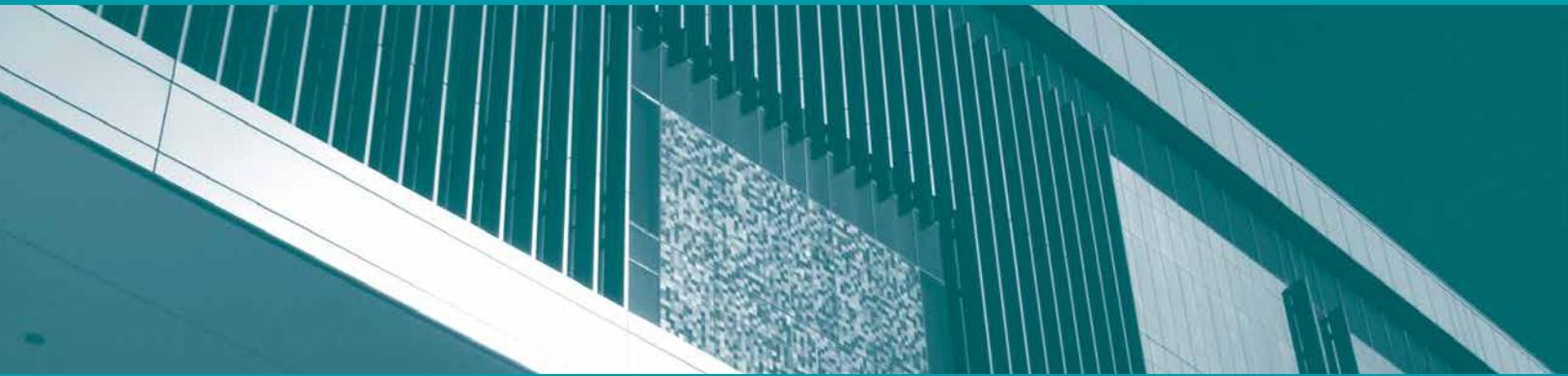


Chapter 14

Investing for an Economically Competitive Future



Chapter

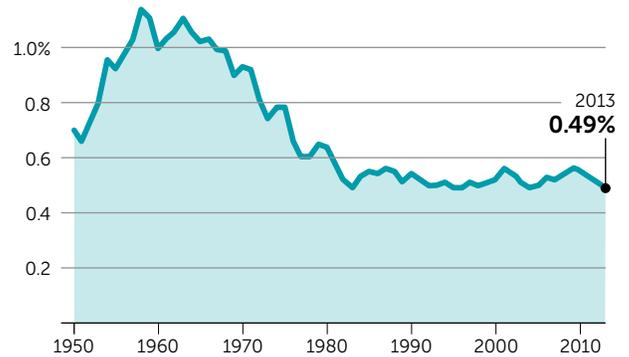
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Creating a competitive economic environment does not happen by accident in a modern world. The economic centers of the Middle Ages were strategically located such that the crossing of trade routes developed over centuries. Today, economic competitiveness 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 is more competitive.

STATE AND FEDERAL SPENDING ON HIGHWAY INFRASTRUCTURE AS A SHARE OF GDP



Source: Josh Bivens, Economic Policy Institute The Wall Street Journal

Neither our nation nor our state have 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.



Our transportation systems – ports, airports and surface transportation highways – have 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.

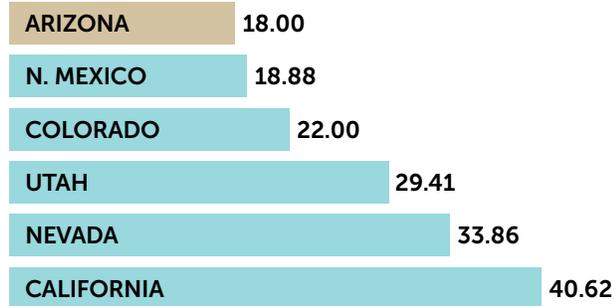
Unfortunately, the Arizona Legislature has failed to address the issue of transportation financing for the last 26 years, during which time inflation has cut the purchasing power of the 1991 transportation tax revenues in half. A 40-percent increase in fuel economy has further reduced the purchasing 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 Port of Entry.

Also, adjacent states, including Nevada, have already increased their gas tax to facilitate the construction of Interstate 11 (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

CURRENT GAS TAX IN WESTERN STATES*



* Cents per gallon

maximize the expansion benefits to the region from increased, targeted transportation system investments.

As we have previously done, the County will advocate that additional transportation revenues be enacted by the Arizona Legislature. We will also request legislative authorization to address the inequitable distribution of Highway User Revenue Funds (HURF) to Pima County. **Table 14-1** shows the unincorporated per capita distribution of HURF among Arizona's counties.

Despite being the most populous unincorporated area in Arizona, Pima County receives nearly the least amount of HURF on a per capita basis. The Legislature should correct this inequity by further modifying the distribution variables associated with HURF; weighting fuel sales in unincorporated area population equally, rather than the present formula that places 72 percent weight on origin of fuel sales and 28 percent weight on unincorporated population.

The region's existing roadways require major maintenance investments due primarily to no increases in fuel taxes for 25 years. **Table 14-2** shows the typical cost of certain consumer items or products over the years and how they have changed in stark contrast to other substantial increases.

State and Federal fuel taxes have remained unchanged, while wear on the transportation system has increased due to improved vehicle fleet efficiency. To solve this problem locally,

14-1 PER CAPITA HURF REVENUE BY COUNTY FOR FY 2015/16

County	July 1, 2015 Unincorporated Population	FY 2015/16 HURF Revenue	FY 2015/16 Per Capita HURF Revenue	FY 2015/16 Per Capita Rank
Apache	61,811	\$6,666,348.18	\$107.85	14
Cochise	50,914	7,881,972.01	154.81	6
Coconino	55,236	9,558,844.93	173.05	3
Gila	26,043	3,596,978.81	138.12	8
Graham	21,138	2,355,078.29	111.41	13
Greenlee	5,243	874,515.59	166.80	4
La Paz	14,198	3,925,343.66	276.47	2
Maricopa	293,878	102,052,646.35	347.26	1
Mohave	78,269	12,049,277.20	153.95	7
Navajo	69,495	8,069,820.43	116.12	12
Pima	361,023	42,543,064.80	117.84	11
Pinal	204,925	19,132,085.77	93.36	15
Santa Cruz	27,397	3,352,548.86	122.37	10
Yavapai	86,141	11,403,316.18	132.38	9
Yuma	64,180	10,219,683.40	159.23	5
Statewide Total	1,419,891	\$243,681,524.46		

Per Capita Revenue based on July 1, 2015 population, the most recent estimate available.

14-2 COMPARISON OF COST OF CONSUMER PRODUCTS

Item	Unit/Description	1993	2010	%Change
College Tuition	Average Tuition and Required Fees	\$3,517	\$9,136	160
Gas	Per Gallon	1.12	2.73	144
Movie Ticket	Average Ticket Price	4.14	7.89	91
House	Median Price	126,500	221,800	75
Bread	Per Pound	1.08	1.76	62
Income	Median Household	31,272	49,167	57
Stamp	One First-Class Stamp	0.29	0.44	52
Beef	Per Pound of Ground Beef	1.57	2.28	46
Car	Average New Car	19,200	26,850	40
State Gas Tax	Per Gallon	0.18	0.18	0
Federal Gas Tax	Per Gallon	0.184	0.184	0

legislation should be enacted that allows a Regional Transportation Authority to ask the voters for a maintenance and repair half-cent sales tax to be in place for 10 years that 1) is distributed on the basis of population to each jurisdiction; 2) used exclusively for pavement rehabilitation, preservation and repair, with no funds used for any other purpose; and 3) the work be privately contracted. Such would pro-

vide the maximum benefit for the taxes levied.

Finally, Arizona continues to fall competitively behind our competitors in providing transportation capacity mobility. The Arizona Legislature should, again, increase the State's fuel tax or shift to a more reliable source of transportation revenue; one that increases with population growth and inflation.

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 42 years. The most recent approval was for a new animal care facility. This bond measure was approved in November 2014 for \$22 million.

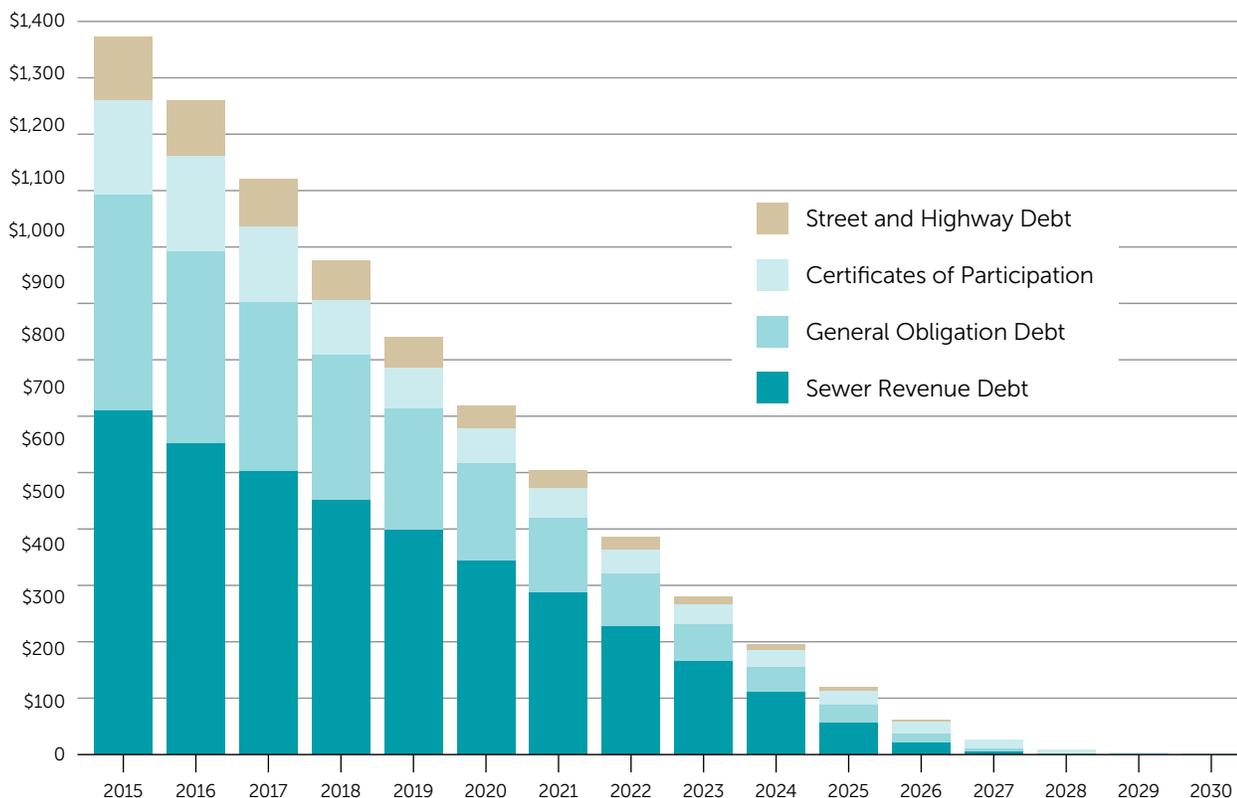
Of the \$2.064 billion in bonds approved by the voters, \$1.965 billion has been issued, and \$1.401 billion has been repaid. The remaining debt of \$564 million is being repaid at the rate of approximately 10 percent per year. Hence,

in 10 years, the County will have repaid most bond debt. In addition to the bonded debt, Pima County also has \$169 million in Certificate of Participation debt and \$450 million in Sewer Obligation debt.

County debt is aggressively retired and well managed. The graph below shows the debt repayment structure for the County's four principal areas of debt – General Obligation Bonds, HURF Bonds, Sewer Revenue Debt and Certificates of Participation.

In just two years, Pima County's debt is reducing from \$1.27 billion in Fiscal Year 2015 to \$1.02 billion in Fiscal Year 2017, a reduction of \$253 million. Over the next four to five years, this debt is expected to be reduced by half and almost fully retired within the next 10 years. This is short-term investment debt, since many of the bonds paid for key regional infrastructure or other projects designed specifically to improve the overall economic wellbeing of the community.

COMBINED DEBT OUTSTANDING PRINCIPAL (IN MILLIONS BY FISCAL YEAR)



In November 2015, voters rejected all bond programs placed before them; reflective of concerns regarding debt, debt load and overall economic uncertainty. A new capital bond program should be reformulated by a citizen-appointed Bond Advisory Committee and placed before the voters as early as 2018, with priority given to capital investment projects that will foster overall economic development and tax base expansion. This would include the necessary matching funds for the Sonoran Corridor, an interstate auxiliary highway, connecting Interstates 10 and 19; incubators and startups to grow primary export-based employment in the aerospace, space, defense, technology and energy sectors; and projects and programs that foster increasing tourism and economic activities and stimulus for the service employment sector.

The County has previously invested, with taxpayer approval, General Obligation Bonds to protect the Davis-Monthan Air Force Base (DMAFB) Departure Corridor from urban encroachment. In 2004, \$10 million in bonds were authorized for this purpose. These funds have been spent to acquire property and prevent unwise urban encroachment. It is important that another \$10 million investment in this activity occur in any future bond issue; perhaps as early as 2018 to protect the Departure Corridor, as well as all other operational flight path corridors and training sites associated with the pilot training activities at DMAFB and the 162nd Arizona Air National Guard. DMAFB, working with the County to take advantage of our knowledge and experience in open space planning as demonstrated in the Sonoran Desert Conservation Plan, is pursuing a Readiness and Environmental Protection Integration Program (REPI) grant for DMAFB departure corridors and other flight corridors necessary to transit from DMAFB to the Barry M. Goldwater Range.

Given the air space training assets in Arizona, it is important the pathways or air corridors to these training sites be preserved and protected. Such will ensure long-term military use of DMAFB as an important national defense asset, ensuring not only continued missions, but

14-3 DEBT OF ARIZONA'S COUNTIES

County or State	Overlapping Outstanding Principal as of 06/30/14	Debt Per Capita
Maricopa	\$ 17,870,439,737	\$ 4,530
Pima	3,642,264,813	3,657
Yuma	556,731,377	2,660
Yavapai	551,389,386	2,585
Mohave	521,975,209	2,564
Santa Cruz	118,949,113	2,417
Pinal	872,913,456	2,217
La Paz	39,451,230	1,881
Coconino	232,828,882	1,716
Gila	73,586,979	1,371
Navajo	127,688,277	1,175
Cochise	127,483,489	974
Graham	31,961,190	844
Apache	44,721,611	620
Greenlee	4,049,486	371
Statewide Districts	18,108,157,349	2,752
Total	\$ 42,924,591,584	\$ 6,522

military operational expansion with resulting economic benefits to the entire community.

Factors that may have influenced failure of the November 2015 bond election include economic uncertainty and fear over the County's debt load. This debt was portrayed as the highest in the State, which it is for a County; but it does not consider the overlapping debt of all other jurisdictions within a County or compare those debt loads with other jurisdictions in other counties within the State. Only by such a comparison can Pima County's per capita debt load be placed in proper perspective. Based on the most recent report of the Arizona State Treasurer¹, Pima County's debt load is relatively low compared to others. A comparison of the total overlapping debt load, by county, as shown in **Table 14-3** shows that Maricopa County residents have substantial-

¹ As of October 2016, the most recent final State Report of Bonded Indebtedness available was for Fiscal Year 2013/14.

ly more overlapping debt than Pima County residents.

When Pima County’s per capita debt is compared with other per capita debt of municipalities within Pima County, our debt is low. **Table 14-4** shows the per capita debt reported by the Arizona State Treasurer for Marana, Oro Valley, Sahuarita and the City of Tucson.

When put in perspective, Pima County’s debt load on a per capita basis is not excessive. In fact, it would be viewed as below average, particularly when factoring in our accelerated debt repayment profile.

Table 14-5 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.

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 \$8.986 billion in FY 2009/10 to \$7.817 billion today – a 13 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 our best investment in 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 com-

14-4 PER CAPITA DEBT, PIMA COUNTY AND ITS MUNICIPALITIES

City/Town	Outstanding Principal as of June 30, 2014	Debt Per Capita
Tucson	\$1,117,540,559	\$2,128
Marana	68,526,000	1,775
Sahuarita	41,061,502	1,534
Pima County	1,325,564,419	1,331
Oro Valley	55,220,067	1,325

14-5 BOND AUTHORIZATIONS HISTORY

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

petitive 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 – bonding.

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

In 2012, the City of Tucson adopted boundaries for the Downtown/Gateway Redevelopment Area and Central Business District, which provided the legal means for the City to enter into Government Property Lease Excise Tax (GPLET) agreements and tax abatements as a redevelopment incentive within this geographic area. These agreements commence after significant improvements have been made to the property and reduce costs for private developers and property owners by transferring title of the improved private property to the City for an 8-year period, which then leases the property back to the private entity making the property exempt from real property taxes during the lease term. Normally, there would be a lease excise tax levied in lieu of property taxes; but since the properties are within the Central Business District, the lease excise tax is also abated for the 8-year term.

While GPLET use is relatively new in the downtown area of Tucson, there are a number of projects that have utilized this property tax incentive as approved by the Tucson Mayor and Council. The results show the stimulus for development for this and other economic development incentives has and will result in a significant expansion of the tax base and, hence, additional property tax revenues after the tax abatement period expires in eight years. **Table 14-6** shows the current results of use of this tax abatement strategy where the development has been in place sufficiently long to have been valued after improvement.

Regarding the Herbert Apartments (former low-income housing), although the full cash value increased by 76 percent from Tax Year 2014 to Tax Year 2016 – reflecting the time period before and after construction – the limited or taxable value has only increased five percent. This case is under discussion with the Pima County Assessor, as there should be a method for correcting this so as to capture the increased value in the tax base.

14-6 GPLET PROPERTY VALUE INCREASES AFTER PROPERTY IMPROVEMENTS

Project	Property Value Increased?	Full Cash Value % Increase	Limited/Taxable Value % Increase
1 E. Broadway	Yes	1,183	1,155
Herbert Apartments	No	76	5
Mister Car Wash	Yes	115	101
Wildcat House	Yes	107	92

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 18 percent to 5 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 1- 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. Diversifying County Revenue Sources to Lower the Property Tax

Pima County’s FY 2016/17 primary property tax rate is \$4.2896 per \$100 of assessed value, the highest in Arizona. The average primary property tax rate among counties in Arizona is \$2.2724. The main reason Pima County’s primary property tax rate is so high is Pima County is the only county among the 15 counties in Arizona that does not have a sales tax to fund certain General Fund services. If the County were to have a sales tax, our primary property tax rate could be substantially lowered. **Table 14-7** shows the array of the various sales taxes employed by counties in Arizona to reduce their property tax support of county operations.

There is no direct correlation between a higher than average county primary property tax rate and decreased business attraction. If this was

true, metropolitan areas with larger tax burdens, such as San Francisco, would be losing companies instead of leading the country in business attraction and job creation.

Pima County’s strategic economic development efforts have led, and will continue to lead, to increased capital investment that serves to expand the tax base. The attraction of new businesses adds to the tax rolls and is a very important component of our economic development strategy. Growing the tax base means taxable income of the County increases; hence, other taxpayers will bear less of the tax burden.

We must also enhance our efforts to diversify the revenue base to reduce our reliance on property taxes for conducting County operations. The best starting point would be to ask the voters to approve a quarter-cent jail tax for direct property tax reduction. Enacting a jail

14-7 FY 2016/17 COUNTY SALES TAX RATES AND SPECIAL TAXING DISTRICTS PROPERTY TAX RATES

County	County General Fund Excise Tax	Public Health	Jail Excise Tax	County Road Tax	Healthcare District
Apache	0.50%	\$0.1961 ^{SPT}	\$0.2899 ^{SPT 1}		
Cochise	0.50%				
Coconino	0.50%	\$0.2500 ^{SPT}	0.50%	0.30%	
Gila	0.50%		0.50%		
Graham	0.50%		0.50%		
Greenlee	0.50%	\$0.2500 ^{SPT}			
La Paz ²	0.50%		0.50%		
Maricopa			0.20%		\$0.3053 ^{SPT 3}
Mohave	0.25%				
Navajo	0.50%	\$0.2500 ^{SPT}			
Pima					
Pinal	0.50%	0.10% ^{ET}		0.50%	
Santa Cruz	0.50%		0.50%		
Yavapai	0.50%		0.25%		
Yuma	0.50%	0.112% ^{ET}	0.50%		

SPT = Secondary Property Tax, listed as a dollar tax rate

ET = Excise Tax, listed as a percentage

¹ Apache County Jail Excise Tax includes \$0.2000 and \$0.0899 property tax rates for Jail District and Juvenile Jail District.

² La Paz County does not include 1.00% County Bonds Judgment Excise Tax authorized pursuant to A.R.S. § 42-6112.

³ Maricopa County Special Health Care District maintenance and operations and bond interest and principal tax rates.

Sources: Arizona Department of Revenue, Transaction Privilege And Other Tax Rate Tables, effective October 1, 2016, and FY 2016/17 County Adopted Budgets.



The best starting point would be to ask the voters to approve a quarter-cent jail tax for direct property tax reduction. Enacting a jail tax would reduce the County's primary property tax rate by \$0.4649.

tax would reduce the County's primary property tax rate by \$0.4649.

In addition, if the County were to adopt the half-cent sales tax or excise tax option available through a unanimous vote of the Board of Supervisors, the County's property tax rate would be reduced by \$0.9298.

These two sales tax revenue sources for the County could decrease our property tax rate to \$2.8949; closer to the statewide average of \$2.2724.

Further, the County has been the subject of a number of State cost transfers that artificially increase the County's primary property tax rate. The single largest transfer was attempted by the Arizona Legislature beginning in Fiscal

Year 2015/16 when the Legislature transferred a portion of the funding obligation for education in Arizona to other taxing districts. Historically, Arizona and its school districts have had the exclusive responsibility of funding State education. Pima County believed this transfer was unlawful and sued in Maricopa Superior Court. This proposed cost transfer was declared unconstitutional and was reversed. This action saved the County \$32 million during the time period it would have been imposed and allowed Pima County to lower the primary property tax rate.

Similar State cost transfers have been enacted by the Legislature; some very recently, others over the last few years. Among these are the State Juvenile Detention cost shift; requiring the County to pay a portion of the cost of operating the Arizona Department of Revenue; the

14-8 PIMA COUNTY – BUDGETED EXCISE TAX REVENUES FOR FISCAL YEAR 2016/17

County / City / Town	General Fund	Special Revenue	Road Tax	Bed Tax	Total
PIMA Hotel/Motel				\$6,414,000	\$ 6,414,000
PIMA Car Rental		1,475,000			1,475,000
PIMA RTA			75,900,000		75,900,000
Tucson	197,630,160			17,928,020	215,558,180
Marana	24,156,385	6,000,000		937,884	31,094,269
Oro Valley	15,073,000	2,105,163		1,085,805	18,263,968
Sahuarita	5,058,410	1,912,970			6,971,380
South Tucson	2,993,990			23,745	3,017,735
Total	\$244,911,945	\$11,493,133	\$75,900,000	\$26,389,454	\$358,694,532
July 1, 2015 Pima County Population					1,009,371
Per Capita Estimated Excise Tax Revenues					\$355.36

14-9 MARICOPA COUNTY - BUDGETED EXCISE TAX REVENUES FOR FISCAL YEAR 2016/17

County / City / Town	General Fund	Special Revenue	Road Tax	Bed Tax	Total
MARICOPA Jail Tax		\$149,670,043			\$149,670,043
MARICOPA RARF			411,400,000		411,400,000
MARICOPA Car Rental		5,024,959			5,024,959
AZ Sports & Tourism Authority -Car Rental		13,897,802			13,897,802
AZ Sports & Tourism Authority -Hotel/Motel				16,947,259	16,947,259
Avondale	29,589,520	14,678,536	-	-	44,268,056
Buckeye	23,851,720	-	-	53,900	23,905,620
Carefree	3,028,769	-	-	-	3,028,769
Cave Creek	4,178,800	1,830,600	-	-	6,009,400
Chandler	105,336,000	-	377,250	-	105,713,250
El Mirage	6,700,000	-	-	-	6,700,000
Fountain Hills	7,551,057	779,412	-	-	8,330,469
Gila Bend	1,455,000	-	-	-	1,455,000
Gilbert	81,000,000	-	-	-	81,000,000
Glendale	103,449,149	24,186,732	25,053,441	-	152,689,322
Goodyear	42,255,860	-	-	-	42,255,860
Guadalupe	1,655,208	-	-	360,766	2,015,974
Litchfield	4,999,690	-	-	-	4,999,690
Mesa	107,196,170	22,332,650	26,799,180	3,000,000	159,328,000
Paradise Valley	11,296,436	-	-	3,147,831	14,444,267
Peoria	68,171,225	-	11,953,148	-	80,124,373
Phoenix	-	443,531,000	-	-	443,531,000
Queen Creek	17,613,170	7,456,310	-	-	25,069,480
Scottsdale	117,583,449	36,899,037	20,361,102	18,714,000	193,557,588
Surprise	40,489,000	2,655,800	2,300,900	150,900	45,596,600
Tempe	90,079,612	7,548,857	37,256,871	6,689,087	141,574,427
Tolleson	15,000,000	-	-	-	15,000,000
Wickenburg	3,565,000	-	-	-	3,565,000
Youngtown	1,603,967	-	-	-	1,603,967
Total	\$887,648,802	\$730,491,738	\$535,501,892	\$49,063,743	\$2,202,706,175
July 1, 2015 Maricopa County Population					4,076,438
Per Capita Estimated Excise Tax Revenues					\$540.35

14-10 PINAL COUNTY – BUDGETED EXCISE TAX REVENUES FOR FISCAL YEAR 2016/17

County / City / Town	General Fund	Special Revenue	Road Tax	Bed Tax	Total
PINAL	\$15,063,692	\$2,840,057	\$7,500,000	–	\$25,403,749
Apache Junction	12,325,000	–	2,233,700	–	14,558,700
Casa Grande	18,000,000	2,296,300	3,592,300	–	23,888,600
Coolidge	3,600,000	1,201,600	3,021,700	–	7,823,300
Eloy	5,063,500	225,000	846,250	–	6,134,750
Florence	2,650,000	1,605,000	1,006,431	–	5,261,431
Kearny	489,722	–	73,986	–	563,708
Mammoth	193,495	–	74,000	–	267,495
Maricopa	8,991,000	497,500	1,184,000	–	10,672,500
Superior	716,613	–	240,138	–	956,751
Total	\$67,093,022	\$8,665,457	\$19,772,505	–	\$95,530,984
July 1, 2015 Pinal County Population					406,468
Per Capita Estimated Excise Tax Revenues					\$235.03

Notes:

- Budgeted FY 2016/17 revenue for Gila Bend is not available and the number shown is the budgeted revenue for FY 2015/16.
- Pinal County road tax revenue for cities and towns includes both locally assessed tax revenue and each city/town's share of the half cent Pinal County transportation excise tax. Also, Pinal County votes in November 2016 on whether to adopt an additional half cent transportation sales tax that would allow the Pinal Regional Transportation Authority to fund transportation projects in the county.

Sources:

- County, city/town and special taxing authority FY 2016/17 adopted budgets.
- ADOA, Office of Employment and Population Statistics, July 1, 2015 population estimates.

Restoration to Competency Program previously paid for by the State; and the detainment in State hospitals of sexually violent persons after completion of serving a criminal sentence for sex crimes. These recent State cost transfers cost Pima County another \$5.8 million. If these State cost transfers could be reduced, the County can further reduce our property tax from \$2.8949 to \$2.8179.

Adopting this property tax reduction strategy will require the Arizona Legislature to provide the County the authority to use two distinct sales tax sources for property tax reduction and repeal recent State cost transfers. The question that arises is whether enacting sales taxes to reduce property taxes places Pima County in an uncompetitive environment. To determine if such is correct, it is appropriate to examine the sales tax burden in Pima County with our primary competitors, Maricopa and Pinal Counties. **Tables 14-8, 14-9 and 14-10** show the average sales taxes levied within Maricopa, Pinal and Pima Counties for

all jurisdictions, counties, cities, towns and special districts.

Conclusion: Increasing the County's sales tax will not place us at a competitive disadvantage with Maricopa County. Using sales tax proceeds to reduce property taxes makes us more competitive with Maricopa County.

E. 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 update to the Pima County Comprehensive Plan, 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 current 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. A draft of the Economic Development Plan was made available for public and agency comment, ensuring the community had ample opportunity for input and participation in the continuing development of the primary economic development strategies of Pima County.

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 busi-

ness 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.

F. Strengthening and Regionalizing Job Attraction and Expansion

Pima County is a major contributor to private economic development planning within Pima County, and the County annually contributes approximately \$650,000 to Sun Corridor Inc. While these activities focus on expanding job opportunities within Pima County and its various jurisdictions, these opportunities are also important in the larger context of the Sun Corridor and support ongoing activities related to protecting and expanding federal military operations at our more significant Army, Marine and Air Force Bases in southern Arizona, with specific emphasis on retaining and expanding activities at Davis-Monthan Air Force Base (DMAFB). The Sun Corridor envisions a very large region for economic opportunity covering multiple counties within Arizona. It



Pima County solicited feedback on the draft Pima Prospers Plan at events like Tucson Meet Yourself.

is important our privately-financed economic development planning be able to support larger scale economic development within the Southwestern states, as well as nationally, by emphasizing economic opportunities and our relationship with Mexico.

The logistics opportunities represented by large scale transportation investments promote the region as an interstate and international trade and freight hub centered on Tucson International Airport with its access to surface, rail and air transportation. The economic development investments made by Pima County and Sun Corridor Inc. should be augmented by investments of up to \$200,000 per year to support the concept of the Sun Corridor economic development expansion opportunities, including bi-national activities with Mexico.

It is also appropriate to assist private sector activities, specifically the DM-50, in ensuring there is a strong economic future for DMAFB. Both the City of Tucson and Pima County have committed an allocation of \$60,000 per year over the next three years for this purpose.

These investments, while not investments in physical infrastructure, are just as important to ensure maximum economic benefits from these planning activities.

G. Centralized County Economic Development Activity

To ensure the economic development activities of the County are positioned to provide maximum opportunity for tax base expansion, economic development has been centralized in the County Administrator's Office, where specific and active involvement can occur on all economic development-related activities of the County. Under direction of the County Administrator, the Office of Economic Development has primary responsibility for the implementation of the Pima County Economic Development and the relate business attraction, retention and expansion activities that occur as part of the plan. The ongoing centralization of economic development activities has included the creation of a Director and Deputy Director of Economic Development titles for two existing positions, consolidation of the Office of Strategic Planning to the Econom-

ic Development Office, and realignment of the former Pima County Economic Development and Tourism Department into the Office of Attractions and Tourism. As part of this process, the Economic Development Director has conducted an inventory of all Pima County offices, departments and divisions involved in economic development (such as Pima County One-Stop, Development Services and Public Works) to ensure coordinated internal communication and expedited responses to economic development projects and opportunities.

In addition, Pima County Economic Development has created more focused coordination with other southern and central Arizona jurisdictions through regularly scheduled regional economic development meetings. Pima County now also includes staff from the City of Tucson's Office of Economic Initiatives and Sun Corridor Inc., in its internal Economic Development

support County responses to meet the needs of industry, the workforce and the community. These needs are constantly changing. Today, many companies are faced with an aging workforce, and many workers struggle to keep up with technological innovations. On the other hand, many younger people who have grown up with technology do not understand the importance of many of the "nontechnical" occupations and career pathways available to them, including many hardworking, young people in our County who struggle to make ends meet working two or three part-time jobs.

The One-Stop's Business Services Team makes contact with hundreds of employers each year to determine talent needs. This team is able to develop stylized, long-term talent solutions for the workforce needs identified by industry. One example is the Southern Arizona Manufacturing Partnership that brought machine shops,

The One-Stop's Business Services Team makes contact with hundreds of employers each year to determine talent needs

ment Team meetings. In addition to being the primary interface for companies seeking to relocate or expand in Pima County, the Pima County Economic Development Office has become the point of contact for Sun Corridor Inc., Arizona Commerce Authority and other economic development entities. The office will also implement the County's international initiatives contained within the Economic Development Plan for Mexico, Canada and East Asia. The office will also be charged with marketing Pima County's Aerospace, Defense and Technology Business and Research Park and all other Pima County properties that have previously been identified as suitable for economic development purposes.

H. Redoubling Our Efforts for Expanded Workforce Training and Investment

Talent, a critical component of economic development efforts, is coordinated through the County's One-Stop system, which continues to

educators and workforce together to establish a steady pipeline of talent. More recently, Pima County Administration was made aware of concerns among some of its major employers that are projecting critical shortages of skilled employees in the area of aircraft maintenance, repair and overhaul. The County's One-Stop Team convened meetings with representatives from multiple employers, including Bombardier and Ascent Aviation, to hear firsthand the concerns and needs of the companies for specific skilled trades. Pima County One-Stop then worked with Pima Community College to develop short-term training/certifications of value to the aerospace industry and is now actively working to expand the program. Previously, training was not locally available, even though local aerospace companies continue to hire. This program is particularly attractive to many people leaving military service at DMAFB, who can quickly transition into well-paying jobs.

The County's Workforce Investment Board periodically reviews industries that offer career

pathways, available training and the training's effectiveness. This enables local workforce staff and training institutions to refine training investments in our workforce. Community and employer participation in this process remains strong.

As the public workforce system, One-Stop develops specialized training programs for specific populations. This is often done by adapting best practices, such as was done in establishing the Sullivan Jackson Center for the Homeless. In a new initiative, Pima County secured grant funding to place a basic One-Stop employment center approach directly in the County's minimum security detention facility. Locating these services within this should help people move more quickly into employment, help them avert homelessness and reduce recidivism.

A well trained workforce is most important to attracting or expanding businesses in Pima County. As our success rate of acquiring new jobs increases, flexibility and agility in meeting increasing demand will be needed. Workforce development has been the backbone of regional economic development for many years, but our efforts must be expanded as employment demand increases and more of the experienced workers age out of their trades, requiring us to redouble our workforce training and investment.

I. Primary Pima County Economic Development Partners

There are three primary partners in economic development working with and cooperating with Pima County. They are the Arizona Commerce Authority, Sun Corridor Inc., and the City of Tucson.

Arizona Commerce Authority (ACA)

The ACA is the State's leading economic development organization with a streamlined mission to grow and strengthen Arizona's economy. The ACA uses a three-pronged approach to advance the overall economy: recruit, grow, create. Recruit out-of-state companies

to expand their operations in Arizona; work with existing companies to grow their business in Arizona and beyond; and partner with entrepreneurs and companies large and small to create new jobs and businesses in targeted industries. The primary role of the ACA is to provide State incentives for job creation. These incentives include the Qualified Facility Program, which provides a matching refundable income tax credit for eligible companies making capital investments to establish or expand a facility; Quality Jobs Tax Credit, an up to \$49,000 of Arizona income or tax credit spread over three-year period for each new job created; the Computer Data Center Program, which provides transaction privilege tax and use tax exemptions on qualifying purchases of computer data center equipment; the Angel Investment Tax Credit, which provides credits to investors who make capital investments in small businesses certified by the ACA; and reimbursable job training grants, research and development tax credits, as well as other incentives.

Sun Corridor Inc.

Sun Corridor Inc. is a local regional economic development entity, primarily privately financed. Its only significant public fiscal contribution comes from Pima County, which is \$650,000 for FY 2016/17. Sun Corridor Inc. is a CEO-driven regional alliance whose members aggressively champion economic competitiveness and quality of life. Operating as TREO for the past 10 years, the organization has helped to drive significant business investment into the Tucson and southern Arizona region through primary job creation.

Sun Corridor Inc. is comprised of private companies, public sector, higher education and nonprofit entities and offers a comprehensive approach of programs and services to facilitate job and investment growth by the attraction of new primary companies, the retention/expansion of existing primary companies and increased business creation/entrepreneurship strength across southern Arizona.

Sun Corridor coordinates all of the various incentives that can be provided to business-

es and employers choosing to either relocate or expand in Pima County. These incentives range from those of the State, County and City to public utilities or educational institutions working in the area of workforce development.

City of Tucson

The County's third major economic development partner is the City of Tucson. The City and County collaborate on numerous economic development activities and coordinate, as well as centralize, these activities through the County Administrator's Office and the City Manager's Office.

J. Cooperative Regional Economic Development Planning

While the main focus of the Pima County Economic Development Plan is on initiatives Pima County will or has initiated to retain and generate new jobs, other jurisdictions in our region also have specific plans or economic development objectives of their own. Several are consistent with the County's objectives, and a number are very appropriately focused on individual jurisdiction needs. Regardless of the origin of the initiative, any success helps the region move forward as we work together to increase employment and the quality of our workforce, as well as tourism and work to end poverty.

Pima County reached out to the various jurisdictions to identify areas of alignment and individual focus. This section focuses on common initiatives between the county and the jurisdictions.

1. City of Tucson



In 2014, the City of Tucson published their Comprehensive Economic Development Strategy that focused on a wide range of topics and included an analysis of economic development strengths, weaknesses, opportunities and threats. The report focused on goals specifically outlined in the Sun Corridor Inc. Blue-

print Update, which identified three areas that would better the Tucson product when proposing to companies considering relocation or expansion in the region. Those three key areas are talent, infrastructure, and business environment. To address these three areas, the City identified specific goals, several of which are consistent with the County's Economic Development Plan and are discussed below.

Recruitment, Retention, and Expansion

Assist existing Tucson firms in continuing to thrive and expand and attract firms that bring primary jobs to Tucson. Jobs are the consistent thread that drives the economic efforts of all organizations in the region. Retention efforts are consistent with the County's focus on protecting our existing major employment base, as well as the development of primary job centers. Both the City and the County are actively engaged in supporting our military bases and retention of major employers. A key common focus is the support for workforce development and working with local educational institutions to increase skill levels, pay levels, and develop a more versatile workforce to make existing companies more competitive and attract new employers.

International Trade

Expand international trade efforts, especially in Mexico. International trade is valuable to the local and national economy as it brings new money into the country. Areas consistent between the City and County plans include increasing Foreign Direct Investment, expanding the number of business selling goods and services internationally, and promotion of Tucson as a leading transportation and distribution hub. Both the City and the County have staff focused specifically on international trade and recruitment of Foreign Direct Investment (FDI). A City/County shared office with Vamos a Tucson in Hermosillo, Sonora is actively used for recruitment and developing international relationships. The County coordinates with the City on activities with the Canada Arizona Business Council to improve exposure and encourage investment and relocation of businesses to the Tucson region.

Both the City and County value and support the Port of Tucson and their efforts to increase foreign trade with East Asia and the Republic of Korea.

Entrepreneurship

Facilitate the creation of new firms through technology transfer, working with The University of Arizona and other entrepreneurship efforts. Coordination with Tech Launch Arizona focuses on developing local talent and creation of home grown enterprises. The university system across the State has a broad range of incubator and entrepreneurial programs that help address a wide array of technologies that offer excellent opportunities for growth. This is consistent with the County's focus on cooperatively leveraging the intellectual capacity of the university system in a wide range of disciplines.

Investment in Key Commercial Areas

Encourage investment and revitalization of Tucson's key commercial areas/corridors through incentives and infrastructure improvements. In the County's Economic Development Plan, Downtown Enhancement is a key factor; calling for investment in the City core utilizing specific County assets. The City has made major investments to revitalize the downtown area resulting in significant new private investment. The City and the County have responsibility for major infrastructure components in the community. Both have highway responsibility, the City has water, and the County has wastewater; all key factors in making the region competitive. Consistent with the Sun Corridor Inc.'s infrastructure emphasis, both entities need to prioritize infrastructure development and encourage the remaining utilities to participate in the development of key commercial areas, such as the Aerospace Parkway and Sonoran Corridor, to improve the region's competitiveness in being able to respond quickly to inquiries from prospective companies. As the common denominator in essentially all expansion and recruitment efforts, the City and Pima County are always involved in recruitment activities because of their infrastructure responsibilities and incentive potential. The

City of Tucson and Pima County are working together to develop a Utility Resource Guide that assists prospective employers and site selectors in understanding timelines and costs associated with delivery of utilities to prospective parcels.

2. City of South Tucson



South Tucson has many attributes that are expected to accelerate the City's business attraction and expansion activities. South Tucson's location in a major metropolitan area with direct access to Interstate 10 (I-10), proximity to Interstate 19 (I-19), proximity to Tucson International Airport (TIA) and adjacency to the Union Pacific rail line place it an enviable location for economic development.

The City's geographic location would also likely lead to business attraction and expansion opportunities from policies in the Pima County Economic Development Plan that include the development of an Aerospace, Defense and Technology Business and Research Park, I-11 and the Auxiliary Interstate Highway and activities related to protecting the region's major employment base. The City of South Tucson would likely see benefit from increased logistics development in the TIA Environs.

South Tucson staff is currently assembling an inventory of developable or available commercial property and could benefit from increased collaboration with Sun Corridor Inc., Pima County and other regional economic development organizations to increase business attraction to the city.

Furtherance of Pima County's strategies to increase the region's economic interaction with foreign economies such as Mexico, Canada, and East Asia and the Republic of Korea would also create opportunities for the City of South Tucson in the areas of trade, tourism and FDI.

South Tucson is also focused on expanding its existing businesses and increasing its tax base. Approximately 60 percent of its sales

tax revenue flows from the City's well-known restaurants. Efforts to strengthen the region's tourism as delineated in the Pima County Economic Development Plan would likely increase visitation to South Tucson businesses. The development of a Pima County Business Resource One-Stop Center would also be beneficial to the development and expansion of small and medium-sized establishments within South Tucson.

Job training, workforce connections and employment base development as described in the Pima County Economic Development Plan will also be critical areas for collaboration between the City of South Tucson and Pima County.

3. Town of Sahuarita



Sahuarita's "Blueprint for Economic Growth and Prosperity" builds on the community's

abundant assets and advantages. Strategies include retaining and growing existing economic drivers and employers, investing in and strengthening present and future employment centers, elevating Sahuarita's identity and profile in Arizona's economic development arena, and ensuring that Sahuarita's present and future employers are able to cultivate, retain and attract the talent they need.

One of Sahuarita's specific goals is to provide "A broader support for current and/or planned employment centers in Sahuarita." This goal is consistent with Pima County's emphasis on the development of shovel-ready primary employment center sites discussed previously in Chapter 1. Over the next five years, Sahuarita anticipates an annual population growth rate of 4.25 percent. The Sahuarita Farms master planned community covers 7,000 acres, and the Sahuarita East Conceptual Area Plan incorporates 39 square miles. These two projects will provide new, well planned, community assets that will help attract the workforce for our regional employment centers. New road infrastructure in the area north of Sahuarita will enhance connectivity between this planned growth area and the region's

major employment centers. Coordinated infrastructure planning will be a key factor in the success of this region; and continuation of cooperative efforts between Sahuarita, the San Xavier District and the County will be key factors in supporting this growth area, as well as improving the commute for this high concentration of new workforce.

Sahuarita's location adjacent to active copper mines employing several thousand employees makes it an ideal location for three of the County's Economic Development focus areas. According to the W.P. Carey School of Business at Arizona State University, the 2012 impact of mining on Pima County's economy was estimated to be 14,230 jobs and over \$1.3 billion in total income. The average annual income of mining company employees is \$99,500. Labor projections indicate that between expansion and replacement of an aging workforce, this industry will need a total of 128,000 jobs by 2019. Emphasis on at least three specific economic development areas is a common factor between the County and Sahuarita Economic Development Plans. First is "Leveraging the Intellectual Capacity of Arizona's Universities." The University of Arizona (UA) operates the San Xavier Underground Mining Laboratory six miles west of Sahuarita as a training and research facility. The regional Pima County Joint Technical Education District (JTED) and Sahuarita Unified School District are working with Tech Parks Arizona and the San Xavier Mine to establish cooperative agreements for Mining and Industrial Technologies Career and Technical Education Course. These efforts complement the County's focus on job training and employment base development. These are high-paying jobs with a long-term future in Arizona, and the training programs have strong support from nearby employers.

Promoting tourism throughout Pima County is also a shared goal. Madera Canyon, south of Sahuarita, is a major tourism destination. Gently sloping hills and roads lend themselves to new cycling and running events to be commonly promoted, as well as capitalizing on expanding ecotourism activity.

4. Town of Marana



The Town of Marana updated in October 2015 its 2010 Economic Roadmap that serves as the planning document for the Town's economic development priorities. In addition,

Marana has a regularly updated overarching strategic plan that includes a comprehensive section entitled "Commerce" that helps guide policy decisions related to business and economic development.

Marana's rapid growth and aggressive support for business attraction, retention and expansion, combined with its geographic location and the proximity of transportation infrastructure that includes I-10, Union Pacific Railroad and the Marana Regional Airport, ensure abundant opportunities for Marana's economic growth and collaboration with Pima County on the policy goals contained in this Economic Development Plan Update.

Marana staff has expressed a strong desire to address economic development in Pima County through a regional approach.

Marana's northern boundary is in proximity to Pinal Airpark in Pinal County, which was discussed in Chapter 1. Marana served on the Master Plan Advisory Committee for the Pinal Airpark. Marana's strategies and vision for the airpark mirror Pinal County's priorities that seek to bring the facility into Federal Aviation Administration compliance for general aviation use and examine surrounding land use, zoning and planning for the area. The Town will continue to work closely to prevent encroachment and maximize economic opportunities. Marana Regional Airport, another economic asset for the region, is in close proximity to Pinal Airpark and on the same aeronautical heading, furthering the need for a tower to control airspace. Collaboration between Pima County, Pinal County and Marana is necessary to capitalize on the economic development opportunities related to the Pinal Airpark.

Marana is the only municipality in Pima County to operate a tourism and visitor's bureau independent of Visit Tucson with its own destination marketing organization created as a department to focus its tourism attraction strategy. Greater collaboration between Marana and Pima County can be synthesized within the individual policy goals and initiatives discussed in Chapter 6; especially in the areas of sports attractions, cycling, joint public investment and creating international tourism opportunities.

Other areas for potential Pima County/Marana economic collaboration include workforce development initiatives, infrastructure development and investment, and international economic opportunities.

5. Town of Oro Valley



The Town of Oro Valley's economic development priorities include a strong focus on recruiting, retaining and expanding bioscience and high technology companies.

Oro Valley seeks to build on its existing industry base that includes leading tech companies such as Honeywell, Sanofi, Sigma Technologies International, Securaplane Technologies and Ventana Medical Systems, a member of the Roche Group.

Pima County's Economic Development Plan recognizes the Town's sector strategy and proposes Pima County development of a proposed bioscience/biotechnology startup and business accelerator in the Town with other private sector and public partners. In addition, Oro Valley and Pima County will collaborate with Sun Corridor Inc. to identify and facilitate other related sector industries for location in the Town's Innovation Park and other suitable locations in Oro Valley.

Oro Valley and Pima County will work together to further the action items for regional infrastructure investment for job creation. A critical aspect of the Town's future economic development and growth is the previously considered

annexation of Arizona State Land Department (ASLD) trust land located north of the Town. Pima County worked closely with Oro Valley and ASLD to develop a master planning process before the economic recession stalled the project in 2009. Pima County will work with Oro Valley and the ASLD to reactivate this important planning process that would significantly expand primary job development, while retaining open space and preserving the quality of life in the region.

Oro Valley has a diverse economy and active business retention and expansion program intended to increase the Town's employment base. Oro Valley would benefit from increasing its workforce from the development of the Pima County Business Resource One-Stop Center and expansion of the regional public workforce system. In addition, the Town has significantly expanded its recreation facilities, including cycling and multiuse paths, parks, the Oro Valley Aquatic Center and the proposed purchase of the El Conquistador Country Club facility and has substantial resort and hotel facilities that offer opportunities for increased collaboration through the tourism strategies discussed in Chapter 6. Further, Oro Valley elected officials and staff has been active in regional initiatives to increase tourism and trade with Mexico. Oro Valley could also increase tourism and create additional Foreign Direct Investment, trade and supply chain opportunities through the Canadian, East Asian and South Korean initiatives discussed in Chapters 9 and 10.

6. Pascua Yaqui



The Pascua Yaqui Tribe was federally recognized in 1978 and consists of eight mainly urban locations in the Phoenix and Tucson area, as well as eight traditional communities in Mexico. The

Tribe is a significant employer, with over 900 government workers and 1,200 hospitality workers employed at their successful Casino Del Sol Casino and Hotel. With a mixture of cultural and entrepreneurial emphasis, the

Tribe has identified four focus areas that are consistent with those included in the County's Economic Development Plan. Additionally, there are specific Tribal Initiatives that focus on sustainability and cultural heritage that are consistent with a number of County programs.

Tourism

With two casinos and a major resort hotel, the Tribe is heavily focused on and responsive to the tourism market. As part of their marketing research activity, they have identified serious interest in cultural tourism – especially from international visitors from the Asian and Central European markets. This effort is consistent with the County's focus on enhancing our relationships with Mexico, East Asia and the Republic of South Korea. The Tribe is actively involved with a proposed County bond project to revamp Old Tucson, a Pima County attractions property, to create a heritage museum that celebrates Native American Heritage.

Workforce Development.

The Tribe emphasizes workforce development in a number of venues. The very successful hospitality training program at the Casino del Sol Hotel trains hotel employees, as well as hospitality staff for other Native American hotels and casinos, which results in the attraction of students to the area from various venues. With a goal of diversifying career pathways among the Tribe's youth, the Tribe was successful in obtaining a Native American Career and Technology Education Program grant that has been helpful in coordinating allied health, avionics and manufacturing programs with JTED. The Tribe works cooperatively with the Pima County's One-Stop Career Center, Tucson Unified School District, Pima Community College, Arizona State University, Northern Arizona University, and the UA Workforce Education Development Office to define needed skills and then develop appropriate programs to address them.

Infrastructure Development.

In the initial stages of the Tribe's formal land organization, their lands consisted of 202 acres. Today, these land holdings are over nine times greater. As a sovereign nation, the Tribe

recognizes the need for appropriate land use planning and zoning of their lands in preparation for use by tribal, as well as non-tribal, users and is now adopting a zoning ordinance. Since much of their land is in the floodplain, cooperation with Pima County's Regional Flood Control District is a priority. This is exemplified by the fact that the Pima County Bond Advisory Committee has a mutually supported project under consideration that will prevent flooding for a large number of homes on the reservation.

Economic Development

The Tribe is engaged in a number of environmental and sustainability projects, including investment in solar power generation, and is a focal point of the Arizona Commerce Authority Renewables Program. The Casino has been consistently pursuing the implementation of a sustainability plan focused on LEED standards, community education and outreach. The Tribe remains true to its heritage by focusing on sustainability and minimizing the environmental impact of their capital investments.

7. Tohono O'odham Nation



The Tohono O'odham Nation, consisting of four noncontiguous segments totaling more than 4,460 square miles in Arizona and Mexico, is a sovereign nation that historically has had an agrarian focus. The Nation is now prioritizing infrastructure, land use planning and workforce development as key factors impacting the future job opportunities of Nation members and the opportunity to prepare the workforce for a more technical orientation that improves their employment opportunities.

With an unemployment level of over 35 percent, finding jobs for members is a key priority. The remote nature of the Nation has made participation in some suburban economic development opportunities very limited. However, the availability of large land tracts, a different tax structure, presence near major highways and a

large available workforce enables the Nation to compete for economic development projects.

Infrastructure

In order to make the vast reaches of the Nation more accessible, the Nation has identified infrastructure and highways as major priorities in their economic development objectives. This is consistent with Pima County's emphasis on Regional Infrastructure Investment for Job Creation as discussed in Chapter 2 of this plan. The San Xavier District's proximity to I-19 and the planned Sonoran Corridor provide excellent opportunities for commercial development and expansion of the Desert Diamond Casino adjacent to international trade routes with rapidly growing traffic volumes. Some of the potential routes for the Intermountain West Corridor (I-11) are near the Nation's north and eastern boundaries. The Nation is actively participating with Pima and Pinal Counties in the development of alternative routes through southern Arizona in anticipation of the planned I-11 Environmental Impact Study that will begin in summer 2015. These projects, in conjunction with the Arizona Department of Transportation (ADOT) improvements being made to State Highway 86 which bisects the Nation, provide opportunities to capitalize on location and new highway development to make various portions of the Nation competitive for commercial and community development. Improvement of road infrastructure, with a focus on reliability of travel and the creation of housing developments near commerce areas, increases the availability of the workforce to employers on and off the Nation. The Tohono O'odham Utility Authority will also have a key role in ensuring that appropriate communication and electrical power are made available to designated commercial and residential areas on the Nation.

Another major factor impacting the Nation is flooding. Pima County's Regional Flood Control District is responsible for planning and mitigation of drainage and flood control issues throughout the County and is available to cooperatively analyze and recommend mitigation. Analysis has already been performed along the Santa Cruz River in the San Xavi-

er District with recommendations made to minimize erosion and loss of valuable lands to flooding. Additionally, Pima County is working with the San Xavier District and the United States Bureau of Reclamation to mitigate flooding along the Cemetery Wash west of San Xavier Mission. As road infrastructure is developed, drainage planning is a key factor in the development process. Managing drainage is an important part of the Nation's infrastructure planning process.

Land Use Planning.

With a land base of 2.8 million acres, the Nation has many opportunities for the use of their lands. Appropriate land use planning and regulation are critical to planning for commerce and community development on the Nation. This is consistent with the County's Comprehensive Plan "Pima Prospers," which focuses on comprehensive land use planning and regulation that support orderly economic development and predictable land usage that minimizes conflicts and sets the path for long-term sustainability. Pima County will offer the County's land use and zoning codes and rationale to the Tohono O'odham Nation as examples should they wish to utilize them.

Workforce Development

The third common priority for the Nation that is consistent with the Pima County Economic Development Plan. Understanding regional opportunities for employment will create the framework for the workforce development focus of the Nation as they prepare their members to compete for jobs in the community, as well as attract industry to the Nation. There are a number of workforce training opportunities in the County, as well as a well-organized training capability on the Nation. As the Nation increases their emphasis on workforce development, Pima County will integrate the Nation's various training initiatives to ensure focus on the skills that give them the highest potential for success.

Tourism

The hotels and casinos of the Nation are already key components of our tourism draw for the region. Focus on the heritage of the Tohono O'odham Nation can be another key component of regional tourism and an increased focus on ecotourism. Pima County will continue to encourage participation by the Nation in programs focused on increased tourism.

ACTION ITEMS

14.1 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.

14.2 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.

14.3 Actively pursue alternative revenue sources for the County General Fund to support County justice and law enforcement functions; and in doing so, strive to reduce the County's primary property tax rate closer to the statewide average for counties.

14.4 Continue implementation of Pima Prospers, along with

Pima County's Economic Development Plan.

14.5 Work cooperatively with area jurisdictions on complementary economic development strategies, including employment retention and expansion, workforce development, infrastructure development, international trade and tourism.

14.6 Convene quarterly economic development coordination meetings with the jurisdictions and stakeholders such as Sun Corridor Inc., area chambers of commerce, and others who have an interest in and focus on economic development. The purpose of these meetings will be to share information and to determine how best to coordinate regional activities related to economic development.

14.7 Advance economic development activities in coordination and consultation with Cochise, Pinal and Santa Cruz Counties.