

AGENDA ITEM 1

OPEN MEETING LAW 101

Arizona's Open Meeting Law in a Nutshell

Information compiled by:
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Last revised August 2010

Two core concepts

“All meetings of any public body shall be public meetings and all persons so desiring shall be permitted to attend and listen to the deliberations and proceedings.” A.R.S. § 38-431.01(A).

“It is the public policy of this state that meetings of public bodies be conducted openly and that notices and agendas be provided for such meetings which contain such information as is reasonable necessary to inform the public of the matters to be discussed or decided.” A.R.S. § 38-431.09.

Why do we have an Open Meeting Law?

1. To protect the public.
 - a. To avoid decision-making in secret.
 - b. To promote accountability by encouraging public officials to act responsively and responsibly.
2. To protect public officials.
 - a. To avoid being excluded (notice).
 - b. To prepare and avoid being blind sided (agenda).
 - c. To accurately memorialize what happened (minutes).
3. Maintain Integrity of government.
4. Better informed citizenry.
5. Build trust between government and citizenry.

What constitutes a meeting?

A meeting is a gathering, in person or through technological devices of a quorum of a public body at which they discuss, propose or take legal action, including deliberations. A.R.S. § 38-431(4). This includes telephone and e-mail communications.

Who must comply with Open Meeting Law?

Public bodies. "Public body" means the legislature, all boards and commissions of this state or political subdivisions, all multimember governing bodies of departments, agencies, institutions and instrumentalities of the state or political subdivisions, including without limitation all corporations and other instrumentalities whose boards of directors are appointed or elected by the state or political subdivision. Public body includes all quasi-judicial bodies and all standing, special or advisory committees or subcommittees of, or appointed by, the public body. A.R.S. § 38-431(6).

"Advisory committee" or "subcommittee" means any entity, however designated, that is officially established, on motion and order of a public body or by the presiding officer of the public body, and whose members have been appointed for the specific purpose of making a recommendation concerning a decision to be made or considered or a course of conduct to be taken or considered by the public body. A.R.S. § 38-431(1).

The Secretary of State, Clerk of the County Board of Supervisors, and City and Town Clerks must conspicuously post open meeting law materials prepared and approved by the Arizona Attorney General's Office on their website. A person elected or appointed to a public body shall review the open meeting law materials at least one day before the day that person takes office. A.R.S. § 38-431.01(G)

What is Required under the Open Meeting Law?

1. Notice

Public bodies must post a disclosure statement on their website or file a disclosure statement as provided for by statute. The disclosure statement states where the public body will post individual meeting notices. A.R.S. § 38-431.02(A)(1) through (4).

The open meeting law requires at least 24 hours notice of meetings to the members of the public body and the general public. A.R.S. § 38-431.02(C).

Notice must be posted on the public body's website, unless otherwise permitted by statute. Notice must also be posted at any other electronic or physical locations identified in the disclosure statement and by giving additional notice as is reasonable and practicable. A.R.S. § 38-431.02(A)(1) through (4).

2. Agenda

Agendas must contain information reasonably necessary to inform the public of the matters to be discussed or decided. A.R.S. § 38-431.09.

Agendas must be available at least 24 hours before the meeting. A.R.S. § 38-431.02(G).

3. Public's Rights

The public has a right to:

- Attend
- Listen
- Tape record
- Videotape

Public has no right to:

- Speak
- Disrupt

4. Calls to the Public

An open call to the public is an agenda item that allows the public to address the public body on topics of concern within the public body's jurisdiction, even though the topic is not specifically included on the agenda. Ariz. Att'y Gen. Op. I99-006.

Although the Open Meeting Law permits the public to attend public meetings, it does not require public participation in the public body's discussions and deliberations and does not require a public body to include an open call to the public on the agenda. *See* Ariz. Att'y Gen. Op. No. I78-001.

An individual public officer may respond to criticism, ask staff to review an item or ask that an item be placed on a future agenda, but he or she may *not* dialogue with the presenter or collectively discuss, consider, or decide an item that is not listed on the agenda. A.R.S. § 38-431.01(H); Ariz. Att'y Gen. Op. I99-006. Note that individual members of the public body may respond to criticism by individuals who addressed the public body during the call to the public, but the public body may not collectively discuss or take action on the complaint unless the matter is specifically listed on the agenda. A.R.S. § 38-431.01(H).

Public bodies may impose reasonable time, place, and manner restrictions on speakers. Restrictions must be narrowly tailored to affect a compelling state interest and may not be content based. Ariz. Att'y Gen. Op. I99-006.

A member of the public body may not knowingly direct a staff member to communicate in violation of the Open Meeting Law. A.R.S. 38-431.01(I).

In sum:

- *Calls to the public are permitted, but not required.*
- *Should be added as an agenda item.*
- *Public body may limit speaker's time.*
- *Public body may require speakers on the same side with no new comments to select spokesperson*
- *Public body may set ground rules:*
 - *civility*
 - *language*
 - *treat everyone the same*

5. Executive Sessions

Public bodies may hold private executive sessions under a few limited circumstances. In executive sessions, the public is not allowed to attend or listen to the discussions, and the public body is not permitted to take final action. A.R.S. § 38-431.03(D).

Members of the public body may not vote or take a poll in executive sessions. A.R.S. § 38-431.03(D).

There are seven authorized topics for executive sessions:

1. Personnel (must provide 24 hours written notice to employee).
2. Discussion or consideration of records exempt by law from public inspection.
3. Legal advice – with public body’s own lawyer(s).
4. Discussion or consultation with public body’s lawyer(s) to consider pending or contemplated litigation, settlement discussions, negotiated contracts.
5. Discuss and instruct its representative regarding labor negotiations.
6. Discuss international, interstate, and tribal negotiations.
7. Discuss the purchase, sale, or lease of real property.

Notice and Agenda: Agendas for executive sessions may describe the matters to be discussed more generally than agendas for public meetings in order to preserve confidentiality or to prevent compromising the attorney-client privilege. A.R.S. § 38-431.02(I). Nonetheless, the agenda must provide more than a recital of the statute that authorizes the executive session.

6. Minutes (A.R.S. §§ 38-431.01(B), (C), (D) and -431.03(B))

Public bodies must take meeting minutes of all meetings, including executive sessions.

May be recorded or written, keeping in mind that permanent records must be on paper.

Public session meeting minutes must include:

- Date, time and place of meeting;
- Names of members of the public body present or absent;
- A general description of matters considered; and
- An accurate description of all legal actions proposed, discussed or taken, and the names of members who propose each motion. The minutes shall also include the names of the persons, as given, making statements or presenting material to the public body and a reference to the legal action about which they made statements or presented material.

Executive session minutes must include:

- Date, time and place of meeting;
- Names of members of the public body present or absent;
- A general description of matters considered;
- An accurate description of all instructions given; and
- Such other matters as may be deemed appropriate by the public body.

The minutes or a recording of the public session must be open for public inspection no later than three working days after the meeting, except as otherwise provided in the statute. A.R.S. § 38-431.01(D).

Cities and towns with a population of more than 2,500 persons must post approved city and town council minutes on its website within two working days following approval. A.R.S. § 38-431.01(E)(2).

Minutes of executive sessions must be kept confidential except from certain individuals. A.R.S. § 38-431.03(B).

How long meeting minutes are maintained is determined by the public body's record retention and destruction schedule authorized by Arizona State Library and Archives.

Persons in attendance may record any portion of a public meeting, as long as the recording does not actively interfere with the meeting. Acceptable recording equipment includes tape recorders, cameras, or other means of reproduction. A.R.S. § 38-431.01(F).

7. Where to turn for help

Self-help resources available:

The Arizona Ombudsman – Citizens' Aide handbook – The Arizona Open Meeting Law (available on line at www.azoca.gov under open meetings/publication)

The Arizona Ombudsman's website, www.azoca.gov

Arizona Agency Handbook, Chapter 7, www.azag.gov – Quick Links

Attorney General Opinions – www.azag.gov – Quick Links

Questions/File a complaint:

Arizona Ombudsman-Citizen's Aide (602) 277-7292

File a complaint/Enforcement authority

Attorney General's Open Meeting Law Enforcement Team (602) 542-5025

County Attorney's Office

AGENDA ITEM 2-A



MEMORANDUM

February 7, 2017

To: Honorable members of the Pima County Agricultural Science Advisory Commission

**From: John Moffatt
Director, Office of Economic Development, Pima County Administrator's Office**

Subject: Proposed Monsanto Facility Background Information, Agenda Item 2-A.

In March 2016, Monsanto contacted Pima County and presented its plan for construction of a seven acre greenhouse on 155 acres of vacant land located at Sanders and Twin Peaks roads in unincorporated Pima County. The purchase of the Avra Valley property was completed in October 2016. The company intends to conduct corn product development at the site when the facility construction is completed, which is expected to occur in 2017.

The facility is expected to create 20 to 30 full time salaried positions and 30 to 50 hourly positions. The capital investment from the facility construction is expected to be between \$95 million and \$105 million when completed. Monsanto has indicated its import/export activity at the property will qualify the company for an activated site in Foreign Trade Zone (FTZ) 174, which covers all of Pima County and portions of southern Pinal County. If

Monsanto receives federal approval of its application and is activated in the FTZ, the company will receive substantial savings on foreign trade duty and will also be eligible for significant property tax reductions based on an Arizona state law that changes the property tax classification of businesses operating in FTZs.

In exchange for its support to the Foreign Trade Zone Board in Washington, D.C., Pima County has in the past encouraged companies seeking activation in FTZ 174 to enter in to payment in lieu of taxes (PILOT) agreements approved by the Board of Supervisors. The intent of these agreements is to mitigate the property tax revenue loss to educational entities such as school districts, the Pima County Joint Technical Education District and the Pima Community College District. Previous companies that have entered in to PILOT agreements now rebate the tax revenues the companies would have not had to pay to local educational entities.

On November 22, 2016, Pima County staff presented a series of agreements to the Pima County Board of Supervisors including a PILOT agreement between Monsanto and the local taxing districts, a memorandum of understanding with Monsanto that required regular disclosures and reporting from the company about its local operation, the creation of a community-based advisory committee and creation of a science-based advisory commission to review the Monsanto operation. This includes funding to cover the cost of scientific investigation of topics determined by the County (in consultation with the commission and operator) to be reasonable and justified.

Approximately 51 citizens voiced comment to the Board of Supervisors during the meeting and many others provided written comment - most of which was in opposition to the Monsanto facility. Community concerns ranged from opposition to the use of genetically modified seed in farming, the health effects of genetically modified food, the use of a proprietary herbicide, the impact on local farmers, past incidents of contamination elsewhere and questions about Monsanto's corporate ethics.

The Board of Supervisors voted to postpone its decision until February 21, 2017 and directed staff to hold five community information meetings in 90 days, collect additional public comment, establish and convene the Pima County Agricultural Science Advisory Commission and have Monsanto respond to the community comment received at the Board of Supervisors' November 22, 2016 meeting. The five community meetings have been held, additional public comment has been received and Monsanto has provided responses to the questions and concerns raised by the public at the initial Board of Supervisors meeting.

AGENDA ITEM 2-B



Board of Supervisors Memorandum

November 22, 2016

Foreign Trade Zone Payment in Lieu of Taxes Agreement for New Employer Monsanto

I. Background

As part of the County Economic Development Plan, which seeks to create jobs and attract new business, as well as capital investment that serves to expand the property tax base, certain incentives are offered by the County to qualified companies. Pima County works with Sun Corridor Inc. and the Arizona Commerce Authority to attract new employers to our region. Monsanto has purchased property in unincorporated Pima County and plans to construct a state of the art automated greenhouse and associated facilities on vacant agricultural land located at Sanders and Twin Peaks Road. As we have done previously with major employers such as HomeGoods and Ventana Medical Systems/Roche, Pima County proposes to support Monsanto's application for activation of its site within the existing Free Trade Zone (FTZ).

II. Project Description

Monsanto is a St. Louis-based, Fortune 500 company with 404 facilities located in 66 countries around the world. In August, Monsanto announced plans to build a seven-acre, state-of-the-art greenhouse on land in Pima County. At this new site, Monsanto expects to conduct corn development year-round supporting the advancement of corn seeds that will eventually become new varieties for their farmer customers. The indoor air-controlled facility will be automated in numerous ways, including full climate, light and atmospheric management of plant growing conditions. All in-bound and out-bound air will be filtered and controlled, so the company is able to govern humidity and temperature levels, as well as contain pollen. In addition, automated operations and movable benches will improve ergonomic conditions for Monsanto employees. Along with the greenhouse, the company anticipates that approximately two acres will be used for seed processing and an office building. Additional improvements at the site include a two-million-gallon water tank for fire suppression and a composting facility.

By moving key pieces of the corn product development process under cover (inside), Monsanto expects to reduce the environmental impact and enhance sustainable production. Operations in a greenhouse will reduce water and pesticide usage while managing exposure to weather variables that would otherwise be encountered in open field environments. Monsanto estimates greenhouse annual water use of 50 acre feet compared with 600 acre feet of water use for open field irrigation on the property. Because the greenhouse will be fully automated, Monsanto will use less land compared to traditional field production. Precise management of plant diseases and insect pressure will enable more targeted control resulting

in reduced pesticide usage. Additionally, the smaller footprint, combined with a 100 percent water recapture and recycle system, will mean the facility will use one-fifth of the water normally used on an open cornfield.

The company, which proposes to break ground on the facility before the end of this year, is in compliance with the agricultural zoning for the site and will be required to complete the standard Pima County permitting process for those elements where the County has authority. Despite the controversy surrounding the proposed development of genetically modified seed and opposition from activist groups, the company is in legal compliance for the facility it intends to operate; and Pima County has not identified any negative air quality, water quality, water supply, transportation capacity, or natural resource impacts from the development of the facility. Furthermore, the County cannot regulate an agricultural operation based on State law.

iii. Economic Development Incentives and Requirements of Monsanto

Pima County has been in discussions regarding the Monsanto operation, previously referred to as Project Corn, since March 2016. After initial referral through Sun Corridor Inc., contact from Monsanto representatives lessened until significantly increasing in early October, culminating with the purchase of the property from a private seller later that same month. Despite media reports of "incentive packages" being negotiated between Pima County and Monsanto, the company will, in fact, qualify for favorable tax treatment under State law upon activation. In the proposed Payment in Lieu of Taxes (PILOT) Agreement (Attachment 1), Monsanto is agreeing to forgo some of that favorable treatment in return for the County's agreement to support its FTZ activation application. Under the agreement, Monsanto will make payments to the County and several other local jurisdictions in amounts corresponding to the property taxes that Monsanto, but for the favorable tax treatment under State statute, would pay. The County will refund to Monsanto the payments it receives if Monsanto demonstrates it has met certain economic indicators.

The County will also provide the standard job training through Pima County One-Stop if the service is requested by the company. Also, Pima County will attempt to expedite permitting through Development Services, something we offer for all new economic development attraction, expansion and retention projects.

Also included is a condition in the PILOT agreement for development of a Memorandum of Understanding (MOU) between Pima County and Monsanto. The MOU is discussed in Section IX and attached to this memorandum as Attachment 2.

IV. Property Tax Incentive for a Major New Employer

If approved by the Foreign Trade Zones Board in Washington, DC the activation in the FTZ administered by Sun Corridor. Inc. will result in Monsanto receiving a property tax

classification change under Arizona law. The Monsanto proposed operation is expected to generate approximately \$90 to \$100 million in capital investment for site acquisition, new construction, associated utility infrastructure and other improvements. If the activation application is granted, the property's assessment ratio will change from 15 percent as a qualified agricultural property to 5 percent for the FTZ. This results in a significant property tax reduction for Monsanto. However, due to the large increase in net assessed value that will result from the construction of Monsanto's facility, the actual amount of taxes generated will be much higher than what the vacant land currently generates, even at the lower assessment ratio.

At the encouragement of the County, Monsanto negotiated directly with the public education taxing entities that would be directly impacted by the reduction in the assessment ratio. The dismal funding of education by the State of Arizona continues to make this action necessary. The Marana Unified School District has worked out its own agreement with Monsanto.

When fully operational, the Monsanto facility is expected to create 50 net new jobs by the fourth year of the agreement, with an average salary of \$44,000 with appropriate benefits. Due to the sophisticated technology utilized by Monsanto and the automated nature of the greenhouse operation, half of these jobs are expected to be part-time agricultural technicians who will still earn an average salary of \$35,000 annually.

V. Impact of Monsanto on Tax Base Expansion and the Taxpayers of Pima County

While the scale of job creation for Monsanto is significantly smaller than that of Caterpillar, World View, or the other recent economic development announcements, the impact of the \$90 to \$100 million capital investment on the Pima County tax base is vitally important to our region. Growing the tax base means the taxable property of the County increases; hence, other taxpayers will bear less of the tax burden if the base is expanded. Monsanto will become the largest taxpayer in the Marana Unified School District. It will have twice the taxable value of the Ritz Carlton Hotel and Resort in Marana. This means all of the taxpayers in the School District will pay fewer taxes based on Monsanto's decision to locate its new operation on this property.

The table below shows the estimated property tax payments to the various taxing jurisdictions for the property as it now exists; property taxes that would be paid on the property, as improved, with an FTZ designation and assuming full jurisdictional participation, which is the decision of the US Department of Commerce; and the combined property taxes and PILOTs that will be paid by Monsanto under the PILOT Agreement. The table also shows the estimated taxes that will be paid after the expiration of the FTZ designation.

Monsanto Property Tax Estimates.			
Jurisdiction	2015 Property Taxes	Year 5 (Mid- Term) Estimated Taxes for Class 6.2 FTZ Property	Estimated Taxes Upon Expiration of FTZ
Pima County Primary and Debt Service	\$ 710.77	\$ 190,910.70	511,952.46
State School Equalization Primary	73.41	18,964.61	50,856.14
Marana School District Primary and Secondary	818.55	¹ 237,789.40	637,663.92
Pima Community College Primary	198.85	146,141.88	137,746.27
Joint Technical Education District Secondary	7.26	5,337.94	5,031.28
Central Arizona Water Conservation District Secondary	20.34	14,946.21	14,087.57
Pima County Flood Control District Secondary	45.54	11,003.85	31,438.56
Pima County Library District Secondary	74.85	19,336.10	51,852.33
Fire District Assistance Tax Secondary	6.80	4,985.63	4,699.21
Total Property Taxes	\$1,956.37	\$649,416.32	1,445,327.74

¹Marana Unified School District agreed to a \$500,000 payment to its Foundation in lieu of a PILOT.

As can be seen from the table, Pima County's 2015 property tax revenue for the property totals \$831. At Year 5 – the midterm of the FTZ designation period – the County estimates the property tax will be \$221,251, a very significant increase primary attributable to tax base expansion due to the project's taxable value.

On October 27, 2016, the Marana Unified School District Governing Board unanimously approved a cash payment as their PILOT Agreement. The District will benefit from a \$500,000 cash payment from Monsanto to the nonprofit Marana Schools' 2340 Foundation. The Foundation supports the Marana school system by "...providing the necessary resources to ensure equity and excellence...within the Marana Unified School District." This payment by Monsanto will be used primarily for scholarships and tutoring.

VI. Pima County Agricultural Science Advisory Commission

Agriculture has been a mainstay of the economy in Pima County for centuries. Industry changes, genetically-modified seed product, the conversion of agricultural lands to residential

and industrial uses and concerns over environmental and water sustainability continue to have an impact on agriculture across the Pima County.

Given the far-reaching claims and controversial statements regarding Monsanto over their possible location in Pima County, it is important to address concerns that may arise both factually and scientifically. Building on the success of the Sonoran Desert Conservation Plan Science and Technical Advisory Team that was charged with separating fact from fiction during our conservation planning process, I will recommend the Board create an Agricultural Science Advisory Commission.

The purpose of the Pima County Agricultural Science Advisory Commission is to provide a science-based forum for the discussion of issues critical to the agriculture industry in Pima County and to advise the Board of Supervisors on matters related to agriculture, water and environmental impacts. A specific task of the Commission will be to monitor the Monsanto site to evaluate the effectiveness of the proposed new agricultural technology in meeting food sustainability objectives with reduced resource consumption, as well monitoring for and evaluating adverse effects, if any, from the Monsanto operation. The Commission would meet quarterly, or as needed, to address issues forwarded for consideration by the Board of Supervisors or issues and concerns brought forth by members.

Should the Commission determine research and/or technical analysis is required, such work will be performed by The University of Arizona College of Agriculture and Life Sciences, which will conduct appropriate analysis and provide a written report. The cost associated with this work, if needed, shall be reimbursed by Monsanto in an amount not to exceed \$50,000 per year.

The Commission will operate under the standard operating procedures managed by the Clerk of the Board, including submission of regular minutes of meetings and activities. Patrick Cavanaugh, Deputy Director of the Pima County Economic Development Office, will be the Commission Administrator and Ex-Officio Member. Below is the recommended membership for the Commission:

1. Dr. Shane Burgess, Dean, The University of Arizona College of Agriculture and Life Sciences
2. Dr. Joaquin Ruiz, Dean, The University of Arizona College of Science
3. Dr. Gary Nabhan, Director, The University of Arizona Center for Regional Food Studies
4. Dr. Douglas Taren, Associate Dean for Academic Affairs and Professor, Health Promotion Science Department, The University of Arizona Mel and End Zuckerman College of Public Health
5. Dr. Jeffery Silvertooth, Associate Dean and Director, Economic Development & Extension, Soil, Water and Environmental Science, The University of Arizona School of Plant Science

6. A physician from the Arizona Poison Control Center who specializes in toxicology.
7. A Monsanto representative
8. Patrick Cavanaugh, Deputy Director of the Pima County Economic Development Office, Commission Administrator and Ex-Officio Member

VII. Pima County Agricultural Community Advisory Committee

The Agricultural Community Advisory Committee will address issues and concerns brought forth by members in order to enable open discussion and to allow Monsanto to inform the community regarding the evolving technology and standards used within Pima County. The Committee shall meet at least quarterly (or as needed) and be guided by Pima County's standard procedure for Boards, Committees and Commissions and be subject to Arizona law governing open meetings and public records. Below is the recommended membership for the Commission:

1. Kimber Lanning, Local First Arizona
2. Brandon Merchant, Organic Gardening
3. Garrett Ham, 4-H
4. Jack Mann, Pima County Farm Bureau
5. Five additional members appointed by the Pima County Board of Supervisors
6. Patrick Cavanaugh, Deputy Director of the Pima County Economic Development Office, Commission Administrator and Ex-Officio Member

VIII. Memorandum of Understanding with Monsanto

To have a general understanding of how the Agricultural Science Commission and the Community Advisory Committee will be effective in carrying out their responsibilities, the County and Monsanto will enter into a Memorandum of Understanding (MOU) for such (Attachment 2). The MOU integrates the work and responsibilities of the Commission and Committee into Monsanto's proposed Pima County operations and outlines good faith operating principles for both parties.

IX. Recommendation

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 and create jobs. The Monsanto proposal does both, while not risking the residents of Pima County's health, safety or welfare.

The Honorable Chair and Members, Pima County Board of Supervisors
Re: Foreign Trade Zone Payment in Lieu of Taxes Agreement for New Employer Monsanto
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Given the economic development opportunity associated with the Monsanto facility and the significant benefits to the tax base and taxpayers, I recommend the Board of Supervisors approve the following:

- A. Lower Foreign Trade Zone property tax assessment ratios for the taxing districts controlled by the County;
- B. Formation of the Agricultural Science Advisory Commission and the Agricultural Community Advisory Committee, as well the membership recommended for same in Sections VI and VII above; and
- C. The Memorandum of Understanding with Monsanto.

Respectfully submitted,



C.H. Huckelberry
County Administrator

CHH/mjk – November 17, 2016

Attachments

Payment In Lieu Of Taxes (PILOT) Fee Agreement

This PILOT Fee Agreement ("Agreement") is entered into by and among Monsanto Company, a Delaware corporation ("Monsanto"); Pima County, Arizona ("County"); Pima County Flood Control District ("FCD"); Pima County Library District ("Library"); and the Pima County Joint Technical Education District.

1. Background and Purpose.

- 1.1. Parties to this Agreement other than Monsanto may be referred to in this Agreement individually as a "Public Entity" or collectively as the "Public Entities." County, Library, and FCD may be referred to collectively as the "County Entities".
- 1.2. The Foreign-Trade Zones Act (19 U.S.C. § 81a-81u) authorizes the formation of foreign-trade zones and subzones ("FTZs") for the purpose of encouraging the conduct of commercial and industrial operations in the United States that might otherwise be conducted abroad.
- 1.3. Section 44-6501, A.R.S., authorizes the State of Arizona and any public or private corporation to apply to the U.S. Foreign-Trade Zone Board for establishment, activation, and operation of FTZs within Arizona.
- 1.4. Sun Corridor, Inc., an Arizona nonprofit corporation, is the grantee of the FTZ in Pima County, FTZ No. 174.
- 1.5. Monsanto has acquired a parcel of vacant land in unincorporated Pima County, approximately 155 acres in size, located near Sanders and Twin Peaks roads (the "Site"), which is within the jurisdictional boundaries of each of the Public Entities. The Site is also within the jurisdictional boundaries of the Marana Unified School District ("MUSD").
- 1.6. Monsanto plans to make substantial capital improvements to the Site and use the Site for the construction and operation of a state-of-the-art greenhouse/manufacturing and distribution operation. These improvements and operations are expected to have direct and indirect economic impacts that will benefit the community.
- 1.7. In connection with Monsanto's operations, Monsanto has filed or will file a usage-driven site application for a minor boundary modification of FTZ No. 174. Monsanto has asked the Public Entities to support its FTZ application (the "Application"), understanding that a showing of local economic benefit and support is essential for a successful application.
- 1.8. Under A.R.S. § 42-12006(2), real and personal property that is located within the area of an activated FTZ is classified as Class Six property for purposes of ad valorem taxes. The assessed valuation for Class Six property is less than the valuation that would be applicable to the Site if it were not located within an FTZ (this favorable tax treatment is referred to in this Agreement as the "Assessment Reduction").
- 1.9. The Assessment Reduction significantly reduces the amount of primary and secondary property taxes on the Site, and the revenues to the Public Entities, each of which relies heavily on property tax revenues for its operations. It also impacts the amount of State

equalization assistance property tax that is levied by the County pursuant to A.R.S. § 15-994 and distributed to school districts throughout the County.

- 1.10. The Public Entities are willing to support Monsanto's Application if they receive assurances that Monsanto's operations at the Site will provide a defined level of economic benefits to the community and will not adversely impact certain public revenues.
 - 1.11. The County and the Monsanto are concerned about the availability of educational funding within the County, understanding that a strong educational system is important not only intrinsically but as a component of long-term, sustainable economic growth and development, which benefits both the community as a whole and private business interests.
 - 1.12. Monsanto has, or will, enter into a binding legal agreement with MUSD that obligates Monsanto to provide stated consideration in exchange for MUSD's support of its Application (the "MUSD Agreement").
2. **Support of Application.** Each of the Public Entities agrees that it will, under the terms and conditions set forth in this Agreement, support Monsanto's Application by submitting no-objection letters to the proper authorities, upon request by Monsanto. If Monsanto has not applied for Site designation as described in Section 1 by June 30, 2018, or if Monsanto has applied for designation but the application has been rejected or denied this Agreement will automatically terminate as of that date, and any no-objection letters submitted by the Public Entities will no longer be effective and will be deemed to be withdrawn.
3. **Other Agreements.**
 - 3.1. MUSD Agreement. If it has not done so already, Monsanto will enter into a binding agreement with MUSD to provide the financial assistance that its governing board approved as a condition of providing a no-objection letter. Any material default by Monsanto of its obligations under the MUSD Agreement will also constitute a default under this Agreement.
 - 3.2. Community Memorandum of Understanding. As a condition precedent to the Public Entities' obligation to support the Application, Monsanto will enter into a nonbinding memorandum of understanding ("MOU") with the County. The MOU, the specific provisions of which are to be established and agreed upon at a later date, will address annual reporting by Monsanto regarding its activities and practices at the Site, and good faith participation by Monsanto in a community-based stakeholder group, to be further defined and agreed upon in the MOU, that will review those periodic reports and monitor the Site.
4. **PILOT Fees.**
 - 4.1. Public Entity PILOT Fees. For each tax year (which are calendar years) during which the Site qualifies for the Assessment Reduction, Monsanto will pay to each Public Entity a payment-in-lieu-of-taxes fee (a "PILOT Fee") equal to the difference between (i) the sum of the primary and secondary property taxes that would be due to that Public Entity with respect to all real and personal property within the Site for that tax year if the Site did not qualify for the Assessment Reduction; and (ii) the sum of the primary and secondary property taxes that are *actually* paid to that Public Entity with respect to real and personal property within the Site for that year. If requested by JTED, Monsanto will pay the JTED PILOT Fees to a related foundation that supports JTED.

- 4.2. **PILOT Fee for State Equalization and Fire District Assistance Taxes.** For each tax year during which the Site qualifies for the Assessment Reduction, Monsanto will also pay to the County a PILOT Fee equal to the difference between (i) the amount of the state equalization assistance property tax that would be levied by the County pursuant to A.R.S. § 15-994 plus the amount of the fire district assistance tax that would be levied by the County pursuant to A.R.S. § 48-807, on all real and personal property within the Site for that tax year if the Site did not qualify for the Assessment Reduction; and (ii) the amount of those taxes actually paid to the County with respect to real and personal property within the Site for that year.
- 4.3. **Payment of Fees.** Within thirty (30) days following a semi-annual payment by Monsanto of its primary and secondary property taxes with respect to real and personal property within the Site, the County will prepare and deliver to Monsanto an invoice setting forth the amount of the PILOT Fee for each Public Entity for the taxing period just ended ("**PILOT Invoice**"). Monsanto will pay the PILOT Fee to each Public Entity within ninety (90) days after receipt of the PILOT Invoice. In the event Monsanto disagrees with the PILOT Invoice, Monsanto will pay the PILOT Fee under protest, in the same manner as a taxpayer would pay disputed property taxes, and a representative of the Monsanto and a representative of the County will promptly meet to attempt to resolve such dispute. Any delay by County in sending the PILOT Invoice to Monsanto will not be deemed to excuse Monsanto from its obligation to pay any amounts due under this Agreement upon later receipt of the PILOT Invoice.
- 4.4. **Late Payments.** Monsanto will pay a 10% late fee for any PILOT Fee that is not paid within ten days after written notice to Monsanto (from any Public Entity) that a PILOT Fee is overdue. This is not a penalty but an estimate of the cost of any late payments to the Public Entities.
5. **Forgiveness of County PILOT Fee.**
- 5.1. **Economic Impacts.** Each of the County Entities will refund to Monsanto the PILOT Fee paid to that Public Entity for each tax year during the PILOT Fee Forgiveness Period (as that term is defined below) if, and only if, Monsanto demonstrates that it met the conditions applicable to that year as set forth in **Exhibit A**. The refunds will not include the PILOT Fee for the State Equalization and Fire District Assistance Taxes. If Monsanto does not meet the conditions set forth in **Exhibit A** due to a reasonable cause, the County Entities agree to discuss with Monsanto the ability to extend the time to meet such requirements and/or the ability to amend this Agreement to revise such requirements.
- 5.2. **"PILOT Fee Forgiveness Period"** as used in this Agreement means the first 10 tax years during which the Site receives an Assessment Reduction.
- 5.3. **Payment of Refund.** Any PILOT Fee refund that is due to Monsanto will be paid by each of the County Entities to Monsanto within 30 days after receipt of a correct and complete Annual Report (defined below) regarding the year for which the PILOT Fee was paid.
- 5.4. **Annual Report.** Monsanto will provide the County with an annual report (the "**Annual Report**"), audited by a certified public accountant, that discloses the payroll, employee benefit, and capital-investment information needed to determine whether Monsanto has met the conditions applicable to that year as set forth in **Exhibit A**. The Annual Report must be in a form reasonably satisfactory to County, be reasonably itemized, show how any

calculations were done, and be furnished no later than March 30th each year for the preceding calendar year. The Annual Report must also show the amount of the PILOT Fees paid for that year to each of the County Entities, and the amount of any refund that Monsanto believes it is due under Section 5.1 above. The County will not require Monsanto to include in the Annual Report information that is proprietary or confidential by law, such as personal identifying information of individuals.

- 5.5. **Audits.** The County has the right, at any time, to conduct an informal audit of the information in the three most recent Annual Reports, and Monsanto will furnish the auditing Public Entity with the information and documentation reasonably needed to conduct the audit and verify the information and calculations in the Annual Reports, either by furnishing the Public Entity with copies of such documentation or by permitting the Public Entity to inspect the documentation on-site. If an audit reveals that Monsanto received a refund to which it was not entitled, Monsanto will promptly repay those funds to the County Entities. If an audit reveals that Monsanto was entitled to a refund that it did not receive, the County Entities will each promptly pay that refund to Monsanto.
6. **Property Tax or Valuation Appeal.** Nothing in this Agreement will be construed to limit the right of Monsanto or any successor owner of any property within the Site to appeal the County's calculation of the assessed-valuation or limited-assessed-valuation of property within the Site under applicable law. In the event an appeal results in a reduction in the assessed or limited-assessed valuation for any tax year, Monsanto will notify each Public Entity of the reduction, in writing, as well as the amount of refund to which Monsanto would be entitled if the PILOT Fee paid to that Public Entity had been paid as a property tax. Each Public Entity receiving notice will refund any overpayment of any PILOT Fee received by that Public Entity for that tax year.
7. **Liability.** The obligations of the Public Entities hereunder are several, not joint; no Public Entity will be deemed to be in default of this Agreement by virtue of a default by another.
8. **General Provisions.**
 - 8.1. **Successors and Assigns.** This Agreement is binding on all successors or assigns of Monsanto and all successor owners of the Site so long as it qualifies for an Assessment Reduction.
 - 8.2. **Compliance with Laws.** The parties will comply with all applicable federal, state and local laws, rules, regulations, and Executive Orders, without limitation to those designated within this Agreement. The laws and regulations of the State of Arizona will govern the rights of the parties, the performance of this Agreement and any disputes hereunder. Any action relating to this Agreement will be brought in an Arizona court in Pima County.
 - 8.3. **Non-Discrimination.** The parties will not discriminate against any employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin in the course of carrying out their duties pursuant to this Agreement, and in the course of carrying out their duties pursuant to this Agreement the parties will comply with the provisions of Executive Order 75-5, as amended by Executive Order 2009-09, which is incorporated into this Agreement by reference, as if set forth in full in this Agreement.

- 8.4. ADA. The parties will comply with all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and all applicable federal regulations under the Act, including 28 CFR Parts 35 and 36.
- 8.5. Severability. If any provision of this Agreement, or any application of it to the parties or any person or circumstances, is held invalid, such invalidity will not affect other provisions or applications of this Agreement that can be given effect without the invalid provision or application.
- 8.6. Waiver. A party's legal duty to fully perform any of its obligations under this Agreement is not excused by any failure of the party to whom that obligation is owed to take enforcement action with respect to any other failure, even one of a similar nature.
- 8.7. Conflict of Interest. This contract is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511.
- 8.8. No Joint Venture. This Agreement does not create any partnership, joint venture or employment relationship among the parties. No party will be liable for any debts, accounts, obligations or other liabilities whatsoever of another, including (without limitation) a party's obligation to withhold Social Security and income taxes for itself or any of its employees.
- 8.9. No Third Party Beneficiaries. Nothing in the provisions of this Agreement is intended to create duties or obligations to or rights in third parties not parties to this Agreement.
- 8.10. Force Majeure. None of the Parties shall be deemed to be in violation of this Agreement if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including, without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of this Agreement after the intervening cause ceases.
9. **Notice**. Any notice required or permitted to be given under this Agreement will be in writing and will be served by overnight delivery or by certified mail upon the other party as follows (or at such other address as may be identified by a party in writing to the other party):

Public Entities:

**Pima County,
FCD, and Library**
130 W. Congress Street
10th Floor
Tucson, Arizona 85701
Attention: County Administrator

**Pima County Joint Technical
Education District**
2855 W. Master Pieces Drive
Tucson, Arizona 85741
Attention: Governing Board Chair

Monsanto:

Mr. Jeff McFarland
Monsanto Company
800 N. Lindbergh Blvd. G5E
St. Louis, MO 63167

10. Entire Agreement. This document, together with all exhibits, constitutes the entire Agreement between the parties pertaining to the subject matter hereof, and all prior or contemporaneous agreements and understandings, oral or written, are hereby superseded and merged herein. This Agreement may not be modified, amended, altered or extended except through a written amendment signed by the parties.

IN WITNESS WHEREOF, the parties hereto have executed this PILOT Fee Agreement as of the Effective Date.

Monsanto Company, a Delaware corporation

By: _____

Its: _____

_____ Date

Pima County, Arizona

Sharon Bronson
Chair of the Board of Supervisors

Pima County Flood Control District

Pima County Library District

Sharon Bronson
Chair of the Board of Directors

Sharon Bronson
Chair of the Board of Directors

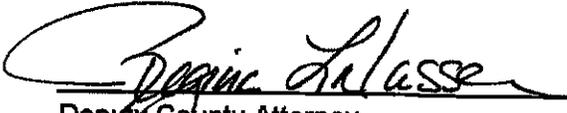
Date

Date

Attest:

Approved as to Form:

Robin Brigode, Clerk of the Board



Deputy County Attorney
REGINA NASSEN

**Pima County Joint Technical
Education District**

Ruth Soloman
Chair of the Governing Board

Date

EXHIBIT A
CONDITIONS FOR FORGIVENESS OF COUNTY PILOT FEE

Pursuant to Section 5.1 of the Agreement, each of the County Entities will, each year during the PILOT Fee Forgiveness Period, forgive and refund to Monsanto the County Entity PILOT Fees paid by Monsanto for that year if Monsanto, or another party on behalf of or in conjunction with Monsanto, has satisfied all of the below conditions during that year.

1. Total cumulative expenditure of at least \$90 million for Site acquisition and construction costs on the Site related to new capital improvements, including, but not limited to, real and personal property purchases, improvements and installation costs, site preparation work, and other permanent improvements to the Site.
2. Employer-provided health insurance offered, during the entire year, to all full-time employees, at least 66% of the premium for which is paid by Monsanto.
3. Employer-provided dental insurance offered, during the entire year, to all full-time employees, at least 50% of the premium for which is paid by Monsanto.
4. Employer-provided 401(k) plan offered, for the entire year, to all full-time employees, for which Monsanto provides a match equal to at least 25% of the employee contribution.
5. At least 25 full-time employees and 25 part-time employees employed at the Site, with an annual payroll¹ of at least \$2,500,000
6. The average (mean) annual wage for all employees working at the Site is, for the entire year, at least \$44,000.

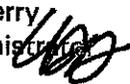
¹ "Payroll" as used in this Exhibit means the gross wages of all employees, as shown on W-2 forms.



MEMORANDUM

Date: January 3, 2017

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **Foreign Trade Zone – Frequently Asked Questions**

During the November 22, 2016 Call to the Audience at which the Monsanto facility was addressed by members of the public, there was some confusion regarding a Foreign Trade Zone designation versus a Free Trade Zone designation. Because of this confusion, which arises relatively frequently, I asked our Economic Development staff to develop a Frequently Asked Questions Fact Sheet regarding Foreign Trade Zones, their designation and approval processes. This information is attached to this memorandum.

Please contact me if you have any further questions regarding this subject.

CHH/anc

Attachment

c: Dr. John Moffatt, Director, Economic Development Office
Patrick Cavanaugh, Deputy Director, Economic Development Office

Foreign Trade Zone – Frequently Asked Questions and Fact Sheet

(1) What is a Foreign Trade Zone?

A foreign trade zone (FTZ), as defined by the International Trade Administration of the United States Department of Commerce¹, is a designated location in the United States where companies can use special procedures that help encourage US trade activity. In essence, FTZs allow delayed or reduced duty payments on foreign merchandise and provide for other savings on trade-related costs for approved companies. The zones are considered to be outside the customs territory of the United States.

Goods within these federally designated and highly regulated zones may be landed, handled, manufactured or reconfigured, and re-exported without the intervention of customs authorities. Only when the goods are moved to consumers within the country in which the zone is located do they become subject to the prevailing customs duties. If the merchandise never enters commerce in the U.S, then no duties or taxes are paid on those items.

(2) Are FTZ s common and where are they located?

The FTZ program began in 1934 when it was created by an act of the US Congress² and new zones have been created and used consistently in the subsequent 81 years of the program's existence. There were 186 FTZs active in 2015 and the 2,900 companies that used these FTZs employed an estimated 420,000 people in the United States. Arizona's FTZs include FTZ 60 (Grantee: Nogales-Santa Cruz County Economic Development Foundation), FTZ 75 (Grantee: City of Phoenix), FTZ 219 (Grantee: Greater Yuma Economic Development Corporation), FTZ 277 (Grantee: Western Maricopa County/ Greater Maricopa Foreign Trade Zone, Inc.) and FTZ 139 (Grantee: Sierra Vista/Arizona Regional Economic Development Foundation).

The designation in Pima County is FTZ 174, which covers all of Pima County and the southern portion of Pinal County; and the designated Port of Entry that allows for the operation of the FTZ is located at Tucson International Airport.³

¹ Commerce Department, see: www.trade.gov/enforcement

² FTZ Act; United States Code: *19 USC. 81a-81u*

³ CBP, see: <https://www.cbp.gov/contact/ports/Tucson>

(3) Who governs FTZ?

The federal Foreign Trade Zones Board has broad authority for establishment of FTZ sites, approval of grantees, regulation of the zones and approval of the usage driven zones where specific companies are allowed to operate for a specific use. Of the different types of zone operating uses, FTZ 174 utilizes an Alternative Site Framework (ASF) model, which uses magnet sites and usage driven sites and not general zones and subzones. The ASF approach allows greater flexibility and responsiveness to serve single operator or single user locations. The FTZ Board consists of the Secretary of Commerce and the Secretary of Treasury or their designated alternates. The daily operations of the FTZ Board are run by the Executive Secretary and the FTZ Board's staff, who are Department of Commerce employees. Once a zone or subzone site is approved by the FTZ Board, an application must then be made to the US Customs and Border Protection (CBP), with the concurrence of the FTZ grantee, to operate the zone or subzone (or a portion thereof) under FTZ procedures. This CBP process is known as activation and generally includes steps such as background checks, a written procedures manual, posting a bond with CBP, and a review of the security of the site(s) and the inventory control methods.⁴ CBP monitors the day-to-day operation of the zones and is consulted on every FTZ application.

(4) What is the role of the FTZ Grantee?

In general, the grantee is the public or private corporation to which the privilege of establishing, operating or maintaining a zone project has been given. The principal responsibilities of a grantee are to: (1) provide and maintain facilities in connection with a zone; (2) operate the zone as a public utility with fair and reasonable rates and charges for all zone services and privileges and afford to all who apply for use of the zone and its facilities and provide uniform treatment under like conditions; (3) make annual reports (and at other such time as it may prescribe) to the FTZ Board containing such information as the FTZ Board may require; (4) maintain books, records and accounts; (5) apply to the FTZ Board for a grant of authority to establish a subzone or expand or otherwise modify its zone project; (6) permit the erection of buildings necessary to carry out approved zone projects; (7) operate, maintain and administer the zone project under the FTZ Act and the laws and regulations administered by CBP for other agencies or administered directly by other agencies, and the schedules of rates and charges made and fixed by the

⁴Commerce Department, see: <http://enforcement.trade.gov/ftzpage/grantee/glossary.html>

grantee; (8) make written application to the Port Director for approval of a new operator; and (9) if acting as the operator, make application or provide concurrence to a request for activation, deactivation or reactivation.⁵

In Pima County, the grantee for FTZ 174 is Sun Corridor Inc. Sun Corridor Inc. does not operate or maintain any zones, but uses its grantee privileges to establish magnet and usage driven sites. Locally, the primary objectives in the establishment of a new site are the generation of business, the development of capital investment and the creation of primary jobs.

(5) What is the State of Arizona's role in FTZ?

The FTZ program is primarily a federal function, but some states have added additional benefits or requirements related to the zones. In 1991, the State of Arizona enacted a law that provides a property tax benefit to companies operating in activated FTZs. The legislative intent was to provide a business incentive and to stimulate foreign trade in the state.

Arizona Revised Statutes provide for the classification of properties in the state.⁶ Although the rate of property taxation is uniform in Arizona, taxes will vary based on the classification of a particular property. These nine different property tax classifications⁷ range from 1 percent to 28 percent of the assessed valuation of the property in the differing classifications. Normally a manufacturing or distribution facility would fall within Class 1 and would be taxed at the current commercial property tax rate of 18 percent of assessed valuation. However, real property and personal property located within the boundaries of an activated FTZ are considered Class 6 and are taxed at the rate of 5 percent of assessed valuation.⁸

(6) What is Pima County's role?

Pima County views both the federal duty relief of FTZs and the associated property tax reduction offered by the state law as incentives to be actively marketed for business attraction and job creation in Pima County. The county works with Sun Corridor Inc. to evaluate a company's potential for qualifying for FTZ activation and conducts financial impact analysis to determine the benefit to the citizens of Pima County that accrue in the form of capital

⁵ National Association of Foreign Trade Zones; see www.naftz.org/

⁶ A.R.S. Title 42, Chapter 12, Article 1

⁷ Arizona Department of Revenue; see

<https://www.azdor.gov/Portals/0/Property/2016Part3Chapter1.pdf>

⁸ A.R.S. 42-12006

investment, the number of jobs created and the wages and benefits provided by the companies.

If a qualified company seeking FTZ designation pursues the property tax abatement as allowed per state statute, then the company and a grantee's application process with the FTZ Board in Washington, D.C. begins. As part of that process, local governments with taxing authority impacted by a potential FTZ activation will submit "letters of no objection" indicating the individual jurisdiction's concurrence with the tax revenue reduction or indicating the jurisdiction does not object to the potential FTZ activation because a Payment In-Lieu of Taxes (PILOT) agreement has been reached with the company. These PILOT agreements are generally for 10-year or 15-year terms. The PILOT provides direct payments that offset the property tax impacts to the local jurisdiction or the jurisdiction may negotiate some other financial offset to the property tax reduction.

As the regional government, Pima County has traditionally served to coordinate the negotiation between companies seeking FTZ activation within the boundaries of the county and the impacted taxing entities. Pima County encourages the other taxing entities to conduct their own independent negotiations for PILOT agreements, which are then compiled in a Pima County regional PILOT agreement that is signed by the taxing entities and the company seeking FTZ activation. The county agreement is then presented to the Pima County Board of Supervisors for consideration and a public discussion and vote.

Due to the significant decline in tax funding for school districts (and other educational entities such as Pima Community College and the Pima County Joint Technical Educational District, or JTED) Pima County encourages PILOT agreements for these educational entities that would see reduced funding through the state-mandated FTZ property tax reduction. To encourage these PILOT agreements with the educational entities and to maintain the incentive for companies to provide investment and jobs in our region, Pima County will consider providing a letter of no objection to a proposed FTZ activation without a PILOT agreement and consent to a loss of property tax revenue to the county General Fund, as well its secondary taxing entities such as the Pima County Regional Flood Control District and Pima County Library District.

The regional FTZ PILOT agreements are becoming more common due to an increase in business activity in Pima County. The most recent agreements

approved by the Board of Supervisors include Raytheon (November 22, 2016⁹) and HomeGoods (January 13, 2015¹⁰.) These FTZ PILOT agreements operate under the same principles and procedures as the FTZ PILOT agreement currently proposed for Monsanto, which is scheduled to be considered by the Pima County Board of Supervisors on February 21, 2017.

(7) Can Pima County or Sun Corridor Inc. deny a company from operating in a Foreign Trade Zone?

Pima County cannot deny a company FTZ status. The county simply conducts the initial negotiations, coordinates the local regional FTZ PILOT agreement and provides the county's letter of no objection (or objection) to the FTZ Board during its consideration of FTZ or subzone activation. The letter of no objection from local taxing entities is one of many criteria considered by the FTZ Board when considering whether to approve a site activation for a company¹¹ and does not in itself ensure denial. However, failure to provide a letter of no objection places Pima County at a disadvantage in seeking PILOT agreements for educational entities or from gaining other concessions such as the requirement of a Memorandum of Understanding that is being proposed for the Monsanto facility and which would require regular disclosure and reporting requirements by the company.

As previously noted, Sun Corridor Inc. as the grantee is required by federal regulation¹² to operate as a utility and "afford all who apply to make use or participate in the FTZ uniform treatment under like conditions." The grantee must ensure fair treatment to all applicants and cannot single out companies for unequal treatment. As the grantee, Sun Corridor Inc. can deny FTZ status but must be fair in its denial.

(8) What are the benefits of an FTZ for companies?

The primary benefit for a company operating in an activated FTZ is duty relief. In Arizona, as previously noted, state law provides for potentially significant property tax reductions. Less tangible benefits, such as increased security and

⁹Pima County Board of Supervisors agenda item, see <https://pima.legistar.com/View.ashx?M=F&ID=4799630&GUID=D97B775F-F66F-4C65-9459-D5DBFEE60E3B>

¹⁰ Pima County Board of Supervisors agenda item, see <https://pima.legistar.com/View.ashx?M=F&ID=3441893&GUID=82010B40-D22C-4730-8186-669A0D1889DA>

¹¹US Foreign Trade Zones Board, see: <http://enforcement.trade.gov/ftzpage/>

¹² 15 CFR part 400/FTZ regulations 440.4

increased trade efficiencies in company operations, are also generally experienced by companies in activated FTZs.

(9) What are the benefits of FTZs for the local and national economies?

Pima County has successfully utilized FTZ 174 as an incentive that allows for capital investment into our regional economy and as a method for creating jobs. For example, the approval of the HomeGoods regional FTZ PILOT agreement is intended to facilitate the creation of 895 jobs, and the expected FTZ PILOT for Raytheon was one of several incentives that are expected to create almost 2,000 new jobs in Pima County. In addition to direct employment, financial infusions in to the local economy are also seen in the form of construction jobs and supply chain opportunities.

For the nation's economy, FTZs provide a competitive advantage for US-based manufacturing and distribution operations. As a result, jobs that might otherwise be located overseas are created and retained in the US. The elimination of duties on exported merchandise makes US-based companies more competitive in global export markets. FTZs also encourage multinational firms to establish US-based operations, attracting foreign investment to the United States. These firms are also more likely to utilize US-made components, providing additional stimulus to local and regional economies¹³.

(10) Is the property tax benefit conveyed by the State of Arizona for companies operating in an activated FTZ in the state a violation of the Gift Clause of the Arizona Constitution?

No, the state law providing for the tax classification change related to private companies operating in Arizona has been legally vetted and implemented many times and has been found to be constitutional. The most relevant case law seems to be the 1997 suit brought against the state by the Arizona Center for Law in the Public Interest representing a taxpayer and focusing on the Uniformity Clause of the Arizona Constitution. The case centered on the property tax reduction provided to an Intel manufacturing facility operating in an activated FTZ in Chandler. The Arizona Court of Appeals ruled in favor of the state in 1999.¹⁴

¹³ NAFTAZ, see: <http://www.naftz.org/get-involved/advocacy/>

¹⁴ Bahr v. Arizona, Intel Corp. intervener/appellee, see <http://caselaw.findlaw.com/az-court-of-appeals/1039506.html>

(11) What is the difference between a Free Trade Zone and a Foreign Trade Zone?

Free Trade Zone is a designation used in nations besides the United States. Although similar in practice and also intended to facilitate duty free manufacturing and distribution, the regulations and actual operations vary from country to country and can differ substantially to Foreign Trade Zones in the US.¹⁵

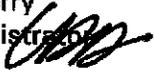
¹⁵ See <http://www.bizftz.com/faq/what-are-the-differences-between-free-zones-export-processing-zones-enterprise-zones-duty-free-shops-and-US-foreign-trade-zones>
-and-
http://www.integrationpoint.com/documents/KPMG_FTZ_ComparativeReview_FactSheet.pdf



MEMORANDUM

Date: January 25, 2017

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **United States Foreign Trade Zone Information and Guidance**

Questions have been raised regarding what would result if one or more of the taxing jurisdictions failed to provide a Letter of No Objection or were not satisfied in any Payment in Lieu of Taxes (PILOT) agreement. The guidance issued by the US Department of Commerce has been unclear as to how the Department would proceed with a specific Foreign Trade Zone (FTZ) application.

In the case of the Monsanto FTZ application, the County Attorney has communicated with the Executive Director and Staff Director of the US FTZ Board. The attached January 24, 2017 memorandum from Economic Development Deputy Director Patrick Cavanaugh discusses this issue in more detail.

In summary, it is believed that if any jurisdiction affected by an FTZ application and the receipt of property taxes fails to provide a Letter of No Objection or satisfactory PILOT agreement, the application will not move forward, nor will the FTZ be activated. Hence, no property tax savings or FTZ benefit would be achieved by the applicant.

CHH/anc

Attachment

c: Dr. John Moffatt, Director, Economic Development Office
Patrick Cavanaugh, Deputy Director, Economic Development Office



MEMORANDUM

January 24, 2017

**To: Chuck Huckelberry,
Pima County Administrator**

**From: Patrick Cavanaugh, *PMC*
Deputy Director, Office of Economic Development**

**Through: John Moffatt *JMM*
Director, Office of Economic Development**

Subject: U.S. Foreign Trade Zone Board Information and Guidance

During the five Monsanto community information meetings held this month there continued to be questions as to whether the U.S. Foreign Trade Zone (FTZ) Board would approve the FTZ application for Monsanto under different scenarios related to the Payment in Lieu of Taxes (PILOT) agreements and/or letters of no objections. These actions were required under the "Additional Guidance on Addressing Potential Tax Impacts" that was issued by the FTZ Board staff in November of 2016. *(Please see the attached guidance document.)*

While the guidance is clear that under instances of real property tax impacts (required under Arizona law) to local governments, the FTZ Board require letters on no objection or evidence of no impact/PILOT to be filed with the application, it was unclear in the actual FTZ regulations as to what action if any the FTZ Board

would take in a circumstance where one or more of the affected taxing entities took no action and provided neither a PILOT agreement or letter of no objection.

In attempt to clarify this issue, I asked Regina Nassen of the Pima County Attorney's Office to contact the FTZ Board in Washington, D.C.

Ms. Nassen spoke by phone with Andrew McGilvray, Executive Director and Staff Director of the U.S. Foreign Trade Zone Board, this afternoon and confirmed that his staff would not move an application forward for consideration by the FTZ Board unless all the requirements under the November 2016 guidance document are met. In other words, in instances where a jurisdiction submitted no response, the company's application would not be considered for FTZ activation.

Please let me know if you require any additional information.

FTZ Board Staff – November 2016

ADDITIONAL GUIDANCE ON ADDRESSING POTENTIAL TAX IMPACTS

In certain states, there are taxes for which collections can be affected through FTZ Board action to designate FTZ sites (including sites of subzones).

Examples of such taxes include:

- *Ad valorem* taxes on business inventories in states such as Texas, Louisiana and Kentucky (for which collections can be affected by 19 U.S.C. 810(e))
- Real property taxes in the state of Arizona (for which collections can be affected due to a provision of Arizona law allowing for reclassification of FTZ-designated property under certain conditions).

When proposed FTZ designation of a particular parcel of land could result in a reduction in revenue collected locally for such a tax, the FTZ Board requires the applicant to address the potential impact. Specifically, the applicant must:

- A) Explain the specific local tax(es) for which collections would be affected;
- B) Include a letter from the FTZ grantee containing a certified list of all affected parties¹; and,
- C) Include copies of correspondence from all affected parties indicating concurrence or non-objection to the proposed FTZ designation.

In response to requests from potential applicants, the following is additional guidance developed by the FTZ Board's staff to assist applicants in addressing potential state/local tax impacts of FTZ proposals.

Circumstances in which concurrence/non-objection is not needed

In states with taxes for which revenues could be reduced as a result of FTZ designation, there are several sets of circumstances in which FTZ designation will not, in fact, result in reduction in tax revenues. If FTZ designation would not result in a reduction in tax revenues, no concurrence or non-objection is needed from affected parties (since there would not be any governmental entities that would be negatively "affected" by the proposed FTZ designation). The following are general examples of such circumstances:

¹ As used throughout this document, the term "affected parties" encompasses governmental entities whose tax revenues could be affected negatively (reduced) as a result of FTZ designation.

1. A legal provision unrelated to the FTZ program already provides the exemption/reduction in taxes payable that otherwise could result from FTZ designation.

With regard to *ad valorem* inventory taxes within a state, there may exist a state constitutional provision(s) or other state/local legal provision(s) that provides an exemption(s) from such taxes in certain circumstances that are unrelated to the FTZ program. For example, state law may allow a "freeport" exemption(s) on *ad valorem* inventory taxes for merchandise shipped into the state and then shipped back out of the state within a certain period of time. As another example, one or more categories of merchandise may be exempt from *ad valorem* inventory taxes under the state constitution or other state/local legal provisions. To the extent that all merchandise that would be stored in a proposed FTZ site would be already exempt from *ad valorem* inventory taxes under a freeport exemption(s) or a state/local constitutional/legal provision, FTZ designation and the subsequent use of FTZ procedures at the site would have no impact on the *ad valorem* inventory taxes payable on the merchandise. Therefore, there would not be any affected parties whose concurrence/non-objection would be needed for the application requesting FTZ designation. The application would need to explain fully the exemption(s) or provision(s) under which all merchandise to be stored at the proposed FTZ site would be already exempt from *ad valorem* inventory taxes. In addition, the FTZ user² would need to include in its agreement with the grantee of the FTZ a provision that constitutes a binding commitment to limit its FTZ use to storage of merchandise that is exempt from *ad valorem* taxation in the manner indicated in the application. The grantee would also need to confirm in its application to the FTZ Board that the grantee would take any necessary steps to ensure that use of the proposed FTZ site would be limited to storage of merchandise that is exempt from *ad valorem* taxation in the manner indicated in the application.

2. The FTZ user will not claim – or will fully offset – any FTZ-related tax benefit.

An application for FTZ designation does not need to include correspondence expressing the concurrence/non-objection of a given potentially affected party if the FTZ user will not claim the FTZ-related tax reduction³ – or will make other payments to the potentially affected party(ies) to offset fully any such reduction. In those circumstances, the grantee would need to include in its agreement with the FTZ user a provision that constitutes a binding commitment by the FTZ user not to claim the FTZ-related tax reduction or to make fully offsetting payments to

² As used throughout this document, the term "FTZ user" encompasses any company or other entity that could obtain a FTZ-related reduction in taxes payable through FTZ designation of a site or use of FTZ procedures at the site.

³ For purposes of this explanation, "claim[ing] the FTZ-related tax reduction" extends to taking any action that could result in such a tax reduction, such as claiming reclassification for real property taxes for FTZ-designated land under the provision of Arizona law cited above.

the potentially affected party(ies) for which the application did not present correspondence expressing concurrence/non-objection. In the application, the grantee would need to explain fully the FTZ user's contractual commitment not to claim the FTZ-related tax deduction – or to make fully offsetting payments to the potentially affected party(ies) for which the application did not present correspondence expressing concurrence/non-objection. The grantee would also need to confirm in its application that the grantee would take any necessary steps to enforce that provision of its agreement with the FTZ user.

Timing and content of correspondence expressing concurrence/non-objection

When FTZ designation could result in a reduction in local tax revenues – and in the absence of any circumstance outlined above in which affected parties' concurrence/non-objection is not needed – an application for FTZ designation must include correspondence from the affected parties expressing their concurrence/non-objection. An affected party may issue correspondence pertaining to a specific parcel(s) of land at any point, including prior to the identification of any specific company(s) that might seek to use FTZ procedures at that location. That correspondence can then be used for an application to the FTZ Board if/when the need actually arises for FTZ designation at that location. In addition, there is significant flexibility on the degree of specificity of such correspondence. An affected party may express its concurrence or non-objection to FTZ designation for a specific parcel(s) of land within its jurisdiction, a larger subset of its jurisdiction, or the entirety of its jurisdiction. Such documented concurrence/non-objection can then be used at any point when the need for FTZ designation might arise at the location(s) for which the affected party has expressed concurrence/non-objection.

AGENDA ITEM 2-C

Nov. 22, 2016

COUNTY ADMINISTRATOR

34. Foreign Trade Zone Payment in Lieu of Taxes Agreement for New Employer Monsanto

Staff recommends approval of the following:

- A. Lower Foreign Trade Zone property tax assessment ratios for the taxing districts controlled by the County (Approval of the Payment In Lieu of Taxes Fee Agreement);
- B. Formation of the Agricultural Science Advisory Commission and the Agricultural Community Advisory Committee, with membership as follows:

Agricultural Science Advisory Commission:

1. Dr. Shane Burgess, Dean, The University of Arizona College of Agriculture and Life Sciences
2. Dr. Joaquin Ruiz, Dean, The University of Arizona College of Science
3. Dr. Gary Nabhan, Director, The University of Arizona Center for Regional Food Studies
4. Dr. Douglas Taren, Associate Dean for Academic Affairs and Professor, Health Promotion Science Department, The University of Arizona Mel and Enid Zuckerman College of Public Health
5. Dr. Jeffery Silvertooth, Associate Dean and Director, Economic Development & Extension, Soil, Water and Environmental Science, The University of Arizona School of Plant Science
6. ~~A physician from the~~ Dr. Mazda Shirazi, Medical Director, Arizona Poison Control Center ~~who specializes in toxicology~~
7. A Monsanto representative
8. Patrick Cavanaugh, Deputy Director of the Pima County Economic Development Office, Commission Administrator and Ex-Officio Member

Agricultural Community Advisory Committee:

1. Kimber Lanning, Local First Arizona
 2. Brandon Merchant, Organic Gardening
 3. Garrett Ham, 4-H
 4. Jack Mann, Pima County Farm Bureau
 5. Five additional members appointed by the Pima County Board of Supervisors
 6. Patrick Cavanaugh, Deputy Director of the Pima County Economic Development Office, Commission Administrator and Ex-Officio Member
- C. The Memorandum of Understanding with Monsanto.

Chuck Huckelberry, County Administrator, stated the issue before the Board was whether to support the foreign trade zone designation granted by the U.S. Department of Commerce for Monsanto. He stated the County could not regulate agricultural production nor approve a tax reduction. He added that should the Board support the designation, a letter of concurrence would be provided for the four tax rates controlled by the Board and that other taxing jurisdictions, Marana Unified School District, Pima Community College and JTED, would make individual decisions on whether to support the designation.

Mr. Huckelberry explained the economic development attraction for Monsanto to come to Pima County was not the number or types of employment offered, but the

capital investment on the purchased property, which would increase the tax base. The current use for the property yielded a tax amount of \$2,000.00 a year. Even with the tax reduction, the amount would rise to \$650,000.00, which would last 10 years. Afterwards, the yearly property tax would be around \$1.5 million.

Supervisor Valadez stated the Memorandum of Understanding established the Agricultural Science Advisory Commission and the Agricultural Community Advisory Committee and asked about their mission.

Mr. Huckelberry stated both were voluntary commissions and added the Agricultural Science Advisory Commission would review scientific facts and interpret conservation practices while the Agricultural Community Advisory Committee would focus on the views and values of the community.

Supervisor Valadez questioned whether without the Memorandum of Understanding, the County would be provided information concerning Monsanto's operations.

Mr. Huckelberry stated the County would only have access to federal or state reporting that Monsanto was required to provide, and that the only way to know what Monsanto would be doing was to approve the Memorandum of Understanding and establish the committees.

It was moved by Supervisor Valadez and seconded by Supervisor Carroll to impanel the Agricultural Science Advisory Commission, have them hear the questions that had been asked by the public speakers at Call to the Public, accept any future questions, publish their answers on the website for public viewing, and to continue the remainder of this matter until the Board of Supervisors meeting on February 21, 2017. No vote was taken at this time.

Supervisor Elias stated Pima County should not support Monsanto and asked why these committees were being established if the County had no regulatory authority and no fear about Monsanto activities. He added that District 5 had dealt with environmental pollution with the TCE contamination and dioxin in the wells and that the money from Monsanto was not worth what the County would be getting. He said the discussion from the public speakers had not been about Foreign Trade Zones or tax incentives, but against Monsanto coming to Pima County.

Supervisor Elias offered a friendly amendment to the motion to ask that there be five public hearings, one in each supervisorial district, and that the Economic Development Department be added to the discussions.

Supervisor Valadez replied that he agreed with Supervisor Elias but that they differed in the manner in which they went forward to obtain a solution. He stated it was better to know what was going on at Monsanto than to not have any knowledge at all. He added the Board did not have the authority to change the law, but the State did and that the fight to keep Monsanto away needed to be with the State.

Supervisor Miller used the example of Pima County's limited jurisdiction only regarding the air quality permit for Rosemont Copper, but stated the County none the less had gone to great lengths to oppose the opening of the Rosemont Copper mine. She questioned the information provided by the County Administrator which stated Monsanto would be the largest taxpayer in Marana Unified School District, but elsewhere the documentation specified that any payments and loop fees paid by Monsanto during the pilot fee forgiveness period of ten years would be forgiven by taxpayers via a refund.

Mr. Huckelberry explained that the different taxing jurisdictions could choose different options for their PILOT agreements and that the Marana Unified School District had opted for a yearly tax payment that had gone from \$818.00 to \$237,000.00 and a \$500,000.00 cash contribution.

Supervisor Miller inquired whether the request for Foreign Trade Zone approval would move forward should any taxing jurisdictions not agree to support the letter of concurrence.

Mr. Huckelberry stated that customarily without letters of concurrence from the local governing parties, the requests have been denied.

Supervisor Miller stated she saw no indemnification for Pima County or funding set asides in the event of lawsuits stemming from environmental contamination or pollutant exposure and asked that it be incorporated into the Monsanto agreement.

Mr. Huckelberry explained the regulating agency for water contamination would be the Arizona Department of Environmental Quality and ADEQ would need to designate Monsanto as a potential pollution point source and without any discharge, ADEQ might decline jurisdiction.

Supervisor Miller declared the deal violated the Arizona State Constitution Gift Clause due to no public-benefit and that the amount was grossly disproportionate to what the County would receive in return. She agreed with Supervisor Elías regarding the public hearings and that hearing notices be sent out as soon as possible.

Chair Bronson stated that answers were needed from the Agricultural Science Advisory Commission before public hearings were scheduled.

Both Supervisors Valadez and Carroll accepted the amendment to the motion made by Supervisor Elías.

Supervisor Elías requested that staff provide clarification on the regulation of agricultural production and an agricultural research facility and the responsibility of the State. He added that the members of the Agricultural Science Advisory Commission file financial disclosure statements to ensure that are no conflicts.

Upon roll call vote, the motion carried unanimously 5-0.

35. Mike Jacob Sportspark Operating Agreement

Staff recommends approval of the following:

- A. A month-to-month Operating Agreement with the present operator, for a period of up to six months, during which County staff will conduct a competitive Request for Proposals process to select a single entity to operate Mike Jacobs Sportspark.
- B. Up to \$1 million in capital improvements to the facility, with concurrence from the competitively-selected future operator of the Sportspark, using funding from the Arizona Department of Transportation right-of-way acquisition for Interstate 10 and Ina Road improvements.

Chuck Huckelberry, County Administrator, requested the item be continued to the Board of Supervisors Meeting on December 13, 2016, to communicate with the applicant and their attorney.

Scott List, Championship Sports, asked that the needs of the community be considered prior to any vote to close the sportpark.

It was moved by Supervisor Miller, seconded by Chair Bronson and unanimously carried by a 5-0 vote, to continue this item to the Board of Supervisors' Meeting of December 13, 2016.

36. Raytheon Expansion Economic Development Incentives

Staff recommends the following actions be taken to incentivize Raytheon Missile Systems to expand their Tucson operations:

- A. Approve the voluntary restrictions placed on County acquired property to buffer Raytheon. These restrictions are to be placed on any proposed land use of the County property leased or sold to a third party for economic development purposes. These restrictions ensure continued compatibility of the future land uses with Raytheon operations.
- B. Approve and support a Foreign Trade Zone (FTZ) application for Raytheon's existing operations, as well as the expanding operations proposed by Raytheon through a significant capital facility expansion. The FTZ property tax reduction will be subject to US Department of Commerce FTZ requirements, eligibility of Raytheon for said designation, and approval by the US Department of Commerce as an FTZ eligible property for both existing and future expansion facilities. Educational institutions will receive their full pre-FTZ property tax payments.
- C. Affirm County initiated and managed transportation capacity improvements to the Aerospace Parkway and Raytheon Parkway to expand traffic capacity and accessibility to Raytheon facilities based on additional employment.

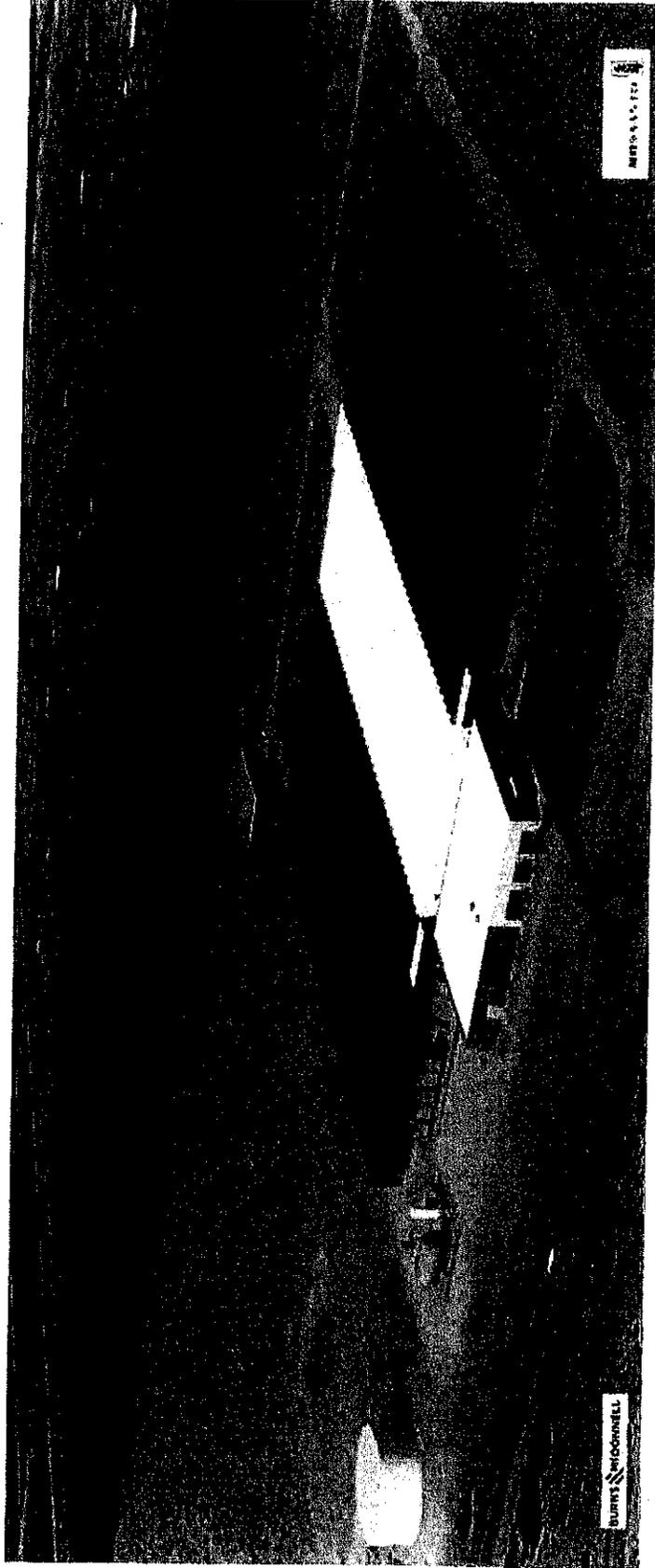
AGENDA ITEM 3

Monsanto Greenhouse Background

- In August, Monsanto announced plans to build a seven-acre, state-of-the-art greenhouse on land in Pima County, Arizona. At this new site, we expect to conduct corn development year-round supporting the advancement of corn seeds that will eventually become new varieties for our farmer customers. The indoor air-controlled facility will be automated in numerous ways including full climate, light and atmospheric management of plant growing conditions. All in-bound and out-bound air is filtered and controlled, so we're able to govern humidity and temperature levels as well as contain pollen. In addition, automated operations and movable benches will improve ergonomic conditions for our employees. Along with the greenhouse, we expect that approximately two acres will be used for seed processing and an office building. Additional improvements at the site include a 2-million-gallon water tank for fire suppression and a composting facility.
- By moving key pieces of the corn product development process under cover (inside), we expect to reduce the environmental impact and enhance our sustainable production. Operations in a greenhouse will reduce water and pesticide usage while managing exposure to weather variables we may otherwise encounter in open field environments. Because the greenhouse will be fully automated, we'll use less land compared to traditional field production. Precise management of plant diseases and insect pressure will enable more targeted control resulting in reduced pesticide usage. Additionally, the smaller footprint combined with a 100% water recapture and recycle system, will mean that we'll be using 1/5th of the water normally used on an open cornfield.

7 acres of greenhouse
2 acres processing space
Office Building

2 M gal. fire tank
Compost facility



Sustainable - Doing More, With Less

- Minimize environmental impact by reducing water usage while managing exposure to weather variables we may otherwise encounter in open field environments
- More days of Arizona sunlight mean that we can maintain plants in a more energy efficient way than a greenhouse built in other geographies with less energy
- Less land usage compared to traditional cornfields – 1/7th of that in an open field
- Automation inside the greenhouse will allow precise management of plant diseases and insect control, reducing how much pesticide and fertilizer is used
- The smaller footprint combined with a 100% water recapture and recycle system, will mean that we'll be using 1/5th of the water normally used on an open cornfield
- Composting facility
- Eliminate soil erosion

Site Specifics

- Construction estimates = \$95m to \$105m
- 20 to 30 full time salaried employees
 - Agronomist
 - Plant Breeder
 - Logistics Coordinator
 - IT Support
 - Software Developer
 - Automation Engineer
 - HVAC Engineer
- 30 to 50 hourly employees
 - Laborers (some seasonal)
 - Technicians

AGENDA ITEM 4

**MEMORANDUM OF UNDERSTANDING BETWEEN
PIMA COUNTY AND MONSANTO COMPANY**

I. PARTIES

The parties to this Memorandum of Understanding (MOU) are Monsanto Company (Monsanto) and Pima County, Arizona (the County), hereinafter each referred to individually as a "Party" and collectively as "the Parties."

II. PURPOSE

The purpose of this MOU is to establish a relationship and dialogue between Monsanto and the County regarding the agricultural practices and stewardship undertaken by Monsanto with regard to its planned state-of-the-art greenhouse/manufacturing and distribution operation. This MOU is intended to advance public knowledge and foster public dialogue regarding agriculture and Monsanto's operations in Pima County.

III. RESPONSIBILITIES

Insofar as is practical and to the extent consistent with all applicable laws and regulations, the Parties agree to the following:

A. Commission and Committee. At its discretion, Pima County will establish two community-based advisory bodies (the Pima County Agricultural Science Advisory Commission and the Pima County Agricultural Community Advisory Committee) that will each have a membership appointed by the County. Monsanto shall make a good faith effort to collaborate and cooperate with the Commission and the Committee in facilitating discussions regarding agriculture and Monsanto's operations in Pima County. The Commission and Committee shall meet at least quarterly (or as needed) and be guided by Pima County's standard procedures for Boards, Committees and Commissions and be subject to Arizona law governing open meetings and public records.

B. Voluntary Reporting. Monsanto will provide to the County quarterly a report regarding Monsanto's agricultural operation in Pima County. The report will contain the following, excluding business confidential information.

1. Restricted-Use Pesticides

- a. A list of all agricultural-use restricted-use pesticides (by commercial product name and active ingredient) utilized at Monsanto's Pima County site.
- b. The total quantity applied of each restricted-use pesticide product reported in pounds or gallons of active ingredient applied, and
- c. The number of acres and/or square footage treated with each restricted-use pesticide and whether the application was within the greenhouse facility or outside the greenhouse facility.

2. A description of measures utilized by Monsanto in Pima County, including:

- a. Restricted use-pesticide stewardship measures identified and undertaken by Monsanto.
- b. Pesticide-use technologies utilized.
- c. Annual water usage volumes and wastewater volumes at the Monsanto site in Pima County reported by gallons, as well as descriptions of water use reducing and wastewater reuse technology utilized at the site by the company.
- d. Specific reports compiled annually of any hazardous waste spills or violation reported by Monsanto to any local, state or federal regulatory agencies.

C. Pesticide and Hazardous Material-Use Requirements. Monsanto will strictly adhere to all federal, state and Pima County laws and ordinances governing the use, handling and disposal of pesticides and hazardous materials.

D. Cooperation. The Parties will work cooperatively and in good faith to ensure appropriate and efficient communication in support of the objectives and purposes of this MOU. The Parties will also work cooperatively to achieve reasonable solutions to Monsanto's stewardship of its facility in Pima County and support the work of Pima County's Agricultural Science Advisory Commission and Pima County Agricultural Community Advisory Committee. Monsanto will consider any request by the County, directly or through the Commission or Committee, for information regarding its agricultural operations in the County to further these objectives and, if reasonable and scientifically justified, Monsanto will engage The University of Arizona to conduct specific research in an amount not to exceed \$50,000 annually during the period Monsanto receives an FTZ property tax benefit.

E. Information Sharing. The Parties will share information, on a voluntary basis, with the intent to improve public understanding and education of agricultural practices, and to ensure the County and its Agricultural Advisory Commission and Committee are appropriately familiar with key aspects of agricultural practices at Monsanto's facility in Pima County.

F. Quarterly Reporting and Meetings. To achieve the objectives of this MOU, Monsanto will meet with County representatives and its Agricultural Advisory Committee and Commission no less than quarterly. Monsanto will provide quarterly reports at least two weeks prior to the regularly scheduled quarterly meeting that include the voluntary reporting measures set forth in Section III and a summary of other activities pursuant to this MOU. The Parties agree the quarterly meetings and reporting requirements will be reviewed after two years to modify, if appropriate, frequency requirements for meetings and reporting.

G. Education. Monsanto will provide, as reasonably requested and mutually agreed upon, educational opportunities to the County related to the operation of Monsanto's agricultural facilities located within Pima County.

IV. FINANCIAL TERMS

This MOU does not impose, or in any way require, any financial or monetary commitments from either Party. The Parties will, at all times, direct, manage and provide for their own participation in this MOU. Any work, projects, services or other activities carried out under

this MOU (and not specifically provided for in the terms of the MOU) involving the transfer of funds, property, services or anything of value will require a separate written agreement.

V. RIGHT OF TERMINATION

This MOU is effective on the last date affixed to the signature of the Parties and shall remain in effect for an initial period of 10 years, unless terminated earlier by either Party in accordance with this clause. Thereafter, this MOU may be extended for successive 10-year terms by the Parties by mutual written agreement. Either Party may terminate this MOU at any time. As a courtesy, a Party terminating this MOU shall make reasonable efforts to provide the other Party not less than 60 days' prior written notice of termination and the reason for such termination.

VI. MODIFICATION

Any modification or alteration of this MOU must be made by mutual agreement in writing and executed by an authorized representative of each Party.

VII. NO LEGAL RIGHTS, DUTIES OR OBLIGATIONS CREATED

Nothing in this MOU or its execution is intended to contradict or contravene any provision of law. The Parties' responsibilities and activities set forth in this MOU are strictly voluntary. Nothing in this MOU shall be construed as establishing a contract (or other legally-binding commitments, duties or obligations) requiring Monsanto or the County to provide money, goods or services of any kind to any legal entity. The Parties agree the responsibilities and activities set forth in this MOU are only applicable within Pima County and such responsibilities and activities have been specifically tailored to address issues unique to Pima County.

IN WITNESS WHEREOF, the parties hereto have executed this MOU this _____ day of _____, 201____.

Pima County, Arizona

Monsanto Company,
a Delaware Corporation

By _____

By _____

Its _____

Its _____

Date _____

Date _____

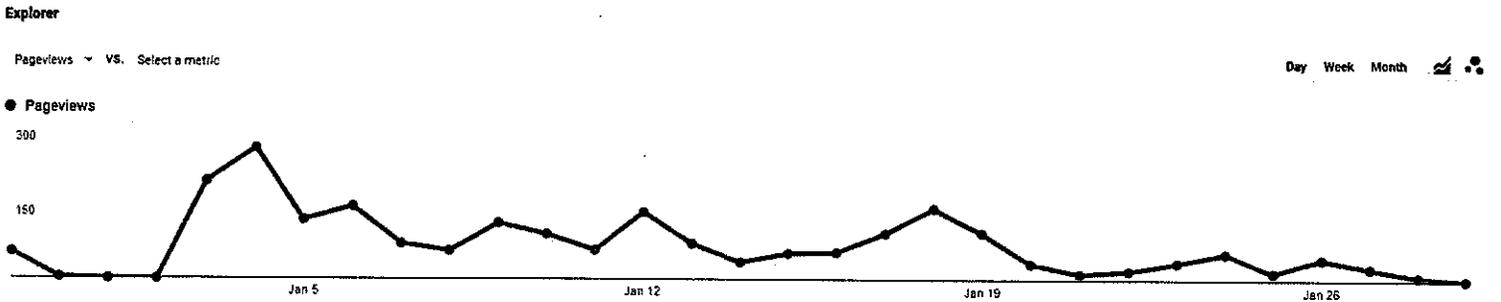
Attest:

Robin Brigode, Clerk of the Board

AGENDA ITEM 5-A

Pima County's Monsanto Information Website

December 30, 2016 to Jan 30, 2017



Primary Dimension: Page path level 4 Page Other

Secondary dimension Sort Type Default

advanced

Page path level 4	Pageviews	Unique Pageviews	Avg. Time on Page	Bounce Rate	% Exit
	2,076 <small>% of Total: 0.41% (300,548)</small>	1,611 <small>% of Total: 0.41% (300,624)</small>	00:03:21 <small>Avg for View: 00:01:51 (99.40%)</small>	66.77% <small>Avg for View: 57.90% (15.93%)</small>	55.49% <small>Avg for View: 44.75% (23.99%)</small>
1. /	1,685 (81.17%)	1,282 (79.58%)	00:03:20	65.81%	54.66%
2. /monstanto_responses_to_public_comment/	390 (18.79%)	328 (20.36%)	00:03:26	79.17%	59.23%



MEMORANDUM

Date: January 3, 2017

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **Monsanto Website**

As the Board of Supervisors directed at its November 22, 2016 meeting, the County will provide a webpage on which Monsanto-related information will be posted. This information will include the following:

1. The audio, video and written materials of the November 22, 2016 Board of Supervisors Meeting Call to the Audience;
2. Responses by Monsanto to the comments made under the Call to the Audience, as well responses to the written materials presented to the Board at the Call to the Audience. A project description provided by Monsanto will also be included;
3. The Foreign Trade Zone Fact Sheet recently completed by Economic Development staff;
4. The December 20, 2016 regulatory authority memorandum provided by Economic Development staff regarding the County's ability to regulate Monsanto activities;
5. Previous memoranda and correspondence related to Monsanto and their request for a Foreign Trade Zone designation and a background summary of the project;
6. The membership of the Pima County Agricultural Science Advisory Commission;
7. The list of public meetings and locations that will be held regarding the Monsanto-proposed Avra Valley facility. The format of these meetings will include Monsanto making a presentation regarding their proposed facility to be located in Avra Valley, allow those attending the meeting to ask specific questions regarding Monsanto's proposal, and have science-based subject matter experts in attendance to answer questions from attendees;
8. A feedback link to allow for additional public comment about the Monsanto project.

CHH/anc

c: Dr. John Moffatt, Director, Economic Development Office
Patrick Cavanaugh, Deputy Director, Economic Development Office



PIMA COUNTY

Monsanto Avra Valley Economic Development Proposal

This website is intended to provide information about the proposed Monsanto agricultural facility in Avra Valley. It includes information about public meetings, the facility design, an incentive being considered for Monsanto, Monsanto's response to public concerns and Pima County's regulatory authority as it relates to the facility. The website also allows the community to provide comment to Pima County concerning Monsanto.

To provide feedback to County Administration and the Board of Supervisors, click on the Feedback button at right, or [this link](#).

[Monsanto responses to public comments at the Nov. 22 Board of Supervisors meeting, and to letters and emails sent to county officials.](#)

Science Commission Meeting:

The Pima County Board of Supervisors has empaneled an Agricultural Science Advisory Commission to provide "a science-based forum for the discussion of issues critical to the agriculture industry in Pima County and to advise the board on matters related to agriculture, water and environmental impacts."

The initial meeting of the commission will be :

Tuesday, February 7th

5:30 to 7:30 p.m.

130 West Congress, 1st Floor Board of Supervisors Hearing Room

For more information about the Commission, see the tab below.

[Administrator Memos](#) [FTZ Facts & FAQs](#) [Background](#) [Science Commission](#)

[January 25, 2017 - United States Foreign Trade Zone Information and Guidance](#)

[January 17, 2017 - Public Meetings Regarding the Proposed Monsanto Facility](#)

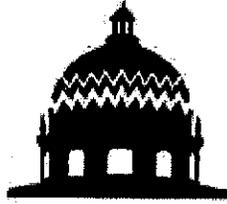
[January 3, 2017 - Regulatory Authority of the County Regarding Monsanto](#)

[November 28, 2016 - Monsanto Economic Development Proposal in Avra Valley](#)

[November 22, 2016 - Foreign Trade Zone Payment in Lieu of Taxes Agreement for New Employer](#)

[Monsanto](#)

AGENDA ITEM 5-B



PIMA COUNTY

ECONOMIC DEVELOPMENT

Dec. 30, 2016
For Immediate Release

CONTACT: Patrick Cavanaugh, Deputy Director,
Economic Development, (520) 724-3296
patrick.cavanaugh1@pima.gov

**Schedule set for community meetings on Monsanto greenhouse project:
County informational website on proposed project now live**

PIMA COUNTY - Pima County has scheduled five community meetings to provide information and receive comments on the proposed Monsanto greenhouse facility.

The Pima County Board of Supervisors has tasked County administration with holding public meetings in each supervisors' district in order to provide the public more information about the Monsanto proposal and the county's role in the proposal, and to receive feedback from the public.

Pima County Economic Development Deputy Director Patrick Cavanaugh, a Monsanto company representative and recommended subject matter experts plan to attend the meetings.

The schedule of meetings:

- District 1: 5 p.m., Jan., 9, Oro Valley Public Library, 1305 W. Naranja Drive
- District 2: 6 p.m., Jan. 19; Quincie Douglas Center, 1575 E. 36th Street
- District 3: 5 p.m., Jan. 17; Ellie Towne Community Center, 1660 W. Ruthrauff Road
- District 4: 11 a.m., Jan. 13; Green Valley Recreation Center - Las Companas Room, 565 W. Belltower Drive
- District 5: 6 p.m., Jan. 18; Pima County Housing Center, 801 W. Congress Street

The Board of Supervisors plans to discuss two pending agreements with Monsanto at the Feb. 21 Board meeting. Pima County also has created a Monsanto information [web page](#).

Monsanto recently purchased a 155-acre unused agricultural site near Twin Peaks and Sanders roads. The company plans to invest nearly \$100 million in a seven-acre greenhouse facility where it would develop and grow corn seed.

A pair of agreements between the County and Monsanto before the Board of Supervisors include consideration of providing County support for Monsanto's pursuit of inclusion in the regional federally-approved Foreign Trade Zone. Under state and federal laws, inclusion in the Foreign Trade Zone would provide Monsanto with a reduced property tax assessment ratio, among other benefits.

Per state law, agricultural property already receives a lowered assessment ratio of 15 percent. If FTZ designation is approved, per federal and state law, the property would be subject to a 5-percent assessment ratio.

Under existing property tax assessment ratios, the property generated \$1,956 in total property taxes in 2015. After the planned site improvements, even with the lower tax assessment ratio, County, fire and school districts would receive \$694,416 at the fifth year of the agreement.

While the agreements before the Board of Supervisors would enumerate County support for Monsanto's inclusion in the Foreign Trade Zone, they do not themselves grant the designation nor provide the company with any Pima County specific incentives or special property tax considerations, which are granted under state and federal laws.

Under the terms of the agreements, Monsanto would agree to meet with and report quarterly to Pima County about the use of type and quantity of pesticides used at the site; annual water usage; wastewater volumes; and reports about any hazardous spills at the site. The company also would comply with all federal, state and local laws regarding use, handling and disposal of pesticides and hazardous materials.

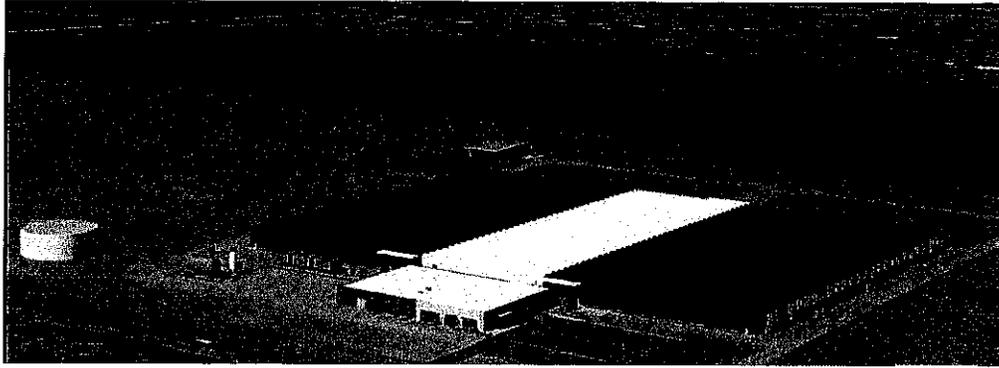
Pima County plans to establish a community-based advisory body – Pima County Agricultural Science Advisory Commission – that will meet at least quarterly to discuss Monsanto operations. The advisory Commission will monitor the Monsanto site and evaluate the effectiveness of agricultural technology in meeting food sustainability objectives and any adverse effects of operations at the site.

AGENDA ITEM 5-B

http://tucson.com/news/local/govt-and-politics/pima-county-board-has-veto-power-over-monsanto-s-tax/article_490a1b51-f1d6-5b47-894b-9c8d2e357eb6.html

Pima County board has veto power over Monsanto's tax breaks

By Tony Davis Arizona Daily Star Jan 28, 2017 Updated Jan 28, 2017



Courtesy of Monsanto

This artist's rendering shows Monsanto's planned Avra Valley greenhouse, which would develop new corn seeds.

To the surprise of at least two Pima County supervisors, their board has veto power over whether Monsanto Co.'s greenhouse will get tax breaks from a proposed foreign trade zone designation.

For Monsanto to get the property tax breaks, it needs the federal government to designate its 155-acre, Avra Valley-area greenhouse site as part of a larger foreign trade zone in Pima County. For that to happen, all government agencies with taxing authority affected by the designation must send letters saying they don't object, said Tim Truman, a spokesman for the International Trade Association, a division of the U.S. Commerce Department.

If Monsanto obtains an FTZ designation, Pima County could lose property tax revenue because the designation would reduce the company's property tax burden by two-thirds. So far, two other entities that could be impacted by the Monsanto project, the Marana Unified School District and the Joint Technical Education District (JTED), have agreed to send in letters of non-objection. A fourth entity, Pima Community College, hasn't.

Pima County supervisors are scheduled to vote on Feb. 21, after delaying a decision last November.

Truman's statement was much firmer than one made Jan. 18 by a county official at a Monsanto public meeting. Patrick Cavanaugh, Pima County's deputy economic director, at the time described the importance of the supervisors' upcoming vote as "a great unknown."

The need for letters of no objection is spelled out in a November 2016 document that Truman emailed to the Star last week. It says an FTZ applicant must submit copies of letters from "all affected parties" indicating that they support or don't object to the proposal. The document is labeled "guidance," a term that typically carries no force of law. But it also says the letters are required.

The document does offer a potential "out" for Monsanto. If the company agrees to pay taxing entities enough so they don't lose money from the FTZ designation, they won't need to send letters of no objection. Such an agreement is known as a PILOT, for payment in lieu of taxes.

So far, however, that waiver applies to only one of the four entities. JTED has approved a PILOT agreement to get as much money from Monsanto as it would have without the tax break.

The Marana school district has accepted a \$500,000 donation from Monsanto, far less than its take under a PILOT agreement.

Monsanto spokeswoman Charly Lord said the company intends to enter an agreement with Pima Community College to not receive any tax benefits from the college.

County Administrator Chuck Huckelberry has proposed a PILOT agreement with Monsanto in which, for 10 years, the company would pay the difference between the taxes the county would have received without Monsanto's FTZ tax break.

But the county would have to refund the difference if Monsanto met certain goals.

These include at least \$90 million total investment, at least 50 full-time and part-time jobs, average annual wages of at least \$44,000, employee health and dental insurance coverage and 401(k) plans. Because the refunds will take tax revenue from the county, it would still have to send the no objection letter.

Two Pima County supervisors said they were unaware that the county's letter is legally required for Monsanto to get the designation. This requirement puts additional pressure on supervisors before deciding, said Supervisor Richard Elías, a Democrat who opposes the tax breaks for Monsanto, and Supervisor Steve Christy, a Republican who hasn't taken a stand.

"If the FTZ designation is going to be determined positively or negatively by the Pima County board, it places much more importance or emphasis on the decision the board makes," Christy said.

Until now, he added, "My feeling was that it was just rudimentary approval or disapproval and had no bearing on the status of Monsanto."

Now, the board's action "becomes more than a piece of the puzzle. It could have real impact," Elías said.

Denial of the FTZ designation wouldn't stop the greenhouse project, particularly since Monsanto already bought the land. The county lacks authority to do that. Monsanto spokeswoman Lord declined to say if the company would kill or reassess its plans for the greenhouse if the supervisors vote not to send a no-objection letter.

"We're going to use the information we've gathered from these public listening sessions, what we've learned from farming groups in the area, input we've received from business leaders and the Chamber of Commerce along with what the board decides next month to make our final decision," Lord said.

Cavanaugh, the county economic official, gave a more uncertain view of supervisors' potential impact at the Jan. 18 public meeting.

He told the gathering the impact of an unfavorable supervisors' vote was unknown, because the county has received only "guidance" from the feds and "no firm rules that we've been able to locate."

Cavanaugh later said he made the comment because the November 2016 federal guidance doesn't specify that an FTZ application would be rejected if all impacted taxing entities fail to send in the letters.

Although the document says the letters are required, "generally in regulations you have very specific direction as to what the outcome is," he said. The document also doesn't say what happens if two entities provide letters and two don't, he said.

But when asked by the Star what would happen if one or more entities refused to send such letters, trade association spokesman Truman reaffirmed his earlier statement. He said the FTZ board, a federal entity that decides on such designations, "only processes applications that include letters of non-objection from all affected taxing entities."

On Tuesday, Cavanaugh said he's no longer unsure of what would happen if all four entities didn't sign PILOT agreements or send in no-objection letters.

On that day, he had Deputy County Attorney Regina Nassen call Andrew McGilvray, executive director of the FTZ board in Washington, D.C. He learned that if some affected parties submit letters or PILOT agreements and others don't, "The FTZ staff would not move the application forward for consideration at all," Cavanaugh said.

On Wednesday, Huckelberry issued a memo saying the same thing: That if all affected entities don't submit letters of no objection, "no property tax savings or FTZ benefit would be issued to the applicant."

Contact reporter Tony Davis at tdavis@tucson.com or 806-7746. On Twitter@[tonydavis987](https://twitter.com/tonydavis987)

MORE INFORMATION

http://tucson.com/news/local/govt-and-politics/monsanto-s-pima-county-plan-questions-and-answers/article_14571118-8ceb-5c8a-bbd0-5c3fda379dae.html

Monsanto's Pima County plan: Questions and answers

By Tony Davis Arizona Daily Star Jan 22, 2017 Updated Jan 26, 2017



Kelly Presnell / Arizona Daily Star

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Lisa Peak voices her opposition to a proposed Monsanto Corp. facility in Avra Valley before a standing-room-only crowd at a public meeting held by Pima County on Wednesday.

Tax breaks and economic benefits. Conflicts of interest. A Science Commission and a Citizens Committee. Neonicotinoids and BT toxins. Honeybees and ladybugs.

These and many other topics came up at a public meeting Wednesday night on Monsanto Corp.'s request for support from Pima County to obtain a U.S. foreign trade zone designation for its planned Avra Valley greenhouse to grow corn. For three hours, numerous residents grilled county and Monsanto officials about the greenhouse, its potential environmental impacts and the related financial issues.

On Feb. 21, the Pima County Board of Supervisors will vote on whether to send the federal government a letter saying it has no objection to the trade zone designation, which would lower Monsanto's property tax bill.

Here are some of the questions posed at the meeting and answered by county and Monsanto officials.

- First are questions from audience members to Patrick Cavanaugh, Pima County's deputy economic development director, followed by Cavanaugh's answers:

Q. If this were to happen, Monsanto would pay lower taxes. What positive tradeoff would come to Tucson and Pima County from that?

A: We see the foreign trade zone as a business attraction that we can offer. Companies that have export and import components, we want to see them located here.

(The benefits include) jobs, and about \$100 million worth of capital investment. It affects the tax base in Pima County. Monsanto would be the biggest property taxpayer in Marana Unified School District. ... There would be more money coming in. You expand the tax base and there's less demand for higher taxes and more money for governments to use.

Q. Does this open the door to more Monsanto development with the same tax advantages?

A: Yes, if they decide and build and manufacture on the acreage there, they get lower taxes there.

Q. Would this right transfer to a different owner if Monsanto sells the land?

A: They would have to go through the entire process with Sun Corridor Inc., the federal grantee that administers the foreign trade zone in Pima County.

Q. What is the process by which members of the county's Monsanto Science Commission and Citizens Commission will be chosen?

A. They have been chosen. That was done by county administration. The way we approached it (with the Science Commission), we wanted to have specific categories. ... You have areas such as plant biology, public health, ethnobotany, toxicology. We tried to find experts in those areas. They are drawn from the UA, where scientists and researchers are. The Community Committee we proposed is on hold until we get the Board of Supervisors' decision (on whether to send a letter of no objection on Monsanto's foreign trade zone designation to the federal government).

Q. Is the Science Commission empowered to order independent tests of the effects of Monsanto activity on air, human health and soil?

A. We did require that Monsanto block out a specific amount of money for independent studies to be done through the UA.

Q. If the Board of Supervisors doesn't approve sending the letter of no objection to the federal government, does that kill Monsanto's FTZ application and its property tax break?

A. We have kind of a mixed bag. We have Marana Unified School District that has voted to go with a letter of no objection. JTED voted for no objection. Pima Community College is up in the air; its board voted earlier not to approve a letter of no objection. Pima County is up in the air. With that mixed bag, we can't predict what they (the feds) are going to do. ... It's a nebulous process.

Q. County Supervisor Richard Elías has requested a memo about the financial interests that the Agricultural Science Advisory Commission might have. When will the public see that?

A. It will be addressed in advance of the meeting of the commission. ... Certainly, UA has a very robust conflict-of-interest section. I assure you that we will be looking at that from the Pima County side.

Q. We can't stop the Monsanto project from happening at this point?

A. There's nothing in our toolbox that would stop a legally incorporated company from doing legal activity on private property they purchased.

- Here are questions posed by audience members at the public meeting, and answers from Amanda McClerren, Monsanto's strategic lead official on the Avra Valley greenhouse, and Kyle Smith, a leader in Monsanto's breeding activities:

Q. Do you plan to use BT technology and beneficial insects like ladybugs in the greenhouse? (BT is a controversial, natural soil bacterium, engineered into Monsanto's genetically modified cotton and corn, containing a toxin that kills some insects).

A. Half of what we grow would be GMO. Half would be conventional. The GMO corn might use BT traits.

Q. What bugs are you targeting?

A. Whiteflies and thrips (small insects that feed on and can damage plants).

Q. You don't want to hurt the ladybugs?

A. They are friends.

Q. There are a few studies that point to a BT toxin leading to increased mortality in ladybugs. It sounds nice to bring ladybugs into the greenhouse, but isn't it a problem when research points to harm by BT commercial corn?

A. I'm not familiar with your studies. I'm willing to take a look at it. We don't want to hurt ladybugs.

Q. Will the corn seed you use be coated or treated with neonicotinoids? (They are a class of insecticides that feed on sap-feeding insects, sparking scientific debate over whether they harm honeybees).

A. I think at this time, we don't have plans to use any seed treatments.

Q. What herbicides are you working with?

A. It would depend on the type of weed we identify. I don't know what kind. We don't plan to use herbicides much if at all.

Q. You call yourself a seed company. Are you in the process of buying up other seed companies?

A. Monsanto got into the seed business in the late '90s and early 2000s. ... That's when the bulk of seed company purchases were made.

Q: From what I read, I get the impression Monsanto could end up with a monopoly on seeds. I don't really have statistics. If a farmer wants to use your seeds, they have to buy new seeds every year. It's not like they save the seeds and they're replanted.

A. It depends on if the seed is patented. Then, the federal patent law would apply. That means the farmer would need to purchase the technology. ... There are about 200 seed companies in the U.S. I have to follow up to get statistics on how many of them Monsanto owns.

Q. I imagine greenhouses will get to 200 degrees in the summer. Obviously, you'll have air conditioning. Will the power for the greenhouse come from solar?

A. It's coming from electric. We're also evaluating the opportunity to take advantage of solar as well. One thing I learned, it costs more in energy to light than it does to cool. That's one reason Pima County was selected. The quality of light is the highest in the world. It was a strategic tradeoff to be more energy-conscious and reduce the amount of lighting we need.

Q. I'd like to send a strong message to Monsanto that there is also a great solar industry here. With climate change affecting this world, to reduce fossil fuel use would be great.

A. We are using multiple layers of retractable shade. The corn plant only needs a certain amount of sunlight. Shade on the exterior, that is one way we will cut down on fossil-fuel use.

Q. You never mentioned the fact that your goal in this project is to make as much money as possible. It's capitalism.

A. The focus of this project is to deliver better products faster. If you do that, it creates value. We grow our company. We share our value with our customers.

Contact reporter Tony Davis at tdavis@tucson.com or 806-7746. On Twitter@tonydavis987

MORE INFORMATION

http://tucson.com/news/local/govt-and-politics/monsanto-questioned-on-tax-breaks-herbicides-gmos-at-tucson-public/article_b55e7cc6-b784-5b58-bea3-13ce21c9434f.html

MONSANTO PROJECT GENERATES CRITICISM

Monsanto questioned on tax breaks, herbicides, GMOs at Tucson public meetings

By Tony Davis Arizona Daily Star Jan 19, 2017 Updated Jan 26, 2017



Kelly Presnell / Arizona Daily Star

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Gary Geisler speaks out in opposition to the proposed Monsanto greenhouse facility in Avra Valley. He and more than 100 other Southern Arizonans packed a meeting Wednesday meant to allow public comment on the corn-growing facility.

Global biotech giant Monsanto Co. has taken a verbal pounding in public meetings on its plan to grow corn in an Avra Valley greenhouse on 7 acres.

More than 100 people, for example, packed a session Wednesday night on Tucson's west side aimed at providing information and taking public comment on the plan. Also discussed was the company's request to have the greenhouse included in a federal Foreign Trade Zone that would offer significant property tax breaks. The Pima County Board of Supervisors is scheduled to vote Feb. 21 on whether to support the trade-zone designation for the Monsanto property.

Skeptical members of what at times was a standing-room-only audience grilled a Monsanto official and a Pima County official on many issues. They included the possible use of herbicides at the greenhouse — which the Monsanto official said would be "little or none" — and the amount of tax breaks the company would receive.

"It's a substantial savings, I'll tell you that," said Patrick Cavanaugh, Pima County's deputy economic development director.

The Monsanto site at Twin Peaks and Sanders roads was billed a total of \$1,956 for property taxes in 2015, said a recent memo from County Administrator Chuck Huckelberry.

If Monsanto builds the greenhouse and gets the tax break, its total property tax bill after five years of greenhouse operations would be about \$649,000. If the foreign-trade-zone designation ever expired, Monsanto's bill would rise to \$1.445 million.

Questioners asked if the county could stop this project — Cavanaugh said no — and whether Monsanto ever intended to grow more crops in or out of a greenhouse on its total, 155-acre site.

Monsanto's Amanda McClerren replied it has no such plans, but "I wouldn't rule it out."

Wednesday's meeting was the fourth of five county-run meetings on the Monsanto plan; the final meeting was held Thursday night.

Audience reaction was similar at all of the meetings, officials said.

At Wednesday's, about 15 people commented, most opposing Monsanto.

Speakers raised concerns about the potential health impacts of Roundup, a Monsanto herbicide; about Monsanto's pending merger with Bayer, another biotech giant; about impacts of genetically modified organisms used on Monsanto's seed crops; and about what they see as Monsanto's incompatibility with the county's burgeoning sustainable agriculture movement.

At times, speakers grew emotional.

Monsanto's McClerren said that by using 80 percent less water than a typical outdoor farm and by running a tightly controlled, enclosed environment, the greenhouse operation would be sustainable. That's the company's broader goal, said McClerren, who is the lead project strategy official for the greenhouse effort.

She said the company's efforts here and elsewhere are aimed at meeting growing food-shortage concerns. With the world's population expected to reach 9.5 billion by 2050, and with protein a growing part of people's diets, if current agricultural productivity rates continue, by 2050, "we would need another South America to feed the world," she said.

The company will grow about half conventional and half-GMO crops here, she said, adding that it can grow as much corn in the greenhouse as it could grow outdoors on 192 acres. It will hire 20 to 30 salaried employees and another 30 to 50 employees paid hourly and invest \$95 million to \$105 million in the greenhouse, McClerren said.

"Sustainability, it's kind of a fancy word. It's about growing more with less," McClerren said, as some crowd members responded, "No respect, no respect."

She continued, "The greenhouse will allow us to deliver better products to growers faster."

Fiore Iannacone, a Food Conspiracy board member, read a statement from the food co-op saying, "We stand in solidarity with our community in opposition to Monsanto's project to develop property in Pima County for the purpose of developing experimental corn. ... We do not approve of Monsanto's plans, product or ethics. ... Monsanto is a threat to our local agricultural system and is not wanted here."

Speaker Meredith Skeath noted that Roundup's main ingredient, glyphosate, has been declared a probable carcinogen by the World Health Organization — a determination Monsanto is formally challenging. She said a major United Nations and World Bank-sponsored report concluded that genetically modified crops have little to offer to fight poverty, hunger and climate change, and that the report championed organic farming "as a sustainable way forward for developing companies."

"I understand you have no authority to keep Monsanto from doing what it wants. But I raise the ethical question that since our government is entrusted with safeguarding the health of our citizens, that you consider mandatory oversight of a corporation that poses a viable threat to our health and our environment," Skeath said.

Terisha Driggs, a St. David farmer who supports Monsanto, said she visited company facilities in Hawaii and Brazil and has seen the positive impacts they make on the economy and local communities in general.

"They help build playgrounds. Help employees build housing. They offer scholarships and incentives. They offer grants of \$10,000 to \$25,000 to schools," she said.

Driggs encouraged Pima County supervisors to study peer-reviewed journal articles relating to Monsanto.

"I get a tax break because I'm a farmer. It's the only way we can survive," Driggs said, although she noted that Monsanto's tax break would be different from a farmer's standard agricultural tax reductions.

Supporter Victoria Hermosilla said she thinks that collaborative leadership on this project among Monsanto, Pima County and the University of Arizona will "yield more positive leadership, more positive ideas as we move into the era of uncertainty with climate change."

Speaker Cynthia Rubiner said she understands from a farmer's perspective why it's nice to have this seed and that Monsanto would be using fewer pesticides on these indoor crops. But she also said all her relatives had to get out of farming due to competition from corporate agriculture and that she's concerned how corporate control affects the biodiversity of seeds.

"Monoculture — we all know Monsanto is contributing to that. Everyone is growing the same seed. We've lost 93 percent of our seed diversity. That's pretty serious," she said.

Dinah Bear, a private attorney and former general counsel for the U.S. Council on Environmental Quality, urged Pima County to advocate for the federal board that will decide on the foreign trade zone to prepare an environmental assessment under the National Environmental Policy Act.

Federal regulations provide "substantive criteria" that the government uses to make such decisions, she said, including a project's employment impact, its impact on related industries, and whether it results in a significant public benefit.

Contact reporter Tony Davis at tdavis@tucson.com or 806-7746. On Twitter@tonydavis987

MORE INFORMATION



Pima County delays vote on Monsanto tax incentives

http://tucson.com/news/local/govt-and-politics/public-meetings-on-monsanto-proposal-begin-next-week-in-pima/article_7867ea4f-614d-530c-afe4-10aa5b2a71c3.html

Public meetings on Monsanto proposal begin next week in Pima County

By Joe Ferguson Arizona Daily Star Jan 3, 2017



Ron Medvescek / Arizona Daily Star

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A large crowd turned out for the Board of Supervisors meeting Tuesday, where the discussion focused on extending a special tax zone for Monsanto.

Pima County will hold five community meetings to take public comments on the proposed Monsanto greenhouse facility ahead of a formal vote on the county's support of a trade-zone designation that would result in a tax break for the company

Monsanto owns a 155-acre unused agricultural site in an unincorporated area near Twin Peaks and Sanders roads and plans to invest nearly \$100 million in a 7-acre greenhouse facility where it would develop and grow corn seed.

The company has asked for the Board of Supervisors' support to be included in a regional federally approved foreign trade zone that would give the company several economic benefits under federal and state laws, including reduced property tax assessment ratios, in this case from the property's current 15 percent ratio to 5 percent.

The county said even with the lower tax assessments, Monsanto's developed land would generate higher property taxes for affected taxing districts than if the property were left undeveloped. The underdeveloped property generated \$1,956 in total property taxes in 2015. If the property is developed, various taxing districts would receive a total of \$694,416 in property taxes at the fifth year of the 10-year designation, according to Pima County.

The Board of Supervisors is scheduled to vote on the Monsanto proposal at its meeting Feb. 21.

The schedule of meetings:

- District 1: 5 p.m., Jan. 9, Oro Valley Public Library, 1305 W. Naranja Drive.
- District 2: 6 p.m., Jan. 19; Quincie Douglas Center, 1575 E. 36th St.
- District 3: 5 p.m., Jan. 17; Ellie Towne Community Center, 1660 W. Ruthrauff Road.
- District 4: 11 a.m., Jan. 13; Green Valley Recreation Center, Las Companas Room, 565 W. Belltower Drive.
- District 5: 6 p.m., Jan. 18; Pima County Housing Center, 801 W. Congress St.

The county has set up a website about the Monsanto proposal at tucne.ws/h1b

County to hold community meetings on Monsanto greenhouse project

Brad Allis, The Explorer | Posted: Wednesday, January 11, 2017 4:00 am

Pima County has scheduled five community meetings to provide information and receive comments on the proposed Monsanto greenhouse facility just outside Marana.

Monsanto, a multinational agrochemical and agricultural biotechnology corporation, recently purchased 155 acres near Twin Peaks and Sanders roads for a greenhouse facility, but a vote on potential tax breaks were put on hold after critics of the company flooded a November Pima County Board of Supervisors meeting.

Opponents of Monsanto are pushing the Board of Supervisors to oppose supporting a proposal that would provide a property-tax reduction and also took their opposition to the project to a public meeting with Arizona Superintendent of Public Instruction Diane Douglas.

Initially the postponement was designed to allow time for the county to convene the Pima County Agricultural Science Advisory Commission that, according to a press release, “will review four hours of public comments provided at the Nov. 22 meeting related to the Monsanto proposal.”

County Administrator Chuck Huckleberry wrote in a memo to supervisors that he recommended the creation of the advisory commission to separate fact from fiction.

“Given the far-reaching claims and controversial statements regarding Monsanto over their possible location in Pima County, it is important to address concerns that may arise both factually and scientifically,” Huckleberry wrote.

In addition, the Board of Supervisors tasked the county administrator with holding public meetings in each supervisor’s district in order “to provide the public more information about the Monsanto proposal and the county’s role in the proposal, and to receive feedback from the public.”

Pima County Economic Development Deputy Director Patrick Cavanaugh and a Monsanto company representative recommended subject matter experts plan to attend the meetings.

The exact nature of the tax breaks would be the creation of a Foreign Tax Zone (FTZ), which would reduce the amount of property tax Monsanto pays on the facility, a project which they have pledged nearly \$100 million to build a seven-acre greenhouse facility to develop and grow corn seed for research purposes.



Monsanto

Environmental concerns and the company’s business practices overseas are the most common complaints by those speaking out against Monsanto.

While the FTZ would reduce the property tax rate that Monsanto pays, the project will generate far more property tax than the unused land currently does.

Approval of the FTZ would reduce the property tax rate from 15 percent to 5 percent, but it would benefit the county because the property value will increase with the construction of the greenhouses so “the actual amount of taxes generated will be much higher than what the vacant land currently generates,” according to county documents.

In 2015, that property generated \$831 in county property taxes and \$1,956 in total property taxes in 2015. By the middle of the FTZ designation period, the county estimates the property tax will be \$221,251.

After the planned site improvements, even with the lower tax assessment ratio, County, fire and school districts would receive \$694,416 at the fifth year of the agreement.

The Monsanto facility is expected to create 50 new jobs by the fourth year of operation with an average salary of \$44,000 and even half-time jobs are expected to earn an average salary of \$35,000.

The Marana Unified School District would also benefit from Monsanto. County officials estimate that Monsanto become the largest taxpayer in the school district, paying double what the Ritz Carlton-Dove Mountain pays. As part of the proposal, Monsanto has agreed to pay extra to the school district to make up for some of the lost tax revenue if the trade zone is established. They are also offering educational opportunities to Marana High School agricultural and science students.

At its Oct. 27 meeting the Marana Unified School District Governing Board approved a \$500,000 cash payment as their payment in lieu of taxes.

MUSD CFO Dan Contorno spoke out in favor of the deal at the Nov. 22 meeting but said that his support was purely on a financial basis for the district. Also speaking out in favor of the deal was Mike Varney, President and CEO of the Tucson Chamber of Commerce.

Neither the Town of Marana nor the Marana Chamber of Commerce has taken a position on the project. For the town, the greenhouse lies outside town limits, though it must be noted that Marana Town Council Member Herb Kai's family owned the land that was sold to Monsanto. Marana Mayor Ed Honea did not take a stand either way, but said he knew there were people who have a negative opinion of Monsanto.

As for the Marana Chamber, president and CEO Ed Stolmaker said he too was aware of the project, but “no one has brought this up to be an agenda item for the board.”

Environmental concerns and the company's business practices overseas are the most common complaints by those speaking out against Monsanto. Fears about GMOs and pesticides were frequently mentioned. Although the first phase of the project is going to be fully enclosed in the greenhouse, Monsanto has indicated two acres would be used for “seed processing.”

Several Marana area farmers said that they and nearly every other farmer in the area already uses genetically modified seeds, which not only have a higher yield, but are developed to utilize less pesticides.

The county does not grant the FTZ designation nor provide the company with any Pima County specific incentives or special property tax considerations, which are granted under state and federal laws.

Under the terms of the proposed agreements, Monsanto would “agree to meet with and report quarterly to Pima County about the use of type and quantity of pesticides used at the site; annual water usage; wastewater volumes; and reports about any hazardous spills at the site. The company also would comply with all federal, state and local laws regarding use, handling and disposal of pesticides and hazardous materials.”

The schedule of meetings:

- · District 2: 6 p.m., Jan. 19; Quincie Douglas Center, 1575 E. 36th St.
- District 3: 5 p.m., Jan. 17; Ellie Towne Community Center, 1660 W. Ruthrauff Road
- District 4: 11 a.m., Jan. 13; Green Valley Recreation Center - Las Companas Room, 565 W. Belltower Drive
- District 5: 6 p.m., Jan. 18; Pima County Housing Center, 801 W. Congress St.

The Board of Supervisors plans to discuss two pending agreements with Monsanto at the Feb. 21 Board meeting. Pima County also created a Monsanto information web page.

Pima County Meetings Air Objections to Monsanto Site

The first of five took place in Oro Valley earlier this week, mostly serving as venue for opposition.
by [Vanessa Barchfield](#) [TWEET](#) [SHARE](#)



Pima County

Board of Supervisors at a meeting in early April 2015.

LISTEN

Monsanto Meetings

-0:54

Pima County will hold the second of five public meetings Friday about the greenhouse facility the agricultural giant Monsanto is planning to build in Marana.

After an overwhelmingly negative response from the community at a Pima County Board of Supervisors meeting in November, the board pushed back a vote on whether to endorse Monsanto's proposal.

The supervisors decided the community needed more opportunities to ask questions and give the company a chance to respond to concerns.

The first of those meetings took place earlier this week in Oro Valley, with the vast majority of attendees voicing opposition.

Tomorrow's meeting is at the Green Valley Recreation center at 11 a.m. Representatives from the county and Monsanto will be there.

Monsanto bought a 155-acre plot of land in Marana last year. It plans to build a seven-acre greenhouse where it will develop and grow corn seeds.

Pima County is being asked to support the company's application to the federal government to designate the site as a foreign trade zone, which comes with property-tax breaks.

Three more meetings will take place next week.

Public meeting schedule:

- Jan. 13, 2017, 11 a.m. Green Valley Recreation Las Campanas Social Center, 565 W. Belltower Drive
- Jan. 17, 2017, 5 p.m. Ellie Towne Community Center, 1660 W. Ruthrauff Road
- Jan. 18, 2017, 6 p.m. Pima County Housing Center, 801 W. Congress Street
- Jan. 19, 2017, 6 p.m. Quincie Douglas Center, 1575 E. 36th Street

To learn more about the proposal, visit the [county's information site](#).

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Dozens Speak Out Against Monsanto Plans In Pima County

By [Casey Kuhn](#)

Published: Tuesday, January 10, 2017 - 7:07am

Updated: Tuesday, January 10, 2017 - 2:13pm

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(Photo by Casey Kuhn - KJZZ)

Pima County residents spoke out against Monsanto plans for the area.

Representatives from agricultural giant Monsanto came out to Pima County Monday night to hear from residents about a plan to build a greenhouse in the area. Locals spoke out against the proposed agreement that would support efforts to lower the company's property taxes.

Representatives from Monsanto laid out plans at the Oro Valley public library for a seven-acre greenhouse the company plans to build in Marana.

Monsanto bought 155 acres of land, and the presentation showed how the company plans to plant half genetically modified and half conventional corn crops. Ultimately Monsanto wants to cast the project as a Foreign Trade Zone to reduce property taxes.

The Pima County Board of Supervisors is considering an agreement with the seed giant that would support those tax incentives. In return, Monsanto would report on pesticide use and waste quarterly.

"I have so much respect from the expertise and your own ability to take information and questions from a group of people who are emotional about this topic and don't

trust Monsanto," said GeeGee Larington said.

Larington was one of dozens who spoke out against Monsanto's plans and told a county official she doesn't trust the corporation.

"We didn't always take the steps as a company to be as transparent as we could be and I think what you've seen here tonight is a complete commitment to change that," said Amanda McClerren, Monsanto representative.

The next public meeting will be 11 a.m. Friday, Jan. 13 in Green Valley.

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Morning Edition

Tuesday at 5 a.m.



Troubled efforts to get U.S. veterans into doctor's offices faster.

Monsanto Seeks Tax Break Amid Vocal Opposition in Pima County

Plus, how the governor's priorities align with technical education needs; checking in with Oro Valley.
by [Andrea Kelly](#) [TWEET](#) [SHARE](#)

Metro Week - January 13, 2017



Pima County residents who have spoken at public meetings about a proposed Monsanto company greenhouse in Marana are overwhelmingly against the project.

The agribusiness giant plans to open a 7-acre greenhouse on a 155-acre plot of farmland just outside Marana town limits, about a mile from Marana High School.

Pima County is considering whether to back the company's application as a Foreign Trade Zone with the federal government. If the company gets that status, Arizona law requires the company's property tax assessment drop to a lower rate.

The Pima County Board of Supervisors will vote Feb. 21 on whether to support the company's application. In exchange for support, the company would keep a county-scientific advisory board apprised of activities at the greenhouse.

More details on the project are in this episode of *Metro Week*:

- Hear from residents opposed to the project, and a Marana farmer who supports the company. Then, we ask Monsanto's lead scientist for the greenhouse project, **Amanda McClerren**, about some of those concerns.
- Oro Valley Mayor **Satish Hiremath** gives an update on the town, including the political ramifications of purchasing El Conquistador Country Club and golf course, and the prospect of regional cooperation on local traffic ordinances.
- Gov. **Doug Ducey** said in his State of the State Address that he wants to increase education funding. We ask how it will affect career and technical education. With **Joel Todd**, superintendent of the Cochise Technology District, and **Alan Storm**, superintendent of the Pima County Joint Technical Education District.

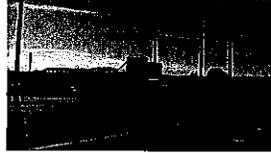
County hosting meetings on Monsanto development

Posted: Jan 04, 2017 6:19 PM

Updated: Jan 18, 2017 6:19 PM

Written By Sam Salzwedel

TUCSON - Pima County has scheduled public meetings to give information and receive input on a proposed development near Marana.



The agriculture company Monsanto bought property near the intersection of Twin Peaks and Sanders Roads. It plans to build a 7-acre greenhouse to develop corn.

People have been using the call to the audience at the Board of Supervisors meetings to express their disapproval of the project. Many believe Monsanto's chemicals and genetically modified plants are a health risk.

Jeff Silvertooth works in the University of Arizona College of Agriculture and Life Sciences. He has spent 30 years with crop production systems and has worked with Monsanto.

"GMOs and transgenic plants have given us the capacity to substantially reduce pesticide use in Arizona," Silvertooth, "which is beneficial to us all with regard to environmental impact."

County Administrator Chuck Huckelberry is encouraging the Board of Supervisors to support Monsanto's Foreign Trade Zone application. A board in Washington D.C. would then approve or deny that application. Monsanto would get a property tax break with FTZ designation. Even with the tax break, the property would generate significantly more tax revenue than the currently vacant land.

Gary Nabhan is the director of the UA Center for Regional Food Studies. He is not ready to call Monsanto's Pima County development safe.

"We don't know enough about the details of this project to make an accurate assessment," Nabhan said.

He said research has proven agriculture chemicals hurt plants and wildlife.

"Now we have over 100 kinds of herbicide-tolerant weeds that are creating high public costs," Nabhan said.

Silvertooth said the advancement of food technology is necessary to feed the billions of people on the planet.

"We have been genetically modifying plants, we, human beings, we've been doing that for 10 or 12,000 years," he said. "That's what gave us the start of civilization."

The county is hosting meetings in all 5 supervisors' districts.

January 9, 5 p.m. Oro Valley Public Library, 1305 W. Naranja Drive

January 13, 11 a.m. Green Valley Recreation Center - Las Companas Room, 565 W. Belltower Drive

January 17, 5 p.m. Ellie Towne Community Center, 1660 W. Ruthrauff Road

January 18, 6 p.m. Pima County Housing Center, 801 W. Congress Street

January 19, 6 p.m. Quincie Douglas Center, 1575 E. 36th Street



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New Monsanto facility stirs up controversy near Marana

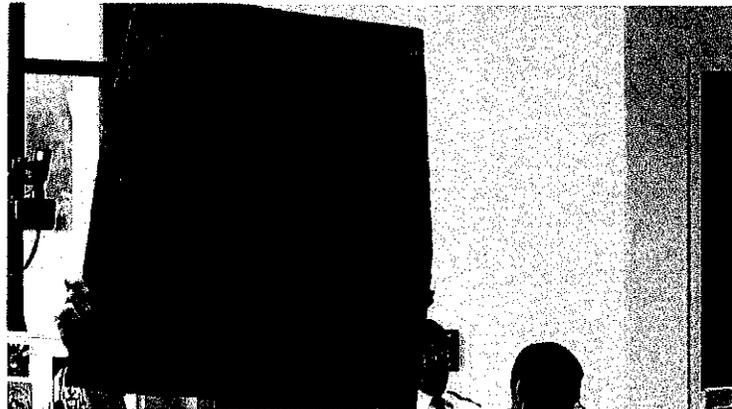
*Published: Monday, January 9th 2017, 4:33 am MST
Updated: Monday, January 9th 2017, 9:28 am MST*

By Morgan Kyrklund, Reporter / Multimedia Journalist [CONNECT](#)

TUCSON, AZ (Tucson News Now) - Southern Arizona residents have another chance to share their feelings about a new controversial development on its way unincorporated Pima County near Marana.

Monsanto is getting ready to build a 7-acre greenhouse facility in the area, and now, Pima County supervisors want to hear what the public has to say about it.

Those who oppose the deal say they are scared of the GMO crops and what it might do to the groundwater and the desert environment.



MORGAN KYRKLUND
@MorganTNN

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Monsanto coming to #Tucson. Lots of people upset and scared of the GMO crops and what it might do to the groundwater

@TucsonNewsNow
4:33 AM - 9 Jan 2017

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Last year, many Southern Arizona residents criticized county officials for talks of giving the Fortune 500 company tax breaks.

Those tax breaks will be decided later next month.

Pima County has scheduled five community meetings to provide information and receive comments on the proposed Monsanto greenhouse facility.

The Pima County Board of Supervisors has tasked county administration with holding public meetings in each supervisors' district in order to provide the public more information about the Monsanto proposal and the county's role in the proposal.

Pima County Economic Development Deputy Director Patrick Cavanaugh, a Monsanto company representative and recommended subject matter experts plan to attend the meetings.

The following is a schedule of the meetings:

- District 1: 5 p.m., Jan., 9, Oro Valley Public Library, 1305 W. Naranja Drive

1/30/2017

New Monsanto facility stirs up controversy near Marana - Tucson News Now

- District 2: 6 p.m., Jan. 19; Quince Douglas Center, 1575 E. 36th Street
- District 3: 5 p.m., Jan. 17; Ellie Towne Community Center, 1660 W. Ruthrauff Road
- District 4: 11 a.m., Jan. 13; Green Valley Recreation Center - Las Companas Room, 565 W. Belltower Drive
- District 5: 6 p.m., Jan. 18; Pima County Housing Center, 801 W. Congress Street

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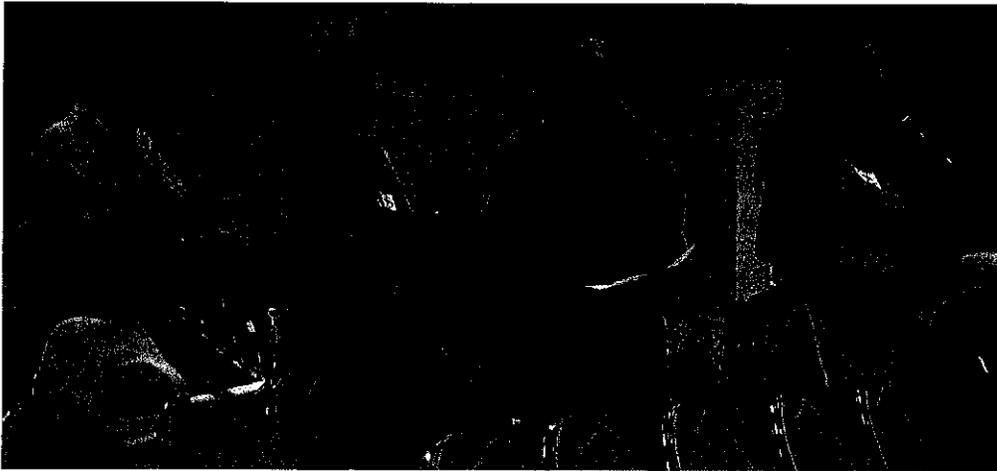
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http://www.sahuaritasun.com/news/opposition-plentiful-at-gv-forum-on-monsanto/article_1690a712-d9f1-11e6-977f-273f9190e0e2.html

FEATURED

Opposition plentiful at GV forum on Monsanto

By David Rookhuyzen drookhuyzen@gvnews.com Jan 13, 2017



David Rookhuyzen | Green Valley News

Speakers line up behind a microphone at GVR's Las Campanas Center on Friday to discuss the proposed Monsanto greenhouse in Pima County.

Opposition was broad and emotions ran high Friday as the county met with the public to discuss possible incentives for agricultural giant Monsanto.

More than 60 people from Green Valley, Sahuarita, Tucson, Marana and Oro Valley gathered in the meeting room of Green Valley Recreation's Las Campanas Center to voice an opinion on whether Pima County should support Monsanto in pursuing a federal tax break for a proposed facility near Marana.

Monsanto plans to build a seven-acre greenhouse on 155 acres of private land it purchased at Twin Peaks and Sanders roads. The building will be used for the year-round development of corn seed that will eventually be sold to farmers. The company is applying for the \$100 million greenhouse to be included in a Foreign Trade Zone, a federal designation that would lower the property tax assessment from 15 percent to 5 percent, as well as reduce import and export duties.

That designation will be decided by a Foreign Trade Zone board at the federal level, but the county can send a letter of no objection to that body. In exchange for not objecting, Monsanto and the county would enter into a memorandum of understanding whereby the company would approach any educational taxing entities that would be losing money and give them a PILOT, or Payment in Lieu of Taxes, of what they would have received in tax revenue.

The Marana Unified School District has already agreed to a \$500,000 payment to its foundation instead of a PILOT.

Green Valley's forum was the second of five being held in each of the supervisor districts after a public outcry against the company at a supervisors meeting in November. Present at each forum is a representative from Monsanto and Patrick Cavanaugh, the county's deputy director for economic development. After all the meetings, the issue will come back to the full board of supervisors Feb. 21.

During Friday's meeting, Cavanaugh stressed that the county can't stop Monsanto, as it will be on land zoned agricultural, the regulation for which is handled on the state level. Nor is the county the one approving the lower assessment.

"Pima County is not deciding on whether the facility should be built," he said. "The county has no authority to stop Monsanto from building a greenhouse on property it has purchased."

What the county can do is decide whether to agree to the memorandum of understanding, Cavanaugh said, which would also allow it form an agricultural scientific advisory committee which could monitor Monsanto's operation. The facility would be held to the same permitting process and standards as any other company, he said.

Opposition

The county's lack of authority was a major point of contention with speakers, many of whom burst into passionate diatribes against the county for not doing more to prevent the company from coming to the area. The worst vitriol was reserved for Monsanto itself, which numerous speakers claimed was producing poisonous pesticides and had destroyed the environment and farms in places such as Illinois, Washington, Argentina and India. There was also anger over the thought of genetically modified foods, which some testified would cause serious health risks.

Many expressed concern that wastewater from the greenhouse would contaminate the local water table, or the greenhouse's operation would affect students at Marana High School more than a mile away, and pollen from genetically engineered crops would make it out to neighboring farms.

The format was for short question-and-answer sessions following presentations by the county and Monsanto and then open comments from the public, but many seized the opportunity to make statements during the question portion. As a result, the meeting, schedule for two hours, went on for three to accommodate everyone who wished to speak. Roughly half of those who attended had left by the time the meeting ended.

The only ones to speak in favor of the greenhouse were Jack Mann and Catherine Mann with the Pima County branch of the Arizona Farm Bureau.

Amanda McClerren, the lead scientist at the site for Monsanto, spent her time trying to assuage concerns and promote the greenhouse. The facility, she said, would have 20 to 30 full-time positions and 50 hourly jobs. It would be producing genetically modified and conventional corn seeds and would not be experimenting in creating new breeds nor creating new pesticides, McClerren said.

"This is a corn production facility, there is no experimental chemistry in the facility," she said.

In addition, the facility would be sealed and even when air needed to be vented in or out, filters would keep contaminants from escaping. It would also reclaim most of the water used as the corn would be grown in pots and not in the ground, she said.

McClerren said she didn't know if Monsanto planned to do more with the rest of the 155-acre site, but for now the greenhouse was the company's sole focus.

David Rookhuyzen | 547-9728

If You Go

Further public forums on the proposed Monsanto greenhouse:

- 5 p.m. Jan. 17, Ellie Towne Community Center, 1660 W. Ruthrauff Road, Tucson.
- 6 p.m. Jan. 18, Pima County Housing Center, 801 W. Congress Street, Tucson.
- 6 p.m. Jan. 19, Quincie Douglas Center, 1575 E. 36th Street, Tucson.

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Last Monsanto meeting set for Thursday night

Published: Thursday, January 19th 2017, 5:37 am MST

Updated: Thursday, January 19th 2017, 6:24 am MST

By **Cynthia Washington, Multimedia Journalist** [CONNECT](#)

PIMA COUNTY, AZ (Tucson News Now) - Southern Arizona residents have one last chance weigh in about a controversial new development coming to the state.

Monsanto is about to build a 7-acre greenhouse facility on a 155-acre lot near Twin Peaks and Sanders, near Marana.

Now Pima County supervisors are giving the public one last chance to speak their minds about it Thursday, Jan. 19.

This is the last of several meetings.

Pima County Economic Development Deputy Director Patrick Cavanaugh, a Monsanto company representative and recommended subject matter experts plan to attend the meeting.

It's set to take place at the Quincie Douglas Center at 1575 E. 36th Street at 6 p.m.

Read more about the Monsanto project [HERE](#).

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Monsanto In Arizona: Where The Agricultural Giant Wants To Be, And Where It Already Is

By Casey Kuhn

Published: Monday, January 23, 2017 - 7:30am
Updated: Monday, January 23, 2017 - 10:18am

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(Photo by Casey Kuhn - KJZZ)
An anti-Monsanto sign at a public meeting to discuss

The seed and chemical giant Monsanto bought 155 acres of land north of Tucson last year to test new corn varieties. In February, The Pima County Board of Supervisors will vote whether or not to support giving Monsanto a tax break on its new property.

That potential support has stirred up controversy for residents who don't want Monsanto near their homes.

But, Monsanto seed has been grown and tested in the state and local farmers have seen the benefit.

Monsanto And Local Farmers

On Arnoldo Burruel's farm in Marana, workers lead away brown and white speckled horses after a visit by the farm veterinarian.

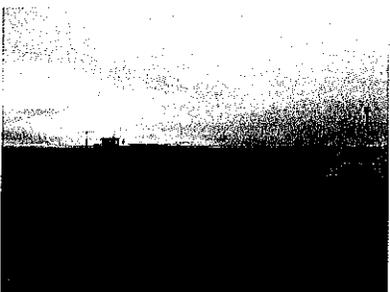
"Ok he's good," the veterinarian said about one horse.

Monsanto's plans to build a greenhouse in Pima County.



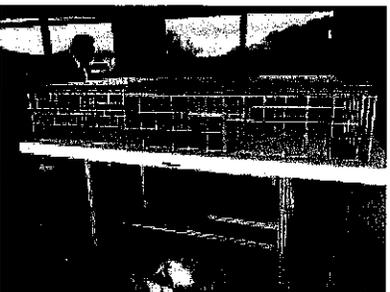
(Photo by Casey Kuhn - KJZZ)

Marana farmer Arnoldo Burruel speaks to a veterinarian on his farm.



(Photo by Casey Kuhn - KJZZ)

Marana farmer Arnoldo Burruel stands before a cotton field he is planing to get ready for the next crop.



(Photo by Casey Kuhn - KJZZ)

Monsanto brought a model of the planned greenhouse to Marana for the public to see.

the market.

The field trials are highly contained, where the test crops are destroyed on-site, and the acreage is monitored a year after the growth. There are also borders that surround the test crops to stop any pollen getting out of the area. The borders are cotton crops that, Norton said, are like a sink that capture any wayward pollen before it goes outside the testing site.

Norton said he understands the concerns locals have and thinks Monsanto and the academic world have some ground to make up to help inform people on GMOs.

"They got behind the 8-ball," he said. "I think they realize that, I think they'll be the first ones to admit, 'Yeah we need to a better job of getting science-based information out to the public.' And the University, we can do a better job to allay some of these fears people might have about these things."

"Yeah, he's a tough dude," Burruel said.

It was a lucky visit for Burruel, because it's been tough to nail down an appointment time – it's also an expensive one, coming in at just over a grand.

"And then you swallow deep and wonder where that money's gonna come from," Burruel said, laughing.

But that unexpected cost is just one of many it takes to run his nearly 5,000 acre farm. And one of those is the yearly fee he pays seed companies to plant their genetically modified, or GMO, cotton crops.

"I'll spend north of \$200,000 on planting seed next year," he said.

It's money well-spent, Burruel said, because the genetically modified cottonseed that Monsanto introduced back in the 90's contains a gene that controls pests. And that saves him from spraying harsh pesticides, which he said have gone from 15 to 20 sprays a crop to just a few sprays a year.

"It's not cheap to grow a GMO seed, but that expense, paying the technology fee, is probably about a third of what we were spending otherwise to control the pests and then there was no guarantee you were going to win that battle," Burruel said.

His farm is also just across the street from the land sold to Monsanto for a seven-acre greenhouse. It will hold a corn-breeding facility where plants are grown in pots and studied.

Seed-Testing Across Arizona

Arizona's farmers have been using and field-testing Monsanto products for decades.

University of Arizona crop specialist Randy Norton works with growers and seed companies like Monsanto to test different varieties every year.

"We will test different cotton varieties in different locations," Norton said. "We allow all the different seed companies to enter up to two varieties in our trials. So it might be 8-10 varieties in a trial that we test, and usually 8-10 different locations in Arizona."

He said it's an experiment to see which varieties do well in different parts of the state. The latest seeds have certain genes that use a bacteria found in other plants to counter pests that could wipe out acres of crops.

"We've seen a huge revolution in pest control in all major crops, not just cotton, but in corn, soybeans with the advent of transgenic technologies," Norton said. "It's really revolutionized how we control pests in the field, and it has made us more efficient in how we control pests."

He said the genetically modified seeds are tested for years before they are released into

But even as the company works to repair its reputation, it may not be enough to change how locals feel about the agricultural giant in their backyard.

Locals Don't Support Potential Property Tax Break For Monsanto

Some Pima County residents don't share Burrue or Norton's positive view of GMO plants, as they showed en masse at a public meeting earlier this month where a county and Monsanto representative heard comments and questions.

Here's a taste of how most of the two-hour meeting went:

"Now that I found out coming tonight to this meeting, that's a given, Monsanto's got the property," one woman said.

"So your corn is unique enough to qualify for a patent yet you also claim that it's substantially equivalent to conventionally grown vegetables, how can that be?" another local woman asked, saying she only grows and buys organic food.

"To have you come here is really a problem," said a local businessman, who expressed concerns for the future.

"Because we have this perception of Monsanto's history, I don't want this to pass, I do not want you here at all," a Pima County woman said.

Of concern was the agreement written up for consideration of the Pima County board of supervisors. Essentially, it says the county will support Monsanto's application to have the site be in a Free Trade Zone, in an arrangement that would significantly lower property taxes. In return, the company would update the county on its pesticide and water usage, as well as any activity outside of the greenhouse.

Monsanto representative Amanda McClerren said the company chose Arizona for the sunny growing climate and resources.

"So we'll have significant reduction in the amount of land and water for the comparable field-based operations," she said.

By coming out to Marana, McClerren said she hopes the company can fix an image problem caused by not being transparent in the past.

"What you've seen here tonight is a complete commitment to change that," she said after the first of four meetings. "And so I'm out here tonight and I'm out here for the next four sessions to engage in that dialogue. We want to be good partners for the community."

UA professor Ken Feldmann has worked with and studied plant genetics for many years and said local concern comes from a perception that big companies like Monsanto are hiding something.

"Companies just operate like this, they keep things opaque until they cross their t's and dot their i's hoping it won't cause as many problems and they'd figure it out later if they go forward, but for a lot of people it causes concerns and issues," Feldmann said. "But it's perception."

Feldmann referenced the GMO ban in some European countries and studies about GMOs that instill worries that Monsanto's food products are harmful to the environment or people. But he said the concerns about today's commercial agriculture aren't based in science.

The Pima County Board of Supervisors will vote on the agreement with Monsanto Feb. 21.

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Monsanto opponents continue to fight project

Brad Allis, Marana News | Posted: Tuesday, January 10, 2017 12:27 pm

The Pima County Board of Supervisors are set to discuss possible tax breaks for a Monsanto project near Marana next month and will begin public meetings to get feedback beginning this week. In preparation for these events, opponents of Monsanto scheduled two events of their own last week.

On Friday night at Green Fields School they showed the film "The World According to Monsanto" and held a question and answer session with "Going Against GMO's" author Melissa Diane Smith.

According to a flier advertising the event it was designed to "give an update on the movement against Monsanto and what's coming in the new year."

On Saturday afternoon they held a similar event, this time featuring a video about "Hawaii's Experience with Monsanto" and another presentation by Smith, as well as a panel discussion to learn about the public meetings.

The events were organized by local citizens in cooperation with GMO Free Arizona, GMO Free Baja Arizona, March Against Monsanto Tucson and Organic, Sustainable Baja Arizona.

"The people that I have united with are not activists by nature, but we do care about where we live, and what happens to our neighbors and environment," said Northwest resident Tom Snyder, who became concerned with the project after reading about lawsuits against Monsanto in California and Washington. When he tried to learn more about the exact nature of the proposed facility outside Marana, he said he ran into trouble requesting documents through the county.

Snyder fears that despite the appearance by the Board of Supervisors to create a commission to further study the project and hold public meetings that they have already essentially rubber stamped the project.

Several opponents of the project spoke out against it at the Jan. 3 Board of Supervisors meeting

In addition to the two public meetings people opposing Monsanto will speak at the Jan. 17 Marana Governing Board meeting asking them to reconsider a previous vote to accept \$500,000 in lieu of lost tax payments if Monsanto is granted a reduced property tax rate through the creation of a Foreign Tax Zone.

Smith stressed that it was important to attend as many functions as possible, especially the public meetings.



Monsanto

A tax break for Monsanto would be a benefit to the Marana School District, but has many area residents upset.

“It’s very important to have a full house at each of the open public meetings, so we citizens have to spread the word to our fellow citizens,” Smith said.

She pointed out that over 60 people spoke out against the project at a Nov. 22 Board of Supervisors meeting.

News from TucsonSentinel.com: http://www.tucson sentinel.com/opinion/report/010617_monsanto_op/monsanto-hearings-tempt-wrong-kind-fate/

What the Devil won't tell you

Monsanto hearings tempt wrong kind of fate

Left-wing wrath awaits county's good intentions, powerless position

Posted Jan 6, 2017, 1:16 pm

Blake Morlock TucsonSentinel.com

Sometimes establishing trust between the government and the people means the government must tell the people: You are absolutely screwed.

Hey, it'd be honest, and honesty goes a lot further toward gaining public trust than telling them to take up proverbial arms in an unwinnable war, which will just lead to a Gallipoli-like (<http://www.history.com/topics/world-war-i/battle-of-gallipoli>) massacre.

In November, Pima County supervisors punted a decision about endorsing a foreign trade zone for an incoming Monsanto greenhouse. Monsanto of course, is the Bond villain of the Fortune 500. The U.S. Department of Commerce will have the final say on the trade zone designation but the feds let the local government weigh in first. They're under no obligation to follow the local lead.

The supes control one thing and that is "your privilege to know" what's going on at their local greenhouse. But giving the people the most they have to offer, means voting for the Monsanto deal. The loud and numerous opposition voices want Monsanto gone. So, there's a disconnect.

The county has scheduled five (http://www.tucson sentinel.com/local/report/010317_monsanto_hearings/pima-county-schedules-5-public-meetings-monsanto/) – one for each district – public hearings ahead of the trade zone endorsement vote in February. Seems they want to educate voters.

This can only end in tears.

I get Supervisor Richard Elias wanting to keep the people plugged in. It seems like good civics. However, you don't bring an easel, marker and pointer to a domestic dispute. In politics, good deeds get punished with Swiss timing.

County officials will be in the building. The feds, with discretionary power, will be two time zones away. There's a reason people "kick the dog." The dog is handy to the foot.

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These five public hearings will not be five teachable moments about the virtues of the Monsanto deal. It's just five chances to piss people off.

Powerless politicians claiming helplessness after asking angry people to yell at them just makes the mad madder and reinforces myths about the fix being in because the system is rigged.

Monsanto will get credited with a victory it never had to fight. Opponents will feel like they lost a fight that was never going to be won at the count level.

I'm not in any way saying "don't fight city hall." I'm saying understand the difference between city hall and federal Commerce Department. Neither of them look anything like Ally Miller.

Let's clear op the confusion

I think there's some confusion out there about the foreign trade zone and the county's role in it. Many press reports (http://tucson.com/news/local/govt-and-politics/details-of-monsanto-deal-with-pima-county-are-released/article_c8d831bb-c20f-5f51-8d5c-90a3f579b545.html) describe trade zones only as property tax breaks for the county to approve.

Wrong.

Local officials get to have an advisory voice in the process, but it's the Commerce Department of the incoming Trump administration that'll make the determination.

Pima County is already a free trade zone (FTZ 174, in case you were wondering). Monsanto wants to tap into it but not just for a property tax cut.

A company in a trade zone gets federal relief on duties, import tariffs and export taxes (<http://www.foreign-trade-zone.com/benefits.htm>) needed for manufacturing in the U.S. That's the big deal. That's what they are after. Arizona is one of a handful of states (<http://www.tjco.org/Data/Sites/1/media/regional-planning/ftz/overview-of-ftzs.pdf>) providing tax breaks to go along with trade zones. Those tax breaks are just the cherry on top of the sundae.

Once the Commerce Department grants trade zone status to a firm, the company gets a tax break automatically through the magic and wonder of the Arizona Revised Statutes.

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It doesn't matter that Monsanto already planned to move into Pima County, bringing 30-50 jobs and eventually generating \$650,000 in property tax revenue. foreign trade zones are tax breaks for international operations and not local economic development.

Where's the county authority? Exactly

(http://webcms.pima.gov/UserFiles/Servers/Server_6/File/Government/Administration/CHHmemosFor%20Web/2017/January%202017/January%202017%20-%20Foreign%20Trade%20Zone%20Frequently%20Asked%20Questions.pdf) .

Local control (such as it is)

The supes are voting on a "memorandum of understanding," which is bureaucratese for "agreement." Monsanto gets the county's endorsement and in return, agrees to make a financial agreement above and beyond state law to help fund Marana schools. The agreement also provides for a county science committee to review what's going on at the company's greenhouse.

This brings us to the operation here. Monsanto has agreed to let the county establish an oversight commission – an unprecedented step for a private business – that will keep the community informed about what's happening on the site. They will do this in exchange for an endorsement.

Otherwise, Pima County government, and therefor the people, have no right – none, zero, nada, nichts (nod to Monsanto's German parent Bayer) (http://webcms.pima.gov/UserFiles/Servers/Server_6/File/Government/Administration/CHHmemosFor%20Web/2017/January%202017/January%202017%20-%20Regulatory%20Authority%20of%20the%20County%20Regarding%20Monsanto.pdf) – to dictate any terms to the company about its operations unless the company says OK.

No deal means no concessions.

If a business buys land, zoned for a particular operation, they can build a plant that operates accordingly. The county can no more refuse Monsanto's greenhouse because Tucson objects to genetically modified foods any more than it can nix an Apple Store in protest of Chinese occupational safety practices at the company's Foxconn (<http://www.wsj.com/articles/deaths-of-foxconn-employees-highlight-pressures-faced-by-chinas-factory-workers-1471796417>) plant in China.

Rumor has it ... "record stores" are even allowed to sell Nickelback music.

And in the case of agricultural land, the private property rights are even more paramount, said County Zoning Administrator Yves Kwaham.

All one needs is five contiguous acres producing more than half the property owner's income via growing and reaping to qualify as a "farm." Farms are exempt from zoning codes.

Kwaham told me about a court case in Yuma where farmers claimed migrant worker housing was exempt from building codes and safety regulations. The Arizona Supreme Court agreed with them and ruled the worker housing was incidental to the operation of a farm and zoning law did not apply.

Without the memorandum, Monsanto still gets duties, tariffs and property taxes cut through the U.S. Code and Arizona Revised Statutes. They still get to do whatever it is they do whenever they want to do it. And we don't get to know about it.

'Big league' implications

It comes down to the folks at Commerce deciding whether the deal fits the law and Trump administration priorities. I'm going to go out on a limb and argue that Trump can't say no to Monsanto – and it's got nothing to do with Roundup.

So far, the markets are giving the Donald a pass on browbeating companies seeking to move manufacturing jobs out of the country. If President Obama had done this, he'd have been impeached – but no matter because President-elect Trump is promising big tax cuts. He likes tax cuts. And that's exactly what a foreign trade zone provides..

More to the point, foreign trade zones help U.S. manufacturers employ American workers right here in America. If Trump starts swinging the cleaver at American companies manufacturing here, then he creates a paradigm where U.S. companies get whacked for going and get whacked for staying.

The Department of Commerce really has no choice working with the Tweeter-in-Chief.

This is almost certainly a done deal. Will it be done with some of the community's concerns addressed or none? That's the question before the supervisors.

See Spot make for cover

Don't like Monsanto? Great. Get after it. Fight the power where it's at and not where it's most convenient to strike out.

Cozy up to/lean on Arizona's congressional representation. Get to the governor. They won't listen? They're in the bag for Monsanto, you say? Then fight to elect different people.

Civic responsibility requires voters understand who they are fighting and who can deliver them what victory. Changing state and federal policy means wielding power over Phoenix and Washington. Beating up on Ramon Valadez ain't gonna get the job done.

I'm saying get in the boss's grill and leave Fido alone. And Fido, when your person has that look on his face, it's OK to hide under the table. Sometimes the best you can do is let the people be angry.

Blake Morlock covered Arizona government and politics for 15 years, including 11 in the Tucson Citizen. He also worked on Democratic Party campaigns in the field of political communications. Now he's telling you things that the Devil won't.

- 30 -

have your say

Comments

There are no comments on this report. Sorry, comments are closed.



Viriditas/Wikimedia

Anti-Monsanto protesters in Hawaii, 2012.

http://tucson.com/news/local/govt-and-politics/pima-county-delays-vote-on-monsanto-tax-incentives/article_529d1c76-6707-5d39-b358-c90daf6d4125.html

Pima County delays vote on Monsanto tax incentives

By Murphy Woodhouse Arizona Daily Star Nov 22, 2016



Ron Medvescek / Arizona Daily Star

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A large crowd turned out for the Board of Supervisors meeting Tuesday, where the discussion focused on extending a special tax zone for Monsanto.

With a handful of exceptions, the several dozen speakers who addressed the Board of Supervisors on Tuesday spoke in opposition to agribusiness giant Monsanto's plans to come to Pima County.

Opponents, many of whom were holding yellow signs that read "Say no to Monsanto," were hoping that the board would shoot down the deal, something several officials said the county has no power to do. They didn't get that, but the supervisors did unanimously decide to delay consideration of a property-tax plan with Monsanto until February.

The board also agreed to establish an agricultural science advisory commission to address some concerns raised by the speakers, many of which centered on what they called potential health impacts of Monsanto's plans to use genetically modified seeds in a 7-acre greenhouse. It would be built on a 155-acre parcel near Marana.

Supervisor Ramón Valadez proposed the delay.

"I will tell you that you've raised a number of questions," he told the crowd. "A number of questions that deserve answers."

Supervisor Ally Miller agreed, adding later that "we all have unanswered questions."

Supervisor Richard Elías requested that public hearings on Monsanto's plans be held in all five districts represented by the board before the measure comes back for a vote.

"It's a good opportunity to address some of the issues brought up by many of the commenters," George Gough, Monsanto government affairs director, said after the vote.

"We're excited to be in dialogue," company spokeswoman Christi Dixon later said. "We're trying to engage differently and more openly."

What the supervisors will consider in February is whether to support Monsanto's application for foreign-trade-zone status, which would substantially reduce its property tax burden over the next 10 years. In exchange for receiving that support, the company would commit to spending at least \$90 million on the development and hiring at least 50 people at an average salary of roughly \$44,000.

A foreign-trade-zone designation would drop the property's assessment ratio from 15 percent to 5 percent. The annual difference in property taxes paid to the county after \$96 million in development would be around \$370,000 lower with the FTZ rate, documents show.

The U.S. Commerce Department, not the county, approves FTZ applications. The property tax reductions are established by state law, according to a memo from County Administrator Chuck Huckelberry to the board.

Criticism of providing the Fortune 500 company with those tax breaks was one of the most common themes during the lengthy public comment session.

"Marana is a poor farming community," speaker Wendy Wiener said, echoing many others. "Why don't we give them tax breaks?"

In an October memo to Miller, Huckelberry pointed out that if the land were to remain undeveloped, it would bring in roughly \$20,000 in all property taxes, but \$11 million if the development proceeds, even with the FTZ designation. Additionally, the company's move is estimated to bring roughly \$284 million in economic impacts between 2016 and 2025, according to Sun Corridor Inc., an economic development agency.

Citing those benefits, as well as what he described as Monsanto's "demonstrated history of innovation," Tucson Metro Chamber CEO Michael Varney was one of a handful to speak in support of approval.

After placing what he said was genetically modified cotton on the table, Jack Mann, head of the Arizona Farm Bureau Federation in Pima County, lent his voice in support as well, saying the greenhouse presents an "opportunity to try to develop and improve our production."

"We need to be able to grow and be able to provide food," he added.

Steve Christy, who was elected to the Board of Supervisors on Nov. 8 and will have taken over District 4 Supervisor Ray Carroll's seat by the February meeting, said he was supportive of slowing the process down, providing forums to air concerns and allowing for public hearings.

"Through that process, if everything goes satisfactorily, at this point I would be inclined to vote for the designated foreign trade zone," Christy said in an interview Tuesday.

Dan Contorno, chief financial officer of the Marana Unified School District, said he and other officials are "excited about some of the educational benefits this facility will bring to our community."

The district's board recently approved an arrangement with Monsanto in which the company will give a one-time donation of \$500,000 to a foundation affiliated with the district and pay a smaller annual property tax bill. The deal would save the company roughly \$3.4 million over 10 years.

Monsanto has already purchased 155 acres near Marana, at the intersection of Twin Peaks and Sanders roads. The company had intended to break ground on the 7-acre corn-growing greenhouse before the end of 2016, according to Huckelberry's memo.

However, company spokeswoman Dixon said it was too early to tell how the Tuesday vote "will affect the timeline."

The proceedings were far more emotional than at typical board meetings, with several speakers crying while addressing the board. Another, who would not provide her name to the Star, addressed Carroll directly, shouting: "Look at me! I'm speaking to you!"

She went on to say she would personally participate in civil disobedience to block the project, citing ongoing clashes surrounding the North Dakota Access Pipeline as an example.

Seven-year-old Katie Fox told the board that she opposes the project because of her love for bees, adding: "I don't like Monsanto because it kills bees," seeming to reference the claim of critics that some agricultural chemicals may be linked to the phenomenon of hive collapse. Her mother, Carrie Fox, and 10-year-old brother Gabriel Fox also spoke in opposition to Monsanto.

Like many others, Carrie Fox expressed concern about the secrecy surrounding the county's negotiations with Monsanto and about potential environmental damage.

In his Nov. 22 memo to the board, Huckelberry wrote that the county has not "identified any negative air quality, water quality, water supply, transportation capacity, or natural resource impacts from the development of the facility."

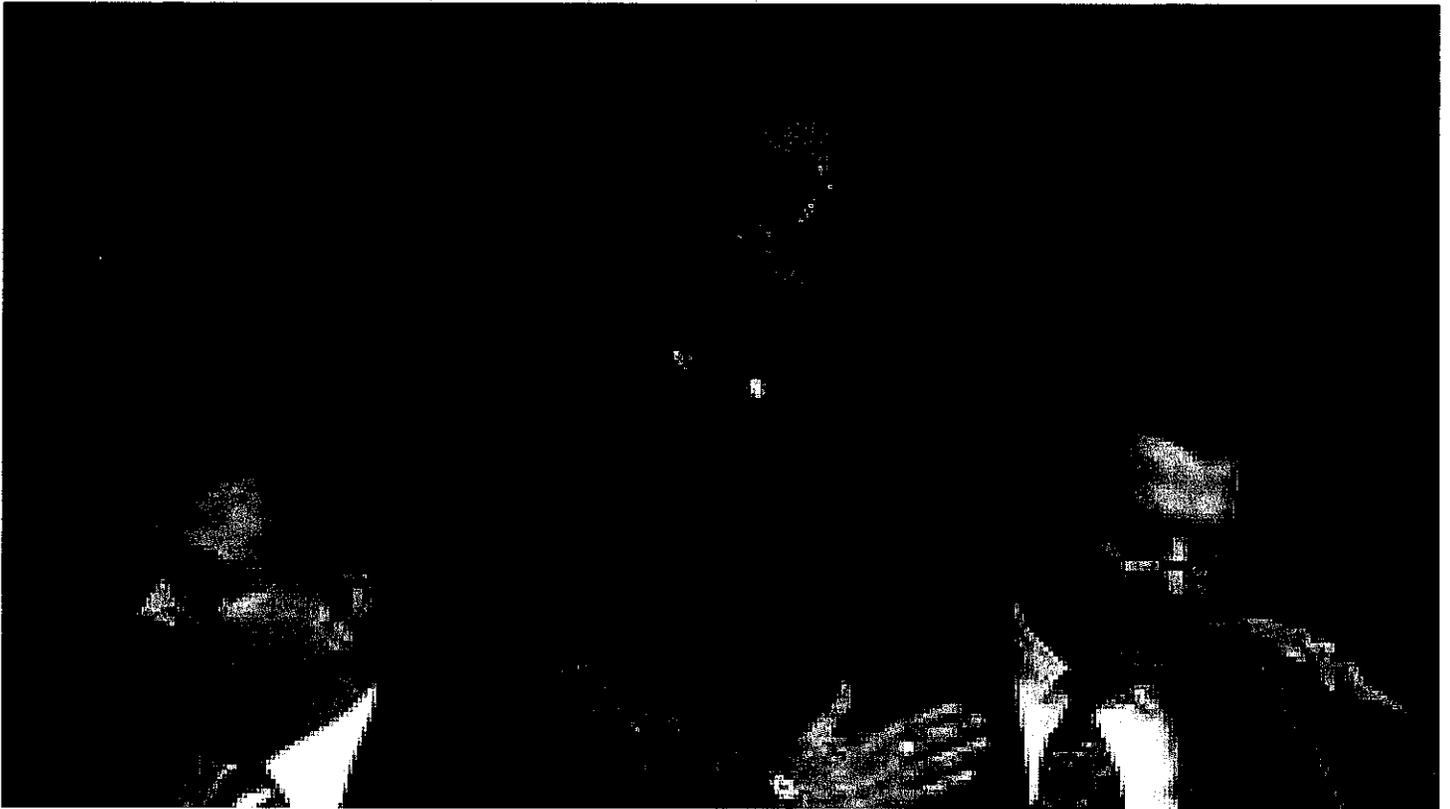
Before moving to delay the vote, Valadez suggested that the tax deal would be the only way for county residents to keep informed about Monsanto's activities.

Huckelberry told the board that the county has no power to regulate agricultural activities and is not in a position to stop Monsanto's plans. He also said that two proposed commissions, including the one activated Tuesday, along with a memorandum of understanding with Monsanto are "the best approach to basically obtain information" about the company's local activities.

Supervisor Sharon Bronson asked Huckelberry if Monsanto could "build without our permission," which he confirmed. Huckelberry added that without the support of the county in its FTZ application, the company likely would not sign the memorandum with the county, which sets the terms for public sharing of information about Monsanto's activities.

"It would be a black box," Bronson said.

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Pima supervisors to discuss Vector Space, Mike Jacob Sportspark

MORE INFORMATION

http://tucson.com/news/local/govt-and-politics/details-of-monsanto-deal-with-pima-county-are-released/article_c8d831bb-c20f-5f51-8d5c-90a3f579b545.html

Details of Monsanto deal with Pima County are released

By Murphy Woodhouse Arizona Daily Star Nov 17, 2016



Kelly Presnell / Arizona Daily Star

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This land, near the intersection of Twin Peaks and Sanders roads near Marana, is the location for Monsanto's greenhouse.

After months of private negotiations, the details of the county's deal with agribusiness giant Monsanto are now public.

According to the terms, which are set to go before the Board of Supervisors for approval Tuesday, Pima County will lend its support to the company's application to the U.S. Commerce Department for a 10-year free-trade-zone designation, which comes with substantial savings in county property taxes.

In exchange, Monsanto pledges to spend at least \$90 million on its 7-acre automated corn-growing greenhouse; employ at least 25 full-time and 25 part-time workers at an average annual salary of at least \$44,000; and provide health, dental, and retirement benefits, according to a memorandum from County Administrator Chuck Huckelberry released Thursday.

The greenhouse will be on agricultural land near the intersection of Twin Peaks and Sanders roads near Marana and will employ a number of water-conserving measures. The company intends to break ground before the end of 2016.

Monsanto's plans to come to Pima County were first reported by the Arizona Daily Star in August.

A free-trade-zone designation substantially lowers property tax assessment ratios, in this case from the property's current 15 percent ratio to 5 percent.

Assuming the company spends roughly \$95 million on the project, its estimated county primary and secondary property tax bill for the first year would be nearly \$190,000, according to county calculations in documents obtained by the Star through public-records requests. Without the designation, that bill would be more than \$500,000. The previous owners paid just shy of \$2,000 in all property taxes in 2015 on the undeveloped agricultural land.

The economic impact of the project is estimated at around \$280 million between 2016 and 2025, according to an analysis conducted by Sun Corridor Inc.

"Monsanto will become the largest taxpayer in the Marana Unified School District," Huckelberry wrote in his memo to the board. "It will have twice the taxable value of the Ritz Carlton Hotel and Resort in Marana."

"Basically it means everyone else's school district taxes are going down," he said in an interview.

The agreement to be considered by the board deals only with the tax rates the county directly controls. Other taxing districts will have to work out their own arrangements. For example, Marana Unified School District's Governing Board approved a \$500,000 cash payment from Monsanto instead of a so-called payment-in-lieu-of-taxes agreement in late October, according to the memo.

Among some environmentalists and farmers, Monsanto is a controversial company. To address such concerns, Huckelberry proposed the creation of two commissions tasked with looking out for potential "adverse impacts" of Monsanto and separating "fact from fiction" when it comes to claims about the company.

The commissions, one of which would focus on agricultural science and the other on social and policy concerns, would meet at least quarterly. Monsanto would pay up to \$50,000 annually for any research or technical analysis deemed necessary by the science commission.

Supervisor Richard Elías said the conditions set for Monsanto were "heading in the right direction" but that they were not enough to secure his vote next Tuesday. He pointed to health and social concerns raised by Monsanto's critics as "serious fears that need to be confronted here."

Supervisor Ally Miller, who has also criticized the deal, did not return a call for comment.

While acknowledging what he called "historic missteps" of the company, Supervisor Ray Carroll said those "certainly shouldn't impact the decision on this clean and environmentally sustainable effort to feed the world's hungry."

"I'm definitely leaning towards supporting it," he said.

Supervisors Sharon Bronson and Ramón Valadez did not immediately return a call for comment.

Contact: mwoodhouse@tucson.com or 573-4235. On Twitter: @murphywoodhouse

Coming Sunday in the Star

An in-depth look at the deal and its implications.

MORE INFORMATION

http://tucson.com/business/pima-county-apparently-discussing-incentives-deal-with-monsanto/article_efb0b567-ebdf-54ea-aba6-6a7702e434a9.html

Pima County apparently discussing incentives deal with Monsanto

By Tony Davis Arizona Daily Star Aug 25, 2016

Chuck Huckelberry

Chuck Huckelberry

Kelly Presnell / Arizona Daily Star



Dave Kettering

Corn.

It sounds a lot like Monsanto, but Pima County officials are mum about with whom they're discussing a possible tax incentive package for what they call "Project Corn."

County Administrator Chuck Huckelberry said earlier this week that he planned to meet Thursday with officials of PricewaterhouseCoopers, a global professional services and accounting firm. He said it represents another company that plans to invest \$82 million in a greenhouse project to grow seed corn in Avra Valley, in unincorporated Pima County northwest of Tucson.

Huckelberry said he can't discuss specifics until he's released from a confidentiality agreement with the corn growing company.

But his comments came only a few days after the global biotech giant Monsanto confirmed plans to build a greenhouse to grow corn and soybeans in the Tucson area. Huckelberry said the company will create about 60 jobs — Monsanto said 40 to 60.

This week, Monsanto provided some more details about its planned operation but declined to discuss incentive negotiations.

"We're in the early stages of the project, so nothing further," said Christi Dixon, a spokeswoman for Monsanto, headquartered in the St. Louis area.

She added, "As part of our due diligence process, we are meeting with all the different permitting authorities and will be prepared to initiate the permitting process at the appropriate stage of development."

County communications manager Mark Evans said the county has no records of Monsanto development plans or zoning change requests or other applications by anyone to build a greenhouse.

Correspondence does exist between county officials and others in which Monsanto's name is mentioned, he said. "It is in the best interest of the county to not release those records at this time as their disclosure may do serious harm to the county's economic development efforts," said Evans.

An incentive package with Monsanto could stir controversy for a county government already in court over incentives it has given to World View to make helium filled balloons for space tourism and research.

Earlier this year, the county Board of Supervisors approved spending \$15 million to build World View a manufacturing center, headquarters and balloon launch pad. The county is being sued by the Goldwater Institute, which says the arrangement violates the state's gift clause. County officials note the deal requires World View to have 400 people on its payroll at an average \$60,000 pay after 15 years.

A controversy over Monsanto would most likely arise over the company's global track record as a breeder of genetically modified crops and its production of the herbicide Roundup, among other issues. Monsanto has said that its greenhouse here would grow predominantly non-GMO crops.

County Supervisor Richard Elias has said he won't support incentives for Monsanto. Supervisors Ramon Valadez and Ray Carroll don't have a stance yet. Supervisors Ally Miller and Sharon Bronson didn't respond to a request from the Star to comment.

"I'm not interested in making that kind of investment," said Elias, a Democrat. "It seems to me that Monsanto's not really a company that we want to have as a community partner. I'm not sure that (they're) good for anybody on earth."

Huckelberry countered, "I'll work with any company that has jobs and payroll and makes capital investments. There are two sides to every story."

He didn't respond to a follow-up question about how that stance is consistent with his longtime opposition to the proposed Rosemont Mine, a \$1.5 billion copper project in the Santa Rita Mountains that would bring 400 jobs.

MODIFY CORN GENES

Dixon said the Tucson-area greenhouse project fits well with what she called Monsanto's commitment to sustainable agriculture and providing farmers with tools that bring better harvests. She quoted a company investor presentation that said investment plans for Arizona are part of Monsanto's "key growth drivers in corn."

She called the greenhouse project "an advanced germplasm development facility" that will support the production of conventional and genetically modified corn seeds for farmers' future use. Germplasm is the basic genetic material for any plant.

Monsanto Chief Technology Officer Robb Fraley said recently that "the tools we are using today," including greenhouses, "completely change the way you breed crops. Society has been breeding crops for 8,000 years. What we have done in the last four or five, when you can sequence every gene in a corn plant and when you can test with the level of precision, when you can use the capabilities we have for seed production — is incredible."

The immediate benefit with enclosed production of corn, soybean and cotton is that the company can dramatically increase the number of crossbred seed types, he said. Given many factors including the ability to grow seed at any time of year, the company will make a million "crosses" this year and select the best 100 of them for future production, dramatically increasing productivity, he said.

Critics say Monsanto's techniques risk limiting crops' genetic variety. Such variability is important for crops to resist pests or plant disease or to tolerate drought, said Doug Gurian-Sherman, the Center for Food Safety's director of sustainable agriculture in Washington, D.C.

"We can predict a particular need in a crop such as drought resistance, but a lot of things are not predictable and it's important to maintain a broad base of diversity in our crops," said Gurian-Sherman.

Many scientists are concerned or convinced that for corn in particular, the genetic variability and seed varieties out there are quite narrow, making them less resilient and more vulnerable to new pests or climate change, he said.

"One major concern has to do with the control these companies such as Monsanto have," he said.

Another critic said the county should look carefully at a planned merger between Monsanto and Bayer.

"How might that merger — and the ensuing new company — affect any commitments the company makes to the county in terms of job creation? Monsanto has been ... actively looking to merge with another company over the last several years — including a failed bid to purchase Syngenta. So, how strong of a commitment is the company making to the county, and what happens if it fails to deliver?" asked Ben Lilliston, of the Minneapolis-based Institute for Agriculture and Trade Policy.

Two University of Arizona agricultural researchers see no problem with providing Monsanto incentives. They said Monsanto is on balance a good company.

"Monsanto is in the seed business, it's an agricultural biotech company," said Yves Carriere, a UA entomology professor who was a co-author of a recent National Academy of Sciences report that found no safety risks from eating GMO-based foods but said the products didn't always live up to their backers' promises.

"They should not be treated differently than any other company. If it's perceived economically as a good deal for Arizona, then go for it."

Monsanto has made mistakes, no doubt, but in the university's dealings with them, "I don't see them as an evil entity," said Jeff Silvertooth, associate dean for cooperative extension and economic development.

"I don't know enough to say whether they should or shouldn't get incentives from a political perspective. But I'm an agronomist. They're providing good tools. Overall, they do good things."

Contact reporter Tony Davis at tdavis@tucson.com or 806-7746.

MORE INFORMATION

http://tucson.com/news/opinion/column/guest/supervisor-richard-elias-say-no-to-monsanto-in-tucson/article_d1ba1d21-5ab5-5d4a-bfe7-e2742dada771.html

Supervisor Richard Elias: Say No to Monsanto in Tucson

By Richard Elias Special to the Arizona Daily Star Nov 14, 2016

Richard Elias

Richard Elias

submitted

We want healthy economic development in Pima County. But if we are to entice companies here with tax or other benefits we want business and industry that will operate in an above-board manner and will not contaminate our soil, water or air.

Monsanto has a decades-long litany of producing, promoting and distributing some of the deadliest toxins ever created – and shirking responsibility for the tragic consequences of their use. It has been fined for environmental violations and accounting irregularities. The European Union and other countries have banned Monsanto products that are legal in Pima County.

The Pima County administration has been negotiating an agreement with Monsanto in which the county would create a state-authorized “free-trade zone” for Monsanto operations here that would employ only 40 to 60 people. Monsanto would avoid paying full Pima County property taxes.

Less generous county incentives for Caterpillar, Accelerate Diagnostics and World View Enterprises, each of which will have many more local employees than Monsanto, are worthy of support. Other legitimate economic development projects could earn incentives. We should not support a tax break for Monsanto.

This company and its predecessors have had a hand in, and often been a creator of, many of the world's worst toxic nightmares: PCBs (polychlorinated biphenyls), early nuclear weaponry, DDT, dioxin, Agent Orange, RoundUp (glyphosate), Lasso (alachlor), and Bovine Growth Hormone. It pioneered and is the world's leading producer of GMOs, genetically modified organisms.

PCBs were widely used from the 1930s to the 1960s, when scientists began to document their extreme toxicity and cancer-causing properties. Congress banned them in 1979, but they remain ubiquitous in our environment.

DDT, an insecticide that burst into widespread use after World War II, proved to be extremely toxic to birds and a potent human cancer-causing agent. It was banned in 1972.

Agent Orange, a combination of herbicides 2,4-D and Monsanto's 2,4,5-T, was sprayed heavily from the air in Vietnam. It contaminated tens of thousands of Vietnamese people and U.S. soldiers who still suffer from their long-ago exposures.

Glyphosate is the most widely used herbicide in the world. Monsanto contends it is safe and U.S. regulators allow its use with few restrictions, but there is mounting scientific evidence it is harmful. The World Health Organization in 2015 declared glyphosate a “probable human carcinogen.”

Some independent research shows that GMOs, which Monsanto developed in the 1980s, might: harm pollinators, increase use of pesticides, create chemical-resistant weeds and pests, induce plant viruses, increase risk of cancers, trigger allergies, and produce antibiotic-resistant pathogens.

People exposed to Monsanto's dangerous chemicals have filed numerous lawsuits against the company, which it typically settles out of court with substantial cash payments.

Monsanto is noted for filing lawsuits against farmers. In some cases, it claims they have violated contract terms preventing them from planting non-GMO seeds or seeds from other sources. In other cases, it files claims against farmers whose fields near a Monsanto GMO field are fertilized from the GMO field – it alleges the neighbors “benefit” from the company's crops without paying for it.

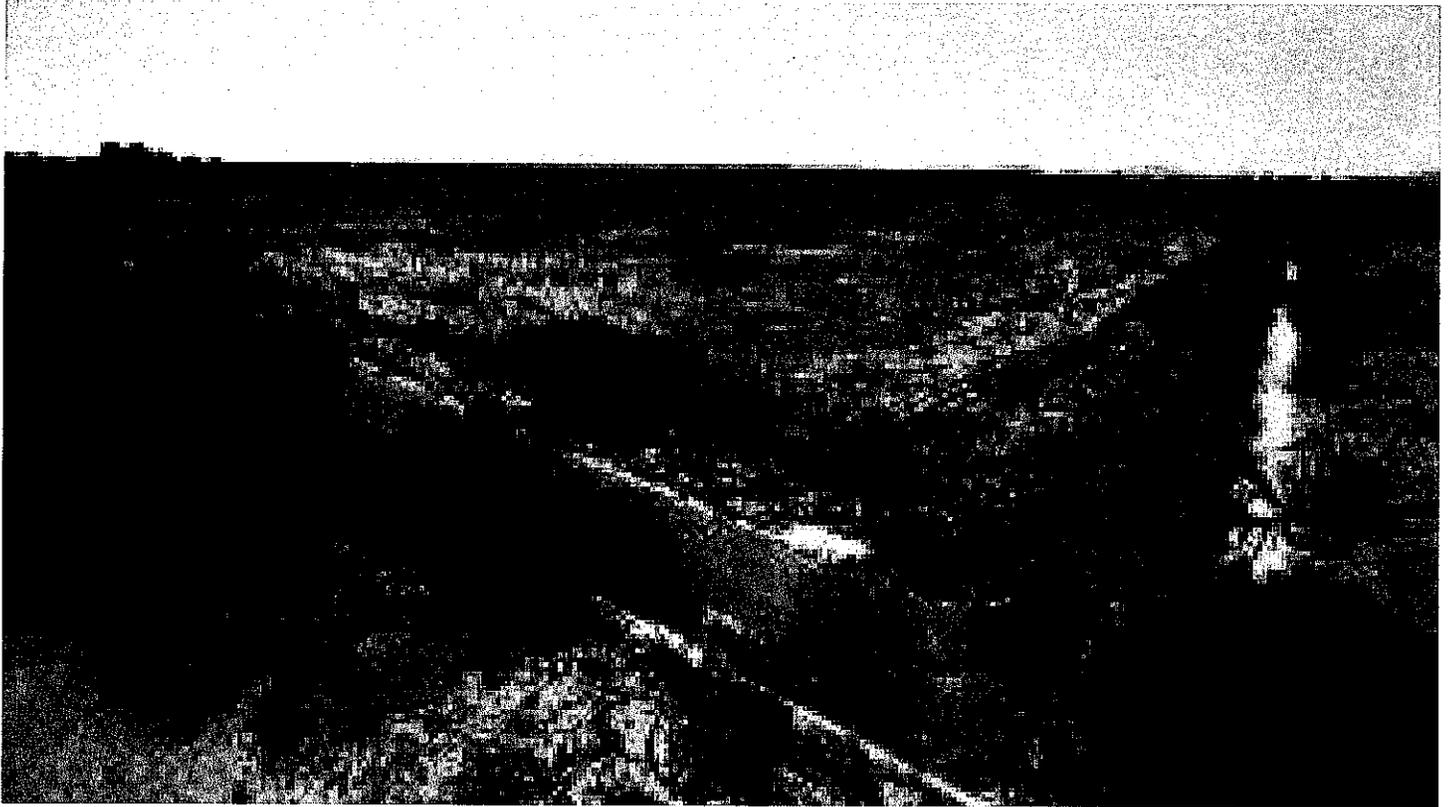
Monsanto has been convicted of crimes and fined for violations of environmental law and regulations. It paid an \$80 million Securities and Exchange Commission fine this year for misstating its earnings and improper accounting. Monsanto has paid penalties for price fixing, bribery, mislabeling its products, and violating chemical testing rules.

In May 2013, protesters in 436 cities of 52 nations joined in a massive March Against Monsanto to oppose its dangerous products and unethical business practices.

Monsanto certainly is not a company that deserves special benefits at the expense of local taxpayers.

Richard Elias is a Pima County Supervisor. He represents District Five.

MORE INFORMATION



Monsanto buys land near Marana for greenhouse

http://tucson.com/news/opinion/column/guest/monsanto-tucson-greenhouse-will-help-advance-agriculture/article_8e45ad01-5e0d-59b8-9849-54dd0a896f75.html

Monsanto: Tucson greenhouse will help advance agriculture

By Kyle Smith Special To The Arizona Daily Star Nov 16, 2016



Farmers know the importance of the world's natural resources. About 0.5 percent of the world's water is available as fresh water. Of that, about 70 percent is used by agriculture. At the same time, farmers are using less land, while looking for ways to enrich the soil to produce better harvests. Monsanto recognizes we have a role in helping today's farmers use natural resources efficiently and sustainably. And, it's one of the many reasons we are excited to advance agriculture, right here in Arizona.

In August, Monsanto announced plans to build a 7-acre, high-tech greenhouse in Pima County. At this enclosed new structure we expect to grow corn year-round, supporting the advancement of corn seeds that will eventually become new varieties for our farmer customers. In collaboration with academic institutions like the University of Arizona, we'll speed up innovation with the advantages provided by a state-of-the-art greenhouse:

1. The indoor air-controlled facility lets us control the growing conditions for plants, harnessing the Arizona sunlight to control temperature, light and irrigation.
2. All inbound and outbound air is filtered and controlled, so we can govern humidity and climate as well as contain pollen.
3. Automated operations and movable planting benches will improve ergonomic conditions for employees.

Sustainability is at the heart of the site design. By moving key pieces of the corn product development process under cover (inside), we minimize environmental impact. Growing corn in a greenhouse actually reduces water usage while managing exposure to weather variables we may otherwise encounter in open field environments. More days of Arizona sunlight mean that we can maintain plants in a more energy-efficient way than similar greenhouses elsewhere.

Automation will allow precise management of plant diseases and insect control, reducing how much pesticide and fertilizer we use. Additionally, the smaller footprint combined with a 100 percent water-recapture and recycle system will mean that we'll be using one-fifth of the water normally used on an open cornfield. Along with the greenhouse, we expect that approximately 2 acres will be used for corn-seed processing and an office building. Other improvements at the site will include a 2-million-gallon water tank for fire suppression and a composting facility.

Innovation can't happen without the power of people. When the project is fully operational, we anticipate employing 40 to 60 people in positions ranging from HVAC engineers to plant biologists. Monsanto is regularly recognized as a top employer and corporate citizen in the communities where we operate, and we look forward to investing in the local economy .

We've seen around the world that innovation and technology can help farmers in the face of water scarcity and climate change. We're eager to continue this important work in Pima County encourage residents to learn more about who we are and what we do.

Kyle Smith is strategy and deployment lead, Monsanto.

and encourage residents to learn more about who we are and what we do at Learn more about Monsanto at discover.monsanto.com and find out more Arizona greenhouse plans online if you'd like to add an active link to the op-ed tomorrow:

<http://www. at>

monsanto.com/arizonagreenhouse

MORE INFORMATION



Monsanto to grow greenhouse crops in Tucson area

News from TucsonSentinel.com: http://www.tucsonsentinel.com/opinion/report/112916_monsanto_op/monsanto-deal-no-dirtier-than-recent-pima-county-triumphs/

What the Devil won't tell you

Monsanto deal no dirtier than recent Pima County triumphs

Selective outrage shouldn't stop county victory in sketchy game

Posted Nov 29, 2016, 1:18 pm

Blake Morlock TucsonSentinel.com

I've really tried catch a case of Monsanto Derangement Syndrome but my immune system keeps fighting it off. I've watched the documentaries. I've read the articles. I've communed with the horror.

I've reached the conclusion that they are a greedy company who will ruin the little guy's life to protect what's theirs.

Hi. Welcome to America. Are you ready for some football?

The Pima County Board of Supervisors just punted a decision about whether to endorse tax breaks to the agribeasts to help the company's planned move into Marana. Their meeting last week was jammed up with Monsanto haters, who spoke for hours. Find a vegan, mention "Monsanto" and five will get you 10 you'll get a lecture.

According to the Arizona Daily Star's indomitable Tony Davis (though God knows they try), before the county is a proposal to (http://tucson.com/news/local/govt-and-politics/details-of-monsanto-deal-with-pima-county-are-released/article_c8d831bb-c20f-5f51-8d5c-90a3f579b545.html) give Monsanto a tax break to move 50 jobs to the region to work in a greenhouse. The county estimates \$28 million a year in economic impact over the next 10 years. The company's property tax bill would fall from \$500,000 to \$190,000 under the proposal. The undeveloped land nets \$2,000 in property taxes.

It's a pretty cut and dried "foreign trade zone" deal, similar to others already in the county. Local governments typically have a bit of a say in what is actually a decision made by the U.S. Department of Commerce. The feds have ultimate discretion. So the question is how much of a fight does Pima County want to wage?

Tucson can't claim purity of progressive essence while we have a cash-for-jobs economic development model that herald the coming Caterpillar's hard-rock mining division and expansion of Raytheon Missile Systems. The county does have a way to provide clarity to corporate "bad boys," which I will get to later.

I would much rather see us double Tucson's efforts to mine the community for the next big idea. But if we are going to be in the cash-for-jobs business, this is what you get.

Thanks for reading TucsonSentinel.com. Tell your friends to follow us on Facebook (<http://facebook.com/TucsonSentinel>) and Twitter (<http://www.twitter.com/TucsonSentinel>) .

If Pima County starts wavering on business deals based on the fetishes of some very squeaky wheels, well then, corporate site selectors are going to notice. And the watchword of modern business is "certainty." If Pima County and the Tucson region injects "uncertainty" into the process, then we fall further behind in the game the community seems to want to play.

One Monsanto to rule them all

I am in no way even going to halfway attempt to untangle the whole Monsanto mishegas in this column. A lot of the new about the company is found on progressive and agenda-driven websites. It doesn't make them wrong. It just means they

report the news on a mission to destroy something. In this case a \$45 billion company now owned by German übercorp Bayer.

In one of the most perfect pulled-punches in the annals of muted local journalism (funnier when you know how editing works), the Daily Star's Nov. 19 story detailing Monsanto's deal with Pima County declared the following: "Among some environmentalists and farmers, Monsanto is a controversial company."

Yeah ... yeah ... and among some hobbits of Middle Earth the Orcs make a controversial zombie army. Monsanto is, to a big part of the American Left, what George Soros, all things Clinton and Planned Parenthood's non-existent yet fabled Baby Parts Division is to the American right.

The Monsanto fight seems to involve the degree to which the company's passion for genetically modified "frankenfoods" and litigious in bullying farmers.

The GMO research, even seen through the most tie-dyed colored glasses is, at worst, is far-less conclusive — by any stretch of the imagination — than man-made climate change. It's a practice defended in Slate (http://www.slate.com/articles/life/food/2013/07/a_hippee_s_defense_of_gmos_why_genetically_modified_food_isn_t_necessarily.html), Mother Jones (<http://www.motherjones.com/blue-marble/2012/06/gmo-bt-pesticides-crops>) and by environmentalists. (http://www.nytimes.com/2015/10/25/opinion/sunday/with-gmo-policies-europe-turns-against-science.html?_r=0) Studies by the World Health Organization, the American Medical Association, Britain's Royal Academy and on and on conclude GMO's are fine. To believe that the same institutions warning about climate change today and smoking decades crumble now to Monsanto, is giving the company a bit too much credit.

But ... but ... but ... this research is not like climate change research, which is verifiable in ice cores, witnessed in history and observable today. It does kinda feel like "margarine is good for you," and "dinosaurs were cold-blooded lizards," which have since been disavowed. Lord only knows the downstream effects of messing with so many crops across so much of the globe.

Did they harass farmers for unknowingly re-use seed season-to-season rather than go out and buy more Monsanto product? It sure seems like it. (<http://modernfarmer.com/2014/03/monsantos-good-bad-pr-problem/>) Farmers who practiced the millennia-old habit of "harvesting seeds" got forced into settlements or sued in court. The company is undefeated in these cases.

To buy Monsanto's seeds — largely what's on the market — farmers must sign away their right to reuse seeds. The company's own website (<http://www.monsanto.com/newsviews/pages/saved-seed-farmer-lawsuits.aspx>) seems to try to excuse what seems to be bullying. They seem to encourage spying among farmers on farmers, hire investigators and then demand cash payments from those farmers who may have just mistakenly regenerated Monsanto seeds, year-after-year.

The company's practice of banning seed harvesting is where this columnist wants to shout B.S. It just smacks of bullying the hearty farmer. I don't like it. I get the legal arguments for patent protection but I don't like it.

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It's not Monsanto (but totally is)

Circling back to the local question, the county is waiting until new Supervisor Steve Christy takes office and will revisit the issue in February — after President Donald Trump is sworn in.

The proposal has created a coalition of no votes out of political southpaw Richard Elias and conservative teapot Ally Miller. If one more no vote emerges on the five-person Board of Supervisors then the county will get into a battle with the new president's Department of Commerce. How much power the county's somewhat advisory vote has remains to be seen. It's state and federal authorities that will have the final say on the question.

One argument against the tax breaks isn't so much about Monsanto itself, but concludes that if Monsanto bought the land and is moving here anyway, they shouldn't get a tax break.

So the tax breaks for economic development don't go to companies that want to come, just the ones eager to game the system. I'm not sure that's the right message.

The argument seems like an excuse to deny Monsanto a tax credit because they are Monsanto without making it about Monsanto. It's like saying I'm not opposed to helping the poor but food stamps just make them hungry.

Let me ask: If Google Automotive were going to move production to Pima County of their hybrid soy-built Sustain-a-Ca would we deny them a tax credit? I would predict that even if they had previously made the decision to locate on South Houghton Road, Pima County would gladly fork over the money after the fact.

Let's not kid ourselves. This is about Monsanto.

Cast out Devilcorp

Fine. I get it. Monsanto is evil but let's get real.

Uncovered documents make Exxon-Mobil look like they sure knew man-made climate change (http://www.nytimes.com/2016/04/14/science/pressure-on-exxon-over-climate-change-intensifies-with-new-documents.html?_r=0) was a real thing. They did not run to the world and say "Oh my God! We have to do something about this!" Hell no. They hired lobbyists to pretend their own discovery was a lie. Yet we still gas up there. I don't see a community boycott. We actually need gasoline.

What's more, if Tucson found kazillion barrels of oil under A Mountain, would we reject the hypothetical Sentinel Field or would we cash right in rolling in the wealth of all that black gold?

Right. We're above it on philosophical grounds.

Okay, then, allow me to remind you reader that just this month Raytheon Missile Systems announced a big expansion here (http://www.tucsonsentinel.com/local/report/112216_raytheon/county-supes-ok-incentives-raytheon-expansion/) in Tucson and people damned near threw a parade. Tax breaks? Sure! We'll give you a tax break.

You get, progressive supervisors, that Raytheon's product is designed to atomize human flesh, right? You get, activist Lefty, that among Raytheon's product line includes something called the AGM-176 Griffin (http://defense-update.com/20120518_85_million_for_griffins.html) missile. The Griffin is a small air-to-surface missile that — among other things — fits underneath an MQ-1 for special operations. I'm talking drone strikes. The Griffin is meant to compete against Lockheed-Martin's "Hellfire" missile because the Griffin causes less collateral damage. So Raytheon makes something a little better than the fires of hell.

I thought the Left was up in arms about drone strikes? Oh but if the job pays \$60,000 a year and the new employees will shop at your corner Hemp Store, then by all means build the business end of those strikes right here in town.

We're still sweeping up the confetti from news this year Caterpillar was moving (http://www.tucsonsentinel.com/local/report/050316_caterpillar/caterpillar-moving-600-jobs-regional-hq-tucson-rio-nuevo-back-50m-project/) it's surface mining division to Tucson. Those open pit mines aren't naturally occurring. Those strip-mined mountains didn't just decide to commit suicide.

Tucson, this is the game we play when we base our economic development model on who we can bribe to come here and hire in our general vicinity. They may not hire us because our K-12 system withers on the fiscal vine but they'll hire people who will buy our services at a faster clip and that means we get to cash in on the "multiplier effect."

Clarify the good and bad

I am not just here to throw shade (a term the kids used 10 minutes ago, so they probably don't now; I'm not woke enough to know) on the idea that the community's values can be a part of it's economic development model. No sir or madame. I come with a candle.

I refer you to Pima County Ordinance 11.28.010. It's called a debarment rule and it applies to procurement.

Basically, debarment rules allow governments to reject a contractor's bid — as qualified as it may be — for reasons involving corporate malfeasance. In common English, it's a "Bad Boy Ordinance" and it applies to businesses with a history of criminal convictions.

Pima County is free to set down in writing a policy that refuses economic development assistance to companies with bad environmental, social or criminal backgrounds.

In procurement, the rule must be tightly written because awarding contracts has long been a vat of seediness. So the laws are written to ensure the process of awarding lucrative public contracts is on the up and up. Loose rules would provide a safe space for bid-rigging.

The county has more discretion when it comes to weighing in on who gets a tax credit and who doesn't. So, the county could adopt a debarment policy related to economic development prohibiting tax credits to company's with a sordid history.

It's good for the board sometimes to tie the hands of staff. It makes the staff's job easier. "We'd love to help but we have this policy forbidding us to do deals with companies that hire the P.R. firm of Satan, Beelzebub, The Great Deceiver and Associates..." It would also take the hypocrisy out of the equation.

In the mean time, Southern Arizona can't play the game without playing with the players. The activist wing of the Democratic Party made the supervisors play ball on elections integrity back in 2007 and now the community has to wait hours upon hours to get poll results. They might just get that amped up again.

If Pima County isn't going to make a broad policy out of who we want and who we don't, then spare us the drama. Just give Monsanto their damned shiny glass bauble and move on.

Blake Morlock covered Arizona government and politics for 15 years, including 11 in the Tucson Citizen. He also worked on Democratic Party campaigns in the field of political communications. Now he's telling you things that the Devil won't

- 30 -

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2 comments on this story

2



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Dec 1, 2016, 3:13 pm

http://tucson.com/news/local/columnists/steller/tim-steller-small-southern-arizona-districts-in-position-to-cut/article_faeb715d-a65a-553d-ac85-bd6a76b4ccc1.html

Tim Steller: Small Southern Arizona districts in position to cut better Monsanto deals

By Tim Steller Arizona Daily Star Jan 21, 2017 Updated Jan 28, 2017

Tim Steller

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Pima County sheriff's Sgt. Chuck Lopiccolo steps in to stop a woman who tried to take control of the microphone at a meeting Wednesday about Monsanto's proposed facility.

The hot local debate over Monsanto's proposed project in Pima County has focused on the big issues and entities, but it is overlooking some crucial players who could make or break the deal.

It's not all about GMOs.

It's not all about glyphosate.

It's not even all about Pima County and the supervisors' upcoming decision on possible tax breaks, scheduled for Feb. 21.

Those have been among the hottest topics of debate at the five community meetings held over the proposed Monsanto project, a giant greenhouse that would be built on a 155-acre property in Avra Valley. "No Tax Breaks for Poison Profiteers" read a sign carried by attendees at the Wednesday night community meeting I attended on Tucson's west side. That was the tenor of many of the criticisms.

But what most people are ignoring are the little taxing districts that could be affected by the designation of Monsanto's property as a foreign trade zone. Those entities — Marana Unified School District, Pima Community College, and the Pima County JTED — each have leverage that may almost amount to a veto of whether Monsanto gets the designation and saves millions in property taxes. And they're not really using it.

Let's step back and review what Monsanto is asking for. It's not permission to build and operate its 7-acre greenhouse — the company can do that if it wants without asking anyone's permission. What it's asking for is designation as a foreign trade zone, which, under Arizona law, would drop the company's property tax rate assessment ratio from 15 percent to 5 percent and reduce its annual tax burden by about two-thirds.

This doesn't mean the county would actually lose money if the foreign trade zone is designated. The county would still be collecting hundreds of thousands of dollars more in taxes from that property than it had previously, when it was abandoned farmland.

But, in what amounts to an economic-development trade-off, the county would collect less than it's legally entitled to if Monsanto builds on the property and meets certain economic development measures. In other words, there's a solid economic-development argument from the county's perspective, leaving aside environmental contentions.

What's often overlooked is that these small districts also are encouraged to sign off on the deals and could potentially block them with strenuous oppositions. That means they're in a position to make good deals for themselves and taxpayers — or, in the alternative, block the tax breaks altogether, potentially blocking the entire project. It's not that they should want to block the project, but that Monsanto is asking for a lot, and the districts should get something in return, at least being held harmless.

In these foreign trade zone designations, Pima County advises the business to make separate agreements with the other taxing districts. These agreements usually come in the form of a "PILOT," the abbreviation for Payment in Lieu of Taxes, which would make up the difference in what the company would have paid with a 15 percent rate.

Patrick Cavanaugh, the county's deputy director of economic development, put it this way in an email to me: "We encourage Monsanto or any of the other companies we've previously executed FTZ PILOTs on to reach agreement with the education districts. Obviously the agreements have to be concluded between the company and education districts before it goes in the multiparty agreement that Pima County assembles and which goes before the Board of Supervisors for a vote."

Marana schools have already cut their deal — badly, in my view. As my colleague Murphy Woodhouse reported in November, that district accepted a \$500,000 payment to its foundation — instead of being made whole through a PILOT agreement. That saved Monsanto \$3.4 million in taxes, though it did make additional money available for helping poor students.

The district's deal made some sense, because Monsanto's tax payments wouldn't have actually increased the district's general-fund revenue — they just would have diluted the tax burden among all the district's taxpayers. But in the context of the savings that the Marana district gave Monsanto, and the leverage the district perhaps unknowingly held over the deal, the \$500,000 payment was a pittance.

Of course a company Monsanto's size would prefer to give a \$500,000 donation rather than pay \$3.4 million more in taxes through a PILOT agreement. But couldn't the district have gotten more?

The Pima County JTED is almost too small a player to make a difference. Its tax revenues from the property will be around \$5,000 if the project is built, and the JTED district has already approved a deal with Monsanto. If Monsanto gets the FTZ designation, it will pay any difference in taxes to the district through a PILOT.

Pima Community College, on the other hand, had a chance to strike a deal in November, but its Governing Board rejected it. This is the worst of the options available. The deal offered would have been similar to the one the JTED board accepted, but at a much bigger, six-figure scale. In essence, Monsanto offered the board to make a PILOT payment that would make up the difference between the higher tax rate and the foreign trade zone rate.

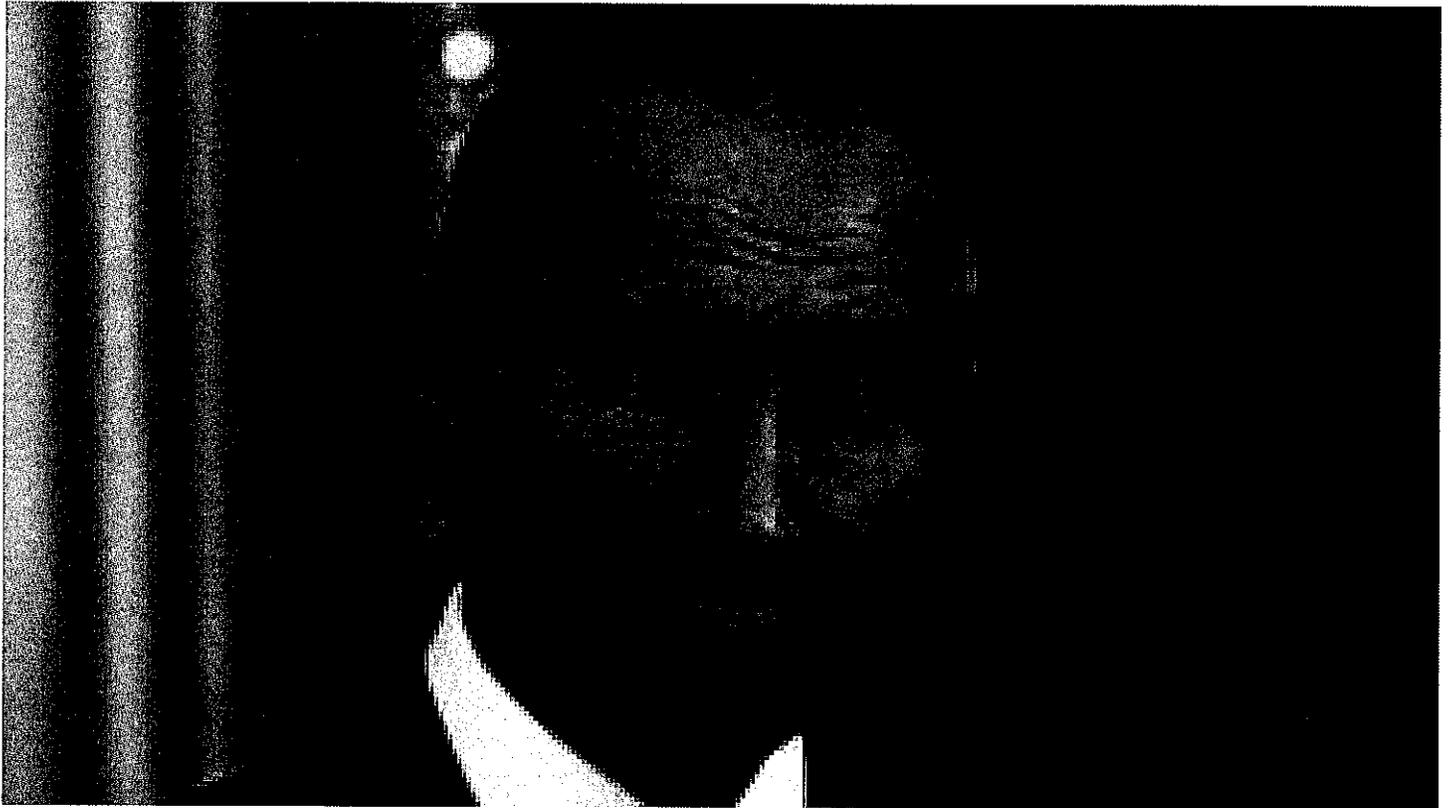
The PCC board voted no, citing the objections of a faculty member who spoke vaguely of Monsanto's corporate misbehavior in the call-to-the-audience before the meeting. So, as of right now, the college will only get paid taxes from Monsanto at the lower, FTZ rate of 5 percent, if the project is built. That wouldn't hurt the college — it's still able to collect the same amount of revenue from all taxpayers — but it means the rest of us pay a little bit more than we would have.

PCC has been told a new offer will be coming from Monsanto, spokeswoman Libby Howell told me Friday. If it's made, it would mean Monsanto makes a PILOT payment that makes the taxpayers whole despite the earlier no vote. But that's just informal word of a deal that hasn't actually been offered to board members who put the taxpayers at risk for no particular reason.

In other words, vague objections kept the college from making the smart move and cutting a deal that ensures we the taxpayers don't pay more than we need to — something all these districts should be doing.

Contact: tsteller@tucson.com or 807-7789. On Twitter: @senyorreporter

MORE INFORMATION



Tim Steller: Legitimacy concerns to linger after Trump's inauguration

AGENDA ITEM 5-C

NOTE: SUMMARIES OF THE FIVE INFORMATION MEETINGS WILL BE DELEIVERED TO THE COMMISSION AS LATE MATERIAL BEFORE THE FEBRUARY 7, 2016 MEETING.

AUDIO RECORDINGS HAVE BEEN PROVIDED TO THE COMMISSION AND CAN ALSO BE ACCESSED ON THE MONSANTO INFORMATION WEBSITE AT WWW.PIMA.GOV

AGENDA ITEM 6



MEMORANDUM

February 7, 2017

To: Honorable members of the Pima County Agricultural Science Advisory Commission

**From: John Moffatt
Director, Office of Economic Development, Pima County Administrator's Office**

Subject: Commission discussion of community comment , Agenda item 6

The community has taken significant interest in proposed Monsanto facility and the Foreign Trade Zone/Payment in Lieu of Taxes agreement to be considered by the Pima County Board of Supervisors on February 21, 2016. This has resulted in a large volume of public comment received by Pima County through several different methods.

- Binders with printed copies of community correspondence to Pima County have been provided to the Commission. This material covers community correspondence received through the Pima County's Monsanto information website portal as well as correspondence sent directly to the individual offices of the Pima County Board of Supervisors and Pima County administration and staff.
- Additionally, the Board of Supervisors has received comment at the call to the audience portion of their regularly scheduled board meetings. Video of this comment can be viewed on the Monsanto

information website (linked on the main page of www.pima.gov).
Audio of the five public information meetings is available on the site as well.

- **Audio and written summaries of comment from the five community information meetings will also be made available to the commission.**
- **A response from Monsanto to the community comment received at the Pima County Board of Supervisors meeting of November 22, 2016 is also available on the same project website.**

For agenda item 6, the Commission will engage in a general discussion of the information presented to the public and the public's concerns. A summary of this discussion will be provided to the Pima County Board of Supervisors for its meeting of February 21, 2017.

AGENDA ITEM 7



MEMORANDUM

February 7, 2017

To: Honorable members of the Pima County Agricultural Science Advisory Commission

From: John Moffatt
Director, Office of Economic Development, Pima County Administrator's Office

Subject: Discussion: other potential agricultural areas of review by the Commission, Agenda item 7

Agriculture is a major economic driver in Pima County and has been our regional legacy for thousands of year. Technological advances, coupled with existing and emerging challenges to agriculture in Pima County, are accelerating. The initiation of the Pima County Agricultural Science Advisory Commission with the proposed memorandum of understanding between Pima County and Monsanto creates an opportunity to address other agricultural related issues within the county beyond the Monsanto facility from a scientific standpoint. As experts in your individual disciplines, the Commission members are asked to identify priority issues for discussion at future meetings.