwellings in structures with multiple units had 1.77 *persons per household*. According to the 2011 ACS Estimates, there were 6,461 occupied housing units in Payson out of a total of 8,393, for a relatively high *vacancy rate* of 23 percent.

Figure 11: Year-Round Persons per Unit by Type of Housing

Units in Structure	Renter & Owner			Housing Units	Persons Per Hsg Unit	Vacancy Rate
	Persons	Households	Persons per Household			
Single Family	10,804	4,512	2.39	5,815	1.86	22%
Mobile Homes	3,049	1,375	2.22	1,738	1.75	21%
Multifamily	1,017	574	1.77	840	1.21	32%
Total	14,870	6,461	2.30	8,393		
				Vacant/Seasonal HU	1,932	

2011 Summary by Type of Housing	Persons	Households	PPH	Housing Units	PPHU	Housing Mix
Single Family [1]	13,853	5,887	2.35	7,553	1.83	90%
Multifamily [2]	1,017	574	1.77	840	1.21	10%
Subtotal	14,870	6,461	2.30	8,393	1.77	<i>Vacancy Rate</i>
Group Quarters	222					
TOTAL	15,092	6,461		8,393		23.0%

[1] Single Family includes detached, attached, and mobile homes

[2] Multifamily includes duplex and all other units with 2 or more units per structure

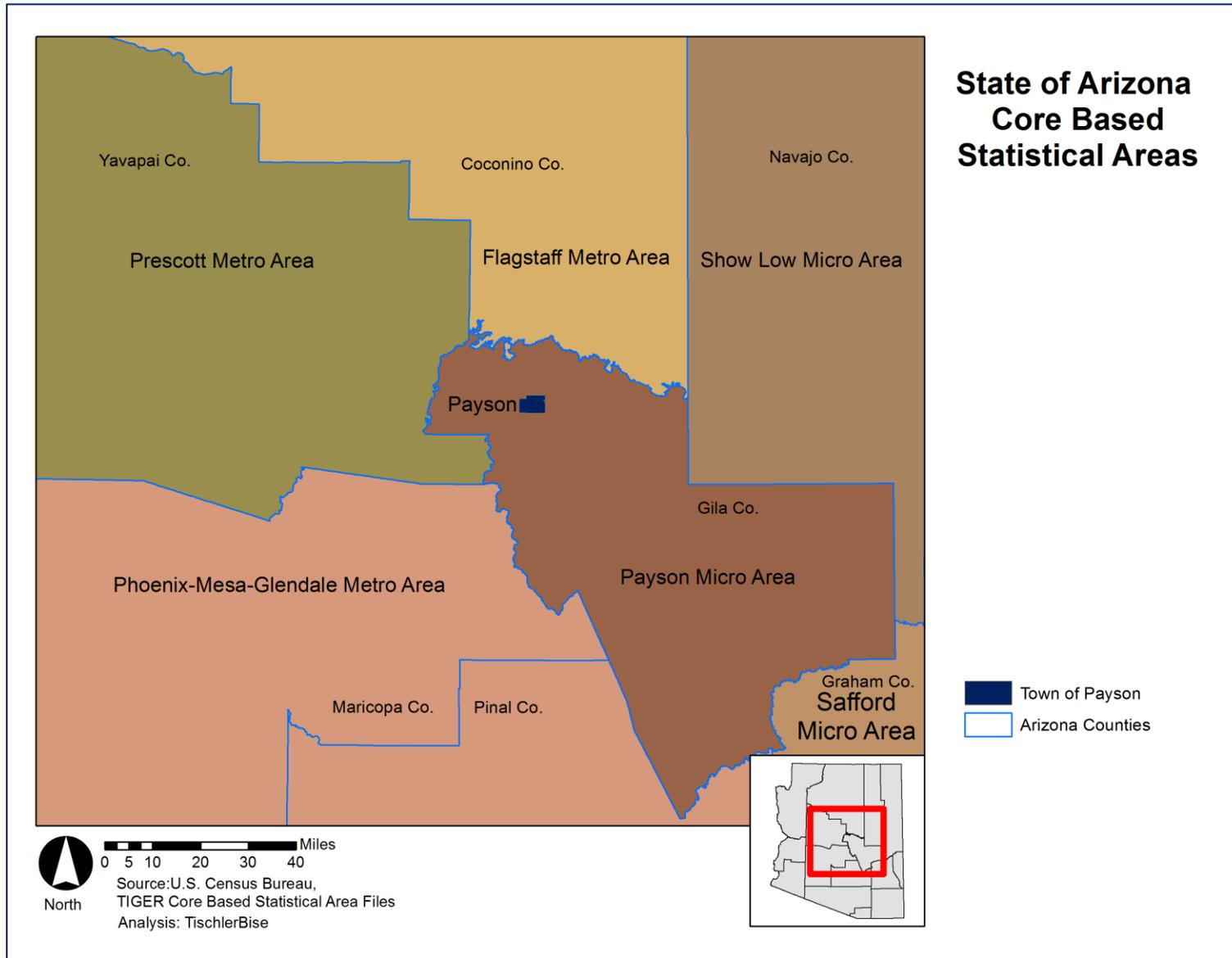
Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2007-2011.

2.7 INDUSTRY AND OCCUPATION EMPLOYMENT

Economic trends for Town of Payson are intricately connected to regional economic activity, and are influenced by the national and global economic landscape. The economic vibrancy of Payson requires well-paying jobs and a well-qualified workforce to occupy jobs that provide exportable goods and services, or which provide services to residents and visitors. This section focuses on Payson's economic strengths, and identifies possible opportunities for growth in the future.

The information in this section focuses on the industries, occupations, and workforce present in the economic region in which Payson operates. Data collected by the U.S. Census Bureau, Bureau of Labor Statistics, and Bureau of Economic Analysis are regulated by confidentiality rules that restrict the level of detail made public in order to preserve the anonymity of any single worker or employer. Because of these restrictions, much of the information presented below is for Gila County or a larger economic region.

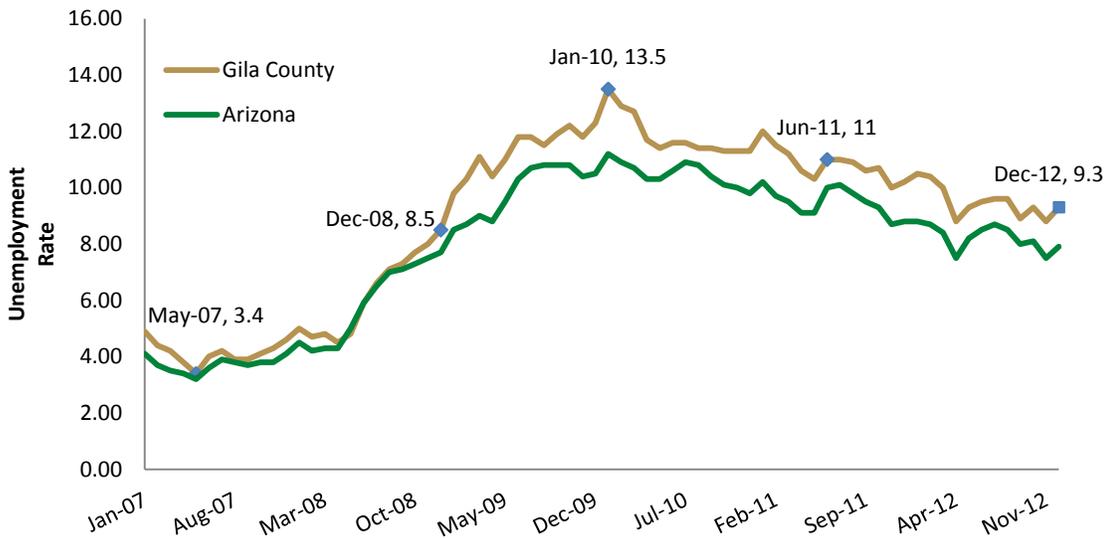
Map 2: Gila County Economic Region



Local Area Unemployment

The economic recession, which began in 2008, left no economy untouched. According to the U.S. Bureau of Labor Statistics (BLS), the unemployment rates of Arizona and Gila County were lowest in May of 2007 when they hit 3.2 and 3.4, respectively. Arizona's *unemployment rate* did not exceed 4.0 until December of 2007, at which point the *unemployment rate* for Gila County was 4.60. Gila County has maintained a higher *unemployment rate* than the State of Arizona since 2007. It peaked in January, 2010 at 13.5. Gila County ended 2012 with an *unemployment rate* of 9.3.

Figure 12: Local Area Unemployment Rate



Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Not Seasonally Adjusted, 2007-2012

Industry Employment

According to the BLS, private industry employment is 65 percent of the County employment. Data collected through the BLS Quarterly Census of Employment and Wages program shows the 2011 annual average employment for Gila County was 13,997. Gila County employment is heavily concentrated in service-providing industries, including *Retail, Education and Health Services, and Leisure and Hospitality*.² See Figure 13 for a four-year trend of industry employment for Gila County.

Figure 13: Industry Employment for Gila County

Annual Average Employment	2008	2009	2010	2011	Percent
Total, all Industries (Including Government)	14,762	13,992	13,975	13,997	
Total, all Private Industries	9,688	8,990	8,985	9,128	65%
Goods-producing	2,824	2,419	2,603	2,715	30%
Natural resources and mining	1,029	980	1,002	1,012	
Construction	903	614	633	-	
Manufacturing	892	825	967	-	
Service-providing	6,864	6,571	6,382	6,413	70%
Trade, transportation, and utilities	2,286	2,294	2,207	2,267	
Information	96	90	127	125	
Financial activities	372	333	288	287	
Professional and business services	772	463	483	434	
Education and health services	1,652	1,753	1,706	1,796	
Leisure and hospitality	1,483	1,449	1,379	1,293	
Other services	200	181	190	205	
Unclassified	4	6	2	7	

Source: Quarterly Census of Employment and Wages, Average Annual Employment 2008-2011. Retrieved from Arizona Department of Administration (21Jun12)

The economic downturn of the past four to five years adversely impacted almost all industries, and must be taken into account to more accurately evaluate the economic position of Payson. Private sector employment in Gila County grew by 1.5 percent between 2010 and 2011. While the economic recovery will be slow, progress is being made. For example, *Information Technology, Education and Health Services, and Other Services* each made employment gains since the start of the recession.

² Quarterly Census of Employment and Wages is an estimate of employment for all firms subject to Unemployment Insurance filings. Monthly employment is estimated and reported quarterly. The 2nd quarter is used for employment estimates because monthly employment during the second quarter is the least influenced by seasonal employment adjustments.

Industry Diversity

One measure of a region’s ability to weather economic uncertainty is industry diversification. When a region is host to a diverse mix of industries, it is less vulnerable to changes in any one sector. *Location Quotient* (LQ) is a statistical measure of an industry concentration. The LQ indicates the geographical concentration of an industry in an area, as a function of the expected concentration based on the state or national average. The LQs for Gila County shown in Figure 14 compare the 2nd quarter 2011 county economy to that of Arizona and the United States to identify specializations in the local economy.

Figure 14: Gila County 2011 Employment Concentrations

Industry Sector	Gila		Arizona		United States	
	Employment*	Employment*	LQ	Employment*	LQ	
Total, all Industries	14,123	2,374,622		130,002,247		
Total, all Government	4,952	390,972	2.13	21,717,668	2.10	
Federal Government	535	57,318	1.57	2,877,910	1.71	
State Government	296	68,944	0.72	4,573,786	0.60	
Local Government	4,121	264,710	2.62	14,265,973	2.66	
Total, all Private	9,171	1,983,650		108,284,579		
Goods-Producing	2,713	291,657	1.56	19,085,561	1.31	
Natural Resources and Mining	1,034	31,446	5.53	1,903,629	5.00	
Construction	619	110,779	0.94	5,494,296	1.04	
Manufacturing	1,060	149,431	1.19	11,687,636	0.83	
Service-Providing	6,458	1,691,993	0.64	89,199,018	0.67	
Trade, Transportation, and Utilities	2,261	466,966	0.81	24,689,014	0.84	
Information	125	36,624	0.57	2,679,552	0.43	
Financial Activities	287	163,975	0.29	7,404,964	0.36	
Professional and Business Services	469	344,132	0.23	17,265,424	0.25	
Education and Health Services	1,779	349,674	0.86	19,014,801	0.86	
Leisure and Hospitality	1,338	262,677	0.86	13,534,069	0.91	
Other Services	194	67,468	0.48	4,442,521	0.40	
Unclassified	6	477	2.12	168,672	0.33	

*Employment is the average of April, May and June QCEW Employment for 2011

Source: Quarterly Census of Employment and Wages, 2nd Quarter 2011, Arizona Department of Administration (21Jun12).

An LQ above 1 indicates an industry concentration higher than the expected share, based on the larger region. Compared to Arizona and the United States, Gila County has a significantly higher concentration of Goods-Producing employment, which is driven by *Natural Resource and Mining* employment. Compared to Arizona, the County underperforms in *Financial Activities*, and *Professional and Business Services*. County employment is much less concentrated in *Professional and Business Services*, *Financial Activities*, *Other Services*, and *Information* compared to employment in the United States as a whole.

Occupations

Industry employment, while an important indicator of geographic clusters, does not immediately demonstrate shifts in labor demands. For example, manufacturing increases worker productivity through technological advances, which shifts the need from production workers to information technology specialists. Increased internet-based shopping shifts the need for bricks and mortar retail sales persons to a demand for transportation and logistics, and data center personnel. Examining occupational employment trends demonstrates these shifts with a greater level of regional specificity than industry trends can.

The Bureau of Labor Statistics, in partnership with the Arizona Department of Administration, Office of Employment and Population Statistics, administers the Occupational Employment Statistics program to report county-level data of employment and wages by occupation. Data is based on a three-year sample collected through semi-annual voluntary employer surveys. Due to confidentiality restrictions of some county-level data, the most recent three years of available data for Gila County are reported in Figure 15 below.

Since 2005, Gila County had negative growth in total occupational employment, losing just under 400 net jobs. Despite a net loss of jobs, significant growth was seen in the growing *Architecture and Engineering, Computer and Mathematical, and Healthcare* occupations. These trends mirror national shifts to more science, technology, engineering, and math (STEM) occupations.

Figure 15: Gila County Occupation Employment Statistics

Occupational Title	Net Change	Annual Rounded Employment		
	2005-2011	2005	2008	2011
All Occupations	-380	14,070	14,250	13,690
Office and Administrative Support	300	1,960	1,990	2,260
Healthcare Practitioners and Technical	180	670	670	850
Architecture and Engineering	110	130	100	240
Food Preparation and Serving Related	90	1,610	1,470	1,700
Computer and Mathematical	50	40	70	90
Life, Physical, and Social Science	40	270	260	310
Protective Service	40	780	710	820
Personal Care and Service	40	250	360	290
Business and Financial	20	330	380	350
Transportation and Material Moving	20	640	900	660
Production	10	730	530	740
Arts, Design, Entertainment, Sports, and Media	0	40	60	40
Installation, Maintenance, and Repair	0	900	1,090	900
Building and Grounds Cleaning and Maintenance	-10	660	530	650
Legal	-30	100	80	70
Construction and Extraction	-80	1,190	1,310	1,110
Healthcare Support	-100	460	410	360
Management	-130	770	630	640
Community and Social Service	-130	300	320	170
Education, Training, and Library	-370	900	770	530
Sales and Related	-440	1,320	1,600	880

Source: Arizona Department of Economic Security, Research Administration in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics; Occupation Employment Statistics, Annual Average Rounded Employment

The economic recession of recent years has expedited the industrial and occupational shifts that were beginning before 2008. The State of Arizona projects that Arizona will see a 20.5 percent growth in the total number of occupations between 2010 and 2020. Of the roughly 535,797 net new jobs to be added before 2020, only 8 percent, or 45,000, will be added outside the Phoenix or Tucson metropolitan areas. Due to this forecast, it is important that Gila County and Payson identify the best opportunities to capitalize on existing industry concentrations and occupational strengths.

2.8 PAYSON WORKFORCE

A voluntary partnership between state labor market information agencies, the U.S. Census Bureau, and the U.S. Bureau of Labor Statistics has made available aggregate data about local labor market conditions that was previously unavailable at a municipal level due to confidentiality protections afforded to workers and employers. The Local Employment Dynamics (LED) OnTheMap program makes available “at-place employment” data for geographies as small as census tracts.

The term “at-place employment” refers to the number of occupied jobs or employed residents located within a defined geography. It is an indicator of industry clusters, occupational strengths, and workforce characteristics and preferences. The LED data is based on U.S. Census Bureau, Internal Revenue Service, and Bureau of Labor Statistics data but cannot be directly compared to data used for the industry or occupation analysis above because it is a filter of employed persons regardless of residency or employment location. However, because the LED program makes available previously suppressed municipal-level data, the LED OnTheMap web-based geospatial utility allows municipal trends to be compared to larger geographic regions.

Payson Workforce by Industry

As Figure 16 shows, overall the number of jobs located in Payson had a net decrease of 415 between 2004 and 2010 (the earliest and most recent years available), and a 23 percent negative growth rate since 2007. Closer examination of individual industries shows both emerging and declining performers. Highlights are as follows:

- In 2010, the largest employment sector was *Health Care and Social Assistance* (889), followed by *Retail Trade* (792), *Accommodation and Food Services* (599) and *Arts, Entertainment and Recreation* (484).
- *Health Care and Social Assistance* employment grew 18 percent from 2004 to 2010.
- *Transportation and Warehousing* employment grew from 12 jobs in 2004 to 23 jobs in 2010.

Analysis conducted by the Central Arizona Governments documents decades of employment fluctuation in the Greater Gila County area. The housing boom spanning 2002-2008 attracted residents to the region, and jobs followed. In the depths of the economic recession, the jobs disappeared and the workforce had to search for work where it could be found. Gila County and Payson are still recovering.

Figure 16: Town of Payson At-Place Employment Trends

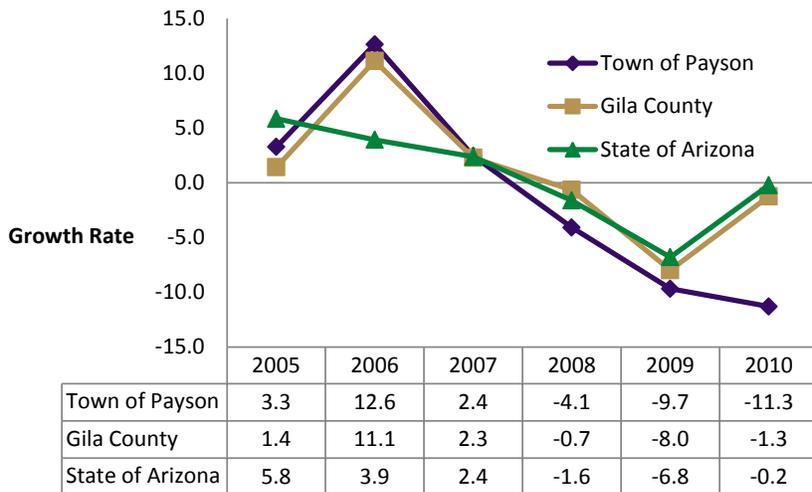
Industry Sector	Payson Jobs			Percent of County Jobs		
	2004	2007	2010	2004	2007	2010
Total All Jobs	4,901	5,839	4,486	41	43	36
Agriculture, Forestry, Fishing and Hunting	1	12	0	6	38	0
Mining, Quarrying, and Oil and Gas Extraction	2	4	7	0	0	1
Utilities	47	30	30	52	40	49
Construction	459	672	245	54	51	31
Manufacturing	82	96	70	11	10	7
Wholesale Trade	64	48	46	38	28	35
Retail Trade	760	1101	792	54	62	42
Transportation and Warehousing	12	17	23	14	23	11
Information	72	69	68	50	47	44
Finance and Insurance	133	151	114	75	84	60
Real Estate and Rental and Leasing	95	186	64	67	79	53
Professional, Scientific, and Technical Services	140	180	99	61	72	59
Management of Companies and Enterprises	31	46	1	20	28	17
Administration & Support, Waste Management and Remediation	178	149	101	37	33	26
Educational Services	484	506	457	45	48	41
Health Care and Social Assistance	755	811	889	49	51	54
Arts, Entertainment, and Recreation	501	547	484	89	92	85
Accommodation and Food Services	689	768	599	54	54	47
Other Services (excluding Public Administration)	133	124	99	67	54	54
Public Administration	263	322	298	15	16	24

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination 2004-2010 Employment Statistics: Payson Work Area Profile All Jobs, and Gila County Work Area Profile All Jobs

Payson Workforce in the Region

From a regional perspective, Payson hosted a smaller share of Gila County employment in 2010 (36%) than it did in 2004 (41%) and 2007 (43%). Payson gained shares of 2010 Gila County employment over that of 2007 for industries including *Health Care and Social Assistance*, *Wholesale Trade*, *Utilities*, and *Public Administration*.

Figure 17: Annual Growth Rates for At-Place Employment, 2004-2010



Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination 2004-2010 Employment Statistics: Payson Work Area Profile All Jobs, and Gila County Work Area Profile All Jobs

As shown in Figure 17, Payson has lost jobs at a faster rate since 2007 than Gila County and State of Arizona, partially due to not having an industrial diversity to replace jobs lost in one industry by growing another. Between 2009 and 2010, Arizona had negative job growth of less than one percent. Gila County had a negative growth rate of 1.3 percent. In comparison, the Town of Payson had a single year negative growth rate of 11 percent.

Jobs and Workers in the Town of Payson

The at-place employment/worker population ratio is an indication of how well the residential workforce of an area meets the needs of the industries present in an area. Figure 18 below shows three years of ratios calculated from LED OnTheMap Area Profiles for Town of Payson. A ratio equal to one means there are sufficient resident workers to meet the employment demands of each industry. A ratio higher than 1 means there are more jobs in a particular industry located in the Town, than there are residents employed in the industry. From an economic development standpoint ratios less than one, present an opportunity for business recruitment by demonstrating a residential workforce with specific industry experience. As Shown in Figure 18, in 2010, employed workers living in Payson out-numbered the jobs located in Payson for all but three industries. The employment/worker population ratios demonstrate an available labor presence for industries like manufacturing which has lost jobs in Payson but gained residents employed in the industry. Wholesale Trade has a similar dichotomy.

Figure 18: Employment/Residential Population Ratio

NAICS Industry Sector	Count of jobs & workers for each industry present in Town of Payson								
	Town of Payson			Plus a 20 Mile Buffer			Plus a 40 Mile Buffer		
	Jobs	Workers	Job/Worker	Jobs	Workers	Ratio	Jobs	Workers	Ratio
All Jobs	4,486	5,661	0.79	5,195	8,412	0.62	9,513	15,410	0.62
Agriculture, Forestry, Fishing and Hunting	0	12	0.00	2	23	0.09	47	69	0.68
Mining, Quarrying, and Oil and Gas Extraction	7	17	0.41	7	39	0.18	17	66	0.26
Utilities	30	54	0.56	33	88	0.38	77	158	0.49
Construction	245	332	0.74	303	522	0.58	913	995	0.92
Manufacturing	70	190	0.37	75	302	0.25	128	629	0.20
Wholesale Trade	46	162	0.28	56	242	0.23	119	511	0.23
Retail Trade	792	943	0.84	957	1,399	0.68	1300	2447	0.53
Transportation and Warehousing	23	117	0.20	49	186	0.26	114	357	0.32
Information	68	75	0.91	76	103	0.74	153	253	0.60
Finance and Insurance	114	160	0.71	134	261	0.51	179	564	0.32
Real Estate and Rental and Leasing	64	89	0.72	90	130	0.69	151	276	0.55
Professional, Scientific, and Technical Services	99	221	0.45	117	321	0.36	210	619	0.34
Management of Companies and Enterprises	1	21	0.05	1	30	0.03	4	80	0.05
Administration & Support, Waste Management and Remediation	101	394	0.26	139	589	0.24	367	1011	0.36
Educational Services	457	433	1.06	526	648	0.81	1119	1226	0.91
Health Care and Social Assistance	889	844	1.05	932	1,207	0.77	1196	1959	0.61
Arts, Entertainment, and Recreation	484	349	1.39	484	490	0.99	1327	868	1.53
Accommodation and Food Services	599	608	0.99	715	902	0.79	1142	1726	0.66
Other Services (excluding Public Administration)	99	122	0.81	128	210	0.61	262	407	0.64
Public Administration	298	518	0.58	371	720	0.52	688	1189	0.58

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination 2010 Employment Statistics: Payson Work Area Profile All Jobs, and Home Area Profile All Jobs

The data presented in Figure 18 show the Town of Payson in the context of a 20-mile, and 40-mile radius from the Town.³ Economic regions do not adhere to political boundaries such as counties, rather they are shaped by where the workers of a geography's jobs chose to live. The LED OnTheMap utility allows data extraction for custom geographies. By extending the Job and Worker area profiles out to a 20-mile and 40-mile zone from the heart of Payson it becomes possible to see Payson's role in a larger commuter area. At this level it becomes apparent that while Payson is host to 60 percent of the larger region's *Finance and Insurance* jobs, only 30 percent of the industry's local workforce resides in Payson. *Health Care and Social Assistance* is similar, in that 74 percent of the Region's jobs are in Payson but only 43 percent of the workers.

Economic Drivers in Town

Characteristics of the resident population of, and workers in, the Town of Payson were analyzed to determine the economic demand in Town, by type of land use, using "person-hours." See Figure 19 below for the calculations. For residential development, the proportionate share factor is based on estimated person hours of non-working residents plus the non-working hours of resident workers. The portion of the population not working is estimated at 9,640 in 2010. (This is calculated by subtracting the U.S. Census Bureau, LED OnTheMap estimate of employed residents of the Town (5,661) from the estimated population in 2010 (15,301)). For these residents, the full day (or 24 hours) is allocated to residential demand. According to LED, workers who live in Payson total 5,661. (Of the employed residents, LED estimates that 2,204 work in Payson and 3,457 work outside of Town.) For workers living in the Town, two-thirds of the day (or 16 hours) is allocated to residential demand. Time spent at work (eight hours) is allocated to nonresidential development.

For nonresidential development, eight hours per job is estimated for each worker. For the 2,204 estimated Town residents working in Town and the 2,282 non-resident workers (estimate based on the number of jobs in the Town minus resident workers), eight hours of demand per day is allocated. Based on estimated person hours, the economic demand by activity is 90 percent residential (321,936 person hours of residential demand) and 10 percent for nonresidential development (35,888 person hours of nonresidential demand out of a total 357,824 person hours in the Town of Payson.)

³ U.S. Census Bureau, LEHD web-based OnTheMap application allows the user to create custom regions by designating a buffer zone around a geographic center. The distance is measured as if a straight line were drawn and does not represent actual travel times along transportation infrastructure.

Figure 19: Proportionate Share Factors

	<i>Demand Units in 2010</i>	<i>Demand Hours/Day</i>	<i>Person Hours</i>	<i>Proportionate Share</i>
Residential				
Estimated Residents	15,301			
Residents Not Working	9,640	24	231,360	
Workers Living in Town	5,661			
Town Residents Working in Town	2,204	16	35,264	
Town Residents Working outside of Town	3,457	16	55,312	
Residential Subtotal			321,936	90%
Nonresidential				
Jobs Located in Town	4,486			
Town Residents Working in Town	2,204	8	17,632	
Non-Resident Workers	2,282	8	18,256	
Nonresidential Subtotal			35,888	10%
TOTAL			357,824	100%

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination 2010 Employment Statistics: Origin-Destination Employment Statistics All Jobs

Proportionate share is a snap-shot of demand in the Town of Payson for a typical day. In 2010, 65 percent of a single-day’s person hours spent in Payson were allocated to non-working residents of Town (this includes children and retirees). Employed residents, working in or outside Payson, account for 30 percent (108,208 person hours) of daily activity. The remaining 5 percent is allocated to workers who reside outside the Town of Payson and commute in daily for work. Economic activity in Payson is disproportionately driven by resident demand.

2.9 TRAVEL AND TOURISM INDUSTRY

What is not easily discerned from the industry and workforce employment data presented above is the extremely important role travel and tourism play in the economic health of Payson and its region. Data collected by the U.S. Bureau of Economic Analysis and the Arizona Office of Tourism demonstrate travel and tourism is an important driver of the local economy. Unlike the export-oriented manufacturing sector, where products are made and shipped in exchange for money coming into a region from product destinations, travel and tourism activity are more difficult to quantify. There are two primary factors that make quantifying direct and indirect impacts of travel and tourism difficult. First, the cluster is primarily defined by providing a service like accommodations, entertainment, or food locally to external visitors. Second, measurements of travel and tourism activity rely on receipts generated by visitors, however it is difficult to separate locally generated spending from visitor spending for each industry in which travel spending occurs.

A report released by the Arizona Office of Tourism, *Arizona Travel Impacts 1998-2011P*, documents the economic impacts of travel in Arizona, and where possible, Arizona counties.⁴ Findings from the report suggest Travel-and-Tourism-related employment was 12 percent of Gila County employment in 2011. Industry employment considered part of travel and tourism activity includes workers in *Accommodations, Transportation, Arts, Entertainment and Recreation, Food Service, and Retail*. According to the 2010 LED OnTheMap jobs data (the most recent available) discussed above, similar industry employment in Payson represents 42 percent of “all jobs” located within Town.

Figure 20: Travel-and-Tourism-Related Employment in Town of Payson, 2010

NAICS Industry Sector	Town of Payson					
	Payson		Plus a 20 Mile Buffer		Plus a 40 Mile Buffer	
	Jobs	Percent of Total	Jobs	Percent in Payson	Jobs	Percent in Payson
All Jobs	4,486		5,195	86%	9,513	47%
All Travel-and-Tourism-Related Jobs	1,875	42%	2,156	87%	3,769	50%
Retail Trade	792	42%	957	83%	1,300	61%
Arts, Entertainment, and Recreation	484	26%	484	100%	1,327	36%
Accommodation and Food Services	599	32%	715	84%	1,142	52%
All Other Jobs	2,611	58%	3,039	86%	5,744	45%

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination 2010 Employment Statistics: Payson Work Area Profile All Jobs, and Home Area Profile All Jobs

These industry sectors play a greater role in Payson’s local economy than the County as a whole. However, Payson also serves as the Travel and Tourism activity hub for Gila County. The data presented in Figure 20 allows examination of the Town in the context of a 20-mile and 40-mile radius from the Town (buffer zones may not equate to actual drive times). In 2010 Payson hosted 1,875 travel-and-tourism-related jobs, which equates to 87 percent of all similar jobs within a 20 mile buffer of Payson, and 50 percent within a 40 mile buffer. Over half of all jobs in *Retail* (61%), and *Accommodation and Food Services* (52%) within a 40-mile buffer are within Payson. These data suggest that Payson is a commercial hub for a much larger region. As such, regional visitors likely visit Payson regularly for necessary supplies. Additionally, tourists, defined as travelers who travel more than 50 miles or stay away from home at least one night, are likely to stop in Payson for goods and services during pass-through trips. Increasing travel and tourism activity in Payson means transitioning the Town from an incidental depot stop into a deliberate tourist destination.

⁴ Dean Runyan Associates. (June 2012). *Arizona Travel Impacts 1998-2011P*. Arizona Office of Tourism. Retrieved on 30Jan13 from: <http://www.azot.gov/system/files/712/original/AZImp11p%20FINAL.pdf?1342120889>.

2.10 RETAIL INDUSTRY

The term “retail” generally refers to operations involved in the sale of goods, merchandise, or services from a fixed location, such as a shopping center or freestanding store. Retail can generally be classified into two major categories by building configuration: general retail, which typically includes single tenant freestanding general purpose commercial buildings with parking; and, shopping centers.

Shopping Centers

The *shopping center* was first defined, in the 1950s, by the Community Builders Council of the Urban Land Institute (ULI), and reaffirmed over time. A *shopping center* is a group of commercial establishments planned, developed, owned, and managed as a unit related in location, size, and type of shops to the trade area it serves. It provides on-site parking relating to the types and sizes of its stores.

As the *shopping center* evolved, five basic types emerged, each distinctive in its own function: the convenience, the neighborhood, the community, the regional, and the super-regional. In all cases, a shopping center’s type and function are determined by its major tenant or tenants and the size of its trade area. They are never based solely on the area of the site or the square footage of the structures.

ULI defines the types of shopping centers that comprise the majority of retail development in the United States. The five types of retail centers are summarized in Figure 21. Complete definitions of Shopping Center Types can be found in [Appendix 11.2](#) at the end of this document.

Figure 21: Shopping Center Definitions

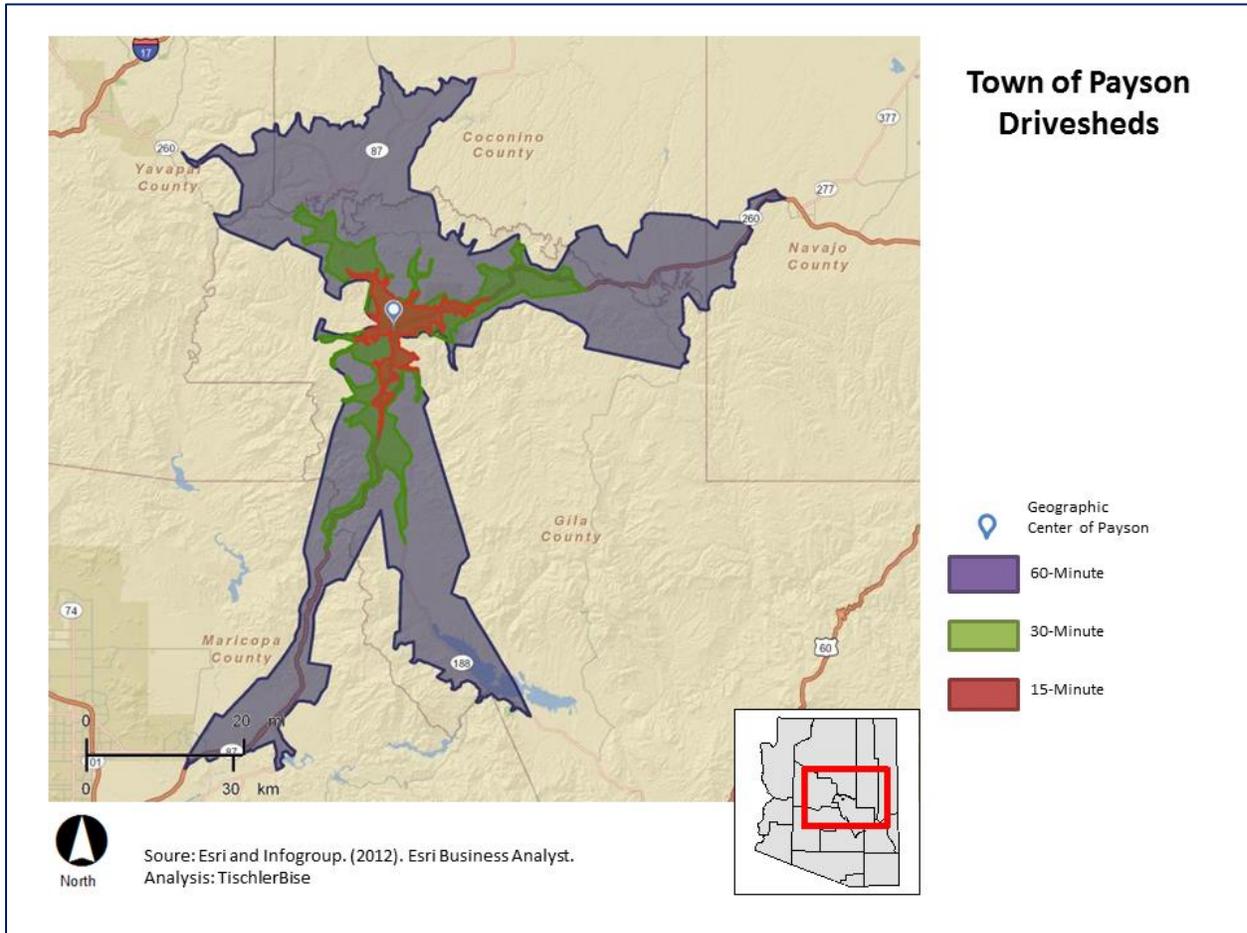
Center Type	Gross Leaseable Area Range		Number of Anchors	Anchor Share of Gross Leaseable Area	Type of Anchors
	(thousands)	Acres			
Convenience	5 - 30	1 - 3	1	50-100%	Convenience Store
Neighborhood	30-100	3-15	1+	30-50%	Supermarket
Community	100 - 350	10-40	2+	40-60%	Discount, supermarket, drug, home improvement, large specialty discount
Regional	250 - 800	40-100	2+	50-70%	Full-line dept., jr dept., mass merchant, discount dept., fashion apparel
Super Regional	Over 800	60-120	2+	50-70%	Full-line dept., jr dept., mass merchant, discount dept., fashion apparel

Source: Urban Land Institute

Local Retail Supply and Demand

Retail Market Potential refers to a geographic area’s ability to absorb retail merchandisers based on the supply and demand characteristics of the local and/or regional marketplace. Drivesheds from a designated point are a measurement of retail trade areas. Map 3 show three drivesheds extending from the geographic center of Payson (as determined by Esri).

Map 3: 2012 Esri and Infogroup, Town of Payson Drivesheds



Retail Market Potential is a standard measure of retail characteristics in a retail trade area. It is a comparison of supply and demand that can be used to assess opportunity. An *opportunity gap* appears when household expenditure levels for a specific geography are higher than the corresponding retail sales estimates. This difference signifies that resident households are meeting the available supply and supplementing their additional demand potential by going outside of their own geography, and is otherwise referred to as leakage. The opposite is true in the event of an *opportunity surplus*. That is, when the levels of household expenditures are lower than the retail sales estimates. In this case, local retailers are attracting residents of other areas into their stores.

Figure 22 shows a summary of the opportunity gaps/surpluses in annual expenditures for major retail categories.

Figure 22: Retail Market Potential

Industry Category	Town of Payson	Driveshed from Center Point		
		15-Minute	30-Minute	60-Minute
Food & beverage stores		(\$12,652,873)	(\$4,566,891)	\$1,282,902
<i>Grocery stores</i>		(\$11,760,499)	(\$3,613,228)	\$1,986,598
<i>Specialty food stores</i>		(\$216,119)	(\$480,957)	(\$410,809)
<i>Beer, wine & liquor stores</i>		(\$676,254)	(\$472,706)	(\$292,887)
Health & personal care stores		(\$989,094)	\$667,770	\$2,146,531
General merchandise stores		(\$930,680)	\$5,379,482	\$11,657,976
<i>Department stores</i>		\$106,635	\$4,145,125	\$7,655,897
<i>Other general merchandise stores</i>		(\$1,037,315)	\$1,234,357	\$4,020,079
Clothing & clothing accessory stores		(\$219,279)	\$693,823	\$1,899,132
Electronics & appliance stores		\$566,763	\$1,763,308	\$1,578,917
Furniture stores		\$154,241	\$746,638	\$1,476,022
Home furnishing stores		\$323,111	\$699,179	\$935,903
Bldg materials, garden equip & supply stores		(\$15,049,223)	(\$13,261,600)	(\$11,753,434)
Sporting goods, hobby, music. inst.		(\$345,690)	\$102,565	\$52,623
Book, periodical & music stores		(\$14,267)	\$45,103	\$151,601
Office supplies, stationery & gifts		\$359,020	\$432,447	\$568,137
Automobile dealers		(\$6,986,840)	\$2,083,791	\$10,852,705
Auto parts, accessories & tires		(\$1,762,610)	(\$941,984)	(\$487,754)
Food services & drinking places		(\$9,354,019)	(\$4,512,871)	(\$3,981,059)
<i>Full-service restaurants</i>		(\$3,789,609)	(\$1,990,737)	(\$2,942,350)
<i>Limited service eating places</i>		(\$5,914,244)	(\$2,926,266)	(\$879,278)
<i>Special food services</i>		(\$180,213)	(\$114,385)	\$111,423
<i>Drinking places</i>		\$530,048	\$518,516	(\$270,855)

Source: Esri and Infrogrou. (2012). Esri Business Analyst.

Opportunity surpluses, where supply exceeds demand within each driveshed, are signified by red type in parentheses. Industries with an *opportunity surplus* have retail sales generated by customers entering the area to make purchases. Figures in solid black mark *opportunity gaps*, where local demand is not met within the driveshed. *Opportunity gaps* represent market potential, or the need to bring merchants to the area to meet local demand.

Within a 15-minute driveshed from the geographic center of Payson, most local retail demand is met and individual merchants have a customer base which extends beyond the driveshed. Within a 60-minute driveshed there is a great deal of retail leakage, meaning local demand is not met within the driveshed and customers must leave the area to purchase what they desire.

Supportable Retail Space

Retail opportunity gaps/surpluses can be used to calculate supportable square feet of retail by category, or in the case of Payson, the surplus of retail space. A range of sales per square feet by retail category is defined based on data for *Super Regional Shopping Center* (high sales per square foot) and *Neighborhood Shopping Center* (low sales per square foot). Opportunity is divided by a midpoint of the sales per square feet range for each retail category in order to calculate excess capacity and potentially supportable square feet.

Figure 23: Supportable Retail Square Feet within 15-Minute Driveshed of Payson

Industry Category	Range of Sales per Sq. Ft.		Opportunity	Midpoint	Supportable
	High	Low	Gap/Surplus	Sales/SF	Square Feet
Grocery stores	\$ 340	\$ 312	(\$11,760,499)	\$ 326	(36,075)
Health & personal care stores	\$ 241	\$ 228	(\$989,094)	\$ 235	(4,218)
General merchandise stores	\$ 144	\$ 100	(\$930,680)	\$ 122	(7,629)
Department stores	\$ 155	\$ 100	\$106,635	\$ 128	836
Clothing & clothing accessory stores	\$ 209	\$ 201	(\$219,279)	\$ 205	(1,070)
Electronics & appliance stores	\$ 282	\$ 175	\$566,763	\$ 229	2,480
Furniture stores	\$ 312	\$ 175	\$154,241	\$ 244	633
Home furnishing stores	\$ 234	\$ 160	\$323,111	\$ 197	1,640
Bldg materials, garden equip & supply stores	\$ 178	\$ 111	(\$15,049,223)	\$ 145	(104,147)
Sporting goods, hobby, music, inst.	\$ 234	\$ 163	(\$345,690)	\$ 199	(1,742)
Book, periodical & music stores	\$ 234	\$ 163	(\$14,267)	\$ 199	(72)
Office supplies, stationery & gifts	\$ 549	\$ 280	\$359,020	\$ 415	866
Food services & drinking places	\$ 406	\$ 183	(\$9,354,019)	\$ 295	(31,762)
Total			(\$27,798,962)		(148,495)

Source: Esri and Infogroup. (2012). Esri Business Analyst.

Oversupply of retail has not been an unusual condition in markets nationwide in recent years, but the economic downturn has had an adverse effect on many retailers, ranging from small independents to national chains. Under the circumstances, adjustments in over-served markets may involve more retail closures, while any significant retail development in the foreseeable future will likely only occur in burgeoning or under-served markets. Economic forces will continue to edge markets towards equilibrium with respect to supply and demand.

These findings suggest that the demand for new retail will be soft in Payson and the greater trade area except for a few target retail industries including *home goods, electronics, clothing, and office supplies*.