



QUALITY JOBS. QUALIFIED WORKERS.

**Friday, April 11, 2014 – 7:30 a.m.**

Pima Community College, Community Campus, Room A109, 401 N. Bonita Ave.

## **MEETING MINUTES**

### **MEMBERS PRESENT**

Hank Atha	Zara Larsen
Jacob Bernal	Suzanne Lawder
Johnson Bia	Noreen Nelson
Rose Capono	Arnold Palacios
Judy Clinco	Bev Paul
Vaughn Croft	Jill Pearson
Wilette Diggs	Beverly Price
Peggy Feenan	Carld Rosborough
Peg Harmon	Paul Roughton
Chris Hazen-Molina	Mike Verbout
Gregg Johnson, Chair	Frank Watts
Doug Jones	

### **MEMBERS ABSENT**

Linda Arzoumanian	Kim Murray
Steven Banzhaf	Lea Peterson-Marquez
Duane Bock	Regina Romero
Clarence Boykins	Alan Storm
Deborah Embry	Julia Strange
Michael Guymon	Pam Sutherland
Clayton Hamilton	James Zarling
Kari Hogan	
Lydia Kennedy	
Dorothy Kret	
Sharon Mikrut	
Charles Monroe	

### **PIMA COUNTY STAFF and GUESTS PRESENT (28)**

- I. Call to Order** – 7:40 a.m., Gregg Johnson, Chair
- II. Pledge of Allegiance** - All
- III. Roll Call** – Arnold Palacios
- IV. Staff Reports** (15 minutes) – Pima County Community Services
  - A. Jim Mize reported that Paragon Space Development Corporation had 17 layoffs due to unexpected end of NASA contracts.
  - B. Dorothee Harmon announced **(1)** the \$54M federal grant that was awarded to Pima County. The Youth CareerConnect grant will prepare and train 940 high school students for critical jobs in local technology industries. The grant will help create four-year career pathways in biotechnology and applied information, industrial and aviation technology for young people in Tucson, Sierra Vista, Nogales, Rio Rico and Yuma

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over a 54-month period. **(2)** Pima County's "Career Strategies" for foreclosure-impacted individuals, is a small pilot grant for special job training and employment services for individuals who have been impacted by foreclosure. Pima County One-Stop is partnering with the Pima County Housing Center that is referred to as El Banco - designed to provide citizens with one convenient location to obtain resources and information on sustainable and affordable housing. This grant will fund a Workforce Development Specialist to work at El Banco, for foreclosure prevention and for those who have gone through foreclosure. Services and direct consumer support is funded through the National Mortgage Settlement funds administered through the Arizona Attorney General's Office.

- C. Charles Casey's updates included Local Employment data; the Veterans Retraining Assistance Program that ended 03/31/14 and provided 12 months of training assistance to unemployed Veterans; a Rapid Response success story; the Return to Work SB1281 did not make it; JTED's 9<sup>th</sup> Grade program not resurrected, some budget cuts restored, and \$500,000 allocated statewide for students to take state licensure/certification tests; no Federal Legislative updates; the Federal Dept. of Education Post-Secondary—Proposed Gainful Employment Rules would apply to private school certificate and degree programs and public school non-degree certification programs; and Colorado's Emerging High Growth Industry can train at the Cannabis Hemp Academy, can get jobs through Hemp Temps and Cannabis workers are in high demand.

**V. Comments from Chair** – Gregg Johnson announced that the Executive Committee decided to keep a focus on economic development so this month's panel will discuss expansion and retention. Gregg read recently about the number of single parent homes. In the 1960's, 70's and 80's it was 6% to 10% and now it is over 50%. This does impact economic development. Please pay attention to this so we can continue to help people get good quality jobs.

**VI. Action Item:** To approve March 14, 2014 Meeting Minutes – Suzanne Lawder motioned to approve, Willette C. Diggs seconded the motion and all approved.

**VII. Board Member Announcements/Call to Public** – Gregg Johnson

- A. Carl Rosborough announced the U.S. Department of Labor has recently released a solicitation for the continuing operation of the Fred G. Acosta Job Corps Center. The Center has to go through this procurement process every five years.
- B. Vaughn Croft announced 4<sup>th</sup> Annual Logistics Youth Career Expo, April 30, at the Port of Tucson. The Port is also hosting their own Expo on April 30, 8 a.m. to 5 p.m.
- C. Johnson Bia announced that he wanted to acknowledge two visitors Paul Frankowiak and Kelly Crawford, from the Arizona Department of Education, Adult Education Services unit. Paul said thank you for making Arizona the second leading state in the nation, on our key measures success. Pima County providers have a lot to do with that performance.

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## VIII. Economic Development Panel –

Facilitator: Dr. Zara Larsen, President, The Larsen Group: Architects of Change

- Rob Morton, Vice President, Business Expansion, Arizona Commerce Authority (ACA)
- Eric Nielsen, Director, U.S. Commercial Service/Arizona, International Trade Administration (ITA)
- David Welsh, Executive Vice President, Tucson Regional Economic Opportunities (TREO)

A. What trends do you see in local businesses with regard to expansion and then the resulting need from a job perspective to be able to make that kind of transition?

1. Eric Nielsen, ITA, replied that they work with 600 companies statewide and 150 in Tucson annually. They are interested in going to a wide variety of countries and are not limited to Mexico and Canada even though they are our biggest markets. We do not have a lot of companies coming to us asking about getting in on expansion in Mexico. In the next 25 years, Mexico will be the fifth largest economy in the world. Some may not want to go to Mexico because they believe it is not safe for travel. Mexico does have a different business culture that may also keep businesses away. Small businesses can not see themselves supporting and taking all the time it takes, to work with Mexico. Working with Mexico does require someone to be able to speak competent business Spanish. The larger need is for the actual planning that goes into the strategy for long term international. Export Tech is a program where 7 companies devote three Fridays in one month, to develop marketing plans. They make data driven decisions. A small group of experts will critique and come up with a plan so the businesses may follow through.
2. Rob Morton, ACA, replied that ACA is a public/private organization founded three years ago to replace the Department of Commerce. ACA has tax payer funded, incentive programs for attraction and expansion training. One of ACA's branches is the export trade program headed by Kevin J. O'Shea who goes around the state to assist companies in making connections for export markets, who may not have ever exported their products. Kevin assists with trade shows and marketing materials.
3. David Welsh, TREO, said we do foreign direct investment. TREO works closely with ITA and ACA and believes ACA is an incredible partner. Eric is an under utilized resource in our community. TREO would like to have more companies that are export companies but that are not retail. We need all companies that have something that goes outside of this economy and brings capital in. It is fun to cut ribbons for new companies, but what is essential to economic development, is recruitment and retention.

B. Vaughn Croft asked what is the major negative for movement in or out of Mexico?

1. Eric Nielsen, ITA, replied, some business owners have a fear of violence. Sometimes, it is the spouse of the business owner, who will not allow the business

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travel to happen. The investment required to modernize and change the route of the current one rail line through Nogales, Arizona, will require a large amount of money.

C. Carl Rosborough asked how do we get over our fear of flying if we know Pima County is going to be an inland port?

1. Rob Morton, ACA, replied that they work with the Port of Tucson to try and promote what they are doing. Rob speaks to companies mostly about expansion. Expansion is not visible in the media until after the fact. If anyone knows of anyone expanding (hiring and investing), please refer them to Rob. They may have a program to help them do that. ACA has tax credits available for hiring that includes \$9,000 per new employee and job training. For manufacturing, ACA has a qualified facilities program that gives a 10% cash rebate, cash back, for capital equipment investments. With TREO's help, we try to move the needle in Tucson on expansion. Some recent successes (hiring at high wage and benefit levels; investing in equipment and facilities) include Securaplane, Zygo Optical, Modular Mining Systems, Ascent Aviation, and Aerospace Advance Manufacturing.
2. David Welsh, TREO, replied that logistics is a key focus area. We need to think about ourselves as being part of the Sun Corridor that extends to Mexico. It is not just about Tucson it is about our connectivity to Phoenix. David knows he can pull skilled people from Phoenix but Albuquerque can not. The Sun Corridor is lining up from the Picacho Rail Yard to where I-10 and I-8 meet.

D. Hank Atha asked what are the right investments?

1. David Welsh, TREO, replied that TREO wants to be on the front end and provide skilled workforce or have tax benefits. The right investments are in education, innovation and infrastructure.
2. Rob Morton, ACA, replied that retention is not a non-purpose for ACA. ACA has RevAZ, Arizona's Manufacturing Extension Partnership (MEP) center, and Dave McKeehan is the Tucson representative. Dave meets with small companies and provides technical advice on their supply chain and processes. ACA also offers an accelerator loan fund so if a business has difficulty getting a loan from a bank, the ACA will pay up to 49% of the action of the loan, or up to \$2 million dollars, to help. This feeds into retention.

Johnson Bia mentioned to David Welsh, TREO, that several Pima Community Colleges are involved and investing in programs. David replied that TREO is very appreciative of their support.

E. Vaughn Croft asked what is happening with the new I-11 that will run between here and Canada?

1. David Welsh, TREO, replied that we will make Nevada and Idaho better if I-11 were to be built. We hold the key to the fifth largest economy coming up and want this I-11 to go through Tucson.

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- F. Jacob Bernal asked who is Tucson's competition and what are our strategic advantages?
1. Eric Nielsen, ITA, replied that a few are Albuquerque, Colorado Springs, Boise, and Sacramento. They are not the largest cities, but second tier in terms of size. Austin may be some day. Strategic advantages include our location and the UA.
  2. Rob Morton, ACA, replied that we compete with all western states except California. Texas has money to throw around but there is a certain threshold they have so we can get in with some good quality companies and jobs without getting their attention.
  3. David Welsh, TREO, replied that we have strategic advantages on sectors including solar, aerospace and defense and logistics. We study these strategic assets and know we have some things that position us to be the best in a sector.
- G. Paul Roughton asked do you see a development of Tucson vs. only downtown?
1. David Welsh, TREO, replied that it is essential. When we did the first blueprint we had five components that had to work together and downtown was one of those. As we roll out the updated blueprint later this month, we are letting education be handled by other folks. TREO is now focused on healthcare, infrastructure and talent for the next blueprint. Downtown was left out because of the progress made since last blueprint.
- H. Jim Mize asked why do we not get more positive media?
1. David Welsh, TREO, replied that we do not get the attention we need. The perception of us is what we project out there. We have to be careful and aware of the stories being told locally and that are being read nationally. In regards to the 28,000 who are currently unemployed – there are as many as 3,500 open positions that can not be filled. Raytheon has 400 positions that they are unable to fill. Ventana has 200 vacancies. We have a skills gap.
  2. Eric Nielsen, ITA, replied that ITA believes that they do a good job helping companies with their individual export initiatives but do a terrible job of telling the stories. Sometimes it is the business that does not want the publicity.
  3. Rob Morton, ACA, believes the newspaper does a good job featuring expansion news but the television coverage could be improved.
- IX. Next Meeting:** Friday, May 9, 7:30 a.m., Santa Rita High School, JTED Culinary Arts and Conference Center, 3951 South Pantano Road, Tucson, AZ 85730.
- X. Adjournment** – 9:02 a.m.

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