

**Pima County Small Business Commission
County Administration Building
130 W. Congress, 1st Floor
Thursday, November 18, 2010
3:00 P.M.**

Members Present

Tom Ward
Ken Goodman
Lyra Done
Jerry Long (telephonically)
Dabney Philabaum
Joy Soler
Pat Taviss
Edie Lake
Lea Marquez-Peterson

Others Present

Catherine Strickland
Hank Atha

Members Absent

Patricia Brown

Call to Order- The meeting was called to order by Chairman Ward at 3:00 pm.

Pledge of Allegiance- Chairman Ward led the Pledge of Allegiance.

Approval of Minutes- Minutes from October 21 meeting were approved, unanimously.

Chairman's Report.

County Economic Incentive Policies - Chairman Ward presented a memo he sent to County Administrator, Mr. Huckelberry. (memo encl)

Revolving Loan Funds - it is being proposed to the County Administrator that Pima County establish a "Revolving Loan Fund" to assist new and existing companies in the creation of new jobs and the generation of new tax revenue. The ED&T Department would administer the Fund and the PCSBC would serve as the Loan Committee. Loans from \$5,000.00 and under \$50,000.00 would be approved by the commission and loans above \$50,000.00 would be approved by the Board of Supervisors. Maximum loan amounts would be determined by the size of the loan pool. Funding would come from federal grants and investments from the private sector. A motion was made by Ken Goodman and seconded by Lea Marquez-Peterson proposing that the Revolving Loan Funds Policies be sent to County Administrator for consideration. Motion approved

National Bio-Signature Laboratory Clinical Annotation Facility (NBLCAF) - (memo from Sup. Carroll encl.) NBLCAF was revisited this month to discuss the recommendation of reduced rent by C-Path to move into a 4,000 sq. ft. section at the Abrams building. Motion was made by Lyra Done and seconded by Pat Taviss to approve the reduced rent for NBLCAF as proposed. Motion approved unanimously.

C-PATH/JTED - Ken Goodman reported that in the last few weeks JTED was approached by C-Path to participate. There is a meeting this afternoon at JTED to see how they can set up a program for the students. Clinical Bio-Markers will work with the JTED nursing program to propose a curriculum for the nursing students.

Ken Goodman suggested each commissioner contact his BOS supervisor who appointed them as to the full support of both items previously voted on, and let them know both were passed unanimously.

Tucson Small Business Commission Report- Ken Goodman stated the COTSBC is now beginning to gel. They are using the PCSBC as a model. COT will be meeting today. Debbie Chandler will come to the next PCSBC meeting to inform the commission of their meeting. It was suggested PCSBC and COTSBC hold a joint meeting to discuss Proposition 107. There will be some changes to the procurement rules now that the proposition was passed.

December Meeting - a vote was taken to see if a December meeting was necessary. The Commission voted to take December off and return on January 20, 2011.

Fourth Avenue Street Fair- Joy Soler announced the Winter Street Fair will be December 10th, 11th, and 12th. No pets again this year, people with pets.

Commission appointment - Chairman Ward had a meeting with Supervisor's Day and Carroll. Sup. Day has asked the chairman to recommend someone for the vacancy. Sup. Day did stress the fact that she would prefer someone from District 1. Lyra Done has a person in mind from the architecture and engineering field. Chairman Ward would like several names to forward to Supervisor Day by the end of the month.

Catherine Strickland- Directors Report

MTCVB - the funding was approved by the BOS with stipulations. The first stipulation was the formation of a performance audit committee to look at past performance and expenditures. The second was CEO presentations to the BOS once a quarter, and the third to look into the legality of audit committee to withhold 25% of the amount if the BOS is not satisfied with the report and expenditures. Chairman Ward has been asked to serve on the Performance Audit Committee and will report back to the Commission.

CRSPS - The CRSPS Committee is coming together well. It is expected to be up and running in January 2011. There will be one meeting a month for the first few months until things get flowing. There will also some planning for another hearing this spring. It is being suggested to have a Hearing in Phoenix, possibly with a Maricopa County SBC. Title 34 is the main project for the committee. With the passing of Proposition 107, this will also become a big issue.

Other Commissioners Reports-

Lea Marquez-Peterson, there is an economic report from Elliott Pollack, with the impact of SB 1070. The loss to the State is at \$140 million in convention sales.

Mexican Nationals bring in a billion dollars annually to the state. There are no figures yet as to the impact SB has had on that amount. Lea will send a copy of the report to the commission as soon as she receives it.

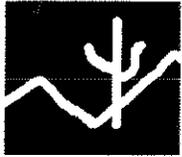
There will also be a State Legislative Breakfast on December 10 sponsored by the *Tucson Hispanic Chamber of Commerce*; Lea will forward the information to the Commission

Several other states are looking at the same type of legislature, and it is becoming a real concern to their business communities.

Small Business Saturday- to support local small businesses. Date is on Black Friday, November 26. Please shop local. Green Valley, and Fourth Avenue are also promoting to shop local.

Tucson Hispanic Chamber will be launching a medical insurance in January. Medical insurance for the uninsured will cost \$120.00 a month; you must be a member or relative of a member of the Hispanic Chamber. Call Lea for more information.

Meeting adjourned at 4:30 PM



Memorandum

To: C.H. Huckelberry, County Administrator

From: Tom Ward, Chairman, Pima County Small Business Commission

Date: November 18, 2010

Subject: Recommended Pima County Economic Development Incentive Policies

I am pleased to present you with the eight proposed County Economic Development Incentive Policies prepared by the Pima County Small Business Commission for consideration in preparing a formal County Economic Development Incentive Policy for review and approval by the Board of Supervisors.

Purpose

The reason for economic development incentives is to attract new companies to Pima County and to assist existing companies – both large and small – for the purpose of creating new, well-paying jobs and adding to the County's tax base.

Background

In preparing these recommendations, the Commission reviewed the local incentives offered by six of Pima County's economic development competitors. These competitors included Bernalillo County (Albuquerque, NM), Travis County (Austin, TX), Denver County (Denver, CO), Maricopa County (Phoenix, AZ), Multnomah County (Portland, OR) and San Diego County (San Diego, CA).

The attached chart outlines the 13 major incentives offered by these six competitors. You will recall that these six communities were among the 10 communities TREO listed as Pima County's main competition for business attraction. The chart does not list state incentives (the primary source of business incentives in Arizona), but the bottom line of the chart lists the number of major incentives offered by the parent states of each of the six competing communities. It is interesting to note that Maricopa County appears to offer no inducements and its incentives are either from Phoenix or the state of Arizona.

The source material for the chart was 21 websites, several telephone calls and a 46-page January 2009 report from the Greater Tucson Leadership Council. The column on the far right of the chart lists the major incentives provided by Arizona, Pima County and

Oro Valley to attract the 500-job Ventana Medical Systems (Roche) project to Pima County.

The Commission used Hank Atha's draft incentive policies dated July 8, 2010 as a basis for its deliberations, and combined his material with the information it learned from the six competing counties to formulate its recommendations. Mr. Atha should be congratulated on his work since the six competing counties have in place variations of many of his suggested policies.

One incentive that the Commission believes would be most useful in attracting and retaining small and medium sized companies is the creation of a Pima County Revolving Loan Fund. Such a fund is particularly valuable to high-tech start-up companies for gap financing as they transition from venture capital to conventional financing. It can provide gap financing as part of SBA financing packages for loan guarantees from local banks. It is also most valuable to small businesses that – while credit worthy – cannot obtain small loans (under \$50,000) from their banks because of the credit crunch caused by the great recession.

Initial funding is possible with federal grants and investments from local financial institutions as part of their community reinvestment responsibility. In some communities, larger corporations also invest in such funds. Many communities use CDBG grants to finance their revolving loan funds. As the loans are repaid, the revolving loan fund can move toward self-sufficiency.

Policy documents are not the place to describe the administrative details of operating a revolving loan fund. However, the Commission is prepared to provide you with detailed administrative recommendations for the fund if you wish to pursue this proposed economic development incentive.

Eight Economic Development Incentive Policies to Attract New Business and Expand Existing Business

1. **Revolving Loan Fund** Pima County will establish a Revolving Loan Fund to assist new and existing companies in the creation of new jobs and the generation of new tax revenue. The Department of Economic Development and Tourism will administer the Fund and the Pima County Small Business Commission will serve as the Loan Committee. Loans under \$50,000 will be approved by the Commission. Loans above \$50,000 will be approved by the Board of Supervisors upon the recommendation of the Commission. Maximum loan amounts will be determined by the size of the loan pool. Funding will come from federal grants and investments by the private sector.
2. **Pima County Foreign Trade Zone (FRZ)** Pima County will provide letters supporting FTZ applications only to companies that will import significant capital to the community, increase the number of jobs, pay wages exceeding 150% of the prevailing median wage and pay their fair share of revenue to Pima County and the

other local jurisdictions including educational districts. The FTZ provides reduced customs fees and tax benefits to companies which market to or purchase raw materials from foreign countries. Companies apply to and are certified by a national FTZ Board. FTZ applications must include letters of support and agreement from impacted local governments.

3. **Accelerated Site Development** All pertinent departments will expedite the zoning, site planning, permitting and pre-construction process as well as adjusting the infrastructure installation schedules and impact fees to make company location or relocation easier and faster. When necessary, all permitting and pre-construction requirements will be done in advance.
4. **Labor Force, Training and Education** Pima County will continue to operate two One Stop Employment Centers that assist companies in recruiting, screening and training new employees. The centers provide skills training for both new and existing workers. They can design and pay for training that is customized to the specific skills required by a new company that will provide quality jobs paying an entry wage of 110% of the prevailing median wage or more, plus benefits including company paid health insurance.

Customized training for higher quality jobs may include on-job training, which reimburses the company for its own training costs including a part of the employee's wage during the training period.

Pima County may commit to provide minimum amounts of training incentives to a new company during its ramp-up period provided the company meets negotiated hiring and wage goals that meet or exceed the minimum outlined above. Commitments for future years are dependent on continuing County and federal appropriations and on company progress toward investment, hiring and wage goals.

5. **Public Infrastructure** Excellent infrastructure makes economic development possible. Pima County builds and operates much of the regional infrastructure including roads and transportation, waste water collection and treatment, public health, parks, open space, community centers, and libraries, all of which are provided throughout the County. To the extent financially possible, infrastructure development will be tailored to new or existing company requirements.
6. **Incentive Negotiations** Pima County will negotiate and make incentive commitments only to senior company officials. Commitments will be memorialized in written agreements that must be approved by the Pima County Board of Supervisors and will include penalty provisions for companies that do not meet promised investment, hiring, wage and government revenue goals.
7. **Industrial Revenue Bonds** As part of a federal/state program administered by Pima County, industrial revenue bonds are available for certain manufacturing industries. Such bonds offer low-interest bond financing.

C.H. Huckelberry
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8. **No Cash Incentives** Pima County will not provide cash incentives to for-profit companies. The Arizona Constitution prohibits counties from using public funds to provide cash incentives.

Attachment: one
TW/jw

c: Hank Atha, Deputy County Administrator for Community and Development
Tom Moulton, Director, Economic Development and Tourism

Pima County Economic Development Competitors

Incentives	Pima County Economic Development Competitors						Roche Incentives
	Albuquerque, NM Bernalillo	Austin, TX Travis	Denver, CO Denver	Phoenix, AZ Maricopa	Portland, OR Multnomah	San Diego, CA San Diego	
Direct Grants			X		X	X	X (AZ)
Revolving Loan Funds			X		X ⁽⁶⁾	X ⁽⁴⁾	
Industrial Revenue Bonds	X	X					
Foreign Trade Zone	X	X					X (P.C.)
Trade Aid	X	X					X (P.C.)
Property Tax Reduction/ Abatement		X	X		X		X (P.C.)
Sales and Use Tax Reduction/ Abatement		X	X				
Alternative Energy Tax Credits	X	X					
Training		X				X	
Corporate Franchise Tax Abatement		X					
Pollution Control Exemptions		X					
Permit Fee Reduction/ Abatement			X		X		X (O.V.)
Relocation Assistance			X				
Guaranteed Water Program						X	
No. of State Incentive Programs	25	38	24	22	10	6	



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RAY CARROLL
COUNTY SUPERVISOR
DISTRICT 4

November 16, 2010

Mr. Tom Ward, Chairman
Pima County Small Business Commission
33 North Stone Avenue, Suite 830
Tucson, AZ 85701

Dear Tom:

During my visit with Dr. Woosley, President of the Critical-Path Institute, on October 25, 2010, I had the opportunity to talk to him about the proposed National Biosignature Laboratory Clinical Annotation Facility proposed for our Kino hospital campus. As you know, they are looking for about 4,000 square feet for this laboratory in the Abrams Building.

Dr. Woosley said that in addition to the initial jobs the facility would create (between six and 20 jobs), the laboratory would be a springboard for the formation of other small businesses in the medical diagnostic field.

I would like to see our Small Business Commission support this effort. Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ray Carroll".

Ray Carroll