

development or other activities that would potentially be adverse to continued mining activity. The County will continue to support all mining entities that choose to acquire buffer lands, whether they are private or State Trust lands, to provide a natural resource buffer between other land use activities and active or abandoned mining operations. It is important these natural resource buffers be maintained in perpetuity and become part of the protection and conservation strategy for the Sonoran Desert ecosystem.

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

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

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

Action Items

7.1. Continue to monitor and comment through the federal regulatory process on mining activities proposed or ongoing within Pima County with the goal of minimizing long-term adverse impacts of those operations and having any required mitigation provided within the area of actual impact.

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

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

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

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

Mexico is the third largest trading partner for the United States and the first for Arizona. Total trade in 2015 was \$532 billion, and in 2015, Arizona's exports to Mexico were nearly \$9.2 billion.

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

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

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

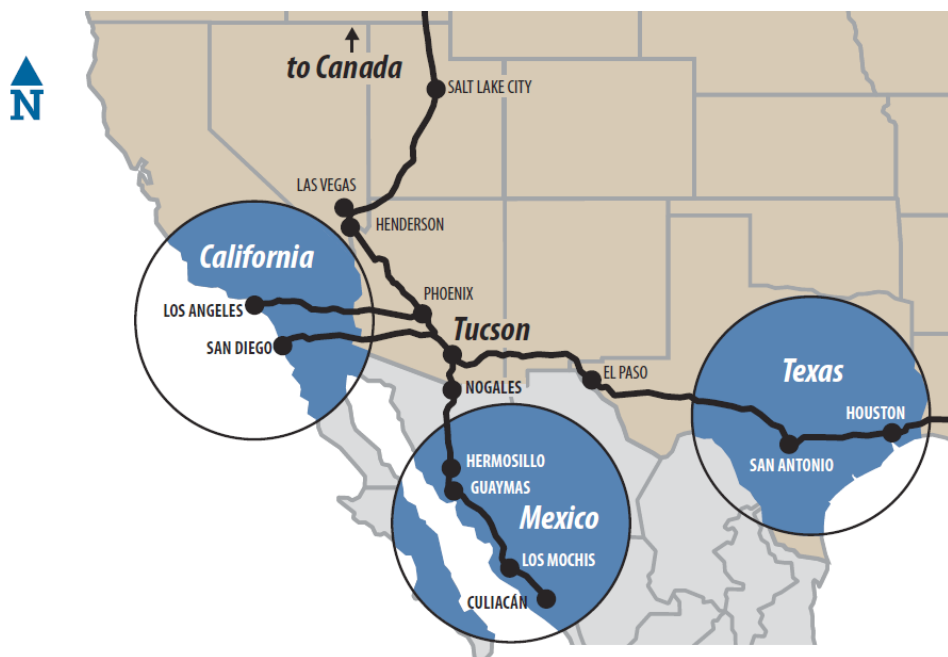
2. Nearshoring. China's labor and shipping costs continue to rise, and quality is declining. Mexico is offering high-skill, low-cost manufacturing; and many United States manufacturers are relocating to Mexico from Asia (nearshoring). Foreign automotive manufacturers are also targeting Mexico for expansion of their operations. Nissan has constructed a \$1.4 billion manufacturing facility, and Volkswagen is implementing a \$1 billion expansion of its existing Mexican facility. Audi also plans a Mexican factory to produce vehicles for export to Europe, the United States and other markets.



The Maquiladora industry in Nogales, Sonora includes approximately 110 assembly-for-export plants that employ an estimated 40,000 people, many of whom have visas to cross into the United States for tourism and shopping or actually live in southern Arizona. We also have an opportunity to identify distribution companies in Pima County to provide locations for engineering, quality control and distribution support of companies in the Maquiladora industry.

3. Port of Entry Efficiency. The Mariposa Port of Entry (POE) at Nogales, a \$250 million expansion and modernization project, has been completed. It is now a state-of-the-art facility that is already creating opportunities by increasing capacity of import goods and produce, and it has decreased the wait for truckers. However, a significant adverse impact on cross-border trade still continues to be border delay. United States and Mexican companies face higher transportation costs as a result of lengthy border wait times and intrusive (duplicated) inspections. These costs are passed on to consumers. In addition, time-sensitive products, such as fresh fruits and vegetables and other agricultural commodities, are placed at risk due to the products' shorter lifespan. In 2015, over 319,000 trucks crossed the Nogales POE. The private sector has suggested it will take more than additional Customs officers at the Port. It will require all key process stakeholders to find common ground to improve the systems of transporting goods across the border. Pima County supports the development of technology and improved processes on both sides of the border to make us more competitive with Texas and California, both of which have experimental programs in place.

In July 2016, US Customs and Border Protection (CBP) Nogales Commercial POE (Mariposa) initiated a "proof of concept" for a unified processing of cargo by CBP and SAT (Mexican Customs). The primary goal of the "proof of concept" was to determine whether the unified processing of FAST lane shipments would decrease the transit time of international cargo, thereby increasing security and reducing cost of doing business. After a 30-day review, the results were better than expected: 22 percent of all laden trucks are being jointly processed by CBP and SAT; 20 minutes is the average crossing time from Nogales, Sonora to Nogales, Arizona for unified cargo processing (UCP) shipments; with reductions of up to 85 percent in in-transit transportation costs for the unified proof of concept participants. In September 2016, CBP and SAT met in Mexico City to discuss the first 30-day review. As a result, it was agreed that workgroups would be formed to evaluate whether the expansion of the unified proof of concept would be feasible for other ports within Arizona (Douglas and San Luis). It was also agreed that unified inspections would be expanded to include "all" Fast lane users, including produce, effective October 3, 2016.



4. Over-stop. Other challenges include varying interpretation and execution of border crossing procedures by each agency at the POE. This lack of coordination leads to an increase in wait times and a resulting increase in cost of products coming across the border, which makes Arizona less competitive with our neighboring states that tend to have a more coordinated approach. The County will increase our efforts to develop relationships on both sides of the border to increase efficient border-crossing awareness and work toward solutions that make Arizona POEs more competitive, easier to use and quicker to assess.

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

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

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

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

Another key regional factor in international trade is the Port of Guaymas. This port is in the process of a \$300 million upgrade that initially will dredge the channels to handle larger ships, followed by development of new facilities on reclaimed land to more than double the bulk cargo capacity of the current port. This is critical to the region's mining industry as more minerals, bulk and refined, are exported to offshore markets through the Port of Guaymas. This phase of the expansion was scheduled to be completed by 2017, but lower oil prices have impacted the progress, and the completion may be delayed to 2018 or 2019. Commensurate with this growth in capacity, the rail yard at Empalme is also being expanded to handle the increased volume of bulk materials being shipped. The second expansion phase of the Port of Guaymas will create three additional container ship loading facilities at Empalme by 2020. The expanded rail yard in Empalme is being designed to maximize the flow of container rail cars from and to these docks.

Due to federal funding cuts, the Port of Guaymas expansion has not been expanded as planned. The Port is still open for business, and the Port of Guaymas Authority is seeking

private investors to move forward with the expansion project plans, with concessionaire opportunities for investors.



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

C. Strengthen Rail Service and Customs Capacity at the Border

With the increased traffic projections from the Port of Guaymas and minor infrastructure modifications, Union Pacific/Ferromex indicates the transport capacity of the current infrastructure between Tucson and Guaymas could easily double. However, the growth of the Port of Guaymas is not the only driver of increased rail traffic. After extensive testing, it has been determined that certain types of produce can be successfully and efficiently shipped by rail to distances as far as the US East Coast. Increased industrial activity in Sonora, particularly in the aerospace and maquiladora industries, will also increase cross-border trade and offer increased opportunity for Arizona exports.

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

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

With the completion of the Mariposa POE, it is imperative staffing levels for Customs agents are increased appropriately to minimize car, truck and pedestrian delays, as well as provide sufficient staff to inspect trains in a timely and responsible manner. Recent legislation initiated by both Arizona Senators to allow transfer of separating military personnel to Customs and Border Protection should reduce the time required to get officers in place at the POEs. Significant progress has been achieved by a new consolidated truck inspection program where joint inspections occur at the US facility in Nogales. This new program has reduced average inspection times from 3 to 5 hours to 45 minutes and is being replicated at other POEs.



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

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

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

In April 2014, Consul Ricardo Pineda from the Consulate of Mexico in Tucson presented to the Board of Supervisors and the public about Mexico's growing economy and the importance of the United States-Mexico relationship. Consul Pineda shared important data, including that 40 cents of every dollar spent on imports from Mexico comes back to the United States; a quantity 10 times greater than the 4 cents returning for each dollar paid on Chinese imports. Six million United States jobs depend on trade with Mexico. Pima County also arranged for Consul Pineda to present to the Arizona State Transportation Board, the focus of his presentation being on coordinated transportation infrastructure across the region. The Mexican government has already committed to investing \$1 billion to improve Highway 15 that connects central Mexico with Nogales, which will provide better flow of commercial and light vehicle traffic.

Pima County is completing construction of an economic development web page to serve as a regional resource guide and tool to promote business opportunities in the County and attract business and investment from Mexico. Valuable resource information from the US Census, Eller College at The University of Arizona, and the Maricopa Association of Governments makes the web page valuable to site selectors and business developers looking for demographic and sector information. In addition, Pima County has fully supported the promotion of BIEN (Building an International Economic Network, <http://www.connectbien.com>), which was developed by the Maricopa Associations of Governments as a business-to-business e-platform to connect individual businesses across international boundaries in Mexico and Canada. BIEN is a valuable tool for our entire region to encourage local businesses to become more involved in international trade. The BIEN website is available in Spanish, French and English.

Educational institutions also can play a role here. The University of Arizona has had ties with its educational counterparts in Mexico for decades; but activity in this area is increasing at an impressive rate, exposing students from Mexico to the values and opportunities in Arizona and Pima County. With a large enrollment from Mexico, the University participates in many cooperative programs with their counterparts in Mexico. During a recent trade mission to Mexico led by Governor Ducey, University of Arizona President Ann Weaver Hart signed an agreement with Universidad Nacional Autónoma de México for the establishment of the Center for Mexican Studies, making the University a Center of Excellence and focal point for foreign students from Mexico studying in Arizona.

In addition, Pima Community College (PCC) has signed a Memorandum of Understanding with the Technological Institute of Sonora and will work together to develop dual degree programs (like the International Management Binational Program), student and faculty exchanges, and other projects. Since 2015, 26 ITSON professors have visited PCC for summer ESL and pedagogical training. These binational connections and projects will help people on both sides of the border become aware of cross-border opportunities. Furthermore, PCC is one of only a few community colleges in the United States that is working with Televisa Foundation (a foundation of the largest Spanish-speaking media conglomerate in the world), the Mexican Ministries of Education and Foreign Relations, and Santander Bank. Since 2014, PCC has hosted a group of 175 students from Mexico funded

by these organizations. Since 2015, PCC has hosted a group of 53 students and will be one of only two colleges supported by the US State Department to facilitate the granting of J-1 visas to these students.

In February 2016, Supervisor Ray Carroll and the Mayor of Rocky Point participated in a two-day exchange. The purpose of the exchange was to develop economic and cultural ties and increase awareness of the role of Pima County in Mexico, as well as to promote improved communication and cooperation in the region.



On June 8, 2016, Supervisor Ramón Valadez met with Sonora Maquiladora Association members in Nogales, Sonora to discuss economic partnerships between Pima County and the Association begun in 2015 to discuss supply chain and logistics synergies between southern Arizona and Northern Sonora. After a tour of MTD Products, a Maquiladora that produces nearly all of the major brands of handheld landscaping equipment and machinery, Pima County Economic Development Director Dr. John Moffatt and Supervisor Valadez made a presentation to the Association regarding the County’s Sonoran Corridor planning and capitalizing on local and international supply chain opportunities and a surge in economic development in Northern and Western Mexico, including Nogales, Hermosillo and the port of Guaymas.

E. Increasing Mexican Tourism and Commerce

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

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

One of the largest opportunities for growing existing businesses or recruiting new companies is next door in Sonora and in other Mexican states. Mexico is the third fastest growing economy in the world and is at our doorstep. Over \$22 billion per year in goods crosses into Arizona from Sonora alone. Roughly 40 percent (\$8.8 billion) is from products that originated in the US and were sold to the Maquiladora industry in Sonora, only to return to the US as a part of another product. The Maquiladora industry in Sonora has asked Pima County, Sun Corridor Inc., and the Pima Association of Governments (PAG) for assistance in developing local, more reliable supply chains for not only materials, but services such as metal finishing, machining, injection molding and logistics support for products crossing the border. Pima County's Economic Development team and International Projects Coordinator will work closely with Sun Corridor Inc. and PAG to ensure we take advantage of this opportunity.

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

The largest population of international students at PCC comes from Mexico. With geographic proximity, most of these students and their families are able to travel extensively to and from Mexico; creating a network of actual and potential consumers in Pima County. Further, many of these young students will become the future business and industry leaders who will engage in bi-national commerce and tourism.

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

F. Mexican Baseball

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



An eight-month lease for one Minor League team, Rojos del Águila de Veracruz, comprised of 40 players and 10 coaches, is for the operation of a baseball academy at Kino Sports Complex to develop Minor League players for Major League Baseball. They also hosted three Mexican baseball league teams for spring training in March 2015 and played 12 exhibition games in Kino Stadium over the last three weekends in March. The Mexican baseball league (officially known as Liga Mexicana de Beisbol–LMB) teams includes Rojos del Águila de Veracruz (located in Veracruz), Diablos Rojos del México (located in Mexico City), Tigres de Quintana Roo (located in the Yucatan Peninsula), and Toros de Tijuana (located in Tijuana). All training and games will be televised across Mexico and in the southern United States through a baseball television program owned and produced by the Rojos del Águila de Veracruz team that is available on Latino sports programming. This agreement signals the return of professional baseball to Kino Sports Complex.

In addition, the sixth annual Vamos a Tucson Mexican Baseball Fiesta was held at the County-owned Kino Stadium in fall 2016. The tournament included some of the most popular teams in Mexico; and over the four-day event, attendance was nearly 12,500, despite inclement weather.

Action Items

- 8.1 Identify distribution companies in Pima County to provide locations for engineering, quality control and distribution support for companies in the maquiladora industry.
- 8.2 Complete the County economic development web page to serve as a regional resource and tool to attract business and investment from Mexico.

- 8.3 Continue to foster relationships on both sides of the border to increase border-crossing efficiency and to make Arizona POEs more competitive with quicker access and easier use.
- 8.4 Continue to promote development of infrastructure that maximizes our unique geographic location at the crossroads of the north/south and east/west trade routes.
- 8.5 Continue advocating at the federal level to increase Customs staffing to expedite border crossing for trucks and trains.
- 8.6 Continue our efforts with Sun Corridor Inc. and PAG to assist the Maquiladora industry in Sonora, Mexico in developing local, more reliable supply chains for materials and manufacturing-related services.
- 8.7 Continue to foster the County's positive relationship with the Consulate of Mexico in Tucson to help facilitate the establishment and expansion of Mexican businesses in our region.
- 8.8 Continue financial support of Visit Tucson and its efforts to encourage Mexican tourism in Pima County, including enhancing medical tourism through partnerships with our region's wellness community.
- 8.9 Maintain a regular County presence at the Visit Tucson (Vamos-A-Tucson) office in Hermosillo, Mexico to encourage and facilitate Foreign Direct Investment and Mexican companies doing business in Pima County.
- 8.10 Continue efforts to increase Mexican Major League Baseball, including Spring Training and Spring Training games, at Kino Sports Complex.

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



A. Expanded Foreign Direct Investment

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

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

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

B. Canadian Investments in Mexico

Canadian investment in Mexico is substantial, with more than 2,400 Canadian companies now doing business on Mexican soil. This presents numerous opportunities to position Pima County as a logistics hub for Canadian companies in the same manner as many County companies provide support to United States firms now operating in Mexico. For example, EDC, Canada's export credit agency, recently reported that 200 of the 260 foreign mining companies operating in Mexico are Canadian-owned and now account for 78 percent of the total FDI in the Mexican mining sector. Pima County is uniquely positioned to be further involved in the supply chain for these Canadian companies in Mexico; particularly in the areas of manufacturing, equipment provision, and engineering and consultation services.

C. Canada, Arizona and Pima County

Arizona currently conducts \$3.7 billion in bilateral trade with Canada, and more than 132,200 jobs in the state depend on trade or investment from Canadian companies. Approximately 350 Canadian companies currently operate in Arizona, and the state received more than 1 million Canadian visitors in 2015. Trade, combined with FDI and tourism, results in a \$6 billion bilateral footprint for Arizona and Canada. One excellent example of Pima County's relationship with Canada is Montreal-based aircraft manufacturer Bombardier Aerospace. Since Bombardier's Tucson aircraft maintenance and modification facility opened in 1976, it has contributed significantly to the County's workforce and economy. In 2013, Bombardier expanded its maintenance capacity at its commercial aircraft service center facility in Tucson and opened three new lines of maintenance for its Q400 and Q400 NextGen turboprops to support long-term maintenance contracts with various North American carriers. The company now employs more than 900 skilled aerospace workers at its Tucson facility.



Canadian tourism continues to be a major economic factor in Pima County. Analysis by Visit Tucson and the Arizona Office of Tourism indicates more Canadians are visiting southern Arizona, spend more than United States domestic tourists, and stay longer than most visitors – particularly for extended stays in the winter. In 2015, 1 million Canadians visited Arizona and spent \$1 billion in the State. Visit Tucson has been working directly with Canadian tour operators and travel agents to increase Canadian tourism to Pima County and expand sports tourism at Kino Sports Complex. Visit Tucson helped bring the Ontario Terriers club baseball team to the Kino complex in October 2014 and is pursuing the Toronto Blue Jays of Major League Baseball as a possible candidate for spring training exhibition games at Kino.

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

Canadian tourism often leads to Canadian real estate investment in Pima County. Mortgage lending rules remain tight in Canada, and home prices across the provinces are significantly higher than in Arizona. Canadian government studies have ranked the country's residential real estate as the third most over-valued in the world, with home prices 62 percent higher than those in the United States for similar homes. A 2014 study by the Maricopa Association of Governments found that 93 percent of the internationally-owned residential properties in Maricopa County belonged to Canadians, and most of the acquisitions were cash purchases. The study noted the beneficial impact of Canadian real estate investment in reducing the number of distressed and foreclosed properties in the county and noted the economic benefit of the more than 275 Canadian-owned businesses located in the Phoenix area.

D. Canada Arizona Business Council

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

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

Action Items

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

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

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

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

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

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

9.7 Work with the Tucson Airport Authority to prioritize a direct flight to one of the key provinces in Canada once a direct East Coast flight is attained.

In the same way Pima County is ideally located to further our economic opportunities to the south with Mexico and north with Canada, we are also geographically positioned to capitalize on increased East Asian commerce that transits Pacific Ocean ports and crosses the transportation networks of our region. Increasing Pima County's direct trade and supply chain opportunities with East Asian nations such as China, Japan, Malaysia and The Republic of Korea (South Korea) is important to increasing employment and wage levels in southern Arizona. Locally, we have seen increased East Asian trade, such as Raytheon's missile sales to South Korea, direct investment by Chinese solar generating and manufacturing company Hanergy's during its acquisition of Tucson-based Global Solar, and the growing relationship with multiple major container shipping companies enabling the Port of Tucson to operate as a true inland port as discussed in Section B below. The nature of East Asian tourism, outbound exports, and manufacturing as well as the corresponding supply chains is changing; however, the sheer scale of the Asian market will continue to be an important economic engine for northern Mexico and southern Arizona. Pima County needs to facilitate opportunities with the private sector to create direct trade links with the economies of East Asia and develop the region as a logistics hub for our interdependent economies.



A. The Port of Guaymas and its Relation to Asia

The expansion of the Port of Guaymas will be of vital importance for expanding international trade and providing logistics opportunities to further connect East Asia with our region. The doubling of capacity that will occur with the completion of the Guaymas Port expansion, along with improvements to the adjacent trade zone in Empalme, will make the port competitive with the much larger but increasingly crowded ports of California. The Port of Long Beach already derives 90 percent of its shipments to and from East Asia. As the San Pedro Bay ports (Long Beach and Los Angeles) continue to see increased cargo for East Asian nations, the Port of Guaymas and its expanded facilities will be increasingly viewed by manufacturers as an attractive alternative to California ports. The resulting increase in rail and commercial truck cargo, including both foreign product from Asia and Mexican

domestic product transiting north through the expanded Mariposa Port of Entry (POE) in Nogales, will require infrastructure and economic development policies designed to capitalize on the corresponding flow of commerce through our region. Pima County will continue to work collaboratively with our partners in Mexico and the southern Arizona region to maximize opportunities related to logistics, mining export, manufacturing and related supply chains. Pima County will also continue to develop the Sonoran Corridor and remain actively involved in planning for Interstate (I-11) and the Intermountain West Corridor project, both of which will serve to facilitate regional economic development related to trade with Mexico, South America and East Asia via the Port of Guaymas.

B. The Port of Tucson and its Relation to Asia

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

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

C. The Republic of Korea

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

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

and trade are expected to accelerate progressively as the dynamic South Korean economy continues to grow.

In addition, Pima Community College (PCC) has developed relationships with diverse Korean institutions and governments, including the Chungbuk National University and the Island of Ulleungdo. PCC is working with Korean institutions to offer English as a Second Language and other programs to Korean high school and college students.

Pima County staff has met numerous times with former Tucson Mayor Robert Walkup, who now serves as the Honorary Consul of The Republic of Korea in Tucson. In these meetings, Mr. Walkup has identified specific strategies for Pima County to increase bilateral trade, increase Foreign Direct Investment (FDI) in our region, and promote tourism from South Korea to Pima County. These initiatives include renewable energy development and increasing small business connections between Pima County and South Korea. In October 2014, Mr. Walkup led a delegation that included the leadership of Visit Tucson and local festival organizers to South Korea in which Pima County tourism was prominently promoted at the Namgang Yudeung Lantern Festival held in Jinju. A Visit Tucson pavilion and several large lanterns promoting our region were constructed at the festival that was attended by approximately three million visitors. In December 2014, a South Korean delegation, led by the Mayor of the City of Jinju, met with Board of Supervisors Chair Sharon Bronson and County staff, at which time a Memorandum of Understanding was executed between the City of Jinju and Pima County to work together to develop shared cultural, tourism and economic development opportunities.



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



Action Items

- 10.1 Continue efforts to increase economic involvement with East Asia by supporting the Port of Tucson in its expansion.
- 10.2 Incorporate promotion of local export opportunities via the Port of Guaymas into our Mexico efforts, as well as our overarching economic development strategy for East Asia.
- 10.3 Support the extension of heavyweight corridors throughout Arizona to make our state more competitive with Texas and other border states. Increase export capabilities for heavy objects and ocean containers from Asia passing through southern Arizona to maquiladora manufacturers in Nogales.
- 10.4 Continue to work with the Honorary Consul of The Republic of Korea in Tucson to increase bilateral trade, increase the presence of South Korean companies and attract FDI.
- 10.5 Coordinate with Visit Tucson and the Honorary Consul of the Republic of Korea in Tucson to expand South Korean tourism, festivals and spring training opportunities in our region.
- 10.6 Work with PCC to attract more students from The Republic of Korea.
- 10.7 Work with PCC for mutual support of the County's and PCC's objectives to expand the socioeconomic relationship with The Republic of Korea.

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

A. Creating a Regional Visitors Center

Active discussions are occurring regarding converting the Historic Pima County Courthouse to a Regional Visitors Center. These discussions are occurring in consultation with Visit Tucson, The University of Arizona Mineral Museum and the Western National Parks Association. The Historic Courthouse is centrally located in the downtown area and has sufficient parking capacity in the adjacent El Presidio Parking Garage.

The County is now investing approximately \$6 million in the repair, stabilization and modernization of the Historic Courthouse structure, dome, roof, and electrical and mechanical systems. This rehabilitation project is the first step in converting the facility to a Regional Visitors Center. Appropriate long-term leases will be entered into with the parties willing to relocate to the facility. The primary emphasis on entering into long-term nonprofit leases is to have the building's operating costs remain cost neutral for the County while the building's use is beneficial in improving tourism, an economic development activity that benefits the region.



B. Enhancing the Opportunity for Corporate Headquarters Location

Pima County owns 23 separate buildings in the downtown area, including 6 parking structures. With the opening of the new Public Service Center, the County is now in a position to dispose of the office building located at 97 E. Congress Street, which has been leased temporarily by Caterpillar's Surface Mining and Technology Division.

The County also owns vacant property in downtown at Broadway Boulevard and Scott Avenue across from Tucson Electric Power Company's headquarters and at 332 S. Freeway. Both of these County properties would be attractive facilities for new downtown corporate employers. Preliminary architectural and space planning has been completed for both properties.

The property at Cushing Street and Interstate 10 is capable of supporting a structure six stories in height with 200,000 square feet of office space and 350 spaces in a parking garage. The probable cost is near \$50 million.

The site on Broadway Boulevard and Scott Avenue is appropriate for a multistory building supporting a maximum 345,000 square feet of office space, as well as approximately 300 onsite parking spaces, with an additional 800 parking spaces in the Scott/Pennington Garage.

It is important that both of these sites be used for employment rather than other uses such as residential or extensive retail. In order to continue to attract retail and residential development in the downtown area, it is necessary that high-value employment centers lead residential and retail expansion.

To facilitate downtown scale employment and development on these two properties, the County will enter into either a long-term market rate ground lease or a lease/purchase with the Rio Nuevo Multipurpose Facilities District. The ground lease, lease/purchase or sale will be conditioned to ensure the high-intensity employment objectives of both sites are realized.

The County has entered into a short-term lease with Caterpillar Inc. to house their Surface Mining and Technology Division as an expanding export-based employer for Pima County. Approximately 45,000 square feet of 97 E. Congress is being rehabilitated for Caterpillar's lease for four to six years while Caterpillar builds a new, substantially larger downtown building to house their expanding operations.

The County property at 160 N. Stone Avenue was sold to the Tucson Indian Center (TIC). TIC was a former tenant of the County at 97 E. Congress, as was Teen Court. Both agencies relocated to 160 N. Stone, a significantly larger building than the space previously leased by TIC and Teen Court at 97 E. Congress and a permanent location for these organizations.

C. Expanding the Administrative and Legal Center of the Region

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

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

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

D. Central Utility Scale Central Plant Services

Given the County's building presence in the downtown area, the County has constructed considerable central plant capacity that can be sold and marketed to nearby, adjoining or adjacent site development, thereby reducing the cost to replicate central plant facilities for building development. This will also increase the economy of scale associated with the County's central plant provision of services.

Action Items

11.1 Facilitate the creation of a regional visitors' center in collaboration with Visit Tucson, the Western National Parks Association and The University of Arizona Mineral Museum.

11.2 Encourage new or expanded primary employment in the downtown by making available for such the County-owned vacant property at Broadway Boulevard and Scott Avenue and 332 S. Freeway. The Broadway and Freeway properties are both along the Sun Link Streetcar route and provide significant opportunity for multistory building construction.

11.3 Market County Central Plant Services to adjacent or proximate properties to reduce the cost of building development and increase the economy of scale for provision of these services.

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

11.4 The County also owns the Bank of America Building in downtown Tucson, and the building is occupied by a mix of County users and private users. This mix should essentially remain the same, and any vacant space that becomes available should be leased to new downtown private employers. Presently, approximately 15,000 square feet of space is available for lease in this building.

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



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

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

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

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



Pima County One-Stop will work collaboratively with Pima Community College (PCC) and other providers to respond to these technological changes and to be more predictive in developing and implementing technical education programming that is aligned to business and industry needs. PCC is a major provider of training certificates and degrees for technician-level occupations. PCC offers technological training in automotive, aviation, building and construction, machine tool, surface mining and welding.

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

Lower-skilled and under-resourced older youth and young adult populations represent a large untapped talent resource, particularly for technician level occupations. Developing this talent through a pathway of progressively higher-skilled employment opportunities depends on 1) individual motivation and resiliency; 2) available and financially accessible basic adult education and progressive training that aligns with the job requirements at each level; and 3) adequate social supports for success, both in school and at work.

PCC and One-Stop have already begun to utilize Integrated Education Programs to support these goals, piloting the first joint AZ-IBEST program. IBEST is a nationally recognized, innovative program model where credit classes integrate their content knowledge with basic academic skills – reading, writing, mathematics and English language. IBEST courses provide coordinated transition and support services that help students plan for and make the transition into work or further education along their defined occupational pathway.

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

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

- Develop a plan for identifying high-value pathways to target specific workforce investment and educational efforts and pursue those efforts. This should be done using both existing labor-market and industry data and economic forecast sources and continuing new surveys and primary research.
- Highlight institutional barriers to career pathway movement. While the community offers many training programs designed to prepare the student for direct employment in a

particular occupation, many of them do not support career pathways as well as they should. Too many training programs are dead ends. After completing training for their first occupation, a person wishing to obtain additional training for a higher occupation is frequently required to start over again at the introductory level to complete a more advanced credential or degree. Educational institutions need to redesign curricula and credentials to be “stackable” from one level to the next, and these stackable curricula need to be financially and physically accessible. Employed workers need training programs that are offered online, onsite or nearby, during evenings and/or weekends. Unemployed workers need training or retraining in compressed schedules with intensive, full-time instruction that meets the requirements for unemployment benefits and leads to rapid reemployment. The County will collaborate with PCC to increase opportunities for students and trainees in high-skill careers and increase the number of potential employees for the skilled workforce.

- Find more efficient ways to engage industry than advisory committee meetings. Curricula should emphasize awarding national industrial certifications within accredited coursework to incorporate standards already developed and recognized by the industries. This work has begun at PCC with the incorporation of the National Institute for Metalworking Skills standards into the Machine Technology Program and the National Center for Construction Education and Research Standards into technical programs.

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

- Engage businesses as co-sponsors based on their immediate workforce needs and long-term interests.
- Provide competencies that directly match jobs for which employers have current or projected demand.
- Align where possible with credit-bearing coursework and seamless transfer to professional degree programs.
- Wherever possible, be offered onsite at the participating employer.
- Provide portable credentials or industrial certifications that will enhance trainees’ long term employability and earning power.
- Offer supportive services to help training participants manage work or job search, basic family needs and school.

B. A Regional Public Workforce System

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

Pima County General Fund support is required to expand One-Stop recruitment and training programs beyond what is supported by the limited and decreasing federal funding currently received. Every year, Pima County supports training slots for hundreds of youth and adults

who would not have been served under federal grants because of funding limitations or eligibility restrictions. In addition, County departments should continue to employ youth and unskilled adults in entry level internship positions.

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

C. Development of a Business Resource One-Stop Process

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

Pima County is developing a Business Resource One-Stop service, in which a single contact will link companies throughout Pima County to a multiagency collaborative working to match them with resources and solutions. Any Pima County business or entrepreneur needing assistance will be able to utilize the Business Resource One-Stop Service. Customers will be offered a menu of services that includes assistance in accessing information about incentives and financing; assistance with permits, zoning, regulatory compliance and infrastructure; and technical assistance, workforce development and business/entrepreneurial education. The service will feature an information line that will coordinate business information requests with Pima County departments such as Development Services, Health and others

A 2013 presentation of a Business Resource One-Stop Center concept to the majority of Chambers of Commerce in Pima County and other business advocacy organizations found widespread support for moving forward with the Center. In the absence of financial resources to develop a bricks-and-mortar facility, Pima County will maintain its commitment to streamline access to services, by assigning points of contact to an inter-agency team. In addition to providing centralized business assistance to the region, the team approach will allow expansion of existing partnerships with private sector organizations, such as the Small Business Development Center, Women's Business Center, Microbusiness Advancement Center and Startup Tucson, which play vital roles in developing and strengthening small businesses and ultimately improving the employment base in Pima County.

Despite Pima County's proximity to the markets of Mexico, California and Texas, many local small businesses remain reluctant to enter foreign markets or to extend their product or service export beyond Pima County or Arizona. The Pima County Business Resource One-Stop Service will work closely with the United States Commercial Service, Arizona

Commerce Authority and other export assistance organizations to promote and expand access to export opportunities.

In addition, the Business Resource One-Stop Service will include an emphasis on providing assistance to rural businesses and woman- and minority-owned businesses to ensure these often underserved contributors to the Pima County economy have access to resources necessary for success.

D. Veterans' Workforce Center

Pima County One-Stop opened the Kino Veterans' Workforce Center to help military veterans find jobs and get training, benefits and support services and to help employers hire veterans. One-Stop's partners in the Center include the United States Departments of Labor, Defense and Veterans Affairs; the Arizona Departments of Veterans Services and Economic Security; Pima Community College; Community Partnership of Southern Arizona and Rally Point; CODAC/Comin' Home; Tucson Veterans Serving Veterans; Salvation Army; Old Pueblo Community Services; Primavera Foundation; the Arizona Veterans Commission; SER Jobs for Progress; and local employers. This program has had excellent response and will hopefully expand as the need continues to grow.



Pima County has an excellent pipeline of skilled, reliable workers through Davis-Monthan Air Force Base (DMAFB) and Fort Huachuca as several hundred highly skilled men and women separating from the military each year. The Pima County Veterans One-Stop staff will continue to work with DMAFB Transitional Assistance Program (TAP) staff and federal contractors to communicate local employment opportunities.

In addition to traditional One-Stop services such as resume development, job leads and electronic job application development, veterans will continue to receive assistance in translating their military skill sets into language that civilian employers understand. Each week, one or two employers will visit the center for a mini, specialized job fair advertised to Veterans who have the skills that employer seeks and are interested in those employment

opportunities. Staff at the Center will continue to take an advocacy role on behalf of Veterans in working with local educational institutions to obtain educational credit for work performed in the military, and for classes taken at other institutions while in the service.

E. Activating the Library System for Workforce Training

The Pima County Public Library has become a vital, yet often overlooked, part of workforce development. In addition to assisting over 11,000 job seekers in 2015, the Library continues to offer GED/High School Equivalency preparation and tutoring services, English Language learning, and reading comprehension instruction to help residents improve their skills, secure a job and meet other goals. Dedicated job help computers allowed over 30,000 community members to perform research related to career readiness, education and business research. Over 900 computers are available for Library patron use.

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

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

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

The Library also opened an incubator for career exploration, small business, nonprofits, freelancers and artists with a grant-funded "Acceleration Room" initiative. The new center at the Main Library is the place where anyone can find as-needed startup and start-over help, staff, books, news, community and mentors; no matter where they are in their process or background. Fresh programs will be introduced alongside those already assisting nonprofits and people changing careers and/or who are navigating today's job market.



Classes on exports and imports, a Laid Off Camp, lean startup workshops, classes on personal finance and effective brainstorming, feasibility workshops, business planning, grants and contracting workshops, job and career counseling, and social media walk-in help will be regular features of the Acceleration Room initiative. Partnerships with SCORE, the Microbusiness Advancement Center, Women's Business Center, CoLab Workspace, YWCA, Lead Local and local chambers of commerce have created the foundation for a sustainable program.

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

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

F. Support for Small and Emerging Businesses

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

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

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

Pima County's Small Business Enterprise (SBE) Participation Program fosters economic growth for small businesses by offering opportunities for companies to do business with Pima County and offers incentives for small local companies interested in contracts administered by the County's Procurement Department.

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

The SBC has also worked closely with the Pima County JTED to ensure the continuation of career and technical training programs vital to providing a well-trained workforce for small businesses. In June 2015, the SBC formally advised the Pima County Board of Supervisors of its concerns related to the change in JTED funding formulas instituted by the State of Arizona in the FY 2016 State budget. The actions by the Legislature and the Governor significantly reduced funding for JTEDs and endanger the continued operation of important job training programs throughout the State. The SBC will work with the Board of Supervisors and County Administration to advocate for the Legislature to restore and improve funding to Arizona JTEDs and ensure these important workforce programs remain in place for Pima County students and businesses.

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

Action Items

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

12.2 Partner with Davis-Monthan Air Force Base, Fort Huachuca, PCC and local business on career expos for separating military personnel. Match veterans with local business, particularly technical and aerospace companies. Provide entrepreneurial training and assistance to separating personnel.

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

12.4 Complete the data collection survey of internal and external stakeholders for the Business Resource One-Stop Center and proceed with additional planning

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

12.6 Partner with United Way of Tucson and Southern Arizona and other public and private community partners on the *Cradle to Career* initiative to improve education and workforce readiness.

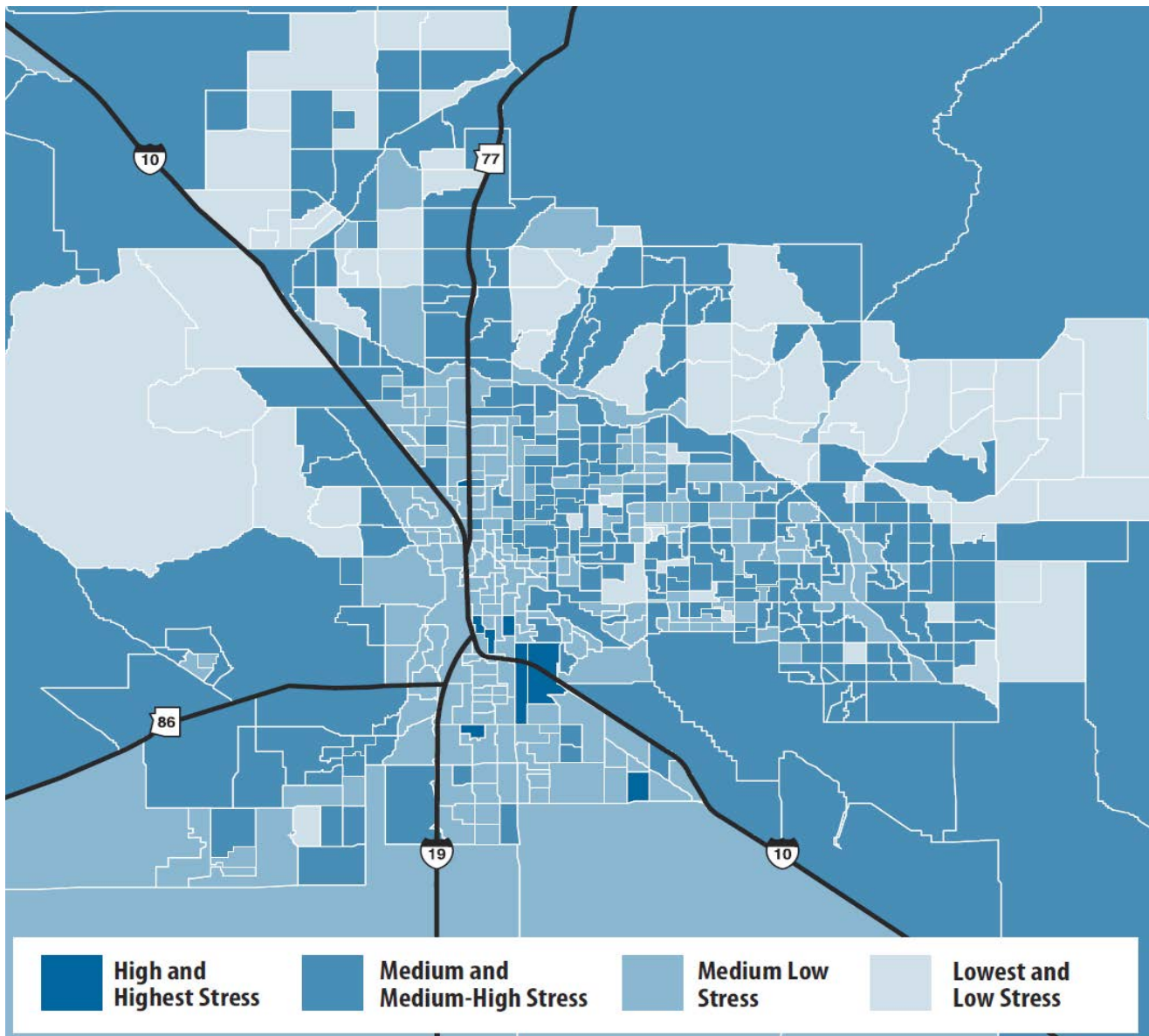
12.7 Include support for full funding of JTED in the Pima County Legislative Agenda and advocate for full funding of JTED programs to support Pima County businesses.

12.8 Include in the Pima County Legislative Agenda additional public funding for education.

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Economic development requires investment in our infrastructure. Infrastructure includes more than roads, bridges, airports and rail lines; it also includes human capital. As an economic development issue, poverty – the lack of resources to deal with problems – keeps people trapped in crisis and drains resources from our economic engine.

Poverty is frequently considered a humanitarian issue, and traditional approaches focus on individual behavior and choice; often overlooking structural causes. For many years, Pima County and its community partners have been providing a range of services intended to combat and mitigate poverty within this framework. These efforts often amount to managing – rather than ending – poverty. In fact, the percentage of Pima County residents with incomes below the poverty level rose from 14.7 percent to 19.2 percent between 2000 and 2014 based on American Community Service (ACS) five-year estimates. The ACS 2015 one-year estimate is 18.9 percent. As of 2014, one of every four people in the City of Tucson – and one of every three children – is living below the federal poverty level.



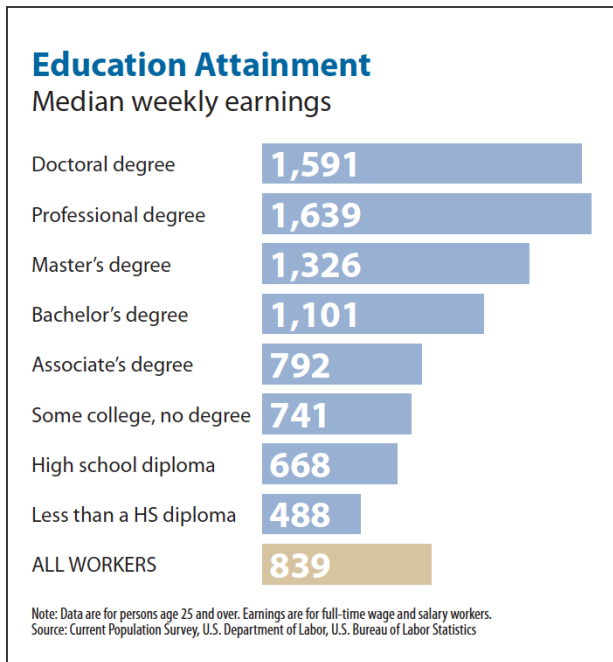
By changing our perspective and our actions, we can look at each person caught in poverty as a potential asset in the economic development of our region and move from managing poverty to ending it. *Ending Poverty Now* is a framework in which County Departments, community-based organizations, grassroots groups and for-profit businesses join together to make a collective impact by applying and coordinating strategies proven effective in building greater economic prosperity. It focuses on breaking the cycle of poverty by empowering people to get ahead instead of just get by, and has the following components:

- Championing employment retention and career advancement through County/ business partnerships
- Engaging and empowering under-resourced people through *Getting Ahead* workshops, *Bridges Out of Poverty* tactics and other positive, anti-poverty activities
- Employing a cross-sector strategy to address poverty – “Ending Poverty is Everyone’s Business”
- Coordinating and bundling resources in support of people moving out of poverty

A. Poverty is an Economic Issue

Poverty keeps people trapped in crisis and unable to realize a better future. It is an economic development issue because it is expensive. It drains community resources, wastes human potential and holds back future generations. Under-resourced lives are full of instability and are unpredictable and stressful. In survival mode, concrete problem-solving focused on the moment at hand is more important than abstract planning for a better future. These “just getting by” behaviors are outside the norm of institutions and employers that expect people to be stable, predictable, future-focused, and achievement oriented.

Poverty is directly correlated to low educational achievement. Research shows that children who spend a year or more in poverty account for 70 percent of all children who do not graduate from high school. Educational achievement, in turn, is closely tied to earning power. In 2015, the Bureau of Labor statistics reported that people with less than a high school diploma were nearly three times more likely to be unemployed than someone with a bachelor’s degree. Those persons who did have jobs earned less than half (43 percent), on average, than those with a bachelor’s degree.



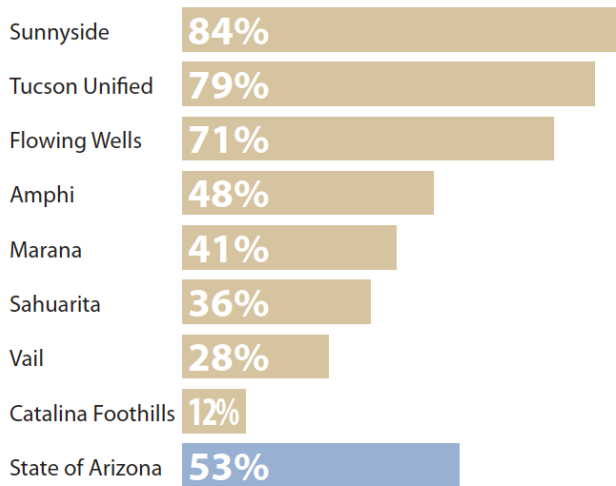
A June 2015 forecast by The University of Arizona Eller College of Management’s Economic and Business Research Center indicates Arizona is falling behind national rates for four-year college attainment. In 2014, the State’s rates were lower than the national average in nearly

all age groups. Nationally, 29.3 percent of those over age 25 have earned a bachelor's degree or higher. In Arizona, that percentage is 27.1, which is lower than Arizona's 1990 college attainment rate. This decreasing college attainment rate is contributing to an expanding income gap, which is expected to have a negative effect on the State's economic development growth.

Free and Reduced Lunch

The percentage of students in a school or school district qualifying for federal nutrition assistance – Free and Reduced Lunch – is often used as an indicator of a community's overall level of poverty.

Pima County's Largest School Districts' Free and Reduced Price Lunch Rates



Source: Arizona Department of Education, 2014 FRL database

When poverty reaches a point of critical mass in a community, the people with the most resources tend to move out of the community, leaving behind enclaves of poverty. Research shows that when a community has more than 40 percent of families eligible for the Federal Free or Reduced Lunch Program, it reaches a tipping point, beyond which it becomes ever-more unstable and unsustainable, creating a downward spiral. Tucson Unified School District, the largest school district in Pima County, currently has 59.8 percent of its students eligible for Free or Reduced Lunch.

Poverty does not end when you get a job, unless that job pays much more than the federal threshold for poverty, which in 2016 is \$20,160 annually for a household of three. In fact, many entry-level workers often face the same or increased expenses on a reduced income once hired due to the "benefits cliff," which refers to the loss of benefits such as food stamps or housing subsidies when a person or family reaches an income above the poverty threshold. In Pima County, a single parent with two children needs to earn \$46,814 per year, or \$22.17 per hour, to cover basic expenses.

B. The Direct Financial Impact of Poverty on the County Budget

Pima County funds many services across various departments that combat and mitigate poverty, including:

- The Community Action Agency, which assists about 6,000 households annually to avert financial crisis and homelessness.
- Pima County One-Stop (now known as Arizona@Work), which offers employment and training services to under-resourced persons.
- The Health Department, which provides nutrition assistance, nurse home visitations, access to clinical services, health insurance support, coordinated school health programming and chronic disease self-management.

- Public Works, which provides subsidized employment opportunities and a discount program for low-income utility customers.

A preliminary analysis produced a conservative estimate that at least \$28 million, or 15 percent of the sum of the budgets of the units mentioned above, could be saved if poverty were eliminated in Pima County. Part of such savings could be repurposed to help fund aspects of Ending Poverty Now, but the rest of the savings could reduce the County budget and levied property taxes. This analysis is the first step to study the effect poverty has on Pima County's budget. A more comprehensive methodology may be gleaned from reviewing poverty research conducted by other governmental units, such as Pinellas County in Florida or the Province of Alberta, Canada.

C. The Indirect Financial Impact of Poverty on the County Budget

A very large component, as much as \$230 million of the County budget, is spent as an indirect result of poverty. The best example is the funds the County spends in the area of public defense. Criminal case defendants and individuals involved in mental health and child dependency cases are entitled to legal representation at government expense if they are determined to be indigent based on federal poverty guidelines. Where possible, individuals who are provided legal counsel pay a small portion of the cost of their defense. Overall, the County spent \$29 million in the 2015/16 fiscal year for required legal services for low-income individuals. Such an expenditure is directly related to poverty in our community.

On any given day, the inmate population in the Pima County Adult Detention Center (PCADC), or jail, is in the range of 1,800 to 1,900. About 48 percent of those booked into the jail typically are covered by Medicaid at the time of booking, which means their income was at or below 138 percent of the federal poverty level. This number does not include low-income inmates who were eligible for Medicaid but not covered at the time of booking, meaning that at least half the jail inmates typically are at or below the federal poverty level. PCADC costs over \$60 million to operate each year; at least \$30 million (or half) of the County's jail budget can be correlated to poverty. If we assume poverty underlies the same proportion of expenses incurred for prosecution of crime by the County Attorney and the adjudication process conducted by the Courts, the indirect cost of poverty to the County's budget for the criminal justice system rises to over \$150 million.

Poverty is intertwined with the criminal justice system, and incarceration in particular has far-reaching economic impacts on inmates and their families. An individual who is incarcerated even for a short time will likely lose his or her job and have difficulty finding a new one. Housing may also be difficult to obtain. A national study conducted by the Pew Charitable Trusts in 2010 showed that incarceration reduces hourly wages for men by approximately 11 percent, annual employment from 48 weeks to 39 weeks and annual earnings by 40 percent (from \$39,100 to \$23,500). Of former inmates who were in the lowest fifth of the male earnings distribution in 1986, two-thirds remained in the lowest fifth in 2006, twice the number of those who were not incarcerated.

The Pew study also showed that nationally 54 percent of inmates are parents with minor children and those children are seriously impacted by the parent's incarceration. Children with fathers who have been incarcerated are significantly more likely to be expelled or

suspended from school (23 percent compared with 4 percent), and family income while a father is incarcerated is 22 percent lower than family income was the year before the father was incarcerated and remains 15 percent lower after he is released. In addition to these impacts, many former inmates are deeply in debt due to financial obligations that have accumulated during incarceration, such as child support, restitution and court-related fees.

Pima County is engaged in examining more closely how we can reduce both the direct cost of incarceration to the County and the larger indirect impact of incarceration on the economic wellbeing of the community. Since 2015, the County has been one of only 20 jurisdictions nationally participating in the MacArthur Foundation’s Safety & Justice Challenge, which is a \$100 million initiative to reduce over-reliance on incarceration. Pima County is one of only 10 Safety & Justice sites that received grant funding to implement plans to divert low-risk offenders from jail, improve treatment for substance abuse and mental health problems to reduce recidivism, and reduce arrests related to failure to appear in court by improving court reminder systems and holding weekend and night courts.

In addition, Pima County is one of approximately 50 communities in the United States to investigate Pay for Success or Social Impact Bonds as a way to address social issues. Pay for Success projects involve public-private partnerships in which it is possible to invest in innovative best practices. In 2015, the County initiated a contract with the Sorenson Impact Center to conduct a Pay for Success “readiness assessment” for Pima County. This work led to the 2016 award of \$1.3 million by the US Departments of Housing and Urban Development and Justice to the Sorenson School and Pima County to develop a Pay for Success model to provide permanent supportive housing for the chronically homeless, who are generally users of costly services such as jails and mental health and housing services.

In the fall of 2016, Pima County was awarded a grant by the US Department of Labor to provide workforce services to individuals serving out their sentences at the Minimum Security Facility of the Pima County jail and preparing to re-enter the community. Nearly \$500,000 will be earmarked for training and career counseling, and other employability skills efforts for inmates – both in-jail and post-release. Funds will bring employment preparation from the One-Stop Career Center to these individuals before they leave jail to help them find employment more quickly. The program will also identify those in danger of homelessness upon re-entry and connect them with emergency shelter.

Spending public funds to reduce the poverty rate is a cost effective strategy to reduce the cost of County government for the taxpaying public. It makes good economic sense.

D. Our Solution: Ending Poverty Now

Ending poverty will require an articulated set of core public policies related to 1) affordable housing, 2) food security, 3) transportation, 4) education/training and skills enhancement, 5) parenting and childcare, 6) healthcare and medical services, 7) early childhood development, 8) income security and 9) asset preservation.



Without very clear public policy strategies in each of these areas, ending poverty will be difficult. It is important that community dialog across all sectors of the community articulate and agree upon these core public policy principles that will become important in reducing or ending poverty and preventing individuals in the community from becoming trapped in inter-generational poverty.

Breaking the cycle of poverty requires every segment of the County community to participate, including schools, public safety and healthcare institutions, government and especially industry. Expecting behavioral changes from people in poverty is only part of the solution; we also need economic leadership from all employers.

Pima County must use a sector-based strategy with employers focused on the economic potential of a stable and upwardly-mobile workforce and a stronger tax base. Additionally, the County must engage under-resourced people as drivers of change that is systemic and structural. These are key to the success of the Ending Poverty Now initiative, which includes the following four components.

1. Establishing County/Business Partnerships

Businesses and employers are fundamental stakeholders in the effort to end poverty. It is not enough for someone to get a job. Just as important, if not more so, is keeping that job and doing well enough that you can be promoted or use that job as a stepping-stone to another. We need to empower and equip people so they can move from dishwasher to electronics technician to electrical engineer to manager.

As an employer of over 7,000 people, Pima County has a role to play in championing and modeling practices that foster employee retention and career advancement. The Pima County Human Resources Department will form an interdepartmental committee to develop recommendations to the County Administrator and Board of Supervisors on needed policy changes and internal employee-development programs.

Additionally, the County will partner with local businesses to create programs delivered in the workplace aimed at improving retention and upward mobility for entry-level employees. This partnership will include current Pima County programs such as On-the-Job training, the New Employee Transition Program, and the Incumbent Worker Training Program. Additionally, the County will encourage businesses to implement the following strategies:

- Employer Resource Networks (ERN), industry-sponsored programs that will employ a Resource Navigator to work with employees to address problems that would otherwise pose a barrier to employment. The Resource Navigator meets with employees at a time and place convenient for both workers and the business operation – for example, at the plant during shift change – and connects those employees to a wide variety of community services and benefits through information, advocacy and referral. Pima County has piloted an ERN with a local manufacturing company and additional companies are expected to join soon.
- Expanding and improving utilization rates of Employee Assistance Programs, which offer employees confidential counseling services at no cost.

- Payroll-advance programs and emergency loan funds for employees who meet certain eligibility requirements, addressing or averting emergencies that might otherwise cause an employee to miss work or lose their employment.
- Time and attendance policies may be crafted to balance sensitivity to challenges faced by low-wage workers with the needs of the business operation.
- Adoption of a minimum compensation package to ensure employees meet basic needs, thus stabilizing a company's workforce and helping the company become an "employer of choice" in the County.

2. *Engaging and Empowering Under-Resourced People*

People who struggle to get by – both those with incomes below the official poverty line and low-wage workers who do not earn enough income to meet basic needs – may represent 50 percent of the population of Pima County, based on statistics from the free and reduced school lunch program mentioned above.

Getting Ahead in a Just-Gettin'-By-World is a 45-hour curriculum that provides people in poverty access to a participatory process in which people *investigate* their own experience of poverty. Participants explore issues in the community that impact poverty – banking, housing, jobs – providing critical information to take action to improve their own situation. They also make an assessment of their own resources and how to build those resources as part of their move to self-sufficiency.

More than 100 individuals have graduated from *Getting Ahead* through classes offered by Pima County and by community partners such as Catholic Community Services, Grace Temple, and St. Vincent de Paul. Five new partners will be added in 2017. Donations from the County's Employee Combined Appeal Program (ECAP) in partnership with the United Way of Tucson and Southern Arizona designated for Ending Poverty Now will support these partners' *Getting Ahead* efforts. With these partners, Pima County is coordinating an effort to create a high quality program with follow up supports. For example, a Pima County One Stop representative connects with each graduate to make sure they are aware of employment and training opportunities. In 2017, we will begin using a platform to identify and track resources that can assist people in building resources and pursuing economic goals, as well as some common evaluation tools and data elements to track across allied programs and services to measure impact over time.

Pima County is growing its own approach that links *Getting Ahead* with ongoing coaching using social service practitioners, business people and volunteers meeting regularly with graduates. This is being piloted at Las Artes GED Arts and Education program and through a new initiative called Mothers in Arizona Moving Ahead (MAMA). Both of these programs will have systems in place where participants report on their progress and identify barriers to success. These meetings will create a feedback loop and longitudinal data source for policy makers, even as they offer ongoing concrete problem-solving support on a potentially larger scale than is currently possible through traditional case management approaches. Ultimately, a significant long-term dividend is the leadership and insight people in poverty can provide toward building long-term solutions for Ending Poverty Now.

Pima County views this type of engagement as a critical component of an effective community anti-poverty strategy. Ending Poverty Now will support expansion of *Getting Ahead* and other programs that engage low-income people in exploration of causes of poverty and resource building to help them move from poverty to sustained self-sufficiency.

3. Employing a Cross-sector Strategy – Ending Poverty is Everyone’s Business

With Ending Poverty Now, Pima County rejects the notion that poverty is inevitable or a necessary evil and recognizes it is complex and evolves over generations. It will require a sustained, multiyear commitment by business and industry, the nonprofit sector, government, healthcare, faith-based communities and educational institutions to break the cycle. A flexible approach is needed to shift strategies, link related efforts across different systems and unite diverse leaders in collective impact.

Pima County established a multi-departmental Addressing Poverty Work Group that meets monthly to become informed on key issues related to poverty, look for opportunities to use County resources more effectively and efficiently and to strengthen community partnerships around shared data, strategies and resources to reduce poverty.

4. Resource Coordination and Bundling

A final element of Ending Poverty Now will build on the success of Pima County’s robust One-Stop workforce system and other partnerships that streamline multiple services into a single solution, resulting in greater effectiveness than any one service would have alone. Implementation of the new federal Workforce Innovations and Opportunities Act, which encourages federally funded workforce partners to increase collaboration, is key to this goal.

To make this happen, partners do not have to be co-located, but they must agree to coordinate resources. Each partner identifies resources it can offer and assigns a point of contact for each service. Partners work as part of an interagency team with accountability for service delivery. Such teams combine varied expertise so that no one organization must attempt to be all things to all people. The results are enhanced customer service due to richer service menus, streamlined access, team approaches and strengthened institutions due to leveraged resources, mutually reinforcing effort, better outcomes and greater impact.

Pima County has been working with outside organizations and across its own departments to identify opportunities to expand coordination and bundling. The County will explore ways to build support for these approaches with its private and intergovernmental partners. Possible supports could include scholarships from institutions of higher education, paid internships within County departments, work-release time for employees participating as mentors and employee donation programs.

The Pima County Health Department has identified poverty and access to services as one of the fundamental determinants of morbidity and mortality in this County. The Department’s efforts to coordinate and collaborate to address this issue are most evident in programs such as Women, Infants and Children (WIC), our nurse home visitation programs (Nurse Family Partnership and Healthy Start), and Correctional Health. Individuals participating in these programs are being targeted as possible participants in the *Getting Ahead* curriculum as well as other Health Department classes; health insurance assistance; support through the Pima

County Public Library and Pima County One-Stop; and financial management classes; adult remedial education courses, assistance with GED/High School Equivalency attainment and post-secondary education; access to Pima County Housing Center resources and classes; and mentoring. Such cross-sector efforts are still in their infancy but may well provide the County with long-term data to track the outcomes of the Ending Poverty Now initiative. These efforts to collaborate, particularly efforts to assist young pregnant women in poverty, have most recently been recognized by the Vitalyst Foundation, which has funded a demonstration project, and by the Robert Wood Johnson Foundation and Ideas43, which have awarded Pima County a technical assistance grant to allow these programmatic partnerships to mature and grow.

E. The Role of the Faith-Based Community in Ending Poverty

Over a decade ago, Pima County was an early proponent of efforts initiated by President George W. Bush to actively solicit partnerships with faith-based organizations. As unique and trusted partners, faith-based groups play an important role in ending poverty by connecting disconnected or disadvantaged job seekers to key training programs and, ultimately, jobs.

Recognizing that faith-based groups can be an effective – and frequently the only – avenue to reach individuals in poverty, Pima County’s Office of Faith-Based Initiatives assists community residents by encouraging collaborations between faith-based groups, community serving organizations and the private sector. This ongoing initiative provides grant writing, capacity building, and leadership training to help ensure that all individuals have access to employment and training opportunities.

Two major faith groups, the Diocese of Tucson and 4Tucson, are leading efforts to address poverty, and both are integrating *Getting Ahead* classes. In addition to assisting with training and job placement, faith-based organizations are at the forefront of income enhancing efforts and programs that fill emergency needs. Gaps in income, food and shelter that may lead to poverty can be addressed effectively by these groups.

Action Items

- 13.1 Forge a homegrown model to be used as a template for County and community-based programs that have the goal of bringing about economic sustainability for people living in poverty.
- 13.2 Become an “Employer of Choice” by establishing Employer Resource Networks in County departments and bundling County One-Stop, Library, and Health Department services to clients.
- 13.3 Engage businesses as partners in the Ending Poverty Now initiative to establish Employer Resource Networks that:
 - A. Provide employers with resources to help employees deal with immediate poverty-related issues.
 - B. Help new employees understand and meet employer expectations.
 - C. Provide training and career path opportunities.

- 13.4 Develop community consensus on core public policies related to 1) affordable housing, 2) food security, 3) transportation, 4) education/training and skills enhancement, 5) parenting and childcare, 6) healthcare and medical services, 7) early childhood development, 8) income security and 9) asset preservation to reduce and/or end poverty.
- 13.5 Partner with United Way of Tucson and Southern Arizona to align the County's Employee Combined Appeal Campaign with the initiative to address poverty and educate County employees about the poverty initiative.
- 13.6 Support faith-based partnerships as a means to fill gaps in providing essential services for low-income families and individuals.
- 13.7 Support partnerships between education and training programs and institutions and faith-based organizations to better serve job-seekers.
- 13.8 Encourage collaboration between faith-based organizations and the private sector on strategies to combat poverty.
- 13.9 Develop an objective and fact-based analysis of poverty and its geographic locations within the community.

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

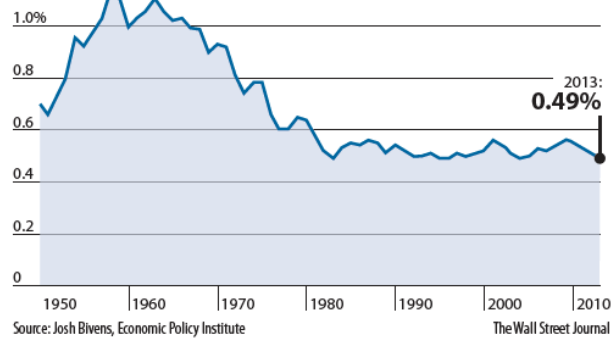
A. Solving the Transportation Dilemma

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

Neither our nation nor our state have invested in transportation system maintenance or expansion. In fact, the maintenance of our transportation system—whether it be ports, airports or surface transportation highways—has deteriorated over the last two decades.

Between 1960 and 1990, the Arizona Legislature increased the gasoline tax in Arizona nine separate times. This was in response to the transportation needs of the State as the population increased nearly 300 percent.

State and federal spending on highway infrastructure as a share of GDP

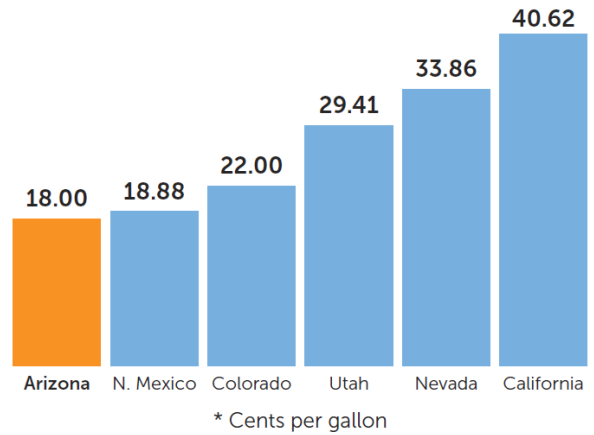


Unfortunately, the Arizona Legislature has failed to address the issue of transportation financing for the last 26 years, during which time inflation has cut the purchasing power of the 1991 transportation tax revenues in half. A 40-percent increase in fuel economy has further reduced the purchasing power of 1991 transportation tax revenues. The Arizona Legislature must address this issue, and it should do so on a statewide basis. To allow cities, towns and counties to address the issue individually with their own strategies for revenue increases would lead to regional competition, which is counterproductive to statewide job growth and economic expansion.

Other states and nations are becoming more competitive. Other nations are outspending the United States in transportation and infrastructure investments. The best example is Mexico, with plans to invest over \$1 billion in improving Highway 15, a major north/south transportation corridor in Mexico connecting to the United States border at the Mariposa Port of Entry.

Current Gas Tax in Western States

Also, adjacent states, including Nevada, have already increased their gas tax to facilitate the construction of Interstate 11 (I-11). Texas is redirecting energy taxes of \$1 billion to invest in their transportation system. Other states, including conservative Wyoming, are raising gas taxes to invest in transportation. In 2014, Wyoming increased its gas tax by 10 cents per gallon.



Arizona is falling far behind in competitiveness in transportation system investment. We will not be the place of choice because of excess transportation costs embedded in production, goods and services. We must solve this transportation dilemma to enhance our economic competitive position with our neighbors; and we must coordinate international transportation investments, such as I-11, to maximize the expansion benefits to the region from increased, targeted transportation system investments.

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

14-1: Per Capita HURF REVENUE by County for FY 2015/16.

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

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

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

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

14-2: Comparison of Cost of Consumer Products.

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

State and Federal fuel taxes have remained unchanged, while wear on the transportation system has increased due to improved vehicle fleet efficiency. To solve this problem locally, legislation should be enacted that allows a Regional Transportation Authority to ask the voters for a maintenance and repair half-cent sales tax to be in place for 10 years that 1) is distributed on the basis of population to each jurisdiction; 2) used exclusively for pavement rehabilitation, preservation and repair, with no funds used for any other purpose; and 3) the work be privately contracted. Such would provide the maximum benefit for the taxes levied.

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

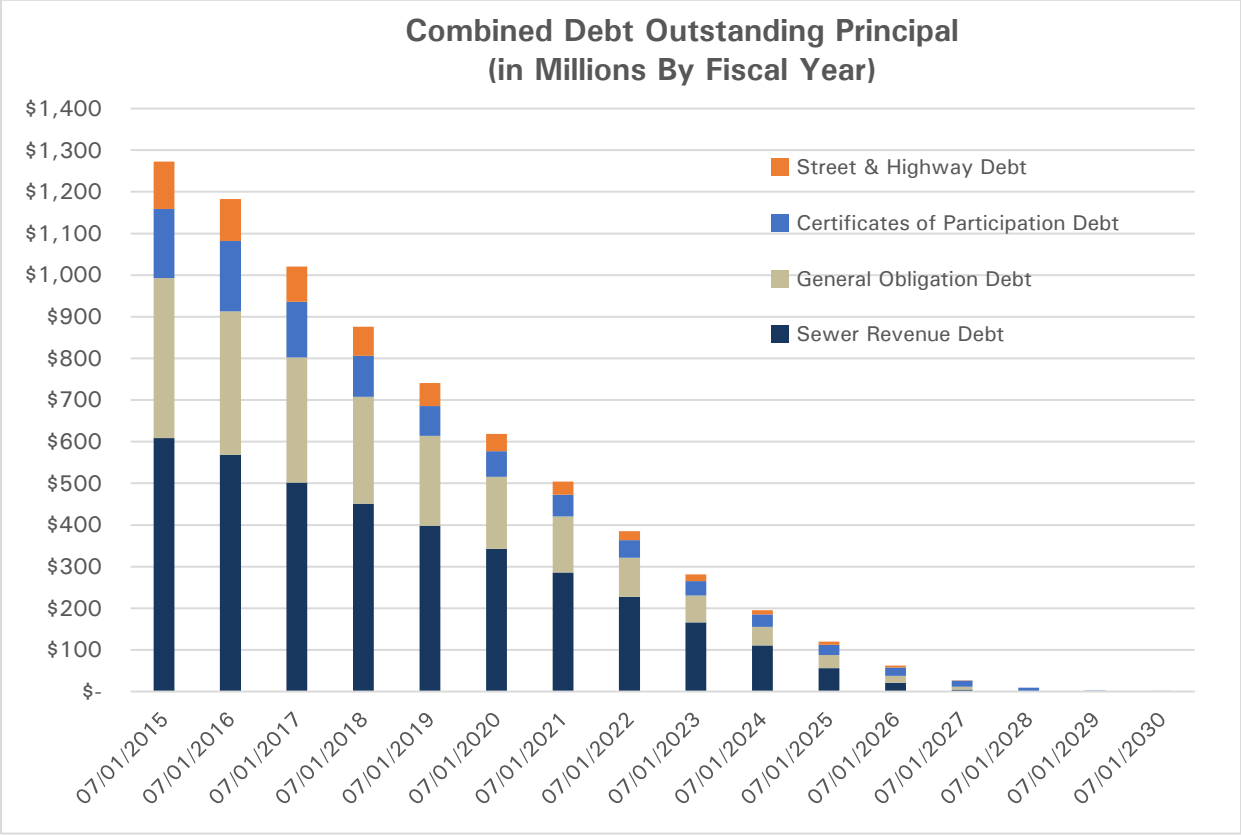
B. County General Obligation Bonds and Debt Financing

The County has historically used bonding to make infrastructure improvements throughout the region, including inside cities and towns; and bonds have been authorized for issuance by the voters since 1974. Voter authorization has been received 12 separate times, and a total of 54 bond proposition questions have been approved by the voters versus four that were disapproved. In total, \$2.064 billion in bonds (General Obligation, Sewer and Highway User Revenue Fund) have been approved over the past 42 years. The most recent approval

was for a new animal care facility. This bond measure was approved in November 2014 for \$22 million.

Of the \$2.064 billion in bonds approved by the voters, \$1.965 billion has been issued, and \$1.401 billion has been repaid. The remaining debt of \$564 million is being repaid at the rate of approximately 10 percent per year. Hence, in 10 years, the County will have repaid most bond debt. In addition to the bonded debt, Pima County also has \$169 million in Certificate of Participation debt and \$450 million in Sewer Obligation debt.

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



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

In November 2015, voters rejected all bond programs placed before them; reflective of concerns regarding debt, debt load and overall economic uncertainty. A new capital bond program should be reformulated by a citizen-appointed Bond Advisory Committee and placed

before the voters as early as 2018, with priority given to capital investment projects that will foster overall economic development and tax base expansion. This would include the necessary matching funds for the Sonoran Corridor, an interstate auxiliary highway, connecting Interstates 10 and 19; incubators and startups to grow primary export-based employment in the aerospace, space, defense, technology and energy sectors; and projects and programs that foster increasing tourism and economic activities and stimulus for the service employment sector.

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

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

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

14-3: Debt of Arizona’s Counties.

County or State	Overlapping Outstanding Principal as of 06/30/14	Debt Per Capita
Maricopa	\$ 17,870,439,737	\$ 4,530
Pima	3,642,264,813	3,657
Yuma	556,731,377	2,660
Yavapai	551,389,386	2,585
Mohave	521,975,209	2,564

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

Santa Cruz	118,949,113	2,417
Pinal	872,913,456	2,217
La Paz	39,451,230	1,881
Coconino	232,828,882	1,716
Gila	73,586,979	1,371
Navajo	127,688,277	1,175
Cochise	127,483,489	974
Graham	31,961,190	844
Apache	44,721,611	620
Greenlee	4,049,486	371
Statewide Districts	18,108,157,349	2,752
Total	\$ 42,924,591,584	\$ 6,522

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

14-4: Per Capita Debt, Pima County and its Municipalities.

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

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

Table 14-5 shows the dates of bond authorizations by the voters since 1997, the amount of General Obligation bonds authorized for issuance and the assessed value at the time of the voter authorization.

14-5 : Bond Authorizations History.

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

Clearly, public investment in facilities and infrastructure has increased the value of the tax base. Since the great recession, however, the tax base value has declined from a peak of \$8.986 billion in FY 2009/10 to \$7.817 billion today – a 13 percent reduction. We must

direct our public investments such as bonds to those projects that grow our tax base. Public investment in general has expanded the tax base, but redoubling our efforts to directly invest in what grows the economy is our best investment in economic recovery.

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

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

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

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

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

While GPLET use is relatively new in the downtown area of Tucson, there are a number of projects that have utilized this property tax incentive as approved by the Tucson Mayor and Council. The results show the stimulus for development for this and other economic

development incentives has and will result in a significant expansion of the tax base and, hence, additional property tax revenues after the tax abatement period expires in eight years. Table 14-6 shows the current results of use of this tax abatement strategy where the development has been in place sufficiently long to have been valued after improvement.

14-6 : GPLET Property Value Increases After Property Improvements.

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

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

The County will make available to either expanding primary employers or new primary or export-based employers a property tax reduction over a fixed period of time in order to provide an economic incentive for expansion or relocation. This property tax reduction reduces the assessed value of commercial property from 18 percent to 5 percent and will be offered by the County for a fixed period of time between one and 15 years depending upon the economic benefits of the expanded or relocated employer. The property tax reduction incentive will be specifically crafted for the employer; and to qualify for a 1- to 15-year property tax reduction, the either expanded or new primary export- based employer must:

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

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

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

D. Diversifying County Revenue Sources to Lower the Property Tax

Pima County’s FY 2016/17 primary property tax rate is \$4.2896 per \$100 of assessed value, the highest in Arizona. The average primary property tax rate among counties in Arizona is \$2.2724. The main reason Pima County’s primary property tax rate is so high is Pima County is the only county among the 15 counties in Arizona that does not have a sales tax to fund certain General Fund services. If the County were to have a sales tax, our

primary property tax rate could be substantially lowered. Table 14-7 shows the array of the various sales taxes employed by counties in Arizona to reduce their property tax support of county operations.

14-7: FY 2016/17 County Sales Tax Rates and Special Taxing Districts Property Tax Rates

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

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

ET = Excise Tax, listed as a percentage

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

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

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

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

There is no direct correlation between a higher than average county primary property tax rate and decreased business attraction. If this was true, metropolitan areas with larger tax burdens, such as San Francisco, would be losing companies instead of leading the country in business attraction and job creation.

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

We must also enhance our efforts to diversify the revenue base to reduce our reliance on property taxes for conducting County operations. The best starting point would be to ask the voters to approve a quarter-cent jail tax for direct property tax reduction. Enacting a jail tax would reduce the County’s primary property tax rate by \$0.4649.

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

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

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

Similar State cost transfers have been enacted by the Legislature; some very recently, others over the last few years. Among these are the State Juvenile Detention cost shift; requiring the County to pay a portion of the cost of operating the Arizona Department of Revenue; the Restoration to Competency Program previously paid for by the State; and the detainment in State hospitals of sexually violent persons after completion of serving a criminal sentence for sex crimes. These recent State cost transfers cost Pima County another \$5.8 million. If these State cost transfers could be reduced, the County can further reduce our property tax from \$2.8949 to \$2.8179.

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

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

County/City/Town	General Fund	Special Revenue	Road Tax	Bed Tax	TOTAL
PIMA Hotel/Motel	–	–	–	\$6,414,000	\$ 6,414,000
PIMA Car Rental	–	1,475,000			1,475,000
PIMA RTA	–		75,900,000		75,900,000
Tucson	197,630,160	–	–	17,928,020	215,558,180
Marana	24,156,385	6,000,000	–	937,884	31,094,269

Oro Valley	15,073,000	2,105,163	-	1,085,805	18,263,968
Sahuarita	5,058,410	1,912,970	-	-	6,971,380
South Tucson	2,993,990	-	-	23,745	3,017,735
Total	\$244,911,945	\$11,493,133	\$75,900,000	\$26,389,454	\$358,694,532

July 1, 2015 Pima County Population	1,009,371
Per Capita Estimated Excise Tax Revenues	\$355.36

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

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

Tolleson	15,000,000	-	-	-	15,000,000
Wickenburg	3,565,000	-	-	-	3,565,000
Youngtown	1,603,967	-	-	-	1,603,967
Total	\$887,648,802	\$730,491,738	\$535,501,892	\$49,063,743	\$2,202,706,175

July 1, 2015 Maricopa County Population	4,076,438
Per Capita Estimated Excise Tax Revenues	\$540.35

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

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

July 1, 2015 Pinal County Population	406,468
Per Capita Estimated Excise Tax Revenues	\$235.03

Notes:

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

Sources:

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

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

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



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

In keeping with the goal of directly linking the County's planning aspects to the economic expansion of our region, the Comprehensive Plan update has been titled Pima Prospers.

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

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

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

The Comprehensive Plan, which is required to be updated every 10 years, serves as the predominant and broad-based policy blueprint for the County over the subsequent 20 years. In addition to specific elements required in the plan, later legislative amendments to the Statutes included requirements for a broad-based public participation plan and an agency review process. A draft of the Economic Development Plan was made available for public and agency comment, ensuring the community had ample opportunity for input and participation in the continuing development of the primary economic development strategies of Pima County.

The Economic Development Element of Pima Prospers sets overarching regional goals and policies that include:

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

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

F. Strengthening and Regionalizing Job Attraction and Expansion

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

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

It is also appropriate to assist private sector activities, specifically the DM-50, in ensuring there is a strong economic future for DMAFB. Both the City of Tucson and Pima County have committed an allocation of \$60,000 per year over the next three years for this purpose. These investments, while not investments in physical infrastructure, are just as important to ensure maximum economic benefits from these planning activities.

G. Centralized County Economic Development Activity

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

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

In addition, Pima County Economic Development has created more focused coordination with other southern and central Arizona jurisdictions through regularly scheduled regional economic development meetings. Pima County now also includes staff from the City of Tucson's Office of Economic Initiatives and Sun Corridor Inc., in its internal Economic Development Team meetings. In addition to being the primary interface for companies seeking to relocate or expand in Pima County, the Pima County Economic Development Office has become the point of contact for Sun Corridor Inc., Arizona Commerce Authority and other economic development entities. The office will also implement the County's international initiatives contained within the Economic Development Plan for Mexico, Canada and East Asia. The office will also be charged with marketing Pima County's Aerospace, Defense and Technology Business and Research Park and all other Pima County properties that have previously been identified as suitable for economic development purposes.

H. Redoubling Our Efforts for Expanded Workforce Training and Investment

Talent, a critical component of economic development efforts, is coordinated through the County's One-Stop system, which continues to support County responses to meet the needs of industry, the workforce and the community. These needs are constantly changing. Today, many companies are faced with an aging workforce, and many workers struggle to keep up with technological innovations. On the other hand, many younger people who have grown up with technology do not understand the importance of many of the "nontechnical" occupations and career pathways available to them, including many hardworking, young people in our County who struggle to make ends meet working two or three part-time jobs.

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

The County's Workforce Investment Board periodically reviews industries that offer career pathways, available training and the training's effectiveness. This enables local workforce staff and training institutions to refine training investments in our workforce. Community and employer participation in this process remains strong.

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

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

I. Primary Pima County Economic Development Partners

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

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

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

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

Sun Corridor coordinates all of the various incentives that can be provided to businesses and employers choosing to either relocate or expand in Pima County. These incentives range from those of the State, County and City to public utilities or educational institutions working in the area of workforce development.

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

J. Cooperative Regional Economic Development Planning

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

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



In 2014, the City of Tucson published their Comprehensive Economic Development Strategy that focused on a wide range of topics and included an analysis of economic development strengths, weaknesses, opportunities and threats. The report focused on goals specifically outlined in the Sun Corridor Inc. Blueprint Update, which identified three areas that would better the Tucson product when proposing to companies considering relocation or expansion in the region. Those three key areas are talent, infrastructure, and business environment. To address these three areas, the City identified specific goals, several of which are consistent with the County's Economic Development Plan and are discussed below.

Recruitment, Retention, and Expansion. Assist existing Tucson firms in continuing to thrive and expand and attract firms that bring primary jobs to Tucson. Jobs are the consistent thread that drives the economic efforts of all organizations in the region. Retention efforts are consistent with the County's focus on protecting our existing major employment base, as well as the development of primary job centers. Both the City and the County are actively engaged in supporting our military bases and retention of major employers. A key common

focus is the support for workforce development and working with local educational institutions to increase skill levels, pay levels, and develop a more versatile workforce to make existing companies more competitive and attract new employers.

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

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

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



South Tucson has many attributes that are expected to accelerate the City's business attraction and expansion activities. South Tucson's location in a major metropolitan area with direct access to Interstate 10

(I-10), proximity to Interstate 19 (I-19), proximity to Tucson International Airport (TIA) and adjacency to the Union Pacific rail line place it an enviable location for economic development.

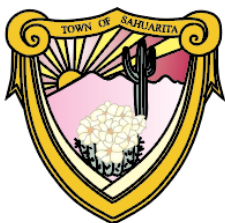
The City's geographic location would also likely lead to business attraction and expansion opportunities from policies in the Pima County Economic Development Plan that include the development of an Aerospace, Defense and Technology Business and Research Park, I-11 and the Auxiliary Interstate Highway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

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

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

South Tucson is also focused on expanding its existing businesses and increasing its tax base. Approximately 60 percent of its sales tax revenue flows from the City's well-known restaurants. Efforts to strengthen the region's tourism as delineated in the Pima County Economic Development Plan would likely increase visitation to South Tucson businesses. The development of a Pima County Business Resource One-Stop Center would also be beneficial to the development and expansion of small and medium-sized establishments within South Tucson.

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



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

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

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

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

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



The Town of Marana updated in October 2015 its 2010 Economic Roadmap that serves as the planning document for the Town's economic development priorities. In addition, Marana has a regularly updated overarching strategic plan that includes a comprehensive section entitled "Commerce" that helps guide policy decisions related to business and economic development.

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

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

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

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

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



The Town of Oro Valley's economic development priorities include a strong focus on recruiting, retaining and expanding bioscience and high technology companies. Oro Valley seeks to build on its existing industry base that includes leading tech companies such as Honeywell, Sanofi, Sigma Technologies International, Securaplane Technologies and Ventana Medical Systems, a member of the Roche Group.

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

Oro Valley and Pima County will work together to further the action items for regional infrastructure investment for job creation. A critical aspect of the Town's future economic development and growth is the previously considered annexation of Arizona State Land Department (ASLD) trust land located north of the Town. Pima County worked closely with Oro Valley and ASLD to develop a master planning process before the economic recession stalled the project in 2009. Pima County will work with Oro Valley and the ASLD to reactivate this important planning process that would significantly expand primary job development, while retaining open space and preserving the quality of life in the region.

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



The Pascua Yaqui Tribe was federally recognized in 1978 and consists of eight mainly urban locations in the Phoenix and Tucson area, as well as eight traditional communities in Mexico. The Tribe is a significant employer, with over 900 government workers and 1,200 hospitality workers employed at their successful Casino Del Sol Casino and Hotel. With a mixture of cultural and entrepreneurial emphasis, the Tribe has identified four focus areas that are consistent with those included in the County's Economic Development Plan. Additionally, there are specific Tribal Initiatives that focus on sustainability and cultural heritage that are consistent with a number of County programs.

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

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

and the UA Workforce Education Development Office to define needed skills and then develop appropriate programs to address them.

Infrastructure Development. In the initial stages of the Tribe's formal land organization, their lands consisted of 202 acres. Today, these land holdings are over nine times greater. As a sovereign nation, the Tribe recognizes the need for appropriate land use planning and zoning of their lands in preparation for use by tribal, as well as non-tribal, users and is now adopting a zoning ordinance. Since much of their land is in the floodplain, cooperation with Pima County's Regional Flood Control District is a priority. This is exemplified by the fact that the Pima County Bond Advisory Committee has a mutually supported project under consideration that will prevent flooding for a large number of homes on the reservation.

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



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

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

Infrastructure. In order to make the vast reaches of the Nation more accessible, the Nation has identified infrastructure and highways as major priorities in their economic development objectives. This is consistent with Pima County's emphasis on Regional Infrastructure Investment for Job Creation as discussed in Chapter 2 of this plan. The San Xavier District's proximity to I-19 and the planned Sonoran Corridor provide excellent opportunities for commercial development and expansion of the Desert Diamond Casino adjacent to international trade routes with rapidly growing traffic volumes. Some of the potential routes for the Intermountain West Corridor (I-11) are near the Nation's north and eastern boundaries. The Nation is actively participating with Pima and Pinal Counties in the development of alternative routes through southern Arizona in anticipation of the planned I-11 Environmental Impact Study that will begin in summer 2015. These projects, in conjunction with the Arizona Department of Transportation (ADOT) improvements being made to State Highway 86 which bisects the Nation, provide opportunities to capitalize on location and new highway development to make various portions of the Nation competitive

for commercial and community development. Improvement of road infrastructure, with a focus on reliability of travel and the creation of housing developments near commerce areas, increases the availability of the workforce to employers on and off the Nation. The Tohono O'odham Utility Authority will also have a key role in ensuring that appropriate communication and electrical power are made available to designated commercial and residential areas on the Nation.

Another major factor impacting the Nation is flooding. Pima County's Regional Flood Control District is responsible for planning and mitigation of drainage and flood control issues throughout the County and is available to cooperatively analyze and recommend mitigation. Analysis has already been performed along the Santa Cruz River in the San Xavier District with recommendations made to minimize erosion and loss of valuable lands to flooding. Additionally, Pima County is working with the San Xavier District and the United States Bureau of Reclamation to mitigate flooding along the Cemetery Wash west of San Xavier Mission. As road infrastructure is developed, drainage planning is a key factor in the development process. Managing drainage is an important part of the Nation's infrastructure planning process.

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

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

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

Action Items

14.1 Continue to advocate at the state and federal levels for increased revenue for transportation systems, particularly a statewide 10-cent per gallon gasoline tax increase, provided the entire HURF revenue stream is constitutionally protected from diversion. This

can occur by direct legislative enactment or by the State Legislature referring the question of a tax increase and constitutional protection to the voters.

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

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

14.4 Continue implementation of Pima Prospers, along with Pima County's Economic Development Plan.

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

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

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