

Pima County Economic Development Plan

2015 through 2017

February 2015 Draft



PIMA COUNTY

www.pima.gov/economicdevelopmentplan2015



**PIMA COUNTY ECONOMIC DEVELOPMENT PLAN – 2015 THROUGH 2017
FEBRUARY 2015 DRAFT**

TABLE OF CONTENTS

INTRODUCTION

1. PRIMARY JOB CENTER DEVELOPMENT

- A. Raytheon Buffer
- B. Aerospace, Defense and Technology Business and Research Park
- C. Sunset Road and Interstate 10/River Road
- D. Biosciences and Biotechnology
- E. Downtown Primary Employment
- F. Pinal Air Park

2. REGIONAL INFRASTRUCTURE INVESTMENT FOR JOB CREATION

- A. Transportation
- B. Utilities

3. PROTECTING OUR EXISTING MAJOR EMPLOYMENT BASE

- A. Raytheon
- B. Davis-Monthan Air Force Base
- C. Arizona Air National Guard 162nd Fighter Wing
- D. The University of Arizona

**4. LOGISTICS CENTER AT TUCSON INTERNATIONAL AIRPORT ENVIRONS:
PIMA COUNTY AS THE LOGISTICS HUB OF THE SOUTHWEST**

- A. Distribution Center Redevelopment
- B. Port of Tucson
- C. Air Cargo Capacity at Tucson International Airport
- D. High-speed Surface Transportation
- E. Mexico Trade Interface

**5. LEVERAGING THE INTELLECTUAL CAPACITY OF THE UNIVERSITY SYSTEM IN
ARIZONA**

- A. The University of Arizona
- B. Arizona State University

- C. Northern Arizona University
- D. Major University System Emphasis Areas

6. PROMOTING TOURISM

- A. Diversification of Sports Attractions
- B. Making Cycling a Tourism Destination Event
- C. Creating New and Expanding Existing Tourism through Public Investment
- D. Maintaining and Improving County Leased Property Infrastructure
- E. Assisting Other Community Attractions in Southern Arizona
- F. Pima County as a Medical Tourism Destination
- G. Creating International Tourism Opportunities in Key Marketplaces
- H. Potential Legislation Supporting Sports and Tourism

7. MINING – MODERNIZING A TRADITIONAL INDUSTRY

- A. Supporting Mining Activities that Provide Resource Conservation in Accordance with Conservation Lands System Guidelines
- B. Advanced Mining and Resource Extraction Technology
- C. Reclaiming Mining and Tailings Disposal Sites
- D. Collaborating with Mining Interests to Maximize Natural Resource Conservation
- E. Maximizing Renewable Water Resources for Meeting the Water Supply Needs of Mining

8. ENHANCING OUR RELATIONSHIP WITH MEXICO

- A. Impacting the Cost of Doing Business for Import/Export
- B. Strengthening Our Relationship with Guaymas, Port of Guaymas and Port of Tucson
- C. Strengthening Rail Service and Customs Capacity at the Border
- D. Educating Southern Arizona Businesses and Citizens About Cross-border Opportunities and Making it Easier for Mexico-based Businesses to do Business in Pima County
- E. Increasing Mexican Tourism and Commerce
- F. Mexican Baseball

9. ENHANCING OUR RELATIONSHIP WITH CANADA

- A. Expanded Foreign Direct Investment
- B. Canadian Investment in Mexico
- C. Canada, Arizona and Pima County
- D. Canada Arizona Business Council

10. ENHANCING OUR RELATIONSHIP WITH EAST ASIA AND THE REPUBLIC OF KOREA

- A. The Port of Guaymas and its Relation to Asia
- B. The Port of Tucson and its Relation to Asia
- C. The Republic of Korea

11. JOB TRAINING AND EMPLOYMENT BASE DEVELOPMENT

- A. Higher Skills Equal Increased Competitiveness, More Jobs and Increasing Earning Power
- B. A Regional Public Workforce System
- C. Combating and Mitigating Poverty
- D. Development of a Business Resource OneStop Center
- E. Activating the Library System for Workforce Training
- F. Support for Small and Emerging Businesses

12. DOWNTOWN ENHANCEMENT

- A. Creating a Regional Arts and Cultural Center
- B. Enhancing the Opportunity for Corporate Headquarters Location
- C. Expanding the Administrative and Legal Center of the Region

13. INVESTING FOR AN ECONOMICALLY COMPETITIVE FUTURE

- A. Solving the Transportation Funding Dilemma
- B. County General Obligation Bonds and Debt Financing
- C. Using Property Tax Reduction to Attract New/Expanding Economic Enterprises
- D. Economic Development and the Pima County Comprehensive Plan *Pima Prospers*

APPENDIX A

Status Report – Pima County Economic Development Plan – 2012 to 2014



Prepared by
C.H. Huckelberry
County Administrator

INTRODUCTION

Three years ago, on January 19, 2012, I transmitted to the Board of Supervisors a Comprehensive Economic Development Report regarding our past and present economic development practices. The report was accepted, and the Board directed that extensive public review take place. The report was transmitted to over 40 agencies and individuals. One hundred thirty comments were received, and 39 separate recommendations were made to the Board regarding that plan.

The adopted *Economic Development Plan – 2012 to 2014*, dated November 13, 2012, presented 20 action plans, identified 4 future challenges for economic development and made 18 recommendations for specific County actions to improve the region's economy. Significant progress has been made in the last two years.

The County accomplished the majority of these objectives, including vital support of the region's largest private employer – Raytheon. Several significant initiatives, such as expanding or improving key regional tourism facilities and infrastructure improvements necessary to develop a logistics and aerospace and defense employment corridor, are still awaiting public investment from a proposed County bond election.

A detailed account of 2012 plan accomplishments and action plans in progress or pending/delayed is Appendix A to this report. We now need to redouble our efforts in advancing this plan to grow our prosperity.

Now, I am transmitting to the Board the *2015 through 2017 County Economic Development Plan*. This plan discusses 13 separate strategies and contains 92 recommended action items to promote economic development, job growth and rising income within the region. These strategies are an outgrowth of the County's Economic Development Plan for 2012 to 2014 adopted by the Board of Supervisors on November 13, 2012.

The 2015 through 2017 action plan is designed to guide the County's investments and policy actions to grow the local economy, increase jobs and increase overall community wealth. The recommendations and action items presented in this plan are steps the County can take in the near term over the next three years to continue to grow our local economy.

This draft report will be distributed for review and comment for 30 days. The report is available electronically at www.pima.gov/economicdevelopmentplan2015, where comments may also be submitted. Comments received will be considered in the final draft report.

Primary Job Center Development 01

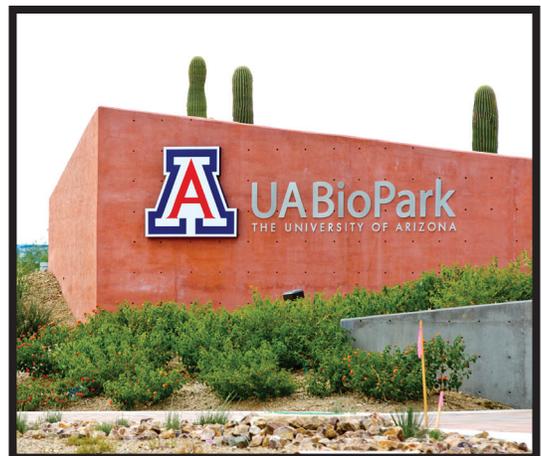
- **Biosciences and Biotechnology**
Accelerate Diagnostics grand opening.



- **Aerospace, Defense and Technology
Business and Research Park**
A technology research lab.



- **Tech Launch Arizona**
UA Tech Park at The Bridges.





CHAPTER 1 PRIMARY JOB CENTER DEVELOPMENT

The County is developing a number of proposals to make available shovel-ready primary employment center sites. These sites would be available for sale or lease to new primary employers or for expanding primary employment within the County. They are all County-owned properties that could be used for employment centers. The following locations are under consideration:

A. Raytheon Buffer

One of the priorities in the County adopted Economic Development Action Plan was to protect the existing employment base within the County. Raytheon is our largest private employer; hence, the County has taken steps to buffer Raytheon operations by both relocating Hughes Access Road and by acquiring buffer lands that could be utilized for Raytheon if they chose to expand their operations. These actions allow existing Raytheon operations to continue without receiving waivers from the United States Air Force (USAF) for certain activities. The actions substantially buffer Raytheon from any adverse encroachment that would threaten or diminish their operational flexibility.

The Raytheon buffer is comprised of two components, the first being the buffer related to existing operations and their existing facilities. This buffer will be acquired in a land exchange agreement between the Tucson Airport Authority (TAA) and the USAF and would extend approximately 800 feet south of the existing Hughes Access Road alignment. This buffer is approximately 130 acres of land now owned by the TAA.

The second buffer is larger; consisting of approximately 270 acres of land that would allow displaced Raytheon facilities, with the second runway installation at Tucson International Airport (TIA), to be relocated. In addition, the expanded buffer would allow Raytheon to construct additional final assembly and checkout facilities to expand operations. This second buffer will be acquired by either the County or in cooperation with Raytheon using an annexation fund previously established by the City of Tucson as an incentive for Raytheon to annex into the City.

B. Aerospace, Defense and Technology Business and Research Park

To eliminate potentially adverse residential encroachment on Raytheon, the County purchased approximately 382 acres at a cost of \$5.9 million from private developers who were attempting to build residential development adjacent to the south boundary of Raytheon. This County-owned property, as well as adjacent TAA owned lands, is being planned for an Aerospace, Defense and Technology Business and Research Park (the Park). The lands will have transportation access from the relocated Hughes Access Road, as well as potential rail access from the Nogales line. The planned uses would be for primary employment, with preference given to aerospace and defense industry-related firms that are compatible with the adjacent landowners, Raytheon and TIA. In total, the Park would be approximately 2,800 acres of land held in trust by the State or owned by Pima County or the TAA. Advanced planning continues on this site. The site's proximity to the new

proposed auxiliary interstate highway, also known as the Sonoran Corridor and discussed in Chapter 2, makes the property an ideal location for future primary employment sites that complement existing aerospace, manufacturing and high-tech employment already existing within the corridor.

To advance development of the Park, the Aerospace Parkway (the relocated Hughes Access Road) will be constructed in 2015. In addition, advance planning and implementation of major utility extensions for wastewater and water services are now being planned by the County and City. Business development of the property for defense and technology manufacturing will be possible with surface transportation access, as well as major utility connections, including water, sewer, electric and communication systems.

C. Sunset Road and Interstate 10/River Road

The County acquired approximately 615 acres from California Portland in December 2012. Most of the acquired property is within the floodplain, flood erosion hazards of the Santa Cruz River or has been the site of sand and gravel mines. However, over 100 acres of the property located at Interstate 10 (I-10) and the future extension of Sunset Road to Silverbell Road, as well as Sunset Road to River Road, can be utilized for primary employment. Because of easy access to I-10, future employment uses envisioned at the site would promote primary, basic and new employment within the region in a campus environment. Regional Transportation Authority (RTA) and Arizona Department of Transportation (ADOT) funding of the new Sunset Road interchange, Sunset Road extension and connection to River Road, as well as the RTA improvements to Silverbell Road, will make this an ideal business campus site in the future. The balance of the property is to be developed as an environmental enhancement project known as El Corazón, which will be a major public recreation asset through restoration of the former sand and gravel sites.

The County is also advancing the connection of Sunset Road to Silverbell Road and the significant enhancement of the Sunset Road interchange at I-10. Presently, the County's Department of Transportation is conducting early planning studies leading to design and implementation of Sunset Road connecting to the existing interchange at I-10 and Silverbell. This will be under construction within the next 18 months at an approximate total cost of \$22 million.

D. Biosciences and Biotechnology

Between 2002 and 2011, bioscience jobs in Arizona increased by 45 percent, adding more than 30,000 jobs, for a total of nearly 100,000. By comparison, the national growth rate for bioscience jobs during this period was 12 percent. Arizona's bioscience firm establishment also exceeded national growth – a 31 percent increase versus 23 percent. Arizona bioscience workers earn an average annual salary of \$56,000, compared to \$44,000 for all other private sector industries.

Biosciences/biotechnology is an emerging high-tech job developer and exists in limited locations throughout the region – primarily in four geographic areas. One of these areas and the largest private employer of bioscience and biotechnology jobs is in Oro Valley at Innovation Park, followed by facilities associated with The University of Arizona (the

University; UA) in and around the main campus, followed by the location of Accelerate Diagnostics in the County's Abrams Public Health Center at the Kino Campus on Ajo Way and emerging at the UA BioPark at The Bridges.

Accelerate Diagnostics. The County assisted in the relocation of Denver, Colorado based Accelerate Diagnostics to the Abrams Public Health Center. Accelerate is a startup biotech firm that has grown significantly over the last year. In the future, it will occupy the entire fourth floor of the Abrams Public Health Center for a total of 45,000 square feet. The lease is relatively short term at six years, with the facility being designed as a successful bioscience start up incubator. Accelerate Diagnostics began with 10 employees; today they have 66 and plan to grow to 100 in 2015. Originally, the economic development incentive provided by the County required 30 employees at an average annual wage of \$65,000. The current 66 employee average annual wage is in excess of \$100,000.

Bioscience/biotechnology Startup in Oro Valley. The County and others have been meeting to develop a bioscience/biotechnology startup to be located immediately adjacent to both Sanofi, Inc. and Ventana Medical Systems in Oro Valley. It is anticipated a bioscience startup facility of 25,000 square feet, expandable to 50,000 square feet, will be financed using County bond funds. The site will be owned by the County and leased to a nonprofit bioscience operating entity. The operating and maintenance expenses will be paid for by a bioscience/biotechnology nonprofit organization being formed by a number of participating entities, including the biodesign function of Arizona State University (ASU).

Tech Launch Arizona. The UA is ranked 18th among public universities for research spending nationally and recognized for graduate programs in biomedical engineering, neuroscience, pharmacology and toxicology, cancer biology, applied mathematics and genetics.

Strengthening connections to existing tech centers presents a major opportunity for new or expanded employment. The Tucson Tech Corridor is anchored by the UA Tech Park and provides more efficient linkages to the UA BioPark at The Bridges, The Banner University of Arizona Medical Center–South Campus (Banner UAMC–South) on Ajo Way, and their emerging employment centers.

The County will explore possible future bond funding to assist the University with research and development expansion opportunities at The Bridges, as well as the UA Tech Park, to encourage high-wage jobs and opportunities for incubator and spinoff companies. Pima County has already invested \$16 million at The Bridges site for flood control improvements and wastewater capacity. Because of public funding, the site must be owned by either the County at no cost or by the Arizona Board of Regents (ABOR).

E. Downtown Primary Employment – 97 E. Congress Street and 69 E. Broadway Boulevard

The County owns and operates approximately 1.58 million square feet of office space in the downtown Tucson area. Tucson is the County seat. Pima County is the region's largest downtown employer and has been for more than two decades. Today, we employ nearly 7,000 full- or part-time employees. The County is fully invested in the success of downtown revitalization; and through the development of new court facilities, the

repurposing of the historic County Courthouse is able to make available 97 E. Congress, as well as leased parking spaces in the County parking garage at 50 N. Scott Avenue.

Ninety-seven (97) E. Congress is an office building of 44,130 square feet. Pima County will make this property available for purchase in late 2015 or during 2016. The County's preference would be to sell or lease this site to an employer who would bring primary employment based jobs to downtown Tucson.

In addition, the County owns 0.66 acres (28,780 square feet) of vacant property at 69 E. Broadway Boulevard (Broadway and Scott Avenue). The County will also, during the same time period, make this property available for the construction of a new office building designed, again, to attract primary export based employment in downtown Tucson.

The County will consider any sale or lease options for both properties for primary employment; all with appropriate considerations and/or incentives for economic development if the employer meets certain conditions regarding the number of new, export-based employees with average wage levels being significantly greater than the regional average.

F. Pinal Air Park

The County is engaged in discussions with Pinal County representatives regarding economic development opportunities on our common border. One of these opportunities involves Pinal Airpark. The County owns 296 acres of land immediately adjacent to and south of Pinal Airpark, and this land lies on the Pinal/Pima County boundary. This property is immediately adjacent to air operations associated with Pinal Airpark. In our meetings with Pinal County, we have offered our full cooperation in any job or economic development activities that would expand Pinal Airpark, including making Pima County's property available to ensure full runway operational parameters, including aviation easements and other items necessary for a successful long-term operation and expansion of Pinal Airpark. Further, the County's property can be made available to new employers that would locate near or adjacent to and use the air transportation capacities of Pinal Airpark. The County fully supports Pinal County in their planning efforts associated with the Pinal Airpark Master Plan and has offered our property to be incorporated into their master planning efforts for developing a larger airfield economic development opportunity for the region.

The County also supports the efforts of Pinal County to widen, resurface and extend the runway serving Pinal Airpark. The present runway is in need of significant repairs and should be widened to accommodate larger aircraft and lengthened to accommodate more aircraft under varying conditions. Such an updated and expanded runway would greatly expand the maintenance and repair capabilities and capacity of Pinal Airpark for the airline industry.

Action Items

1.1 Urge the initiation of the Environmental Impact Statement for the second runway at TIA by the TAA and Federal Aviation Administration (FAA) to initiate land and right of way

exchange between the USAF and the TAA to complete the Raytheon buffer for existing facilities.

1.2 Complete during 2015 the Environmental Assessment for the release and sale of the 270-acre expansion buffer for Raytheon and acquire the buffer in 2016.

1.3 Develop a planning agreement between Pima County, TAA and the Arizona State Land Department to initiate concept planning for the Aerospace, Defense and Technology Business and Research Park consisting of 2,800 acres, of which 382 acres are County-owned.

1.4 Develop a conceptual plan for rail access from the Nogales line through the Park.

1.5 Complete, in 2015, the Aerospace Parkway, thereby providing surface transportation access to the Park.

1.6 Complete the Master Plan for major utility infrastructure for the Park in 2015.

1.7 Finance and construct public utility systems for the Park in 2017.

1.8 Define the boundary of the primary employment campus-style employment center west of I-10 and south of the Sunset Road extension and develop an appropriate archeological mitigation plan for site development.

1.9 Complete planning and undertake construction of the extension of Sunset Road between I-10 and Silverbell Road in 2016.

1.10 Facilitate expansion of Accelerate Diagnostics at the Abrams Public Health Center.

1.11 Plan a bioscience/biotechnology incubator in Oro Valley adjacent to Sanofi and Ventana Medical Systems and implement the incubator using \$15 million of General Obligation bonds if approved by the voters.

1.12 Assist in providing transportation public infrastructure to the UA Tech Park in the amount of \$10.8 million in General Obligation bonds if authorized by the voters.

1.13 Develop, with the ABOR and Campus Research Corporation, an innovation center and educational building at The Bridges with of \$25 million of General Obligation bonds if authorized by the voters.

1.14 Market for sale or lease for primary employment 97 E. Congress Street and vacant land at 69 E. Broadway Boulevard.

1.15 Support Pinal County in their funding application with the FAA to widen, resurface and extend the runway serving their airport and provide any County property necessary for improving the runway facilities at Pinal Airpark.

1.16 Make available County property at Pinal Airpark for air field development and expansion, including airport employment lessees.

Regional Infrastructure Investment for Job Creation 02

- **Utilities**

Pima County's new wastewater treatment plant.



- **Air**

Tucson International Airport.



- **Rail**

Improving a Union Pacific Railroad overpass.





CHAPTER 2

REGIONAL INFRASTRUCTURE INVESTMENT FOR JOB CREATION

Efficient and effective transportation systems are key drivers of economic development. Products, goods and services all have a transportation cost component embedded in their final cost. Transportation systems that promote efficiency and the rapid movement of goods and services will produce positive economic expansion both locally and regionally. A number of projects are under consideration or development, and these are discussed below.

A. Transportation.

1. *Surface.*

a. **Interstate 11**

Arizona has four east/west interstate highways and no interstate that is a continuous north/south route that penetrates the southern or northern border of Arizona. The development of Interstate 11 (I-11) as a trade corridor is underway and is being thoroughly documented in a joint effort by ADOT and the Nevada Department of Transportation. This corridor must pass through metropolitan or eastern Pima County and connect to the Mariposa Port of Entry (POE) at Nogales, which has already received an over \$250 million investment by the federal government to improve its efficiency as a border crossing facility.

ADOT recently obtained funding for environmental and location studies for I-11. The studies need to be followed closely to ensure I-11 is extended through eastern Pima County and connects to the Mariposa POE. In addition to the Mariposa POE investment, the Mike O'Callaghan – Pat Tillman Memorial Bridge over Hoover Dam is another \$250 million investment in this international trade corridor. This commerce corridor should be closely monitored to ensure the benefits from Mexico are realized in the first implementation of corridor improvements, not the last, as now planned.

b. **Auxiliary Interstate Highway; Interstate 10 to Interstate 19**

A rapid surface interstate connection between Interstate 19 (I-19) and I-10 south of the metropolitan Tucson area would be significantly beneficial to both facilitate trade with Mexico; particularly trucking that desires an eastern terminus beyond Arizona's border, and as a high-speed surface transportation facility within the metropolitan area; linking existing, growing and developing primary employment centers. The County is leading efforts to locate the route and begin initial planning necessary for its future development.

The Auxiliary Interstate Highway connection from I-19 to I-10 is perhaps the most important economic development surface transportation improvement in the region. This connection needs to be embraced by all regional governments and local partners as the most important transportation improvement that will facilitate job growth in the existing and growing manufacturing, technology and defense corridor in metropolitan Pima County.

Given its importance, the County will propose in the next bond issue, whether it be November 2015 or later, that a surface transportation investment of at least \$31 million be made for this corridor; allowing the connection of the Aerospace Parkway discussed later in this section, to I-10 at Rita Road to connect the UA Tech Park employment center to the defense, manufacturing and technology primary employment center around TIA.

c. State Route 189 – Mariposa Port of Entry to Interstate 19

Perhaps the weakest link in our trade corridor with Mexico is State Route (SR) 189. The County has long advocated to the State Transportation Board that SR 189's improvement is essential to maximize the efficient use of the Mariposa POE. Unfortunately, State funding lags for these improvements. The County will continue to advocate with ADOT and the Governor for these transportation improvements be advanced ahead of all others in the State to maximize trade and economic expansion benefits with Mexico.

d. Aerospace Parkway

The relocation of Hughes Access Road is a project initiated by the County to allow Raytheon to achieve the full benefits of both an existing and expanded buffer. Hughes Access Road, a public highway that carries more than 8,300 vehicles per day, poses a significant impediment to Raytheon production expansion. The Hughes Access Road relocation to a new roadway alignment named the Aerospace Parkway will significantly increase buffering benefits to Raytheon, as well as add to accessibility of the emerging business and research park for job growth and development south of Raytheon. The Aerospace Parkway is advancing to construction in 2015 and will be complete and open to traffic by the end of the calendar year. This project represents a nearly \$14 million investment by the region in not only protecting the region's largest employer, but laying the groundwork for future aerospace, manufacturing and defense-based primary employment in the region.

2. Air

a. Second Main Parallel Runway at Tucson International Airport

TAA has recently completed a Master Plan update for TIA. The Master Plan calls for a second parallel runway to be built at TIA. Such an infrastructure investment is vital to growing TIA into a hub for passenger air travel, as well as for air freight, and to continue to support the vital military Pilot Training Mission of the 162nd Fighter Wing of the Arizona Air National Guard (AZ ANG) located at TIA.

The County will continue to be a strong advocate for federal aviation funding to construct the second runway at TIA. A second runway is necessary to allow for increased air service capacity to the region, whether it be for passenger travel or air cargo. It is important the second runway be developed as soon as practically possible to expand the capabilities of TIA as a southwestern regional logistics center.

3. Rail

a. Rail/Truck Interface at the Port of Tucson

The Port of Tucson is a true operational international inland port. This site recently initiated international cargo container shipping by rail. It has long supported rail/truck shipping at its facility that has been significantly expanded recently with substantial, new, privately-funded internal rail infrastructure. With the County's sponsorship, the Port of Tucson was the recipient of a \$5 million Transportation Investment Generating Economic Recovery (TIGER) Grant to develop large train offloading with a new 8,000-foot rail siding interconnecting the Union Pacific intercontinental line to the private rail infrastructure at the Port of Tucson.

B. Utilities

The County has commenced a wastewater/sewer outfall inceptor study to serve the entire region south of Raytheon. Extending public wastewater infrastructure is a key component of job expansion. Without public service of utilities such as wastewater, it is impossible for new job centers to be constructed in this location. It is likely that extending the existing sanitary interceptor sewer system to this area will cost approximately \$10 million; an investment the County is prepared and willing to make to facilitate basic employment growth within this existing and future job corridor. The County has also asked the City of Tucson, through Tucson Water, to join in this planning effort for the extension of the water utility system necessary to provide water service to these new employment centers. Combined, the cost of these major utility extension investments will range from \$20 to \$30 million.

With their independent implementation, each infrastructure investment project will improve transportation systems, economic competitiveness and lead to economic expansion.

Action Items

2.1 Pima County will fully cooperate with and participate in any environmental or location alternative studies for I-11 within Pima County and will closely monitor project implementation to ensure the trade benefits from a connection to Mexico are realized.

2.2 Establish as a County highway the auxiliary interstate highway connection between I-10 and I-19.

2.3 Request, through the Regional Planning Agency, that the auxiliary interstate highway be included as a state route by the Arizona State Transportation Board in the State Highway System.

2.4 Cause the auxiliary interstate highway to be included in the Federal Highway System as an auxiliary interstate highway through any Congressional action related to authorizing surface transportation funding in the United States.

2.5 Initiate planning and design of a phased improvement connecting the Aerospace Parkway to I-10 at Rita Road along the Old Vail Alignment using \$31 million in General Obligation Bonds if authorized by the voters.

2.6 Advocate for early and adequate funding for improving SR 189 from the Mariposa POE to I-19.

2.7 Complete the Aerospace Parkway improvement in Calendar Year 2015.

2.8 Support development of the second main parallel runway for TIA.

2.9 Complete the already authorized TIGER Grant to improve rail access to the Port of Tucson.

2.10 Initiate development of a sanitary sewer inceptor system to serve the general job growth area south of TIA extending to Rita Road at I-10.

Protecting Our Major Existing Employment Base **03**

- **Arizona Air National Guard**
F-16s from the 162nd Fighter Wing.



- **The University of Arizona**
High School Students attending UA's BIO5 health careers fair.



- **Davis-Monthan Air Force Base**
An A-10 on a training mission over Arizona.





CHAPTER 3

PROTECTING OUR EXISTING MAJOR EMPLOYMENT BASE

There are four significant employers within Pima County that contribute substantially to our economic health: Raytheon, Davis-Monthan Air Force Base (DMAFB), the 162nd Fighter Wing of the AZ ANG, and the UA. All four of these employers have exposure to reduced federal spending. Having any of these major employers under any type of mission or job stress will hurt the entire economy of Pima County. While their economic wellbeing may depend largely on forces outside of the regional and State economy, Pima County needs to ensure we are doing everything possible to support the stability and job growth of these major employers.

According to a 2011 Bloomberg Government Study, Tucson is the seventh top recipient city of federal defense dollars – nearly \$5 billion annually – and Tucson is the Number One ranked city in Arizona for federal defense monies. Three of our four major employers receive significant federal dollars.

A. Raytheon – Roadway Relocation and Buffer

Raytheon Missile Systems is our largest area employer, with a total of 13,500 employees; and Pima County is working aggressively on strategies to protect and allow Raytheon to possibly expand in Tucson.

In 2011, we received a significant shock when Raytheon Missile Systems made a reasoned, business-based decision to expand operations and build a new facility in Huntsville, Alabama. This action was the result of a number of factors, one of which related to the inability of Raytheon to expand due to lack of space and facilities in their current operating environment. With federal budget reductions on the near horizon, defense spending will likely be reduced, and Raytheon's contracting volume could be adversely affected. We cannot ensure future growth, nor can we control the adverse impacts of these cuts. However, there are actions we can take to try to protect existing jobs and lure new ones. If there is future consolidation of Raytheon operations based elsewhere, we want to ensure our region is the most attractive location for those consolidated jobs.

Over the years, Raytheon has been threatened with urban encroachment. This threat from residential development immediately south of Raytheon was removed by the County's acquisition of 382 acres of property as discussed previously in Chapter 1B above. Acquisition of this private property, however, is only a first step in protecting Raytheon's existing business base, as well as facilitating possible Raytheon expansion in the future if such opportunities arise.

We will also begin the relocation of Hughes Access Road to further buffer Raytheon's production facilities; a project that will be completed in 2015. The County is also actively participating in land acquisition/exchange negotiations between the USAF and the TAA to further buffer and ensure Raytheon's long-term occupation and lease of Air Force Plant 44.

B. Davis-Monthan Air Force Base – P4 Process and Mission

Military installations provide significant economic impact and employment benefits within our region. In Fiscal Year (FY) 2013, DMAFB alone provided an economic benefit to the community of \$1.5 billion; employing 10,400, 2,884 of which are civilians, and creating 4,403 indirect additional jobs in Pima County. Over 20,000 military retirees in the region account for just over \$500 million of this impact.

In the past, our community has been concerned over national base closure options as they could affect DMAFB. Thus far, DMAFB remains untouched by military base closings. However, it is possible federal budget constraints, including sequestration, will continue to adversely impact the military in general and the continuing missions of the existing military facilities in Pima County. A cohesive, region-wide effort must convey the message to military and political leadership that the continuation of viable operations for our military installations is essential and supported by the community.

While the community supports DMAFB and the 162nd Fighter Wing of the AZ ANG (discussed in Section C below), concern has been expressed over adverse noise impacts. In addition, the DMAFB Departure Corridor has been threatened with urban encroachment; which, if allowed, would diminish the military capability of the installation. The County, in the 2004 bond issue, allocated and spent \$10 million to purchase lands in this Departure Corridor.

Today, there are 99 acres of private property inside the boundary of DMAFB that are leased on an annual basis to the USAF. In addition, there are approximately 133 acres of State Trust land within the boundary of DMAFB. The annual cost of these leases to the USAF exceeds \$380,000. Both of these properties should be purchased and leased at no cost to DMAFB to continue their operations. This action would lower the operating cost of keeping DMAFB open for military uses; something that will be increasingly important as federal and defense spending reductions become real. I will propose that \$5 million be set aside in the next County bond issue to purchase these lands and lease them to the USAF at no cost. Although the voters of Arizona approved an exchange mechanism to protect millions of dollars in military installations by exchanging State Trust lands, the processes and procedures that have been implemented to effectuate this voter referendum are entirely too cumbersome. The complexity of these processes further jeopardize the continuing mission of DMAFB, unless the property is acquired fee simple and leased to the USAF under a long-term lease for continued operation of DMAFB.

C. Arizona Air National Guard – 162nd Fighter Wing – New Entrance and Munitions Handling and Storage Facility

The AZ ANG has been a fixture in this community for more than 50 years and provides an annual economic benefit of \$280 million and supports 1,702 jobs.

The pilot training mission of the 162nd Fighter Wing has evolved over 40 years with varying military fighter aircraft, ranging from the F-86 in the 1950s and 1960s to the current pilot

training mission for the F-16 fighter aircraft. It is likely this pilot training mission will evolve as operational requirements of fighter aircraft within the USAF.

Pima County has been and continues to be a strong advocate for the 162nd Fighter Wing. County elected officials and staff regularly engage in dialog with Arizona's Congressional Delegation and the USAF regarding securing an F-35A allied pilot training mission at the 162nd. We are committed to continuing to make wise community investments to protect and provide maximum operational flexibility for DMAFB and the AZ ANG.

Today, AZ ANG activities require that munitions be transported from DMAFB to TIA over publically traveled roadways. While these munitions are relatively insignificant compared to most munitions loaded on fighter aircraft, they ideally should be stored at the operational site of the AZ ANG and loaded to aircraft for training missions at the site. Approximately 40 acres of the expanded Raytheon buffer are being reserved for this purpose. This will facilitate increased efficiency and safety for AZ ANG operations. This action, along with relocation of the primary point of access off Valencia Road, will greatly improve the short- and long-range operational capabilities of the AZ ANG, as well as reduce safety and security issues.

D. The University of Arizona – State Funding

The UA, with 11,442 employees and 10,484 in Pima County, is our region's second largest employer and a key element in the infrastructure that builds and shapes our economy. The UA has an \$8.3 billion statewide economic impact. The University educates individuals and creates economic activity through the research, translation and commercialization activities of students and faculty. These activities are critical in supporting existing companies, attracting new businesses and creating new sectors in our economy and, at the same time, provide a capable workforce generating innovative ideas for new business activities.

Providing necessary supporting infrastructure to support regional employment centers requires time and investment. While the Aerospace, Defense and Technology Research and Business Park is an appropriate response to increase high-wage jobs in the TIA area, it could be five years away from providing the first job, except for possible Raytheon expansion.

The Tucson Tech Corridor, or the extended UA Tech Park, however, is in a position to provide high-tech industry jobs much sooner if we work with existing landowners to foster the necessary investment and cooperation. The corridor, anchored by the UA Tech Park and the Port of Tucson, connects a number of existing and emerging employment centers of significant importance in the southern metropolitan area. These centers include the UA Tech Park, the UA BioPark at The Bridges, Banner UAMC–South on Ajo Way, and the Logistics and Intermodal Center at Century Park.

Public investment and infrastructure needs associated with each of these facilities are different and should be tailored to the very specific needs of the employment center in the communities in which they are located. Infrastructure needs vary from traditional public infrastructure, such as streets, highways and utilities, to nontraditional infrastructure

investments, such as land acquisition and development of incubator building space. Based on an analysis of public infrastructure necessary to support rapid and continued job employment development at the UA Tech Park, it is estimated it will cost \$28.1 million to make this facility fully “development ready.”

The UA, Campus Research Corporation and others are prepared to fund \$10.6 million of this cost. Some of this investment has already been made, including construction of a new road to the Solar Zone and a well and water distribution system. These investments should be matched by a proposed County bond initiative, making the County an active participant in development of the Tucson Tech Corridor and expanding job and employment opportunities at the UA Tech Park. To help facilitate this employment center, the County supports bond funding of up to \$10.8 million to develop the public highway infrastructure necessary for constructing up to three miles of Science Park Drive from Kolb Road to Rita Road.

Pima County has also supported development of the UA BioPark at The Bridges with infrastructure capital investments related to Regional Flood Control District and County wastewater facilities. These investments total over \$16 million. The Bridges, located adjacent to Kino Boulevard between TIA and the UA, is an ideal location for growing startup technology firms translating UA research into practical job applications. To assist the University, the County is prepared to provide up to \$20 million in General Obligation bonds to help construct and finance an innovation building for this purpose.

The UA is slated for \$21.6 million in proposed State budget cuts. This is on top of significant cuts to the University during the Great Recession. Between FY 2008 and FY 2013, State appropriations to the UA were cut from \$417 million to \$255 million, a reduction of 38.8 percent. At the same time, enrollment and credit hours taught at the University have increased.

Most people agree higher education plays a significant role in growing the State and County economies. Economic growth requires an educated workforce and high-level university-based research that leads to new commercial entities and job opportunities. It is time to recognize the contribution of higher education in Arizona and provide a reasonable level of dependable funding for the State university system. Reducing State funding assistance to the university system is counterproductive to economic growth. We cannot cut our way to prosperity.

Action Items

- 3.1 Relocate Hughes Access Road and secure buffers for Raytheon expansion.
- 3.2 Continue to actively support DMAFB and their continuation of the A-10 mission and any future mission for DMAFB.
- 3.3 Actively pursue acquisition of leased private properties within DMAFB and State Trust land to reduce operational land leasing costs of DMAFB. Five million dollars of County General Obligation bonds should be used for this purpose if approved by the voters.

3.4 Continue to actively support the AZ ANG and its pilot training mission. Support the AZ ANG main entrance relocation to improve safety and operation security of the facility. Set aside approximately 40 acres of expanded Raytheon buffer for AZ ANG purposes primarily related to munitions storage and arming of AZ ANG aircraft engaged in pilot training.

3.5 Support funding initiatives for the UA and oppose further reductions in State funding.

3.6 Actively support capital investments in technology transfer activities at the UA related to primary employment growth, including capital financing of a public highway at the UA Tech Park with of \$10.8 million of General Obligation bonds if approved by the voters.

3.7 Provide \$20 million in General Obligation bonds, if approved by the voters, to finance an innovation building at The Bridges. The purpose of the innovation building will be to facilitate and incubate startup technology companies transferring research to practical applications and job development.

Logistics Center at Tucson International Airport Environs 04

- **High Speed Surface Transportation**
Semi truck hauling cargo on the Interstate.



- **Port of Tucson - Rail/Truck interface**
Moving containers at the Port of Tucson.



- **Distribution Center Redevelopment**
The Target Fulfillment Center.





CHAPTER 4

LOGISTICS CENTER AT TUCSON INTERNATIONAL AIRPORT ENVIRONS; PIMA COUNTY AS THE LOGISTICS HUB OF THE SOUTHWEST

In 2012, the Joint Planning Advisory Committee consisting of the Pima Association of Governments (PAG), Central Arizona Association of Governments and Maricopa Association of Governments, executed a Freight Framework Study for the Sun Corridor. After analysis of sites throughout the State, the area south of TIA was identified as the ideal location for import distribution within the study area. The components leading to this conclusion are the proximity to two interstate highways; I-19 nearly connecting with Mexico and I-10, the only all-weather east-west transnational interstate; two rail lines – the main Union Pacific east-west Sunset Route (the only rail line into Mexico in Arizona) and TIA. Access will be further enhanced once the Sonoran Corridor connecting I-19 and I-10 is completed. Another major logistics component is the proximity to the Port of Tucson, which is the only intermodal facility in Arizona certified for direct delivery and origination of international containers. There are excellent training programs in place and an available labor force for new or expanding employers to immediately be productive. Finally, the flat terrain lends itself to inexpensive construction.

These existing assets, as well as expanding the heavy haul freight limits to allow direct pickup and delivery and of international containers from/to their destinations, create an opportunity for additional employment at the middle income levels.

Integrated, all of these transportation system improvements make this location an ideal logistics center for southern Arizona and the United States. In no other location is there proximity of two interstate highways, an international airport, the Intercontinental Union Pacific main rail line, the Nogales rail and surface transportation linkage and the proposed auxiliary interstate highway. These transportation components, along with available land, make this location an ideal site for primary logistics development; perhaps the most important Arizona, given the facility lies at the crossroads between Texas, California, Mexico and states north.

A. Distribution and Logistics Center Development

It is important to facilitate the development of distribution, logistics and other corporate expansions in the vicinity of TIA or in the jobs corridor connecting Rita Road at I-10 to the Old Nogales Highway or I-19. This corridor has already seen development of a nearly one million square foot Target Fulfillment Center at an approximate construction cost of \$75 million. By summer 2015, this Target Center will employ approximately 450 residents.

Recently, HomeGoods announced its intention to build an 800,000 square foot, \$79 million facility just north of TIA that will employ nearly 900 residents. This area is beginning to be recognized for its strategic advantage as a logistics center for the Southwest. It is likely others will follow, and the County should do everything possible to encourage the additional location of distribution warehousing and regional centers for

established major retail outlets that can cost effectively provide product distribution and supply to the west coast of the United States.

B. Port of Tucson

The Port of Tucson is a long-established, privately held rail/truck interface facility operated, built and constructed by a local family. The operation is now beginning to reach its potential as a significant inland port facilitating both rail and truck interchanges, as well as integrating product, storage and distribution. The Port of Tucson has a close working relationship with Union Pacific Railroad. It has sufficient land and infrastructure capacity to become a major rail-to-rail or rail-to-truck point of interchange.

The County and the Port of Tucson recently cooperated to receive a TIGER Grant. This grant is now being implemented and will create a major offloading point from the intercontinental Union Pacific Railroad. This will allow the Port of Tucson to accept significantly larger train capacity at their facility, further emphasizing their importance in the rail/freight distribution network.

C. Air Cargo Capacity at Tucson International Airport

TIA has only a single primary runway for a population center of one million people. The TAA is now engaged in a process to develop a second parallel runway at TIA. This additional runway will allow for continuing safe training operations for the 162nd Fighter Wing of the AZ ANG, as well as increase the landing capacity available at TIA. This increased landing capacity is an important component of any potential air cargo expansion. It is important that in any logistics center, the primary modes of transportation – rail, air and surface – be integrated to provide the greatest flexibility in the movement of goods and products within the logistics center. Adding a second runway at TIA will greatly improve the competitiveness of this international airport relative to air cargo capacity, thereby becoming a key link in the air component of an integrated and successful logistics system.

D. High-speed Surface Transportation: Interstates 10 and 19 and the Connecting New Auxiliary Highway

The interstate system built in the United States beginning in the late 1950s was intended to improve defense of the nation. In fact, it is known as the Interstate Defense Highway Network. It has also integrated the regional population centers throughout the country with safe, convenient and rapid surface transportation access. This interstate system has been one of the primary driving forces of economic expansion of the United States.

Adequate surface transportation facilities cannot be over emphasized as being one of the key components for economic development and expansion. The TIA logistics area is flanked by these high-speed surface transportation facilities. What is missing is a connection between I-10 and I-19 along the southern boundary of TIA. This surface transportation facility, known as the Sonoran Corridor, is proposed in the economic development plans of the County. It is a new, high-speed interstate connection between Sahuarita at I-19 to Rita Road at I-10, which connects the UA Tech Park to the defense

and aerospace manufacturing centers around TIA. This new, 16-mile interstate auxiliary highway. is perhaps the highest priority transportation improvement in the region for economic development and expansion.

E. Mexico Trade Interface

International trade with Mexico may be the most important component of ensuring this area becomes a key logistics hub for the entire Southwestern United States. Mexico's importance in the global economy cannot be understated. They have the fastest growing middle class of consumers. They have successful maquiladora operations in aerospace and automobile manufacturing, and they are making substantial and significant infrastructure investments to interconnect with the United States border. Mexico is investing over \$1 billion to improve Highway 15, running north/south through the State of Sonora and connecting to the Mariposa POE. Mexico already is a major beer distributor operating through the Port of Tucson. Their further importance in our local economy will be substantially greater and will be one of the primary reasons Tucson becomes the logistics hub for the southwestern United States.

Action Items

- 4.1 Continue planning, with PAG, RTA and others, the development of a major logistics center for the Southwestern United States in the vicinity of TIA.
- 4.2 Cooperate with and assist the Port of Tucson in expanding their rail-to-rail and rail-to-truck interface as a true inland port.
- 4.3 Continue to advocate for and on behalf of the TAA for a second operation parallel runway at TIA.
- 4.4 Continue to advocate for the development of air cargo facilities at TIA.
- 4.5 Actively support continuation and expansion of the flight pilot training missions of the AZ ANG at TIA.
- 4.6 Continue to improve surface transportation accessibility to warehousing and distribution centers associated with logistics in the TIA area, including a new auxiliary interstate highway connecting I-10 and I-19.
- 4.7 Advocate for improved surface transportation connectivity to the Mariposa POE to improve international trade with Mexico.

Leveraging the Intellectual Capacity of the University System in Arizona 05

- **University of Arizona**

Students entering the University of Arizona's multidisciplinary BIO5 building.



- **Arizona State University**

ASU's Cronkite School of Journalism and Mass Communication center.



- **Northern Arizona University**

High Country Conference Center at Northern Arizona University.





CHAPTER 5 LEVERAGING THE INTELLECTUAL CAPACITY OF THE UNIVERSITY SYSTEM IN ARIZONA

Athletic competition among our state universities – Northern Arizona University, ASU and the UA – is an entertaining activity and generates fierce competition between the various supporters of each university. In athletics, this competition is healthy.

In economic development and growing jobs in Arizona, such competition is counterproductive and leads to potentially expanding and enhancing one region in the State at the expense of the remainder. There is no room in economic development for regional competition. We must all work together for one purpose; to expand Arizona’s economy and increase new and high-wage jobs. The three state universities must work as one system; and Pima County will work with each university to foster economic development in their own areas of expertise to create wealth and expand jobs.

Increasing employment opportunities within the region comes from three primary sources: 1) protecting and expanding our existing employers, 2) enticing employers to relocate from other areas of the country to Pima County, and 3) growing our own employment opportunities. “Growing our own” is an excellent strategy to diversify our economy and create high-tech, high-wage new economy jobs. The key to growing such high-wage employment opportunities rests with employing and leveraging the intellectual capacity of our state university system.

A. The University of Arizona

The UA alone receives more than \$600 million annually in research grants and partners with businesses to help ensure innovative ideas become reality and produce business opportunities in the new world market.

In addition to continuing our work with the UA in areas such as physician training, medical diagnostics and biosciences, the University’s intellectual capacity and science professionals can serve as key partners in expanding our aerospace industry, as well as growing new markets such as engineering, water resources, solar and alternative energy development and new concepts in urban form and development. Our largest area employer, Raytheon, recruits more of its engineers from the UA than from any other institution.

The UA created Tech Launch Arizona (TLA) to advance University discoveries into intellectual property, inventions and technology. TLA will move knowledge and inventions developed by students and faculty into the market, with the primary goal of unifying UA researchers and the business community to significantly enhance the impact of University research, technological innovation and tech park assets.

B. Arizona State University

ASU has been very active in promoting economic development and job creation in the Phoenix metropolitan area. The SkySong Center is now in active development in the Scottsdale area, three miles from ASU's main campus. It is a mixed-use development with 1.2 million square feet of space and has provided a platform for early stage startups and larger merging companies and technologies with variable space offices and support systems for entrepreneurial activities.

In addition, ASU has made significant investment in bioscience with their biodesign facilities located on the main campus and fostered engineering technologies at their new Polytechnic Campus, which grew out of the closure of Williams Air Force Base. ASU has also been active in the Tucson metropolitan area with their School of Social Work, which offers a Master's Degree program. Many of their graduates are employed by public and medical agencies. In fact, Pima County employs a number of these individuals in our medical, as well as justice, service areas.

C. Northern Arizona University

Although it is the smallest of our three universities, Northern Arizona University (NAU) is a major research university in its own right and has created numerous programs and economic initiatives that benefit all of Arizona. NAU has 36 satellite campuses throughout the State, including Tucson, and is poised for additional growth and influence beyond Flagstaff. The ABOR has set goals to increase NAU's student body from the current enrollment of 19,300 to 25,000 and double its research budget by 2020.

NAU has a strong focus on technology development, tech transfer, entrepreneurial education, business incubation and business acceleration that benefits the economies of our State and region. In addition, the W.A. Franke College of Business is a nationally recognized business school that provides education, research and outreach in many areas Pima County will require for a well-rounded economic development strategy. Some of these programs particularly suited for our region include the Arizona Rural Policy Institute, Center for American Indian Economic Development, Arizona Hospitality Research and Resource Center and the NAU Center for Business Outreach. NAU also offers degrees in small business management at its Tucson campus.

D. Major University System Emphasis Areas for Job Development: Biosciences, Defense and Mining Technology

These areas appear to have great promise for transferring university innovation and technology into new employment within the Tucson metropolitan region, primarily due to existing job centers in these specialty areas.

Given the presence of Raytheon and their emphasis on defense, aerospace and technology, the region has a unique opportunity to develop more defense-related job centers; particularly if a relationship is developed with the Defense Advanced Research Projects Agency, or DARPA. Such a secure defense and industrial research and testing facility in

the Aerospace Corridor adjacent to Raytheon would strategically position the region to expand private sector industrial research projects and programs in this area.

Bioscience and emerging bioscience technology has proven to be an important high-wage, high-tech job stimulator in Pima County. Sanofi and Ventana Medical Systems are examples of global organizations that are leaders in bioscience and life science technology. Accelerate Diagnostics, relocated from Colorado to our Abrams Public Health Building, is an excellent example of startup technologies growing into high wage employment opportunities.

Finally, mining technology should receive more attention, primarily because of the mining activities prevalent in eastern Pima County. Mining technology, extractive resource optimization, reuse and mitigation of mine tailings, reclamation and clean mining technology are all viable areas for research and job growth in the mining sector.

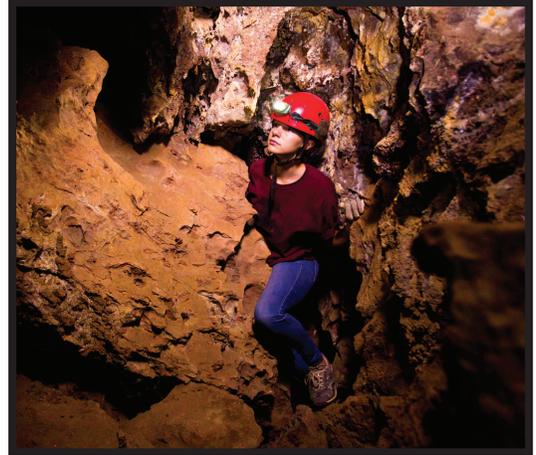
Action Items

5.1 The County should encourage technology transfer from all three Arizona universities, as well as economic development investment from all three universities, into enterprises within Pima County - either existing employers or emerging new employers.

5.2 Aerospace and defense, bioscience and mining technologies are three obvious areas of bridging research into practical job application.

Promoting Tourism 06

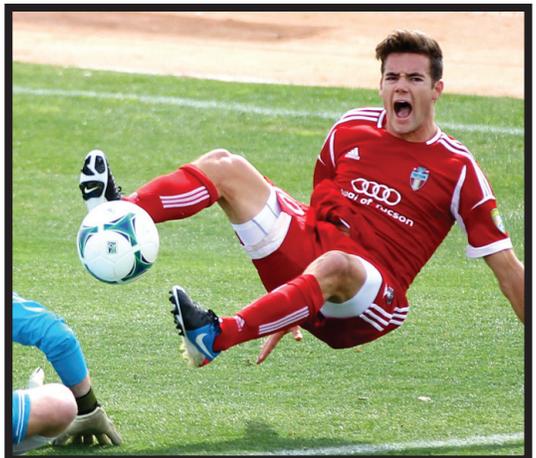
- **Public Investment in New and Existing Tourism**
A tour of Colossal Cave.



- **Making Cycling a Tourism Destination Event.**
Riders on The Loop.



- **Diversify Sports Attractions**
MLS Spring Training at Kino Sports Complex.





CHAPTER 6

PROMOTING TOURISM

According to the Arizona Office of Tourism, Arizona's warm weather and natural beauty make tourism one of the State's top export industries. In 2013, 33.8 million people visited Arizona and collectively spent \$19.8 billion in the State, which supports jobs and generates tax revenue. Pima County generated \$2.66 billion in direct spending in 2013 while generating \$150.3 million in direct tax revenue collection. Over 22,000 jobs are generated by tourism in our region, and more than four million people enjoy visiting our area annually.

Out-of-state travelers accounted for over 75 percent of the visitor impacts in Arizona. International travel, including day travel from Mexico, comprises approximately 17 percent of visitor impacts. Most of Pima County's visitors come from New York, Los Angeles, San Francisco, Chicago, Seattle, and Phoenix and other Arizona cities. Mexico, Great Britain and Canada are Pima County's top international visitors markets.

In the wake of the recession, tourism in Pima County currently lags behind tourist growth in the Midwest and eastern United States. Our hotel occupancy has shown only moderate growth, and our average daily rate for hotels in Pima County is below most regions with similar populations. Tourism marketing budgets are recovering but are not near pre-recession levels. Visit Tucson's operating budget, derived primarily from lodging bed tax collected by local municipalities and Pima County, has declined from an all-time high of \$10.5 million in 2007 to \$6.5 million in 2014. The decline of tourists since 2008 and the reduction of funding for Visit Tucson from the City of Tucson have had a significant impact on our region's tourism industry. The City, which previously invested 45 percent of its bed tax in tourism promotion prior to the recession, had reduced its funding at one point to a low of 25 percent. Currently, the City's contribution is around 33 percent but does not include the millions generated by an additional collection of \$2.00 per room night within the Tucson city limits. The County contributes 50 percent of County bed tax for tourism promotion and will continue its support for this important industry.

Resurgence in tourism spending is vital to Pima County's continued growth and investment back into the community. Specific strategies for strengthening tourism in Pima County are discussed below.

A. Diversification of Sports Attractions

Pima County invested more than \$3 million in FY 2012/13 to transform the northern half of Kino Sports Complex from baseball fields into a 2,360-seat pocket stadium and four multipurpose fields that can be used for soccer, lacrosse and other grass sports. FC Tucson is established as the anchor tenant at the Kino North Sports Complex. FC Tucson has also taken the lead in bringing Major League Soccer (MLS) spring training to the Kino North Sports Complex annually from late January through early March. Pima County invested an additional \$190,000 in Contingency funds in FY 2013/14 to bring in MLS spring training and a professional soccer team from Mexico to compete in the February

2014 Desert Diamond Cup. Pima County has made a similar investment to bring back MLS spring training in February 2015. Visit Tucson has helped the County leverage its investment by entering into \$50,000 sponsorship agreements annually with FC Tucson in FYs 2013/14 and 2014/15. The majority of these investments are passed through to MLS to secure advertising used to attract fans of incoming MLS teams to Tucson.

The Pima County Sports and Tourism Authority (PCSTA), in partnership with Pima County, conducted a communitywide Sports Assessment study that outlines the current assets, as well as the potential needs, of recreational and tournament site opportunities. This study will be used as a guide in developing a major sporting complex on land purchased by Pima County immediately south of the existing Kino Sports Complex on the south side of I-10. Pima County will consider recommendations made by Sports Facilities Advisory (SFA) in a feasibility study of a Kino Sports Complex expansion.

The County will work with Visit Tucson Sports to maximize soccer, lacrosse and other sports that can be staged at the Kino Sports Complex with an eye toward booking a mix of local, regional and national events that fit with the recommendations of the Kino Sports Complex feasibility study being conducted by SFA.

The Kino Sports Complex is the largest freeway-accessible sports venue in southern Arizona. Additional sports attractions are also now being planned for the Kino Complex. For the property newly acquired south of I-10, major indoor sporting facilities are planned similar to the development by the County and Sporting Chance at La Cholla Boulevard and the Rillito River. Sporting Chance now has 20,000 visits per month for amateur and youth sporting activities related to basketball, volleyball and other indoor court sport activities. In addition, the site was selected by the Bond Advisory Committee (BAC) to be the location of a velodrome to be constructed with \$5 million of General Obligation bonds if approved by the voters. The additional planned sports facilities on the newly acquired properties are predominately field sports, with a high percentage of artificial turf allowing increased use of the facilities.

Finally, the vacant properties owned by the County adjacent to Kino Boulevard south of I-10 will be reserved and utilized for restaurant, hotel and entertainment venues compatible with the developing of Kino Sports Complex as a major regional sports attraction. The BAC has allocated \$35 million of General Obligation bonds for this purpose if approved by the voters.

B. Making Cycling a Tourism Destination Event

Pima County's sunny weather, ample bike paths, mountain biking opportunities and established cycling culture make the region one of the world's top cycling destinations. Area cycling recognitions include Tucson being listed as one of the top ten best cycling towns by 10Best and USA Today. Fox News Travel lists Pima County's The Loop trail as America's third-best city bike path. USA Today named Tucson as one of the nation's top 10 mountain biking areas, and Outside magazine listed Tucson as the best road biking city.

The County has already completed more than 100 miles of The Loop trail around metro Tucson. When completed, The Loop will feature 131 miles of shared-use paths for any

non-motorized use, including bicycles, skateboards, horseback riding and more. Visit Tucson now markets southern Arizona as a premier winter training destination for cyclists.

Cycling is big business for our region. In 2013, ADOT released an Economic Impact Study on Bicycling in Arizona. The report showed that in almost every area, except triathlons, Pima County exceeded Maricopa County by nearly two to one the number of events related to cycling. The same is true for tourism-related spending by cyclists. The ADOT study shows annual retail sales of bicycle-related goods in Arizona, to local and out-of-state customers is \$114 million. And the impact is not just on tourism. Pima County released the Economic, Environmental, Community and Health Impact report in 2014 that showed for every \$1 invested in infrastructure that benefits walking and cycling, the region reaps over \$9.76 in return. This type of infrastructure has been touted by business leaders as creating the quality of life they need to attract and retain the knowledge workers of today.

Pima County continues to sponsor several prominent cycling events annually. El Tour de Tucson is an internationally known event attracting thousands of ranked and unranked cyclists from around the region and around the world. The 2000 economic impact study conducted by The UA Eller Business School on El Tour showed an approximately \$40 million impact on the local economy when El Tour had only 4,500 riders. Last year's ride had almost 9,000 riders. Despite recent declines in participants due to weather and a change in key sponsorship, El Tour continues to be the top draw of the region's cycling events.

Additionally, the Old Pueblo Grand Prix, a professional cycling event staged in downtown Tucson, continues to attract hundreds of professional and semiprofessional riders. The event is in its fourth year and offers spectator viewing of the professional race, as well as professional-rider led events for youth. Pima County has also sponsored Cyclovia Tucson since its inception. The event targets specific areas throughout the metropolitan area and closes a busy street for several miles during the day, allowing cyclists, walkers, vendors and others to promote healthy activities. Over 30,000 attended Cyclovia in 2014.

C. Creating New and Expanding Existing Tourism through Public Investment

In 2011, the UA, along with Pima County and several nature-based attractions, began a strategic initiative to showcase the assets of Pima County in a different, non-commercial way. Utilizing the community program generated by the Tucson Advertising Federation, more than \$300,000 of media value began to introduce the concept of geotourism and how can it benefit Pima County. Geotourism adds to sustainability principles by building upon a destination's character and its "sense of place" to emphasize the distinctiveness of its locale and benefits to visitors and residents. Pima County is part of one of the world's most diverse eco-regions.

The concept of developing a cultural and heritage-based Regional Visitors Center on the west side of downtown Tucson, in an area originally inhabited by the first human arrivals in Tucson some 2,500 years ago, is a major element necessary for creating a "sense of arrival" for Tucson visitors. Three years ago, with the assistance of landowners in and around the Tumamoc Hill area, which included the UA College of Science, Pima County

and the City of Tucson, development of the concept began. The partnership has since grown to include the National Park Service, Visit Tucson, US Forest Service, Arizona Game and Fish Department, Western National Parks Association and area attractions. The proposed facility will create a consolidated gateway for all of our region's unique resources and promote a story of Tucson and the region that showcases its uniqueness and diversity. It will also be rooted in the Santa Cruz biodiversity and highlight the historical importance of water to our region and the need to conserve this valuable resource. As currently conceived, the proposed center will feature area attractions in a self-sustaining facility that will offer comprehensive information, education and programming about our region.

The Regional Visitors Center has been approved by the BAC to be included in a future General Obligation bond issue by the County. Approximately \$19 million will be earmarked for this purpose and will provide a major tourism destination anchor on the west end of the modern streetcar.

D. Maintaining and Improving County Leased Property Infrastructure

Strategies to increase tourism within a destination typically include investing additional transient occupancy tax revenue into the region's destination marketing organization (DMO), growing existing and new special events and developing new tourism-related capital projects. Pima County is investing half of its bed-tax revenue in its DMO, Visit Tucson, but also in jumpstarting tourism-related capital projects throughout the region.

Pima County has been preparing for several years to bring a bond package to voters. Proposed bond projects include improving attractions through a public/private partnership approach to capital improvements. Potential tourism-related projects include building new sports facilities, enhancing visitor attractions, upgrading cultural venues and potentially constructing a regional visitors center. Several of these projects include matching donor funds or partners to assist in financing operating and maintenance costs. If constructed through a successful bond program, these projects will provide Visit Tucson with new and upgraded products to market to potential visitors.

Tourism-related projects totaling \$130.5 million are being contemplated for inclusion in the package, including the following attractions:

1. *Southwest Regional Sports Tournament Complex (Kino Sports Complex).* Expansion of the Kino Sports Complex immediately adjacent to the existing Kino Complex footprint to include soccer and other rectangle field sports and an indoor facility to accommodate volleyball and other indoor sports. Last year, Pima County purchased a 167-acre parcel across I-10 and adjacent to the existing Kino Sports Complex. Over the past decade, sports field demand has far exceeded supply. All existing long fields in the region are booked beyond capacity, and no one site is sufficiently large to accommodate soccer and other long-field tournaments. The proposed improvements at the site include 12 artificial turf soccer fields and a variety of park elements and, ultimately, an indoor court facility similar to the recently completed Sporting Chance facility at Curtis Park. Thousands of players and their families travel to Phoenix's Real 11 each year to play in regional tournaments. The Southwestern Regional Sports Tournament Complex would not only allow Pima County to keep our players here for tournaments, it will allow the region to

compete, both regionally and nationally, to bring large-scale events to our community. (*\$32.2 million in recommended bond funding*).

2. *Old Tucson Studios.* Repurpose the entire mission of Old Tucson to focus more on the heritage and culture of Tucson from the 1850s to Arizona Statehood. This will transform Old Tucson into a multicultural living history museum, bringing authentic experiences and exhibits that showcase the lives and times of the culturally diverse peoples that pioneered southern Arizona. This will include appropriately themed buildings and outdoor design elements for seasonal interpretative and hands-on educational programs and exhibits that will provide an entirely immersive and authentic experience. The concept has been brought forth by the ultimate successor to Old Tucson, the Arizona Sonoran Western Heritage Foundation. The Foundation's multicultural, multi-period operating model is the most appropriate contemporary transition for this historical Pima County attraction. (*\$6 million in recommended bond funding*).

3. *Colossal Cave Mountain Park.* Rebuild the infrastructure that is outdated and add new cultural and heritage attractions to the park. This includes the addition of new nature-based and adventure activities, renovation of the cave and Ranch Museum, park infrastructure and security, realignment and development of new trails to align with the Arizona Trail, and renovation of campgrounds, among other improvements. This will allow for broader special events and nighttime operations and activities throughout this mountain park, as well as the cave for residents and visitors alike to experience. This is a one-of-a-kind nature cave surrounded by natural resources that can never be duplicated and is the key component for public natural recreation in the eastern metropolitan area of Pima County. (*\$3 million in recommended bond funding*).

4. *Arizona-Sonora Desert Museum.* Continue to add a new themed exhibit to this world-class and most popular local and tourist attraction that expands the attractions footprint. Covering a 1.5-acre area, Coast to Canyons: Journey of the Jaguar habitat-immersion complex exhibit will include dozens of species of plant and animal life showcasing the southern portion of the mainland Sonoran Desert. Ranked as a "Top Ten" United States museum by TripAdvisor Traveler's Choice Awards two years in a row, ongoing investment and expansion of this important attraction will ensure that the Arizona-Sonora Desert Museum continues to be a top destination for residents and visitors. (*\$9.162 million in recommended bond funding*).

5. *Pima Air and Space Museum.* Construct a new 120,000-square foot hangar where aircraft and artifacts related to the post-1945 Jet Age and Cold War period will be inside and protected from the sun and warm temperatures of Tucson. Existing airplanes will be restored and will have a new home. Significant aircraft, one of which is only one of four left in existence, will be displayed, including 16 to 20 other historic aircraft in the Museum's collection. Themed education exhibit encompassing additional artifacts, photographs and materials from the late 1940s to present day will be accommodated in this building. This will enhance the Museum's status as a global aviation heritage preservation institution and preserve and interpret historic artifacts for current and future residents and visitors to southern Arizona. (*\$4 million in recommended bond funding*).

6. *Tucson Museum of Art Expansion into the Historic County Courthouse.* Repurpose the first floor of Pima County's Historic Courthouse into a new home for Art of the American West and the January 8th Memorial Site. The Art of the American West collection, which was a significant donation to the Tucson Museum of Art (TMA), showcases our cultural heritage by telling the story of the art of the Southwest and the impact it has had on the development of our state. Using the rich history and iconic status of the Old Courthouse as the backdrop, TMA's Art of the American West collection and the January 8th Memorial Foundation's memorial site would be housed on the first floor, which will be remodeled for functional use within its historic milieu. Interior elements and spaces with significant historical context, such as the main Courtroom, would be restored to their original stature and remain available for public viewing and meetings. The cultural magnet of housing an art collection ideally suited for this historic building, as well as the January 8th Memorial, is an opportunity to create an economic benefit to the entire region, as well as to preserve the Historic Courthouse's rightful place on the National Historic Register. (*\$35 million in recommended bond funding*).

E. Assisting Other Community Attractions in Southern Arizona

Our region has a diverse collection of attractions run primarily by nonprofit organizations or that are part of the local, state or national park systems. Many of these are under-marketed and therefore underutilized. As visitation decreases, so does the ability to market the facility. Marketing outreach was at an all-time low during the recession, with most, if not all, attraction marketing budgets in Arizona being severely reduced. There are opportunities to reverse this trend. Visit Tucson continues to promote the attractions of southern Arizona as a destination driver and will continue to support, through cooperative marketing and outreach programs, the mission of Pima County leased properties and all of the unique attractions throughout southern Arizona.

Pima County will also engage the Southern Arizona Attractions Alliance and develop cooperative marketing programs with the Arizona Office of Tourism and the other government and private tourism offices within southern Arizona, such as the Tucson Metro Chamber, the Ajo Chamber of Commerce, Green Valley/Sahuarita Chamber and others.

In January 2015, Visit Tucson completed a survey of our regional tourism competitors; 15 regional markets of similar size, including Portland, Oregon; Austin, Texas; and San Diego, California. These markets were all surveyed regarding their funding for tourism attraction marketing. In Calendar Year 2014, our market had the lowest occupancy rate, ranked 15th while San Francisco, California ranked first. For room rates, we ranked 14th, while, again, San Francisco ranked first. For room revenue, we ranked 12th, with Las Vegas, Nevada ranked first. For the amount of funds spent on destination marketing, we ranked 13th, while Las Vegas ranked first.

For an order of magnitude comparison, Visit Tucson's budget was \$6.5 million; Phoenix \$13.3 million; Scottsdale \$11.2 million; San Diego \$28.4 million; Palm Springs \$8.4 million; Portland \$12.5 million; Denver \$18.8 million; Austin \$11.2 million; San Antonio \$20 million; and Seattle \$17.5 million. Clearly, our tourism marketing is inadequately funded.

F. Pima County as a Medical Tourism Destination

People from across the United States and abroad are already visiting Tucson health and medical centers for the unique services and care they offer. Medical tourism is a growing tourism initiative, and Visit Tucson and Pima County are developing a community plan to attract visitors to Pima County who are specifically seeking medical services. Cities such as Houston, Tampa, Jacksonville and many others have had focused marketing initiatives along with their medical partners for decades.

Medical tourism is the concept of people who live in one region traveling to another region to receive medical, dental and surgical care that is equal to or greater than the care they would receive in their own region. Most people participating in medical tourism do so for reasons of affordability, better access to care or a higher level of quality care. Pima County will collaborate with regional medical centers, wellness facilities, the Pima County Health Department, physicians and Visit Tucson to develop and market visitor incentive packages for those seeking medical care within our community. The County, in its planning, will place particular emphasis on Mexican patient visitors. Specific initiatives will include developing comprehensive data related to medical and wellness institutions in the region, creating a database of doctors and their specialties through the Pima County Medical Society and developing a marketing plan in partnership with health and medical institutions. The program will include transportation and housing logistics and is expected to launch by 2016. Of particular importance will be an outreach program to introduce domestic and international medical tourism patients to the unique medical services at Banner UAMC. Pima County will seek to collaborate directly with the Banner UAMC system, including the Pima County-affiliated Banner UAMC–South, regarding this important initiative.

G. Creating International Tourism Opportunities in Key Marketplaces

Mexico. Mexico is by far the largest source of international visitors to Arizona with 3.6 million overnight trips in 2013, according to the Arizona Office of Tourism. Our proximity and historical and cultural ties with Mexico allows Pima County to benefit significantly from Mexican leisure travel. Statistics from the UA indicate Mexican visitors contribute nearly \$1 billion to Tucson’s economy each year. Vamos a Tucson, the Mexico marketing department of Visit Tucson, operates visitor centers in the Sonoran cities of Hermosillo and Ciudad Obregon. The Hermosillo center was recently renovated to include a Pima County meeting space that can be used by Pima County officials to meet with Mexican government officials and companies seeking to operate in our region. Kino Sports Complex is the site for what has become the annual Vamos a Tucson Mexican Baseball Fiesta each October. This event brings in four or more teams from the Mexican Pacific League to play a preseason tournament, which attracts spectators from southern Arizona and northern Mexico. Additionally, little league teams from Mexico travel to Tucson during that timeframe for their own tournament tied to the event.

Shopping is the primary reason visitors from Sonora and Sinaloa travel to Pima County. Vamos a Tucson organizes motor coach trips between Tucson and Sonoran cities during prime shopping periods. Vamos a Tucson also engages in significant year-round

promotional activities in Sonora, including print and digital advertising, promotions in Sam's Club, Starbucks and in a Ford Motor Company plant in Hermosillo. Other promotions include weekly Tucson television updates on Meganoticias in Hermosillo, and the development of quarterly Spanish-language visitor guides distributed throughout Sonora.

Pima County supports efforts by the TAA and local business organizations to pursue nonstop flights from one or more Mexican cities to TIA. Pima County will also partner with the Arizona Commerce Authority and City of Tucson to generate new business for our region via exposure at the State's new trade center in Mexico City. In the area of sports tourism, Pima County will work with FC Tucson and Visit Tucson to stage exhibition matches at Kino Sports Complex involving professional soccer teams from Mexico and expand the scope of the Vamos a Tucson Mexican Baseball Fiesta.

Canada. The Arizona Office of Tourism ranks Canada second in overnight visitation to Arizona with 773,260 visits in 2013. Visit Tucson works directly with Canadian tour operators and travel agents to ensure metro Tucson vacation packages are developed and sold to Canadian travelers. Visit Tucson's tourism department typically conducts two or more sales missions annually to Canadian markets and hosts Canadian professional travel planners on group familiarization tours and individual site visits. Pima County will work with the Canada Arizona Business Council (CABC) and Visit Tucson to facilitate a Pima County familiarization tour for top Canadian decision-makers related to business expansion and relocation, along with land/company acquisitions and other mechanisms that would spur Canadian direct investment in our region. This would include partnering with the TAA and local business organizations to pursue nonstop flights from one or more Canadian cities to TIA. Visit Tucson should engage in an annual Canadian media mission – possibly in partnership with the Arizona Office of Tourism and other statewide destination marketing organizations – while increasing outreach to targeted Canadian travel media to visit our region on individual or group tours and increase the amount of Tucson advertising in Toronto and other top Canadian feeder markets.

The Republic of Korea (South Korea). Pima County has begun to make inroads in South Korea with efforts tied to tourism and other facets of economic development. Tucson was promoted at various festivals and events via Visit Tucson missions, which also included lecturing to university students about Tucson and how we attract visitors to our region. There is an opportunity to bring Korean Baseball Organization teams to train at Kino Sports Complex, should a combination of Pima County, Visit Tucson and local hotels/resorts be able to develop and offer a package that includes transportation between hotels and practice facilities, excursions to attractions and golf courses on their days off and finding high-quality opponents (such as other Korean teams or teams from Mexico's Pacific Coast League) to play. Pima County will work with Visit Tucson to expand tourism from this important Asian market.

H. Potential Legislation Supporting Sports and Tourism

Visit Tucson has created a ranking of performance metrics that measure key tourism indicators against Tucson's major competitor visitor destination locations. The survey began shortly after the most recent audit of Visit Tucson's marketing objectives and outcomes. Key indicators measured include area hotel occupancies, average daily rates of

lodging locations, marketing and operational budgets, and revenue per available room, which is a ratio commonly used to measure financial performance in the hospitality industry and others.

Tucson has ranked poorly since the study began three years ago; so efforts to improve these metrics have been recommended by the Southern Arizona Lodging and Resorts Association (SALARA) to increase tourism through product development and marketing through the repurposing of House Bill 2572. This bill amended Section 1 of Title 5 of the Arizona Revised Statutes by adding a new Chapter (Chapter 9). This amendment, sponsored by the PCSTA, was signed into law by former Governor Jan Brewer in 2009 and allows a referendum so voters can decide whether to pay higher taxes to benefit sports facilities and create additional jobs. The referendum mission, if passed, would ensure stability by keeping and growing Major League Baseball Spring Training teams in Pima County and grow youth and amateur sports through the development and renovation of sports facilities.

SALARA, working with the PCSTA, has asked the TAA and Pima County to support the legislation by updating the bill that would repurpose the PCSTA and the bills outdated original purpose by:

- Promoting sponsorship of market-wide sporting events,
- Promoting the tourist destination of southern Arizona,
- Supporting nonstop air routes to TIA, and
- Supporting operation of Kino Sports Complex, specifically to support the growth of youth and amateur sports.

If approved, this bill would be a major contributor to revitalizing southern Arizona's tourism industry and create new infrastructure and jobs.

Action Items

6.1 Collaborate with Visit Tucson Sports to maximize soccer, lacrosse and other sports that can be staged at Kino Sports Complex or other Pima County sports facilities and increase the local, regional and national events that fit with the recommendations of a forthcoming Kino Sports Complex feasibility study being conducted by SFA and the sports assessment study conducted by Populous.

6.2 Seek to expand existing cycling events and consider bringing in new events that include both cycling and running in order to increase the region's profile as an ideal cycling destination.

6.3 Create a consolidated gateway for all of our region's unique resources. Promote a story of Tucson and the region that showcases its uniqueness and diversity and fosters a sense of pride and a sense of place in residents and visitors alike.

6.4 Add to Kino Sports Complex's offerings on land adjoining the existing venues by master planning and constructing facilities that attract regional and national events, while also serving local users.

6.5 Complete "The Loop" trail and its local town connector trails and market it as part of the region's substantial cycling infrastructure.

6.6 Continue to support, through cooperative marketing and outreach programs, the mission of Pima County leased properties and all of the unique attractions throughout southern Arizona.

6.7 Work with regional medical centers, wellness facilities, Pima County Health Department, physicians, Banner UAMC and Visit Tucson, to develop and market visitor incentive packages for those seeking medical care within our community.

6.8 Continue to bring the Korean Baseball organization and teams from Mexico's Pacific Coast League to play and train at Kino Sports Complex.

6.9 Work with CABC and Visit Tucson to stage a Pima County familiarization tour for top Canadian decision-makers related to business expansion and relocation, along with land/company acquisitions and other mechanisms that would spur Canadian direct investment in our region.

6.10 Partner with the TAA and local business organizations to pursue nonstop flights from one or more Canadian and Mexican cities to TIA, since there are currently no nonstop flights to Tucson from Canada and no flights to Mexico.

6.11 Work with Vamos a Tucson to identify business and tourism opportunities in Sonora and Sinaloa and meet with appropriate officials at the Hermosillo center and in Tucson.

6.12 Work to improve and expand existing Pima County tourist attractions through bond investments, including the Kino Sports Complex, Old Tucson Studios, Arizona-Sonora Desert Museum, Colossal Cave Mountain Park, Pima Air and Space Museum and the Historic Courthouse Art Museum and January 8th Memorial.

Mining - Modernizing a Traditional Industry 07

- **Support Mining Activities that Provide Resource Conservation**

ASARCO Mine.



- **Reclaiming Mining Sites and Tailings Disposal Sites**

ASARCO Mine.



- **Maximize Renewable Water Resources for Meeting the Water Supply Needs of Mining**

ASARCO Mine.





CHAPTER 7

MINING – MODERNIZING A TRADITIONAL INDUSTRY

Pima County has a long history of mineral extraction, particularly copper mining; and the industry remains an important component of our region's economy. Mining's impact has historically cycled through highs and lows of production and employment; but the forecasted mineral deposits in Pima County, combined with anticipated demand for base metals in an increasingly technology dependent society, ensures mining will continue to be a significant contributor to Pima County's economy.

Overall, the industry provides approximately 14,000 direct and indirect jobs within the County. The presence of 24 large- and small-scale mining operations in Pima County has fostered a large and diverse sector of companies providing logistical support that also contributes to our employment base. The economic impact of even a single mine in Pima County is significant. A 2013 economic analysis of one local copper mining operation, the Sierrita Mine operated by Freeport McMoRan Copper and Gold and located 20 miles south of Tucson, found a direct economic impact in Pima County of \$197.1 million, including \$112.4 million in direct compensation and \$66.7 million in vendor purchases. The combined direct and indirect impacts of the Sierrita Mine totaled \$310.4 million in 2013.

An estimated 60 percent of the nation's copper comes from southern Arizona, and the average wage paid by the large-scale mining operations is well above the median wage in Pima County. Recognizing the importance of mining to the nation and our region, the County has worked collaboratively with mining interests in the past, including Freeport McMoRan, ASARCO and the Oracle Ridge Mine in the Santa Catalina Mountains that was approved unanimously by the Pima County Board of Supervisors in 2012. For example, Pima County partnered with the UA and ASARCO to research the use of biosolids from Pima County wastewater plants to restore and revegetate mine tailings. This research benefited the mining industry, as well as the air quality for Pima County residents.

Pima County has also opposed incompatible mining operations in sensitive environmental areas, such as the proposed Rosemont Mine in the Santa Rita Mountains, where the County has spent years thoroughly documenting the adverse impacts the operation would bring to the human and natural environment.

With the recent majority acquisition of Augusta Resources by Hudbay Minerals, we have been encouraged that a more thoughtful and analytical approach to mining activities in the Santa Rita Mountains is being undertaken. We are hopeful new approaches and/or refinements will be made to the present Mine Plan of Operations to lessen direct impacts and minimize adverse impacts on natural resources within Pima County. We have also asked regulatory agencies to commit that any mitigation required because the Rosemont Mining operation actually occurs in Pima County and within the watershed of the Cienega Basin, the most impacted by this particular proposal.

In our regulatory role, Pima County has sought corrective action and monetary fines from companies such as ASARCO when mine tailing dust has negatively affected the

unincorporated community of Green Valley and risked the health of its residents. The impact of water-intensive mining in a desert environment and the effect of the industry on air and water quality, drainage and the land are also areas of concern for the County and our residents.

Pima County must strike a prudent balance between promoting the economic wellbeing of our residents and adhering to the County's primary mission of protecting the health, safety and welfare of our citizens. Pima County will continue to oppose harmful and incompatible mining projects, but we should also encourage responsible operations that utilize modern technology and sustainable practices to mitigate the human and environmental impacts of this important industry. Below are five policy areas where the County can actively support mining activities.

A. Support Mining Activities that Provide Resource Conservation in Accordance with the Conservation Lands System Guidelines

The County has adopted natural resource conservation mitigation guidelines for activities that destroy or adversely impact natural ecosystems in the Sonoran Desert. These guidelines are known as the Maeveen Marie Behan Conservation Lands System (CLS) of the Sonoran Desert Conservation Plan (SDCP). These guidelines are designed to offset the adverse impacts of habitat or ecosystem losses.

Mining activities, by nature, are extractive activities that remove resources; in this case mineral resources, for economic value. During this extractive operation, natural resources are adversely impacted, ecosystem values are degraded and adverse impacts occur to water and air resources. Those mining activities that agree to meet the natural resource and conservation requirements of the SDPC will generally be supported by the County. These CLS set asides should also be cognizant of and offset any impacts to cultural, historic and water resources.

B. Advanced Mining and Resource Extraction Technology

In addition to creating a significant mining industry, the abundant mineral resources that exist in Pima County have resulted in advanced research that seeks to mitigate some of the most harmful effects of hard rock mining. The UA Department of Mining and Geological Engineering is recognized as one of the leading mining education institutions in the nation. The Department conducts interdisciplinary research in efficient and sustainable mining and has been successful in transferring its technological achievements to the private sector.

The UA is also a leader in environmental research and sustainability, particularly in the areas of water research and arid land studies that clearly have relevancy in the mining industry. The Lowell Institute for Mineral Resources (IMR) is at the forefront of mining research and has educational themes that include technology and environmental and social responsibility. The Lowell IMR has more than 100 university researchers collaborating across 23 disciplines to advance sustainable development of mineral resources. Research projects by the IMR, in partnership with Science Foundation Arizona and the mining industry, include the Center for Environmentally Sustainable Mining, solar energy, mine health and safety, groundwater, economic geology and community and environmental

health. The University also is home to the Superfund Research Program, which has been continually funded by the National Institute of Environmental Health Sciences since 1989. The program seeks to address the health effects of contaminants in the Southwestern United States and the Mexico border region and includes focuses on environmental issues related to hazardous substances. Its research objectives include studying the toxicological effects of environmentally relevant arsenic exposure and studying wind-borne mine tailing particulates and the relation to lead metal contaminants.

In addition, the Israel Business Initiative, a program of the recently formed partnership between UA Tech Parks and the Offshore Group, includes technology sector focus areas that include mining technology.

Regarding workforce development, Pima County has been in discussion with the Town of Sahuarita and the Joint Technical Education District (JTED) for development of the Southern Arizona Mining and Industrial Technology Center. Although funding sources for the center have yet to be firmly identified, Pima County supports the development of this center, as it would ensure the mining industry has a well-trained and sufficient workforce for the future.

As part of our economic development priorities, County staff from Community and Economic Development, Strategic Planning and Public Works will begin seeking partnerships with the relevant departments and programs of the UA and other entities to explore opportunities that support advanced mining technology and sustainability and promote resource extraction with minimum impact while accelerating economic development and job creation in Pima County.

C. Reclaiming Mining and Tailings Disposal Sites

Mining companies and individuals have laid claim to thousands of acres of subsurface mineral rights throughout Pima County. While not all of the patents will be developed, those that are will eventually require reclamation. Arizona currently has more abandoned mines than any other state and its reclamation liabilities remain significant. The County has in the past attempted to work with the Arizona State Land Department to condition reclamation as part of mineral leases. The County has also sought revision to the federal 1872 Mining Law.

While Pima County should continue to press for increased state and federal regulation and enforcement of mining reclamation requirements, in certain circumstances, concrete steps can also be taken by the County to return mining operations to productive economic and environmental uses. In 2012, the County purchased 615 acres from CalPortland Cement Company located near I-10 and the confluences of the Santa Cruz River, Rillito River and the Canada del Oro Wash. Much of this land requires reclamation due to extensive sand and gravel extraction operations. A significant portion of this property will be dedicated to the El Corazón de los Tres Rios environmental restoration project; and a portion of the land will be developed as a primary employment center to further economic development. Pima County will proceed with the development of the primary employment center and attempt to identify other reclamation projects that will result in environmental restoration and

economic benefit while ensuring the taxpayers are not subsidizing or abetting negligent mining companies.

D. Collaborate with Mining Interests to Maximize Natural Resource Conservation

Mining companies are significant landholders in Pima County, and responsible companies are cognizant of the intensive environmental impacts their activities and byproducts bring. In addition to utilizing sustainable and technologically advanced mining techniques to mitigate their impacts, responsible mining operations seek to offset these impacts by engaging in natural resource conservation. Pima County's efforts related to the SDCP should be reviewed for opportunities to collaborate with responsible mining companies to increase natural resource conservation. The Sonoran Desert and our unique lifestyle are important but often understated components of business attraction and retention.

Pima County fully cooperated with Freeport McMoRan in the purchase of 8,300 acres of State Trust land to allow for the remediation of their existing mine tailings disposal facility, as well as to buffer their operations from other encroachment; whether it be urban development or other activities that would potentially be adverse to continued mining activity. The County will continue to support all mining entities that choose to acquire buffer lands, whether they are private or State Trust lands, to provide a natural resource buffer between other land use activities and active or abandoned mining operations. It is important these natural resource buffers be maintained in perpetuity and become part of the protection and conservation strategy for the Sonoran Desert ecosystem.

E. Maximizing Renewable Water Resources for Meeting the Water Supply Needs of Mining

Mining is a water-intensive industry. Pima County faces diminishing water supplies due to naturally arid conditions inherent to the Sonoran Desert, as well as prolonged drought and climate change. Our Regional Wastewater Reclamation Department is the largest producer of renewable water in our region and is recognized for its expertise in quality effluent production and water conservation. In order to assist the mining industry in maximizing its use of renewable water, promote the conservation of a vital resource and sustain the economic benefits of mining operations, Pima County will work with the industry, the City of Tucson and other water providers to formulate strategies for the use of renewable water supplies in mining operations.

The County will also support activities for the direct reuse of Central Arizona Project (CAP) water, in lieu of groundwater, for mining operations. Currently, a number of legal and institutional constraints hamper mining industry access to renewable CAP water supplies. The County will support increased and improved access to these supplies for mining interests that choose to use renewable CAP water in lieu of groundwater for their mining operations.

Action Items

7.1. Continue to monitor and comment through the federal regulatory process on mining activities proposed or ongoing within Pima County with the goal of minimizing long-term

adverse impacts of those operations and having any required mitigation provided within the area of actual impact.

7.2. Support mining activities that generally provide mitigation offsets in accordance with the established County conservation guidelines.

7.3. Continue to encourage advanced mining and resource extraction technology evolution to maximize recoverable economic minerals and minimize impacts to air, water and ecosystem resources of the County.

7.4. Continue to pursue reclamation efforts related to past mining activities and encourage relocation, stabilization and reforming of mine disposal sites and/or tailings disposals.

7.5. Promote use of renewable water supplies for all mining activities within Pima County.

Enhancing Our Relationship with Mexico 08

- **Strengthen Relationship with Guaymas, Port of Guaymas and Port of Tucson**
Port of Guaymas.



- **Educate Southern Arizona Businesses and Citizens about Cross-border Opportunities**
Pima County Administrator meets with members of the Maquiladora Association of Nogales.



- **Support Maquiladora Operations**
A Maquiladora assembly line.





CHAPTER 8

ENHANCING OUR RELATIONSHIP WITH MEXICO

Mexico is the main trading partner with Arizona, and Mexico and Pima County share a longstanding relationship and deep cultural ties. The County and the Mexican state of Sonora also share major industries, such as aerospace, manufacturing, mining and tourism. Pima County is taking the appropriate steps to collaborate with our neighbors south of the border. In initiating these relationships, we have identified a number of benefits to expand upon, as well as limitations that require cross-border collaboration to improve trade and tourism. With increased collaboration, we can improve our region's economic growth and resulting employment growth.

A. The Cost of Doing Business for Import/Export: Banking, Nearshoring and Port of Entry Efficiency

1. Banking. Some United States banks are closing accounts of certain customers along the Mexican side of the border, which appears to be part of an effort to stay in line with United States anti-money laundering regulations. However, this action is having an adverse impact on legitimate border businesses and impacts our ability to attract Foreign Direct Investment (FDI) from all countries. The County will continue to explore avenues to address this issue and continue to encourage cross-border investment.

2. Nearshoring. China's labor and shipping costs are rising and quality is declining. Mexico is offering high-skill, low-cost manufacturing; and many United States manufacturers are relocating to Mexico from Asia (nearshoring). The maquiladora industry in Nogales, Sonora includes approximately 110 assembly-for-export plants that employ an estimated 35,000 people; many of whom have visas to cross into the United States for tourism and shopping. We also have an opportunity to identify distribution companies in Pima County to provide locations for engineering, quality control and distribution support of companies in the maquiladora industry.

3. Port of Entry Efficiency. The Mariposa POE at Nogales, a \$244 million expansion and modernization project, is now complete. It is a state-of-the-art facility that is already creating opportunities by increasing capacity of import goods and produce, and it has decreased the wait for truckers. However, a significant adverse impact on cross-border trade still continues to be border delay. United States and Mexican companies face higher transportation costs as a result of lengthy border wait times and intrusive (duplicated) inspections. These costs are passed on to consumers. In addition, time-sensitive products, such as fresh fruits and vegetables and other agricultural commodities, are placed at risk due to the products' shorter lifespan. In 2013, over 310,000 trucks crossed the Nogales POEs. The private sector has suggested it will take more than additional Customs officers at the port. It will require all key process stakeholders to find common ground to improve the systems of transporting goods across the border.

4. Over-stop. Other challenges include varying interpretation and execution by each agency at the port of entry. Such leads to an increase in wait times and a resulting increase in cost of products coming across the border, which makes us noncompetitive



with our neighboring states that have a coordinated approach. The County will increase our efforts to develop relationships on both sides of the border to increase efficient border-crossing awareness and work toward solutions that make Arizona POEs more competitive, easier to use and quicker to assess.

B. Strengthen Our Relationship with Guaymas, Port of Guaymas and Port of Tucson

To thrive in the future economy, we must realize we are part of the international marketplace and a crossroads for foreign trade. By focusing on import distribution and export concentration, it is possible to increase the region's participation in the international marketplace.

The Port of Tucson is certified to handle international containers for import and export operations. The availability of onsite Customs, intermodal capability, existing infrastructure and land to accommodate immediate growth, as well as a "can-do" approach to meeting unique market demands, provides a cost effective doorway to national and international markets for the region. In order to enhance the capability of this regional asset, Pima County sponsored a successful \$5 million TIGER Grant to provide high-speed switching of trains off the main Union Pacific Sunset Line; thereby reducing cost and transit time for cargo. This unique capability can be rapidly expanded to accommodate a broad range of bulk and finished products that can be shipped in a container or flatbed rail car.

Pima County will renew our efforts with state and federal highway counterparts to allow transit of heavy loads on southern Arizona highways to accommodate international containers and avoid costly needs to break contents down into smaller loads. Designating a heavy haul route from Douglas to Tucson will result in immediate economic return.

Another key regional factor in international trade is the Port of Guaymas. This port is in the process of a \$300 million upgrade that initially will dredge the channels to handle larger ships, followed by development of new facilities on reclaimed land to more than double the bulk cargo capacity of the current port. This is critical to the region's mining industry as more minerals, bulk and refined, are exported to offshore markets. This phase of the expansion is scheduled to be completed within the next three years. Commensurate with this growth in capacity, the rail yard at Empalme is also being expanded to handle the increased volume of bulk materials being shipped. The second expansion phase of the Port of Guaymas will create several container ship on- and off-loading facilities at Empalme within five to seven years. The expanded rail yard in Empalme is being designed to maximize the flow of container rail cars from and to these docks.

The significant increase in the capacity of the Port of Guaymas provides a critical gateway for expanding regional imports and exports. We must focus on developing the appropriate infrastructure and marketing programs to position the Arizona/Sonora region as the next major gateway to the Pacific/Asian markets, as well as the rapidly expanding markets in Central and South America. Our unique geographic location at the crossroads of the north/south and east/west trade routes for this region is an asset that must be maximized.

C. Strengthen Rail Service and Customs Capacity at the Border

With the increased traffic projections from the Port of Guaymas and minor infrastructure modifications, Union Pacific/Ferromex indicates the transport capacity of the current infrastructure between Tucson and Guaymas could easily double. However, the growth of the Port of Guaymas is not the only driver of increased rail traffic. Certain types of produce are being considered for rail distribution; but feasibility is based on timely and rapid movement, not sitting at the POE. Increased industrial activity in Sonora, particularly in the aerospace and maquiladora industries, will also increase cross-border trade.

Developing appropriate sidings and other rail infrastructure to encourage efficient rail activity must be a priority to remain competitive. It should be noted the Nogales line of Union Pacific Railroad is only one of six rail POEs in the United States and the only one in the State of Arizona. This line is currently being upgraded; the timber bridges are being replaced with concrete structures that would allow for additional loading. The present maximum weight limit is 268,000 pounds; the weight limit will be increased to 286,000 per car with the upgrades. This upgrade is being completed at a cost of more than \$8 million. The Mexican railroad Ferromex has already completed their portion of the upgrade.

Delays at the border are costly. There are serious competitive threats to Arizona when goods can cross the border at Calexico, California; Santa Teresa, New Mexico; and Texas to the east, often with shorter wait times. For Arizona to compete with these other border crossings, we must ensure timely movement of rail and truck traffic. This will occur primarily through infrastructure improvements, as well as staffing. The short-term solution is increased staffing at the Land POE. Of the 2,000 new Customs officers authorized nationwide in the FY 2013/14 federal budget, Arizona was allotted 170; 120 in Nogales, 25 in Douglas and 25 in San Luis. Training for new officers takes about a year. Currently, United States Customs has a team of 10 officers (5 per shift) to inspect north- and southbound trains, and inspection is on average one hour per train. With the completion of the Mariposa POE, it is imperative staffing levels for Customs agents are increased appropriately to minimize car, truck and pedestrian delays, as well as provide sufficient staff to inspect trains in a timely and responsible manner.

D. Educate Southern Arizona Businesses and Citizens About Cross-border Opportunities and Make it Easier for Mexico-based Businesses to Operate in Pima County

In order to help establish and improve cross-border relationships and communication with private, local, state and federal contacts in Mexico, the County has employed a bilingual/bicultural Coordinator of Economic Development and International Projects to focus primarily on coordination of these efforts with Sonora. The Coordinator has participated in mission trips to cities in Sonora and Sinaloa, meeting with local and state government officials, as well as economic development and maquiladora officials, to establish relationships and educate about the roles of counties (Mexico does not have counties) and how Pima County is leading efforts to help facilitate the process of business expansion and establishment for Mexican businesses in our region. Pima County has partnered in these efforts with the Arizona-Mexico Commission, Tucson-Mexico Trade Coalition, the Greater Nogales Santa Cruz County Port Authority, Tucson Hispanic

Chamber of Commerce, PAG, Maquiladora Association of Nogales, Maricopa Association of Governments and the Consulate of Mexico, among others.

In April 2014, Consul Ricardo Pineda from the Consulate of Mexico in Tucson presented to the Board of Supervisors and the public about Mexico's growing economy and the importance of the United States-Mexico relationship. Consul Pineda shared important data, including that 40 cents of every dollar spent on imports from Mexico comes back to the United States; a quantity 10 times greater than the 4 cents returning for each dollar paid on Chinese imports. Six million United States jobs depend on trade with Mexico. Pima County also arranged for Consul Pineda to present to the Arizona State Transportation Board, the focus of his presentation being on coordinated transportation infrastructure across the region.

Pima County is currently constructing an economic development web page to serve as a regional resource guide and tool to promote business opportunities in the County and attract business and investment from Mexico. The Mexican government has already committed to investing one billion dollars to improve Highway 15 that connects central Mexico with Nogales, which will provide better flow of commercial and light vehicle traffic.

In addition, Pima County has fully supported the promotion of BIEN (Building an International Economic Network, <http://www.connectbien.com>, which was developed by the Maricopa Associations of Governments as a business-to-business e-platform to connect individual businesses across international boundaries in Mexico and Canada. BIEN is a valuable tool for our entire region to encourage local businesses to become more involved in international trade. The BIEN website is available in Spanish, French and English.

E. Increasing Mexican Tourism and Commerce

On January 1, 2014, Mexico's federal sales tax in border cities and towns increased to 16 percent from 11 percent. Historically, Mexican consumers have traveled to the United States to purchase products ranging from food and groceries to electronics and clothing. Local business leaders in Nogales predict Mexico's sales tax hike could spur Sonoran border residents to do more shopping in Arizona. On average, Mexican consumers spend an estimated \$8 million per day in Arizona.

The numbers above were negatively impacted by unfortunate State legislation in the past. However, in 2014, the Pima County Board of Supervisors unanimously approved a measure that declares the region an "immigrant welcoming county." We continue our financial support for Visit Tucson and coordination efforts to welcome Mexican tourists and have them enjoy our hospitality and lower sales tax rates. We are also fully engaged with Visit Tucson and the medical community to enhance medical tourism from Mexico. We are currently in the early stages of developing the appropriate partnerships between the health and wellness community, Pima County, Visit Tucson and identifying others to participate in developing a plan to reach out to Mexico for medical tourism.

One of the largest opportunities for growing existing businesses or recruiting new companies is next door in Sonora and in other Mexican states. Mexico is the third fastest growing economy in the world and is at our doorstep. Over \$22 billion per year in goods

crosses into Arizona from Sonora alone. Roughly 40 percent (\$8.8 billion) is from products that originated in the United States and were sold to the maquiladora industry in Sonora, only to return to the United States as a part of another product. The maquiladora industry in Sonora has asked Pima County, TREO, and PAG for assistance in developing local, more reliable supply chains for not only materials, but services such as metal finishing, machining, injection molding and logistics support for products crossing the border. Our Economic Development team and International Projects Coordinator will work closely with TREO and PAG to ensure we take advantage of this opportunity.

In November 2014, Pima County, in a joint venture with Visit Tucson and the City of Tucson, held a ribbon-cutting ceremony for an Hermosillo, Sonora business office located in the Vamos-A-Tucson (Visit Tucson) offices. Pima County Supervisor Ray Carroll attended this ribbon cutting, which was part of a larger three-day trade mission to Sonora and Sinaloa. Supervisor Carroll met with the Mayor of Hermosillo and with several members of the Sonora State Congress to establish a stronger relationship and discuss partnership opportunities. This space will serve as an information source and coordination point for Mexican corporations and entrepreneurs seeking information about doing business in Pima County. The County will have a regular presence and will continue its efforts in promoting these relationships with Mexico. We want to ensure our neighbors feel welcome and that we are available to facilitate the process.

Mexico offers a number of opportunities for southern Arizona and Pima County, but we have serious competition to the east and west. Making strategic decisions that leverage our strengths and facilitate cross-border trade and tourism in both directions is important to the economic growth of our region. Active recruitment of FDI and engagement with our local, state and federal partners to address some of the current constraints are critical elements to realizing these opportunities. As discussed in several chapters of this plan, Pima County is dedicated to maximizing opportunities for our local businesses and encouraging more FDI in our region.

F. Mexican Baseball

The largest single attendance at a Major League Baseball spring training game was between the Arizona Diamondbacks and the Mexican National Team. Mexican baseball continues to be extraordinarily popular in Mexico, and ongoing discussions have been held with the owners of a Mexican Minor League baseball team. Negotiations have recently been completed with M1 Baseball, LLC of Woodlands, Texas to secure a long-term Mexican Minor League baseball teams use of Kino Sports Complex.

An eight-month lease for one Minor League team, Rojos del Águila de Veracruz, comprised of 40 players and 10 coaches, is for the operation of a baseball academy at Kino Sports Complex to develop Minor League players for Major League Baseball. They will also host three Mexican baseball league teams for spring training during March 2015 and will play 12 exhibition games in Kino Stadium over the last three weekends in March. The Mexican baseball league (officially known as Liga Mexicana de Beisbol–LMB) teams will include Rojos del Águila de Veracruz (located in Veracruz), Diablos Rojos del México (located in Mexico City), Tigres de Quintana Roo (located in the Yucatan Peninsula), and Toros de Tijuana (located in Tijuana). All training and games will be televised across Mexico and in

the southern United States through a baseball television program owned and produced by the Rojos del Águila de Veracruz team that is available on Latino sports programming. This agreement signals the return of professional baseball to Kino Sports Complex. We are pleased to be able to provide the training academy, spring training, and spring training games over the month of March 2015.

Action Items

8.2 Identify distribution companies in Pima County to provide locations for engineering, quality control and distribution support for companies in the maquiladora industry.

8.1 Continue to foster relationships on both sides of the border to increase border-crossing efficiency and to make Arizona POEs more competitive with quicker access and easier use.

8.3 Renew efforts with state and federal highway agencies to allow heavy load transit on southern Arizona highways, including designation of a heavy haul route from Douglas to Tucson.

8.4 Continue to promote development of infrastructure that maximizes our unique geographic location at the crossroads of the north/south and east/west trade routes.

8.5 Continue advocating at the federal level to increase Customs staffing to expedite border crossing for trucks and trains.

8.6 Continue our efforts with TREO and PAG to assist the maquiladora industry in Sonora, Mexico in developing local, more reliable supply chains for materials and manufacturing-related services.

8.6 Complete the County web page to serve as a regional resource and tool to attract business and investment from Mexico.

8.7 Continue to foster the County's positive relationship with the Consulate of Mexico in Tucson to help facilitate the establishment and expansion of Mexican businesses in our region.

8.8 Continue financial support of Visit Tucson and its efforts to encourage Mexican tourism in Pima County, including enhancing medical tourism through partnerships with our region's wellness community.

8.9 Maintain a regular County presence at the Visit Tucson (Vamos-A-Tucson) office in Hermosillo, Mexico to encourage and facilitate Mexican companies doing business in Pima County.

8.10 Continue efforts to increase Mexican Major League Baseball, including Spring Training and Spring Training games, at Kino Sports Complex.

Enhancing Our Relationship with Canada 09

- **Canadian Investment in Mexico**
Canadian companies are investing in Mexican offshore oil rigs.



- **Canadian-owned Companies**
Pima Community College's Aviation Technology Center works with Canadian-owned Bombardier at Tucson International Airport.



- **Expanded Foreign Direct Investment**
A Canadian-owned mine.





CHAPTER 9

ENHANCING OUR RELATIONSHIP WITH CANADA

Expanding our geographic advantage in the Sun Corridor mega-region is critical, and Pima County is strategically positioned to capitalize on the increasing commerce between the United States, Mexico and Canada. The vigorous economic activity among these three nations is expected to accelerate under expanded trilateral trade treaties, increased nearshoring and the planning of the I-11 component of the CANAMEX corridor. Canadian investment in real estate, as well as Mexican and Canadian tourism, continues to be a significant economic factor within Pima County.

A. Expanded Foreign Direct Investment

Pima County has long benefited in its economy and employment base from Canadian-owned companies such as Bombardier, Stantec and Oracle Mining. More recently, one of Pima County's largest employers, Tucson-based Unisource Energy (including its subsidiary Tucson Electric Power), was acquired for \$2.5 billion by Fortis Energy, Canada's largest investor-owned natural gas and electric utility. Mattamy Homes, one of the largest builders in Canada, recently purchased lots in northern Pima County and will soon be a major component of our homebuilding industry. The Canadian company Walton International Development and Management has become one of the largest landowners in Pinal County. Walton has acquired more than 900 acres along I-10 for commercial and industrial development in anticipation of increased trilateral trade along the future I-11 corridor.

Over the past decade, Canada has experienced substantial growth in both inward and outward FDI, reflecting its strong connection to global supply chains. FDI occurs when a foreign company invests in a United States business enterprise; either by opening a new operation or through a merger or acquisition. This type of economic investment is critically important to creating jobs in Pima County and moving outside capital into our region.

A June 2014 report by the Brookings Institute's Global Cities Initiative ranked the Metropolitan Tucson region 45 out of 100 metropolitan areas in the percentage of jobs derived from foreign-owned establishments. The study found the number of jobs in the Tucson region in foreign-owned establishments had risen from 7,360 in 1991 to 13,690 in 2011. The top two source countries for these jobs were Canada (23.1 percent) and Mexico (18.3 percent.) Montreal, Canada was listed as the top source city for foreign-owned establishments providing employment in the greater Tucson region. It should be noted that Brookings' analysis was completed before Fortis acquired Unisource energy, and Fortis' approximately 1,200 local employees will significantly raise the foreign-owned establishment ranking of the metropolitan Tucson area.

B. Canadian Investments in Mexico

Canadian investment in Mexico is substantial, with more than 2,400 Canadian companies now doing business on Mexican soil. This presents numerous opportunities to position

Pima County as a logistics hub for Canadian companies in the same manner as many County companies provide support to United States firms now operating in Mexico. For example, EDC, Canada's export credit agency, recently reported that 200 of the 260 foreign mining companies operating in Mexico are Canadian-owned and now account for 78 percent of the total FDI in the Mexican mining sector. Pima County is uniquely positioned to be further involved in the supply chain for these Canadian companies in Mexico; particularly in the areas of manufacturing, equipment provision, and engineering and consultation services.

C. Canada, Arizona and Pima County

Arizona currently conducts \$3.7 billion in bilateral trade with Canada, and more than 132,200 jobs in the state depend on trade or investment from Canadian companies. Approximately 300 Canadian companies currently operate in Arizona, and the state received more than 895,000 Canadian visitors in 2012. Trade, combined with FDI and tourism, results in a \$6 billion bilateral footprint for Arizona and Canada. One excellent example of Pima County's relationship with Canada is Montreal-based aircraft manufacturer Bombardier Aerospace. Since Bombardier's Tucson aircraft maintenance and modification facility opened in 1976, it has contributed significantly to the County's workforce and economy. In 2013, Bombardier expanded its maintenance capacity at its commercial aircraft service center facility in Tucson and opened three new lines of maintenance for its Q400 and Q400 NextGen turboprops to support long-term maintenance contracts with various North American carriers. The company now employs more than 900 skilled aerospace workers at its Tucson facility.

Canadian tourism continues to be a major economic factor in Pima County; in part due to the growing strength of the Canadian currency compared to the United States dollar. Analysis by Visit Tucson and the Arizona Office of Tourism indicates more Canadians are visiting southern Arizona, spend more than United States domestic tourists, and stay longer than most visitors – particularly for extended stays in the winter. In 2013, more than 770,000 Canadians visited Arizona; and a 2012 analysis of total international spending in Arizona, based on VISA card usage, found Canadian travelers accounted for 52 percent of the total tourist spending in the state. Visit Tucson has been working directly with Canadian tour operators and travel agents to increase Canadian tourism to Pima County and expand sports tourism at Kino Sports Complex. Visit Tucson helped bring the Ontario Terriers club baseball team to the Kino complex in October 2014 and is pursuing the Toronto Blue Jays of Major League Baseball as a possible candidate for spring training exhibition games at Kino.

One currently identified weakness in the strategy to attract increased tourism from Canada is the lack of direct air service from the Canadian provinces that have historically drawn the most visitors to Arizona (Alberta, Ontario, British Columbia and Quebec) and to TIA.

Canadian tourism often leads to Canadian real estate investment in Pima County. Mortgage lending rules remain tight in Canada, and home prices across the provinces are significantly higher than in Arizona. Canadian government studies have ranked the country's residential real estate as the third most over-valued in the world, with home prices 62 percent higher than those in the United States for similar homes. A 2014 study

by the Maricopa Association of Governments found that 93 percent of the internationally-owned residential properties in Maricopa County belonged to Canadians, and most of the acquisitions were cash purchases. The study noted the beneficial impact of Canadian real estate investment in reducing the number of distressed and foreclosed properties in the county and noted the economic benefit of the more than 275 Canadian-owned businesses located in the Phoenix area.

D. Canada Arizona Business Council

The metropolitan Phoenix area, which hosts Canadian companies such as Circle K, Magellan Aerospace and Sunlife Financial, has long recognized the value of working collaboratively with Canada and Canadian businesses. A key organization in facilitating direct trade and commerce between Canada and Arizona has been the Canada Arizona Business Council (CABC) based in Phoenix.

In furtherance of our economic development goals, Pima County has formally joined the CABC as the first governmental entity from southern Arizona to be accepted to the predominately private-sector organization. The CABC is sanctioned by both the State of Arizona and the Canadian government with a mission to facilitate business, trade and investment between the State and Canada. The CABC recently met with representatives of the City of Tucson, the UA and PAG but has stated they will work primarily with Pima County to facilitate commerce and trade with Canada for the southern Arizona region. Pima County will serve as the connection between the CABC, our governmental partners in the region and the private sector.

Action Items

9.1 Quantify the economic impact of Canadian real estate investment in Pima County and develop a strategy to increase it.

9.2 Coordinate directly with the CABC to facilitate Canadian FDI in Pima County, promote Pima County exports and enhance tourism.

9.3 Work with Canadian and Mexican business interests to identify economic development opportunities in Pima County for Canadian companies seeking proximity to the markets and industries of Mexico.

9.4 Conduct a comprehensive inventory of Canadian companies in Pima County to identify corporate expansion and retention opportunities and to identify supply chain needs that could lead to expanded economic development in the region.

9.5 Work with Visit Tucson and other interested parties to expand air service between Pima County and Canadian airports.

9.6 Work with the CABC, Visit Tucson and other interested parties to create opportunities for sports training at Kino Sports Complex.

Enhancing Our Relationships with East Asia and The Republic of Korea

10

- **Increasing Bilateral Trade with South Korea**

Pima County and Jinju, South Korea signed a Memorandum of Understanding to promote tourism and trade.



- **Enhancing South Korean Tourism**

South Korean professional baseball spring training at Kino Sports Complex.



- **Expansion of Asian Trade Through Multimodal Facilities at the Port of Tucson**

Trade opportunities utilizing cost-effective existing distribution networks at the Port of Tucson.





CHAPTER 10

ENHANCING OUR RELATIONSHIP WITH EAST ASIA AND THE REPUBLIC OF KOREA

In the same way Pima County is situated in an ideal location to further our economic opportunities to the south with Mexico and north with Canada, we are also geographically positioned to capitalize on increased East Asian commerce that transits Pacific Ocean ports and crosses the transportation networks of our region. Increasing Pima County's direct trade and supply chain opportunities with East Asian nations such as China, Japan, Malaysia and The Republic of Korea (South Korea) is important to increasing employment and wage levels in southern Arizona. Locally, we have seen increased East Asian trade, such as Raytheon's missile sales to South Korea, and direct investment by Chinese solar generating and manufacturing company Hanergy's during its acquisition of Tucson-based Global Solar. The nature of East Asian tourism, outbound exports, manufacturing and corresponding supply chains is changing; however, the sheer scale of the Asian market will continue to be an important economic engine for northern Mexico and southern Arizona. Pima County needs to facilitate opportunities with the private sector to create direct trade links with the economies of East Asia and develop the region as a logistics hub for our interdependent economies. Future United States and Pacific Rim trade agreements, such as the proposed Trans Pacific Partnership, only further underscore the need for Pima County to better position the region in logistics in order to intercept, process and redistribute East Asian trade.

A. The Port of Guaymas and its Relation to Asia

The expansion of the Port of Guaymas will be of vital importance for expanding international trade and providing logistics opportunities to further connect East Asia with our region. The doubling of capacity that will occur with the completion of the Guaymas Port expansion, along with improvements to the adjacent trade zone in Empalme, will make the port competitive with the much larger but increasingly crowded ports of California. The Port of Long Beach already derives 90 percent of its shipments to and from East Asia. As the San Pedro Bay ports (Long Beach and Los Angeles) continue to see increased cargo for East Asian nations, the Port of Guaymas and its expanded facilities will be increasingly viewed by manufacturers as an attractive alternative to California ports. The resulting increase in rail and commercial truck cargo, including both foreign product from Asia and Mexican domestic product transiting north through the expanded Mariposa POE in Nogales, will require infrastructure and economic development policies designed to capitalize on the corresponding flow of commerce through our region. Pima County will continue to work collaboratively with our partners in Mexico and the southern Arizona region to maximize opportunities related to logistics, mining export, manufacturing and related supply chains. Pima County will also continue to develop the Sonoran Corridor and remain actively involved in planning for I-11 and the Intermountain West Corridor project, both of which will serve to facilitate economic development related to trade with Mexico and East Asia via the Port of Guaymas.



B. The Port of Tucson and its Relation to Asia

As a growing multimodal rail facility, the Port of Tucson will also play an important role in our region's connection to East Asian trade. Pima County has long supported the growth of this important private sector facility. The Port of Tucson is now servicing international ocean containers via the San Pedro Bay ports and has drastically reduced freight costs. For example, one of the first local companies to begin exporting directly through the Port of Tucson in ocean containers is Azmira Holistic Pet Care, which shipped its first delivery of pet food to Osaka, Japan in 2013. Azmira reported significant cost savings and efficiencies by utilizing ocean-going containers from the Port of Tucson and is now exporting its products to numerous other countries in Asia, including Hong Kong and Singapore. Another example is American Chung Nam, Inc., a Chinese company that in 2014 began buying recycled paper goods generated in Tucson for export to China. American Chung Nam's exports quickly accelerated, and it has contracted with the Port of Tucson for up to 100 ocean containers per week destined from Pima County to China via the Port of Long Beach.

The inevitable long-term growth of the Arizona/Northern Mexico mega-region and increased trade under the North American Free Trade Agreement (NAFTA) will result in the Guaymas and San Pedro Bay Ports becoming the major West Coast gateways for the entire Sun Corridor.

C. The Republic of Korea

The key to increasing Asian market export opportunities in Pima County is to identify opportunities based on regionally-identified industry sector priorities and existing international relationships. Pima County has identified several sector alignments and numerous existing relationships that present unique opportunities to connect our economy with the 50 million consumers and \$1 trillion market of South Korea. The 2012 implementation of the United States–Korea Free Trade Agreement (KORUSFTA), which removes about 95 percent of duties on United States exports to South Korea by 2017, provides additional incentive to formulate an economic development strategy that includes South Korea.

In 2012, Arizona exported \$251.4 million in trade goods to South Korea. Leading sectors in outbound trade included semiconductors and components; fabricated metal products; aerospace products and parts, and industrial machinery. The total stock of FDI from South Korea to the United States was \$24.3 billion at the time of KORUSFTA implementation and employed 32,300 workers in the United States at an average annual salary of \$83,000. FDI and trade are expected to accelerate progressively as the dynamic South Korean economy continues to grow.

Pima County staff has met numerous times with former Tucson Mayor Robert Walkup, who now serves as the Honorary Consul of The Republic of Korea in Tucson. In these meetings, Mr. Walkup has identified specific strategies for Pima County to increase bilateral trade, increase FDI in our region, and promote tourism from South Korea to Pima County. These initiatives include renewable energy development and increasing small business connections between Pima County and South Korea. In October 2014, Mr.

Walkup led a delegation that included the leadership of Visit Tucson and local festival organizers to South Korea in which Pima County tourism was prominently promoted at the Namgang Yudeung Lantern Festival held in Jinju. A Visit Tucson pavilion and several large lanterns promoting our region were constructed at the festival that was attended by approximately three million visitors. In December 2014, a South Korean delegation, led by the Mayor of the City of Jinju, met with Board of Supervisors Chair Sharon Bronson and County staff, at which time a Memorandum of Understanding was executed between the City of Jinju and Pima County to work together to develop shared cultural, tourism and economic development opportunities.

Discussions are in progress to have some of the Jinju Lantern Festival exhibits stored in Pima County for possible future use locally and perhaps in other United States cities as well. The delegation also met with representatives of the Hanwa Eagles and NC Dinos, two of the South Korean baseball teams that have conducted spring training at Kino Sports Complex and Tucson's Hi Corbett Field, to discuss the expanding South Korean baseball training opportunities that exist in Pima County.

Action Items

10.1 Continue efforts to increase economic involvement with East Asia by supporting the Port of Tucson in its expansion.

10.2 Incorporate promotion of local export opportunities via the Port of Guaymas into our Mexico efforts, as well as its overarching economic development strategy for East Asia.

10.3 Continue to work with the Honorary Consul of The Republic of Korea in Tucson to increase bilateral trade, increase the presence of South Korean companies and attract FDI.

10.4 Coordinate with Visit Tucson and the Honorary Consul of the Republic of Korea in Tucson to expand South Korean tourism, festivals and spring training opportunities in our region.

Job Training and Employment Base Development

11

- **A Regional Public Workforce System**
*Metal finishing training through
Southern Arizona Manufacturing Partners.*



- **Higher Skills Equal Increased Competitiveness**
*Summer youth training through
the Workforce Investment Board.*



- **Centralized Resources for Employers**
The Kino Veterans Workforce Center.





CHAPTER 11

JOB TRAINING AND EMPLOYMENT BASE DEVELOPMENT

Government and private sector leaders across Pima County agree a quality workforce that is sufficient to meet economic demand is critical to our being competitive in the current global, knowledge and technology-based economy.

A skilled workforce is an important component of business retention and expansion and is a valuable incentive in attracting new companies to our region. Pima County collaborates with a variety of public, private and nonprofit partners to develop the workforce required for the aerospace and defense, manufacturing, logistics, bioscience, engineering, healthcare and many other sectors vital to our economy. Pima County is the regional government and must help to develop a skilled workforce and continue to create a community that will attract and retain highly skilled workers.

A. Higher Skills Equal Increased Competitiveness, More Jobs and Increasing Earning Power

Talent is the key to competitiveness and to creating, attracting and retaining high-wage jobs. Fifty years ago, competitiveness hinged on production capacity; now it requires innovation capacity, powered by knowledge workers such as scientists, engineers, skilled technicians, and logisticians. A growing share of quality jobs is in the fields of science, technology, engineering and mathematics (STEM) or requires at least some STEM skills. The availability of skilled workers is consistently ranked in the top three among decision factors to relocate or expand a company in any given location. Surveys conducted by Pima County have found that southern Arizona high-tech employers see promising opportunities for expansion in current and emerging markets, but they need additional skilled workers in order to take advantage of those opportunities.

Pima County's strategy must focus on training the existing workforce for higher-skilled jobs in strategic industry sectors. Local companies are constantly updating their technology to maintain a competitive edge, and this creates a challenge for the K-12 and post-secondary education pipeline to produce enough graduates with skills needed by these companies. Many workers who do not fit into the four-year college educational pathway can be provided with the technical training employers require through the use of short-term, technically-focused training programs.

High-quality K-12 schools, JTED, Pima Community College and Pima County job training programs will be instrumental in making these workforce connections. The UA and its reputation as a research institution will be critical for developing post-secondary graduates for the tech sector, and Pima County will continue to support the University's efforts through strategic partnerships whenever possible.

Lower-skilled and under-resourced older youth and young adult populations represent a tremendous untapped talent resource, particularly for technician level occupations. Developing this talent through a pathway of progressively higher-skilled employment

opportunities depends on 1) individual motivation and resiliency; 2) available and financially accessible basic adult education and progressive training that aligns with the job requirements at each level; and 3) adequate social supports for success, both in school and at work.

Developing these pathways is a major focus for the Pima County OneStop workforce system. Labor market data and economic development plans such as the TREO Blueprint form the basis for target employment sectors identified by the Workforce Investment Board (WIB). The OneStop Business Services Team surveys businesses in these sectors to gather information about their workforce needs and hardest-to-fill occupations and to identify career advancement pathways that are critical to the target industry sectors. Frequently, gaps are identified in the availability of suitable education or training to support employee advancement along these pathways. When possible, grant funds and County resources are used to develop a solution between industry and training providers.

Clearly, the County's economic development strategy must include effective employee development and training. Strategies to do so should include the following:

- Develop a plan for identifying high-value pathways to target specific workforce investment and educational efforts and pursue those efforts. This should be done using both existing labor-market and industry data and economic forecast sources and continuing new surveys and primary research.
- Highlight institutional barriers to career pathway movement. While the community offers many training programs designed to prepare the student for direct employment in a particular occupation, many of them do not support career pathways as well as they should. Too many training programs are dead ends. After completing training for their first occupation, a person wishing to obtain additional training for a higher occupation is frequently required to start over again at the introductory level to complete a more advanced credential or degree. Educational institutions need to redesign curricula and credentials to be "stackable" from one level to the next, and these stackable curricula need to be financially and physically accessible. Employed workers need training programs that are offered online, onsite or nearby, during evenings and/or weekends. Unemployed workers need training or retraining in compressed schedules with intensive, full-time instruction that meets the requirements for unemployment benefits and leads to rapid reemployment.
- Find more efficient ways to engage industry than advisory committee meetings. Curricula should emphasize awarding national industrial certifications within accredited coursework to incorporate standards already developed and recognized by the industries.

Pima County needs to increase the number of education and training programs available to upgrade the skills of incumbent workers and assure that such training is customized to business needs spelled out by the employer. The programs should:

- Engage businesses as co-sponsors based on their immediate workforce needs and long-term interests
- Provide competencies that directly match jobs for which employers have current or projected demand

- Align where possible with credit-bearing coursework and seamless transfer to professional degree programs
- Wherever possible, be offered onsite at the participating employer
- Provide portable credentials or industrial certifications that will enhance trainees' long term employability and earning power
- Offer supportive services to help training participants manage work or job search, basic family needs and school.

B. A Regional Public Workforce System

It is important to recognize that southern Arizona is a large, regional labor market. Federal Workforce Investment Act funds are inadequate to operate a quality regional workforce system, and recent budget cuts underscore the danger of over reliance on a single federal funding stream. Complex restrictions on the uses of these funds also hamper flexibility in responding to local workforce needs. Pima County has invested directly to create a system that brings together related resource "silos" for the benefit of job seekers and employers.

Pima County General Fund support is required to expand OneStop recruitment and training programs beyond what is supported by the limited and decreasing federal funding currently received. Every year, Pima County supports training slots for hundreds of youth and adults who would not have been served under federal grants because of funding limitations or eligibility restrictions. In addition, County departments should continue to employ youth and unskilled adults in entry level internship positions.

Although jurisdictions tend to pursue job creation strategies within their political boundaries, broad economic regions, such as southern Arizona and even southern Arizona/New Mexico, are the real competitors in the global economy. Pima County should collaborate with other counties to capitalize on regional economic development strategies. Pima County's work with Yuma, Cochise, Santa Cruz and Cochise Counties has established a broadly functional consortium known as Innovation Frontier Arizona (IFA). IFA capitalizes on shared assets in aerospace/defense, transportation/logistics, and post-secondary education and research, as well as shared priorities such as border security and healthcare. IFA's accomplishments demonstrate the benefits of regional collaboration on workforce development with increased alignment between college curricula, responsiveness to strategic sectors, economies of scale and nearly \$15 million in federal grants awarded to the region over the past five years.

C. Combating and Mitigating Poverty

For many years, Pima County and its community partners have been providing a range of services intended to combat and mitigate poverty. Often our efforts amount to managing poverty, rather than ending it. In fact, the percentage of Pima County residents with incomes below poverty level rose from 14.7 percent to 20 percent between 2000 and 2012. Poverty – the lack of resources to deal with problems – keeps people trapped in crisis and unable to realize a better future. Breaking the cycle of poverty by empowering people to get ahead instead of just get by, will require efforts by every segment of the community, including schools, public safety and healthcare institutions, government and especially employers.

Poverty is an economic development issue. Poverty is expensive; it drains community resources, wastes human potential and holds back future generations. Pima County is launching Ending Poverty Now: an economic initiative with the following components:

- Engaging multiple sectors to work together to address poverty;
- Championing employment retention and career advancement of workers;
- Coordinating and bundling resources in support of people moving out of poverty; and
- Supporting Bridges Out of Poverty and other models that empower under-resourced people.

D. Development of a Business Resource OneStop Center

An important next step in strengthening our partnership with small business is to make the numerous services and functions provided by Pima County more accessible and make our business services more comprehensive.

Similar to the OneStop Career Center, Pima County is developing a Business Resource OneStop Center. This Center is envisioned as a multiagency collaborative working to match companies throughout Pima County with resources and solutions, thereby promoting regional prosperity. Any Pima County business or entrepreneur needing assistance will be able to utilize the Business OneStop. Customers will be offered a menu of services that include assistance in accessing information about incentives and financing; assistance with permits, zoning, regulatory compliance and infrastructure; and technical assistance, workforce development and business/entrepreneurial education.

A 2013 presentation of the Business Resource OneStop Center concept to the majority of chambers of commerce in Pima County and other business advocacy organizations found widespread support for moving forward with the Center. In addition to providing centralized business assistance to the region, the development of a Business Resource OneStop Center will allow expansion of existing partnerships with private sector organizations, such as the Microbusiness Advancement Center and Startup Tucson, that play vital roles in developing and strengthening small businesses and ultimately improving the employment base in Pima County.

Despite Pima County's proximity to the markets of Mexico, California and Texas, many local small businesses remain reluctant to enter foreign markets or to extend their product or service export beyond Pima County or Arizona. The Pima County Business Resource OneStop will work closely with the United States Commercial Service, Arizona Commerce Authority and other export assistance organizations to promote and expand access to export opportunities.

In addition, the Business Resource OneStop will include an emphasis on providing assistance to rural businesses and woman- and minority-owned businesses to ensure these often underserved contributors to the Pima County economy have access to resources necessary for success. Development of an information line that would coordinate business information requests with Pima County departments such as Development Services, Health and others is also being considered.

E. Activating the Library System for Workforce Training

The Pima County Public Library has become a vital, yet often overlooked, part of workforce development. In addition to assisting over 11,000 job seekers this past year, the Library continues to offer GED/High School Equivalency preparation and tutoring services, English Language learning, and reading comprehension instruction to help residents improve their skills, secure a job and meet other goals. Dedicated job help computers allowed over 30,000 community members to perform research related to career readiness, education and business research. Over 900 computers are available for Library patron use.

The Library also has a longstanding presence in support of small business; serving more than 1,300 new and existing companies, startups and nonprofits each year through the provision of important resources, workshops and one-on-one assistance. The Library is a place for people with no knowledge of business startup processes or who have limited support networks to take an idea and make it a viable, successful business.

In 2014, the Library initiated programming around self-employment as a path to self-sufficiency and financial stability with its Self-Employment and Micro-enterprise Initiative. Expanded library programming helped 453 residents explore their interests and learn new skills to complete the business registration process, launch a new business or take the next steps to a new venture or future career. New programs taught mothers and daughters about entrepreneurial and communications skills they could use throughout their lives, allowed people to explore the feasibility of their business ideas, gain extra support for building a business plan, and allowed them to take a powerful idea and make it into an enterprise. The initiative provided additional counseling and assistance for aspiring small business owners and entrepreneurs. In the first four months of the project, four individuals started businesses after attending the workshops and drop-in sessions. These include a web design company, a home inspection business, and a secondhand clothing store. The individuals attributed their success to their participation at the Library.

Also in 2014, Library staff refurbished space at the Joel D. Valdez Main Library to provide accessible resources and inspire learning, creativity, innovation and collaboration. The Young Adult Librarian and a Youth Design Team steered a \$100,000 planning grant to design a community learning lab for youth, by youth. An outgrowth of the Library's CreateIT program, the Learning Labs project has collaborated with over 2,000 local youth to gather information and create opportunities to connect with mentors in a variety of professions and develop valuable skills in the areas of critical thinking, presentation and public speaking, digital media, planning, communication, research and analysis.

The Library also opened an incubator for career exploration, small business, nonprofits, freelancers and artists with a grant-funded "Acceleration Room" initiative. A new center at the Main Library will be the place where anyone can find as-needed startup and start-over help, staff, books, news, community, and mentors; no matter where they are in their process or background. Fresh programs will be introduced alongside those that are already assisting nonprofits and people changing careers and/or who are navigating today's job market. Classes on exports and imports, a Laid Off Camp, lean startup workshops, classes on personal finance and effective brainstorming, feasibility workshops, business planning, grants and contracting workshops, job and career counseling, and social media walk-in

help will be regular features of the Acceleration Room initiative. Partnerships with SCORE, Microbusiness Advancement Center, Women’s Business Center, CoLab Workspace, YWCA, Lead Local and local chambers of commerce have created the foundation for a sustainable program.

The Library reaches beyond its doors to create an economic impact felt throughout the community. Library spaces, facilitated gatherings and staff development opportunities focus on economic development and a growing network of community organizations and business startup experts. In its sixth iteration, the Job Connectors Meet-up hosted more than 60 people representing 24 community organizations. Attendees were able to interact with 7 employers and gain vital information about how to properly prepare their job seekers. Supportive partnerships continue to expand the reach of the Library’s Job Help services. With assistance from the Pima County OneStop Career Center, several libraries have become places where over 1,000 job seekers were able to get help with skills assessment, register with the Arizona Job Connection Portal, apply for additional services, and discover eligibility for grant-funded services or other educational opportunities.

Today, 27 branch libraries located throughout Pima County are keenly aware of their role in helping residents take advantage of economic opportunities. The library system will play an increasingly important role in workforce development and job training in the future.

F. Support for Small and Emerging Businesses

Strengthening the region’s employment base will require increased collaboration with the private-sector business community and identification of substantive ways to support the existing and emerging small businesses that play a significant role in our local economy. Promoting the development, stability and expansion of small business is a priority of Pima County, as both entrepreneurship and small business play a fundamental role in job creation, tax revenue generation, property roll expansion and overall economic prosperity.

Entrepreneur-driven startup companies, as well as single-employee enterprises, have seen impressive growth since the end of the recession; both in terms of capital development and employment expansion. New establishment survival rates continue to increase; and in 2013, Tucson was ranked one of the best cities for entrepreneurs by Entrepreneur Magazine. The County is home to a major research university with a robust technology transfer program, a vigorous startup community led by Startup Tucson and an active network of angel investors. Pima County is uniquely positioned to assist and encourage this ecosystem to further develop.

Small businesses often lack the capabilities of larger firms to conduct in-house training. Pima County’s OneStop system has created numerous partnerships to provide workforce services and tailored training programs that have enabled small firms throughout the County to expand and prosper. A direct benefit is that employers can post their open positions and work with the County’s job training programs to match specific job skills required for their business. The County can often target its job training programs to create the qualified workforce employers require.

Pima County’s Small Business Enterprise (SBE) Participation Program fosters economic growth for small businesses by offering opportunities for companies to do business with

Pima County and offers incentives for small local companies interested in contracts administered by the County's Procurement Department.

The Pima County Small Business Commission has been proactive in identifying policy improvements and offering direct assistance to small businesses. Examples include the Commission proposing and drafting a change in Pima County's Procurement Code to give preference to local professional service firms and identifying problems and intervening on behalf of businesses in Catalina. In Catalina, the intervention occurred after a 2014 field hearing in the unincorporated community when the Commission heard from numerous small business owners who were being negatively impacted by construction during the expansion of Oracle Road by ADOT. The Commission coordinated stakeholder meetings for the community with ADOT and assisted in having the RTA extend its Mainstreets Business Assistance program to the Catalina business community.

In terms of regulatory certainty, Pima County has demonstrated our commitment to improving the business climate by streamlining our regulatory processes, creating new efficiencies in permitting and increasing its communication and collaboration with local business. Examples of recent outreach to the business community include the development of a formalized agreement with the Tucson Metro Chamber known as the Joint Business Objectives and the creation of a Business Services Coordinator position within Pima County's Economic Development and Tourism Department. As discussed previously, the County works closely with small business development and assistance organizations, including the Microbusiness Advancement Center, Startup Tucson and the various chambers of commerce located throughout the County.

Action Items

11.1 Partner with businesses and sector groups to develop specific targets and recommendations for career advancement pathways ranging from technician to professional levels.

11.2 Partner with DMAFB, Fort Huachuca and local business on career expos for separating military personnel. Match veterans with local business, particularly technical and aerospace companies. Provide entrepreneurial training and assistance to separating personnel.

11.3 Formalize the Border Regional Economic Development Consortium to pursue possible federal Economic Development Administration funding and other opportunities.

11.4 Champion "Ending Poverty Now" techniques to help local businesses improve employee retention.

11.5 Complete the data collection survey of internal and external stakeholders for the Business Resource OneStop Center and proceed with additional planning

11.6 Work with the WIB to develop, in conjunction with targeted industry sectors and educational institutions, career pathways that allow local workers to gain skills and certifications valued by employers.

Downtown Enhancement 12

- **Expanding the Administrative and Legal Center of the Region**

Construction of the County's Public Service Center.



- **Enhancing the Opportunity for Corporate Headquarters**

Downtown Tucson.



- **Creating a Regional Arts and Cultural Center**

Downtown Tucson.





CHAPTER 12

DOWNTOWN ENHANCEMENT

Pima County currently owns 1.58 million square feet of building space in the downtown area, employing nearly 7,000 full- or part-time employees. Pima County is downtown Tucson's largest employer. A vibrant, successful downtown enhances the work experience for employees and leads to economic expansion. Due to the location of such facilities as the Temple of Music and Art, the Tucson Museum of Art, the Museum of Contemporary Art, the Tucson Convention Center and restored Fox Theatre, downtown is a regional arts and cultural center that should be expanded. The growing entertainment venues in the downtown also mean the area serves as a regional center; attracting residents from other communities, as well as Tucson.

A. Creating a Regional Arts and Cultural Center

A number of proposals have been made to expand arts venues downtown. The most recent is to establish an Art of the American West center in collaboration with the Tucson Museum of Art (TMA). Discussions have also been held with the UA to display University-acquired, world renowned art pieces, which is made more attractive by the connection of downtown to the University via the modern streetcar. The current proposal, which is undergoing detailed review, is the partial or complete conversion of the Historic Pima County Courthouse to an art museum in conjunction with the TMA or the University. Such a conversion would substantially increase museum quality art display capacity in downtown Tucson. If the entire courthouse is used for museum-quality art display, nearly 76,000 square feet of display area would be added.

B. Enhancing the Opportunity for Corporate Headquarters Location

Pima County owns 23 separate buildings in the downtown area, including 6 parking structures. With the opening of the new Public Service Center, the County is now in a position to dispose of the office building located at 97 E. Congress Street. The County also owns vacant property in downtown at Broadway Boulevard and Scott Avenue across from the newly developed Tucson Electric Power Company Headquarters. Both of these County properties would be attractive facilities for new downtown corporate employers. The County will offer favorable consideration to any new corporate employer that desires to locate downtown in either the existing building at 97 E. Congress Street or to construct a new building at Broadway Boulevard and Scott Avenue.

C. Expanding the Administrative and Legal Center of the Region

In 1929, when the now Historic Pima County Courthouse was newly built, the County had one division of the Superior Court and three Consolidated Justice Court precincts. Today, there are 52 Superior Court divisions and 10 Justice Court precincts. The County employs over 215 attorneys in the County Attorney's Office or in our Public Defender functions. With Tucson being the County seat, downtown is the legal center for Pima County.

The newly completed Public Service Center holds 14 Justice Court precinct courtrooms and has the capacity to add 7 more courtrooms in the near future with no modification to the exterior building. The facility was constructed using \$80.6 million of General Obligation bonds of the County and an additional \$77 million in financing from the County. The building has been planned to add a north wing extension that would add another 12 to 16 courtrooms. As the population of Pima County grows, so does the need for legal services; for criminal law, civil law, probate, family court and other legal functions. The new Public Service Center has the capacity to add 23 additional courtrooms, bringing the total to 37. It is likely the number of courts and attorneys operating in downtown will increase in the future.

The County also has had very preliminary discussions with the UA to increase their presence in downtown for legal training of University law students. In fact, the County has set aside two courtrooms in the new Public Service Center for trial practice of UA law students, as well as for administrative support space. Given the legal functions that exist downtown and the diversity of legal processes and systems, it is appropriate that downtown also evolve and emerge as the legal training center for the region.

Action Items

12.2 Facilitate the creation of a regional arts and cultural center by establishing, in collaboration with TMA, an Art of the American West museum in the Historic County Courthouse if the voters approve funding for such. Continue discussions with the UA regarding displaying University-acquired art pieces in the Historic Courthouse.

12.1 Encourage new or expanded primary employment in the downtown by making available for such the County-owned office building at 97 E. Congress Street, as well as the County's vacant property at Broadway Boulevard and Scott Avenue.

12.3 Continue to work toward expansion of the downtown as the legal and administrative center for the region, including further discussions with the UA to increase its downtown presence for legal training for University law students.



Investing for an Economically Competitive Future

13

- **County General Obligation Bonds**

*The County's new wastewater plant,
built with 2004 bonds.*



- **General Obligation Bonds**

*A meeting of the County
Bond Advisory Committee.*



- **Solving the Transportation
Funding Dilemma**

*Repair, Maintenance and Improvements
for Our State's Road System*





CHAPTER 13

INVESTING FOR AN ECONOMICALLY COMPETITIVE FUTURE

Creating a competitive economic environment does not happen by accident in a modern world. The economic centers of the Middle Ages were strategically located such that the crossing of trade routes developed over centuries. Today, economic competitiveness is not necessarily driven by location; it is created by investment. Capital investment, whether it is building facilities or enhancing infrastructure, is the key to economic expansion in making our region more competitive than others. Capital risk drives market competition, and those willing to make investments and take risks generally out-compete those who are not.

A. Solving the Transportation Dilemma

Transportation cost is a key factor in economic competitiveness. All products, goods and services have embedded in them a component of transportation cost. If that cost is higher in one region than another, the region with the lower transportation cost becomes more competitive.

Our nation, as well as our state, has not invested in transportation system maintenance or expansion. In fact, the maintenance of our transportation system – whether it be ports, airports or surface transportation highways – has deteriorated over the last two decades.

Between 1960 and 1990, the Arizona Legislature increased the gasoline tax in Arizona nine separate times. This was in response to the transportation needs of the state as the population increased nearly 300 percent. Unfortunately, the Arizona Legislature has failed to address the issue of transportation financing for the last 24 years, during which time inflation has cut the purchasing power of the 1991 transportation tax revenues in half. A 40-percent increase in fuel economy has further reduced the purchasing power of 1991 transportation tax revenues. The Arizona Legislature must address this issue, and it should do so on a statewide basis. To allow cities, towns and counties to address the issue individually with their own strategies for revenue increases would lead to regional competition, which is counterproductive to statewide job growth and economic expansion.

Other states and nations are becoming more competitive. Other nations are outspending the United States in transportation and infrastructure investments. The best example is Mexico, with plans to invest over \$1 billion in improving Highway 15, a major north/south transportation corridor in Mexico connecting to the United States border at the Mariposa POE. Also, adjacent states, including Nevada, have already increased their gas tax to facilitate the construction of I-11. Texas is redirecting energy taxes of \$1 billion to invest in their transportation system. Other states, including conservative Wyoming, are raising gas taxes to invest in transportation. In 2014, Wyoming increased its gas tax by 10 cents per gallon.

Arizona is falling far behind in competitiveness in transportation system investment. We will not be the place of choice because of excess transportation costs embedded in



production, goods and services. We must solve this transportation dilemma to enhance our economic competitive position with our neighbors; and we must coordinate international transportation investments, such as I-11, to maximize the expansion benefits to the region from increased, targeted transportation system investments.

B. County General Obligation Bonds and Debt Financing

The County has historically used bonding to make infrastructure improvements throughout the region, including inside cities and towns; and bonds have been authorized for issuance by the voters since 1974. Voter authorization has been received 12 separate times, and a total of 54 bond proposition questions have been approved by the voters versus four that were disapproved. In total, \$2.064 billion in bonds (General Obligation, Sewer and Highway User Revenue Fund) have been approved over the past 41 years. The most recent approval was for a new animal care facility. This bond measure was approved in November 2014 for \$22 million.

Of the \$2.064 billion in bonds approved by the voters, \$1.950 billion has been issued, and \$1.257 billion has been repaid. The remaining debt of \$693 million is being repaid at the rate of approximately 10 percent per year. Hence, in 10 years, we will have repaid all bond debt.

The voters will, sometime during the period of this economic development plan, consider whether additional General Obligation bonds should be issued for various capital improvement projects or programs. A citizen-appointed Bond Advisory Committee (BAC) has been actively pursuing development of a bond program to recommend to the Board of Supervisors who will then consider whether to place a bond measure before the voters.

Since 2007, the BAC and its subcommittees have conducted more than 100 public meetings, with stakeholder attendance ranging from 60 to 320 people per meeting. In 2013, the County received nearly 17,000 responses to an online survey, and less than two percent of these responses (319) opposed a bond election. Further, in the last 20 months, public comments (letters, email correspondence and speaker cards completed at meetings) total approximately 1,800. Thirty-nine percent (708) of these public comments were received in the last 90 days.

The BAC recently concluded its initial deliberations and has listed 111 projects and programs for consideration, totaling \$887 million to develop. It is likely that, given the current tax base and voluntary tax rate cap on the secondary property tax used for debt service, not more than \$600 million of bonds could be authorized; given normal bonding parameters regarding term of debt, retirement period and specific length of the capital program financed with bonds. Public capital improvements are a mechanism of investing in community development and economic growth and expansion.

The table below shows the dates of bond authorizations by the voters since 1997, the amount of General Obligation bonds authorized for issuance and the assessed value at the time of the voter authorization.



Authorization Date	Assessed Value	Total Authorization
May 20, 1997	\$3,700,269,211	\$256,980,000
May 18, 2004	5,633,321,019	582,250,000
May 16, 2006	6,887,803,879	54,000,000
November 4, 2014	7,579,898,868	22,000,000

Clearly, public investment in facilities and infrastructure has increased the value of the tax base. Since the great recession, however, the tax base value has declined from a peak of \$8.98 billion in FY 2009/10 to \$7.58 billion today – a 15.6 percent reduction. We must direct our public investments such as bonds to those projects that grow our tax base. Public investment in general has expanded the tax base, but redoubling our efforts to directly invest in what grows the economy is the best investment we can make during our economic recovery.

In addition, the County has just recently invested in our regional wastewater treatment system, a vital component of utility infrastructure necessary for economic expansion and growth. This investment is classified as revenue obligation rather than traditional bond debt. Those communities that have failed to make necessary investments in their wastewater infrastructure suffer economically with sewer moratoriums, federal government oversight related to Clean Water Act compliance and, typically, court-ordered supervision of their utility systems, such as in the City of San Diego, California and Jefferson County, Alabama. The recent \$700 million investment in our wastewater utility makes us very competitive for economic expansion, since we have the technology and the capacity to significantly expand use with very little additional cost.

Past bond issues have had components of economic development embedded in them without really identifying them as such. These components have been in areas where we have expanded tourism-related venues such as the Pima Air Museum and the Arizona-Sonora Desert Museum, and transportation investments through either General Obligation bonds or revenue bonding. Even our open space acquisition has an economic development component. By ensuring our natural environment is preserved and protected, visitors and tourists will continue to come to Tucson and Pima County, since they cite our environment as the top reason to visit.

While in the past we have not labeled individual bond programs or projects as economic development-related, it is now important to recognize that very specific capital investment programs or projects are for the primary purpose of economic development, job creation, increasing the community's wealth and facilitating overall economic expansion. These capital investment programs involve debt financing.

C. Using Property Tax Reduction to Lower Overall Cost in Production or Distribution to Attract New Economic Enterprises

The County will make available to either expanding primary employers or new primary or export-based employers a property tax reduction over a fixed period of time in order to provide an economic incentive for expansion or relocation. This property tax reduction reduces the assessed value of commercial property from 19 percent to five percent and

will be offered by the County for a fixed period of time between one and 15 years depending upon the economic benefits of the expanded or relocated employer. The property tax reduction incentive will be specifically crafted for the employer; and to qualify for a one-to 15-year property tax reduction, the either expanded or new primary export-based employer must:

- invest a minimum of \$25 million in new capital or building;
- invest a minimum of \$25 million in new plant, equipment, furniture or fixtures;
- employ an additional or new minimum 250 employees; or
- hire at least 50 new employees who are compensated a minimum of two times the average regional wage.

For new employers who qualify with one or more of these criteria, the property tax reduction time period will be longer; up to a maximum of 15 years.

It should be noted that only primary based employment, also known as export-based employment, qualifies for the property tax reduction incentive.

D. Economic Development and the Pima County Comprehensive Plan Update: Pima Prospers

Pima County recognizes our region's long-term economic development is intrinsically linked to components of community development, growth, infrastructure, sustainability, service delivery and land-use planning. As part of the 2015 update to the Pima County Comprehensive Plan that is currently in development, the Board of Supervisors and County administration directed that an extensive section focused specifically on economic development be included in the update. This section is not mandated by the State statutes governing the Comprehensive Plan, but it was voluntarily added by the County to ensure economic development becomes an inclusive and fundamental part of Pima County's long-range planning and principles. In keeping with the goal of directly linking the County's planning aspects to the economic expansion of our region, the Comprehensive Plan update has been titled Pima Prospers.

Significant effort has been expended to ensure the more immediate and specific goals of the 2015 through 2017 Pima County Economic Development Plan support the long-term and broader policies included in Pima Prospers.

Arizona Revised Statutes mandate that the Board of Supervisors adopt a comprehensive plan:

"...with the general purpose of guiding and accomplishing a coordinated, adjusted and harmonious development of the area of jurisdiction pursuant to the present and future needs of the county."

The Comprehensive Plan, which is required to be updated every 10 years, serves as the predominant and broad-based policy blueprint for the County over the subsequent 20 years. In addition to specific elements required in the plan, later legislative amendments to



the Statutes included requirements for a broad-based public participation plan and an agency review process. The 2015-2017 Economic Development Plan will also be made available for public and agency comment, ensuring the community has ample opportunity for input and participation in the continuing development of the primary economic development strategies of Pima County.

In its current draft form, the Economic Development Element of Pima Prospers sets overarching regional goals and policies that include:

- Aiding the protection of our existing employers
- Creating a welcoming climate for new business development, outside investment and relocation of companies and employers
- Bolstering opportunities for job growth
- Leveraging the Sun Corridor and other regional collaboration efforts
- Strengthening our commitment to tourism as an economic engine
- Reaffirming the construction of infrastructure and commercial, residential, public and community facilities as a stimulus of our economy
- Creating and maintaining a positive climate for business

Within these broad categories are more specific actions and policy goals designed to increase our region's prosperity. Other sections of the plan, such as the Transportation Element, include goals for prioritizing road maintenance and identifying appropriate funding sources to repair our deteriorating transportation system, which is critical to improving our economy. Many of the other elements contained in Pima Prospers are also informed by Pima County's economic development strategies.

Action Items

13.1 Continue to advocate at the state and federal levels for increased revenue for transportation systems, particularly a statewide 10-cent per gallon gasoline tax increase, provided the entire HURF revenue stream is constitutionally protected from diversion. This can occur by direct legislative enactment or by the State Legislature referring the question of a tax increase and constitutional protection to the voters.

13.2 Continue planning for a bond authorization that includes projects and programs whose primary purpose is economic development, job creation and increasing the community's wealth.

13.3 Continue to make property tax reductions available to expanding or new primary employers or export-based employers as an economic incentive for expansion or relocation.

13.4 Continue with the development of the Pima Prospers Comprehensive Plan Update and ensure coordination with the 2015 through 2017 Economic Development Plan.



APPENDIX A

2012 to 2014 Economic Development Plan Action Plan Status

The adopted Pima County Economic Development Plan 2012-2014 outlined specific actions the County would take over two years to “provide the foundation for long-term economic growth and stability.”

This Appendix A to the 2015 update of the economic development plan details the status of the 20 action items, the four future challenges and 18 recommendations that made up the 2012 plan.

III. ACTION PLAN FOR JOBS

A. Protecting Our Existing Employers

1. Helping Raytheon Protect Existing Jobs and Expand

Status: In Progress.

The County spent \$6 million purchasing 382 acres south of Raytheon and has led extensive master planning activities for the entire region designed to create an industrial corridor and research and business park to attract supply chain companies. The County actively engaged with the Tucson Airport Authority (TAA), United States Air Force (USAF), and Raytheon to accommodate a TAA planned runway expansion.

Due to changing standards, some Raytheon facilities were too close to the existing Hughes Access Road, which requires periodic waivers from the USAF. Failure to relocate the road could result in the loss of the waivers and the inability for Raytheon to use these facilities. Pima County coordinated plans to relocate the road, completed the engineering, paid for a TAA coordinated Environmental Analysis, acquired right of way and is finalizing bids for the construction of a new road one half-mile south of the current road. Construction completion has been committed for the end of 2015. The cost of the relocation will exceed \$13 million, bringing the County's investment in the area to over \$20 million.

These two projects not only protect against the loss of existing jobs, they create the opportunity for Raytheon to cost effectively expand operations and employment in Tucson rather than in other states. Negotiations are ongoing with the TAA to acquire an expanded buffer that provides buffer space for multiple new Raytheon facilities, as well as relocation

of the munitions storage area for 162nd Fighter Wing of the Arizona Air National Guard (AZ ANG) should its mission change in the future.

2. Protecting the Military Functionality of Davis-Monthan Air Force Base and the 162nd Fighter Wing of the Arizona Air National Guard

Status: In Progress.

As a part of the County's efforts to insure ongoing viability of Davis Monthan Air Force Base, Pima County completed the acquisition of lands in the Departure Corridor using the last of \$10 million authorized in the 2004 bond election. We have also acquired land on the eastern edge of the Base to provide an additional setback from future development and are completing the improvement of Wilmot Road from Valencia Road to the newly improved south entry gate by using State-allocated Military Installation Funds. The County has also asked the State to eliminate nearly \$500,000 in lease payments for private and State lands inside the Base's perimeter fence to reduce annual budget demands.

The County led the effort to improve the security to the access road to the 162nd Fighter Wing AZ ANG at Tucson International Airport (TIA), which is located on 90 acres along Valencia Road. Pima County has master planned an area adjacent to the expanded buffer for Raytheon to relocate the AZ ANG's munitions storage area, giving it the space and buffers necessary to receive expanded missions in the future.

B. Building New Opportunities for Job Growth

1. New Aerospace/Defense Research and Business Park

RESULT: In Progress

The availability of over 500 contiguous acres near TIA, adjacent to the only rail line between Arizona and Mexico and within a few miles of two interstates, has invigorated interest through Tucson Regional Economic Opportunities, Inc. (TREO) and the Arizona Commerce Authority for large parcels in this area. Since the release of the 2012-14 plan, the City of Tucson has annexed the area and Pima County has led the effort with Union Pacific, Tucson and the TAA to develop a concept for rail service along the southern boundary of the proposed research park. The relocated Hughes Access Road will become the Aerospace Parkway. Tucson Water and the County's Regional Wastewater Reclamation Department are collaborating to provide service to the area, and Tucson Electric Power is installing power along the Aerospace Parkway, followed by Time Warner and Century Link. Grading plans are complete and rerouting of a regional power line is underway. Development and marketing coordination with the TAA for the remainder of the Research and Business Park is the next step.

2. Emerging Employment Centers for Biosciences, Medical Services, Science and Technology – The Tucson Tech Corridor

Status: In Progress; Pending.

The Port of Tucson has been certified for International container intermodal service and is installing a high-speed switch off of the Union Pacific Sunset line based on a County-sponsored \$5 million federal transportation grant.

The County Administrator has recommended and the Pima County Bond Advisory Committee has tentatively approved \$10.8 million in Pima County bond funding for constructing a portion of Science Park Drive, between Kolb Road and Rita Road, within the UA Tech Park in southeast Tucson. Completion is pending and contingent upon a successful bond election.

Planned incubator projects for both Innovation Park in Oro Valley and UA Tech Parks – “The Bridges” have been proposed for bond funding for development. Bond projects for a County Library/YMCA joint development with road relocation and improvements at the UA Tech Park near Rita Road are planned as well. Completion is pending and contingent upon a successful bond election.

The University of Arizona innovation arm, Tech Launch Arizona, has initiated successful mentor programs and funding alternatives to transition research results into products and successful businesses; and the Banner Health acquisition of the UA Medical Center comes with a commitment of significant infusion in medical infrastructure and service.

3. Regional Job Growth Centers in Oro Valley, Marana, Sahuarita and South Tucson

Status: In Progress

Oro Valley continues to grow in biosciences with Arizona State University recently partnering with Ventana/Roche and Sanofi with emphasis on expanding biotech research and commercialization projects. Marana has a new major retail development underway and housing starts are increasing in Marana and Sahuarita with development plans of varying sizes in the works. Marana has proximity to the Pinal Airpark and has plans to develop that area into an employment center. The County is also working with Pinal County officials in support of their efforts to improve the Airpark’s runway, as well as make 296 acres of County-owned land along the Pima/Pinal border available for economic development opportunities. The nearby planned Union Pacific Red Rock Classification Yard and area surrounding this planned development have seen active land acquisition, some from foreign investors.

The UA’s development of “The Bridges” is now part of Tech Parks Arizona with plans to locate Tech Launch Arizona, an incubator building and job training facilities in conjunction with the Joint Technical Education District, at the site. Retail development has progressed on the site, including a Wal-Mart and a Costco.

Sahuarita is creating an Economic Development Plan and is completing the Sahuarita East Comprehensive Area Plan (SECAP), which is a long-term vision of how residential and commercial growth, along with related infrastructure, interacts with employment centers at TIA and the UA Tech Park. Collaboration with the Sahuarita School District and the local mining community is underway to address the aging mine worker issue and technology demands.

4. Renewable Energy – Solar

Status: In Progress

The Board of Supervisors created the Renewable Energy Incentive District (REID) in 2012 to streamline approval of solar energy projects. The Board also amended the land use code to facilitate utility scale renewable energy installations.

The County completed the Prairie Fire Solar project at 7540 E. Old Vail Road in December 2012. The County leased 48 acres of a 100-acre parcel to Tucson Electric Power Company (TEP); and TEP established, commissioned and operates the five megawatt facility. Pima County benefits from the purchase of the power at reduced rates.

In addition, the County completed solar-covered parking facilities at three County locations – the Northwest YMCA, the new County Fleet Services facility and at the new Pima Emergency Communications Operations Center. All were built at no cost in exchange for locked-in energy rates for 20 years.

5. Leveraging the Intellectual Capacity of The University of Arizona

Status: In Progress

In addition to the County's collaboration with the UA's Tech Launch initiatives discussed above, the Pima County Health Department has been at the forefront of local efforts to enhance the value and relevance of the UA to the community. Continued support of the Graduate Medical Education (GME) program is a key component in addressing the healthcare provider shortage in Pima County by augmenting the Banner University of Arizona Medical Center's (Banner UAMC's) ability to train and retain the next generation of physicians. The GME program has resulted in over \$130 million in new funds flowing into Pima County and is responsible for an estimated \$500 million benefit statewide. Pima County's investment in Banner UAMC-South Campus alone has played a role in 26 new physicians completing their training and establishing practices in southern Arizona. Each physician is expected to have an economic impact of \$1 million per year.

6. Collaborating with Private Economic Development Activity Support Organizations

Status: In Progress.

Our contribution to Visit Tucson (former the Metropolitan Tucson Convention and Visitors Bureau) continues to be the largest of any jurisdiction. The County is working closely with Visit Tucson to attract supply chain business, commercial investment and medical tourism from Mexico to the region. Pima County and the City of Tucson are also collaborating with Visit Tucson on a business attraction office in the Vamos-a-Tucson facility in Hermosillo, Mexico where Vamos-a-Tucson staff will coordinate meetings and presentations at various companies and chambers of commerce in the region.

Pima County continues to support regional economic development and is the only local jurisdiction that contributes to TREO. We work together in the recruiting of new employers, as well as focus on identifying the opportunities and needs that will assist our existing employer base to expand. The Arizona Commerce Authority has become more aware of Pima County's efforts at supply chain attraction, and recognizes the long-term development potential of the Aerospace Parkway; the Aerospace, Defense and Technology Research and Business Park; and the Sonoran Corridor.

C. Revitalizing Tourism

1. Increasing Funding for the Metropolitan Tucson Convention and Visitors Bureau

Status: In Progress.

The County continues to contribute 50 percent of its annual bed tax collections to Visit Tucson. In Fiscal Year (FY) 2014/15, the City of Tucson increased its contribution from 25 percent to 33.3 percent. This helped increase the Visit Tucson budget of from \$6 million to \$6.5 million. Oro Valley increased its participation levels through 2014 and a new contract is being finalized. Both major tribes in southern Arizona, the Tohono O'odham Nation and the Pascua Yaqui Tribe, have contributed \$75,000 each to Visit Tucson.

2. Providing Incentives for Tourism by Discounting Facility Rental Fees

Status: Under Revision

Pima County and Visit Tucson staff have determined the discount thresholds established in the 2012 Economic Development Plan are too low and have recommended tiering discounts based on the room nights generated.

Old Tucson Studios and other attractions are working with video and film production studios to reduce their rates based on the length of stay in our region. Generally, this is coordinated through the Pima County Film Office, a division of Visit Tucson. Visit Tucson is rebating back to the convention organizer through its hotel master bill. The amount rebated is based on the number of room nights convention or event attendees use during the event.

3. Diversifying Sports Attractions by Encouraging Soccer as an Emerging Attraction Sport

Status: In Progress

The north side of the Kino Sports Complex has been renovated to include five new soccer fields, including a new soccer stadium with a grandstand that seats more than 2,000 fans. Major League Soccer (MLS) has held pre-season training and tournaments during the past three years in Tucson, two of which were held in the new soccer tournament area in the Kino Sports Complex along with training in the adjacent fields.

Pima County presented a marketing incentive program to MLS in FY 2014/15 that resulted in attracting 10 MLS teams and one Mexican team holding soccer exhibition games and a large multi-game tournament in February/March 2014. The MLS teams generated 3,008 room nights at resorts and hotels in unincorporated Pima County. Direct spending by the teams was estimated at \$1.3 million. Plans for FY 2014/15 include continuing marketing incentives, attracting more MLS teams and increasing the fan base with earlier marketing and promotional techniques with the help of the teams. In addition to Kino's new soccer fields and complex, Rillito Regional Park will receive in 2015 three additional fields and lighting. Rillito will then have 11 soccer fields.

4. Making Cycling a Tourism Destination Event

Status: In Progress

In June 2013, the Arizona Department of Transportation released an Economic Impact Study on bicycling in Arizona which showed that in almost every area, except triathlons, Pima County exceeded Maricopa County by almost two to one in the number of events related to cycling. The study shows annual retail sales of bicycle-related goods in Arizona to local and out-of-state customers is \$114 million. The County's 2014 Economic, Environmental, Community, and Health Impact report showed that for every \$1 invested in walking and bicycling-related infrastructure, the region reaps more than \$9.76 in return.

In 2013, Pima County completed The Loop Economic, Environmental, Community and Health Impact Study. In the nearly two years since the report was completed, more than 20 miles of new asphalt paths have been added to this shared-use path, bringing its total paved area to just over 100 miles. Eventually, The Loop will reach 131 miles around metropolitan Pima County, providing a linear park system unequaled in the Southwestern United States. Continued expansion of The Loop is creating jobs for engineers, construction workers, designers and workers who produce construction materials.

Pima County continues to sponsor several prominent cycling events annually, including El Tour de Tucson, the Old Pueblo Grand Prix and Cyclovia Tucson. A 2000 economic impact study done by the UA's Eller Business School showed El Tour had an approximately \$40 million impact on the local economy. At the time, El Tour had only 4,500 riders; the 2015 ride had nearly double that amount.

5. Creating New and Expanding Existing Tourism Venues through Public Investment

- a. **Arizona-Sonora Desert Museum and Water**
- b. **Pima Air & Space Museum Cold War Exhibit**
- c. **Pima Air & Space Museum Space Exploration**
- d. **Tumamoc Hill Regional Visitors Center**
- e. **Tucson Children's Museum**
- f. **Tucson Museum of Art**

Status: Pending

The County Administrator has recommended, and the Pima County Bond Advisory Committee has tentatively approved, \$87 million in Pima County bond funding for expansion of the Arizona-Sonora Desert Museum, the Pima Air and Space Museum, the Tucson Children's Museum, the Tucson Museum of Art, the Reid Park Zoo, Colossal Cave Mountain Park, and the Pima County Fairgrounds; the repurposing of Old Tucson; the restoration of Mission San Xavier's East Tower; the construction of a museum and orientation center at Canoa Ranch; and construction of a Southern Arizona Regional Visitors Center just west of Downtown. Completion is pending and contingent upon a successful bond election.

6. Improving Our Relationship with Mexico

Status: In Progress.

Pima County hired a bilingual/bicultural Coordinator of Economic Development and International Projects to focus on coordination efforts in Sonora/Mexico. Pima County printed brochures in Spanish to attract Mexican businesses and has created allies such as

the Arizona-Mexico Commission, Tucson-Mexico Trade Coalition, Tucson Hispanic Chamber of Commerce, Pima Association of Governments (PAG), Maricopa Association of Governments, Consulate of Mexico of Tucson, among others.

Pima County now has a regular presence in Nogales, Arizona and Sonora to continue to cultivate relationships with our Mexican neighbors. Pima County partnered with Visit Tucson and the City of Tucson to open a business office in Hermosillo in 2014 to facilitate Mexican tourism to the region and aid the process of business expansion and establishment for Mexican businesses in our region Pima County is developing a plan with Visit Tucson for a Mexican medical tourism strategy.

In 2015, our International Projects Coordinator will travel to Hermosillo on a monthly basis, or as needed, to meet with Mexican businesses interested in establishing operations in Pima County.

The Maquiladora industry in Sonora has asked Pima County, TREO, and PAG for assistance in developing local, more reliable supply chains for not only materials but services such as metal finishing, machining, injection molding and logistics support for products crossing the border. Our Economic Development Team and International Projects Coordinator will be working to ensure this opportunity is cultivated.

D. Creating a Positive Climate for Business and Improving Business Service

1. Accelerating Permitting Timeframes

Status: Completed.

For the period July to September 2014, 85 percent of all County building permit applications were approved within five business days. Review timeframes for commercial development concept permits, subdivision plats and site construction permits have been shortened to five business days. Plan review processes related to transportation, flood control and sewer have been combined into a single integrated process.

2. Modernizing the Permitting System

Status: In Progress.

The automated permitting system project is in the user-testing phase. System launch is schedule for July 2015 for County department usage, and online citizen access is planned for September 2015.

3. Reducing Utility Fees

Status: Completed.

A new wastewater connection fee methodology and fee structure were implemented July 1, 2012, which reduced connection fees up to 35 percent, depending on the type of development. Encouraging other utilities to lower their rates was unsuccessful.

4. Creating a Business Resource and Veterans' OneStop Center

Status: In Progress.

The model for the Business Resource OneStop Center is in progress and is pending identification of a suitable location. Alternatively, an option is being considered that would make the center an online resource that would serve as a “virtual” Business Resource Center OneStop. A formal business retention and expansion program is being formulated as part of the center. Planning efforts have included discussions with local chambers of commerce, development of guiding principles, concept meetings and creation of an internal Pima County survey to identify County resources that would provide maximum benefit to the business community. Planning will continue with development expected in FY 2015/16.

5. Building Bridges between Libraries and Workforce Development

A. Increasing Awareness through communications and marketing materials

Status: Completed.

The library uses its website, electronic communications, traditional public relations and social media to publicize library and Pima County services, information and programs that support small business development. The library developed an online forum to link business assistance organizations and entrepreneurs.

The Library launched a new website, www.library.pima.gov/, on the Bibliocommons framework that allows for easy information sharing on all business and career programming, including blogs, resource lists, links to business and skill-building databases, and both library and community sponsored workshop information.

The Library uses electronic newsletters to communicate and promote programs and services for small business, entrepreneurs, and nonprofit organizations. The Library maintains an active presence on social media platforms, including Facebook, Twitter, Pinterest, LinkedIn, and YouTube. The Library’s Idea+Space Facebook page includes constant updates on events, programs and business insights.

B. Expanding partnerships and networking opportunities

Status: In Progress.

Important library partnerships include:

- Literacy Connects, which provides English language and citizenship classes at multiple library branches.
- Pima Community College (PCC) Family Literacy Program, which provides adult education opportunities to non-English speakers. The library also coordinates with PCC to provide resources and services to mature workers through the Back to Work 50+ program and Encore Plus 50 program.
- SCORE, which has “office hours” at the Joel D. Valdez Main Library and the Oro Valley branch.
- Since July 2014, the Idea+Space has held robust business programming by partners like the Women’s Business Center, Lead Local, the Procurement Technical Assistance Program, Small Business Association, and Tucson Entrepreneurs.
- YWCA, which has partnered with the library to implement a teen-created financial literacy program for girls in April 2015 at its facility.

- The library partners with the Arizona Department of Economic Security and Tucson Veterans Serving Veterans to provide career services to local veterans.
- AARP has collaborated with the library to facilitate the Life Reimagined program.
- The Library held its sixth Job Connectors Meet-up in 2014. The library participates in the Keys to Employment Symposium, hosted by the Metropolitan Education Commission, to provide information regarding important library resources related to career exploration, college preparation, and skill-building for our local high school students.

The Library's brand-raising campaign will be completed in 2015. The library has begun to review the existing printed materials that promote the available business-related workshops and services.

C. Providing Programs for Business Startup Success

Status: Completed

The Library initiated programming around self-employment as a path to self-sufficiency and financial stability with its Self-Employment and Micro-Enterprise Initiative. The initiative expanded library programming that helped 453 residents explore their interests and learn new skills to complete the business registration process, launch a new business, or take the next steps toward a new venture or future career.

The Library provides additional counseling and assistance for aspiring small business owners and entrepreneurs through drop-in sessions and coordination with community partners like SCORE, Women's Business Center, and Pima County OneStop.

The Library created the Idea + Space for entrepreneurs, nonprofits, and business startups to work with local mentors, attend informational sessions and use open space to pursue nontraditional career and business ventures.

D. Enhancing the Skills and Readiness of Job Seekers

Status: In Progress.

The Library developed a Community Impact Plan for 2013-2016. This plan included concepts for economic expansion and prosperity, working with the Workforce Investment Board (WIB) to collaboratively offer small business development and include basic skill development and employee learning. Since 2012, the library has collaborated with the WIB to promote programming, resources and tools for job seekers, entrepreneurs, and small businesses available through the library and Pima County OneStop.

In 2013, Pima County OneStop case managers established "office hours" at three library branches; making contact with over 1,200 customers in a one-year period. In February 2015, OneStop will establish "office hours" at a fourth library location. Information about OneStop services can be found at all library branches.

The Library provided Career Exploration and Self-employment workshops to veterans at the Kino Veterans Workforce Center in late 2013 and early 2014.

The library continues to coordinate with OneStop to provide access to technology and meeting room space for programming needed to facilitate the training of County and State personnel in the provision of services to job seekers.

In addition to hosting a number of programs that focus on helping people re-tool their skills for the changing workplace, the library has a successful Job Help program that assists people in building new skills that improve their employability.

Local organizations provide free programming to jobseekers covering topics such as resume writing, dressing for success, and interview techniques. Employers provide job listings and job fair information to the almost 20 different library branches providing drop-in Job Help.

6. Recognizing the Importance of Urban Form to Economic Development

Status: In Progress

Urban form planning theories have been included in drafts of Pima Prospers, the County's Comprehensive Plan update. Public input and plan preparation phases of Pima Prospers have concluded. Plan adoption hearings are planned by the Planning and Zoning Commission and the Board of Supervisors between March and July 2015.

IV. FUTURE CHALLENGES

A. Developing New Investment Strategies for Transportation Systems

Status: In Progress

Pima County leaders have lobbied the Arizona Legislature and Governor for solutions to State infrastructure investment. County leadership continues to advocate for more and better transportation infrastructure investment. This effort is a component of this 2015 Economic Development Plan update.

B. Changing Attitudes about Investing in Public Infrastructure

Status: In Progress.

The Arizona Auditor General completed a State-mandated audit of the County's bond program and found it to be a model for other counties in the State. It found the bond program to be transparent, accountable and a benefit to all citizens of the County. With that audit in hand, the County has pursued another bond election that would invest in cultural and recreational amenities, tourism expansions, public safety, libraries and transportation infrastructure. All of the County's regional jurisdictions and numerous organizations, neighborhood associations and community groups made hundreds of requests for bond projects.

The County in 2014 completed a multiyear overhaul and reconstruction of the County's wastewater system, providing capacity for regional growth for decades to come and that helps secure the region's water future by creating effluent that recharges the aquifer more readily.

The Board of Supervisors has adopted successive legislative agendas that seek to lobby State officials about the economic necessity of infrastructure investment. The County

encourages and endorses efforts by PAG, the regional planning body, to improve the transportation infrastructure of our region and the State.

County officials make numerous public appearances each year to educate the public about the County's infrastructure needs.

The County has created a Communications Office that seeks to keep the public informed about County policy, activities and programs. The office produces informational materials distributed at public meetings and elsewhere to educate the public on County infrastructure needs.

C. Recognizing our Utility Resources are Regional Assets

Status: In Progress.

Pima County continues to be served by numerous municipal water providers that have varying access to renewable water resources, water development and delivery infrastructure and financial resources. Tucson Water's service area policy emphasizes extension of its delivery infrastructure limited to areas described by the City as obligated service areas. Lacking one dominant regional water provider, many water providers are collaborating to deliver renewable water to their respective service areas through wheeling agreements using Tucson Water infrastructure. Regional planning efforts are ongoing to support maximum use of renewable water, including CAP and reclaimed water, and to store renewable water for future use.

Pima County's Comprehensive Plan Update, Pima Prospers, includes a Water Resources Element with proposed goals and policy statements for water sustainability.

D. Eliminating Jurisdictional Competition

Status: In Progress

With the expanding economy in Mexico, local jurisdictions have begun participation in various programs and trips to encourage increased business opportunities within the Sonoran Desert Region. Working with Visit Tucson, Pima County and the City of Tucson have established a joint use office in Hermosillo. Council/Board members from Pima County, the City of Tucson, Sahuarita, Oro Valley and Marana have all participated in efforts to increase regional benefits over time.

One of the perceived competitors for economic expansion is Maricopa County, yet the Maricopa Association of Governments has shared their tools and the actual data they use to incorporate economic, zoning and demographic data to enable the County's GIS system to include the same type of information for all entities in Pima County.

While each jurisdiction wants to attract specific types of employers to their area, development of infrastructure and other community assets to attract business is an important factor in making all of Pima County attractive. Pima County has worked with all of the jurisdictions to develop specific projects for consideration by the Bond Advisory Committee to improve the region's attractiveness to new and expanded businesses.

Although Pima County is the only jurisdiction contributing to TREO, when a new prospect for relocation or expansion reaches out to TREO, their staff invites the appropriate jurisdictions and landowners to the discussion to ensure we present the most appropriate assets from the entire region to attract those prospects.

As the County initiated the vision and conceptual development of the Sonoran Corridor, we have had a number of jurisdictional partners join the process. The Tohono O'odham Nation and San Xavier District, Sahuarita, the City of Tucson, the TAA, Arizona State Land Department, and the UA have all been involved to advance this priority project for our region.

V. RECOMMENDATIONS

1. Accept the Economic Development Action Plan.

Completed.

2. Ratify Draft Economic Development Plan Actions.

Completed.

3. Prepare Responses. Direct staff to prepare specific responses to all comments received from interested parties regarding the Draft Economic Development Report.

Completed

4. Relocate Hughes Access Road.

In Progress

5. Support Davis-Monthan Air Force Base and the 162nd Fighter Wing of the Arizona Air National Guard.

In Progress

6. Help Abate Aircraft Noise.

Withdrawn

7. Plan the Aerospace/Defense Research and Business Park.

In Progress

8. Support the UA Tech Park.

In Progress.

9. Fund the Aerospace Parkway and Alvernon Way Improvements.

In Progress.

10. Support Economic Development in Jurisdictions.

In Progress

11. Support Solar Renewable Energy Projects.

In Progress

12. Increase County Investments in Economic Development Agencies.
Completed

13. Discount Kino Sports Complex Use Fees.
In Progress

14. Facilitate Amateur and Professional Soccer.
In Progress

15. Finish and Enhance The Loop
In Progress

16. Expand Tourism Venues.
Pending

17. Support Regional Land Use Planning.
In Progress

18. Refer Proposed Bond Projects to the Pima County Bond Advisory Committee for Review.
Pending