



# CITY OF TUCSON

## COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY



November 2015



# 1. BACKGROUND

Tucson is the oldest permanently settled community in the United States, going back about 4,000 years to the Hohokam Culture. Three hundred years ago, the Franciscan Order arrived in Tucson and established Mission San Xavier del Bac. The Tucson Presidio, established in 1775 under Spanish rule, is the official birthplace of Tucson. The territory that would become Arizona was purchased by the United States from Mexico in 1854. The Southern Pacific Railroad, which reached Tucson in 1880, improved access for new settlers and brought goods from the east. That year the population reached 8,000. In 1912, Arizona became the 48th state in the Union.

Between 1940 and the end of WWII Tucson grew from about 40,000 to 120,000 due, in large part, to activities associated with Davis-Monthan Air Force Base. By 1960, Tucson boasted a population of 220,000, and by 2000, a population of 486,699, making Tucson the 30th largest city in the nation. By 1960, the City covered 70 square miles, which more than tripled by 2000 to 227 square miles. In 2011, Tucson had a diverse population of 525,798 people, with 47.1% identifying as White, non-Hispanic and 42.8% identifying as Hispanic. The median age of Tucsonans was 33.8 years with children under 18 years representing 22.3% and people over 65 years representing 12.0% of the population. Between 2000 and 2010, Tucson's population increased by 6.9%. As of 2015, Tucson's population has grown to over 528,000.

Prior to recession of 2007–2009, Tucson had one of the nation's highest job growth rates. However, with much of the employment growth concentrated in housing construction and service sectors, Tucson experienced the recession worse than most of the country. Median household income in Tucson was \$35,362 in 2011, which was below the national median household income of \$50,054. Median household income increased by 18.2% between 2000 and 2010 in Tucson. While national household income fell 1.5% from 2010 to 2011, household income in Tucson fell 2.9% in the same period. The unemployment rate rose from a low of 3.6% in 2007 to a high of 9.4% in 2010 and then dipped to 8.4% in 2011.

## MEDIAN HOUSEHOLD INCOME IN TUCSON

Year	Median Household Income
2013.....	<b>\$37,032</b>
2012.....	<b>\$36,050</b>
2011.....	<b>\$35,362</b>
2010.....	<b>\$36,428</b>
2009.....	<b>\$35,565</b>
2008.....	<b>\$36,640</b>
2007.....	<b>\$36,096</b>
2006.....	<b>\$36,095</b>
2000.....	<b>\$30,819</b>

The University of Arizona plays a prominent role in the local economy and was the largest regional employer in 2012 with 11,604 full-time employees. The University's economic impact is approximately \$2.1 billion annually. Raytheon Missile Systems, with 11,500 employees in 2012, is the region's second largest employer. Davis-Monthan Air Force Base is another major contributor to the local economy with a workforce of 6,000 military and 1,700 civilian personnel in 2011.



The U.S. Census American Community Survey indicates that as of 2011 approximately 60% of Tucson's population over the age of 16 was employed in the local workforce. According to the U.S. Equal Employment Opportunity Commission statistics for that same year, 48.7% of Tucson's employees were women, and 42% of the total was defined as minority.

Census figures show that by 2011 Tucson's 207,000 households had a median income of \$35,362. This was comparatively lower than the \$50,502 median household income reported for Arizona and the United States.

In 2014 the Pima County Workforce Investment Board adopted a new Local Workforce Investment Area Plan. This plan lists the industries and occupations "most critical to the Local Workforce Investment Area" as Aerospace and Defense, Emerging Technologies, Natural and Renewable Resources, Logistics, Health, Science, and Infrastructure.

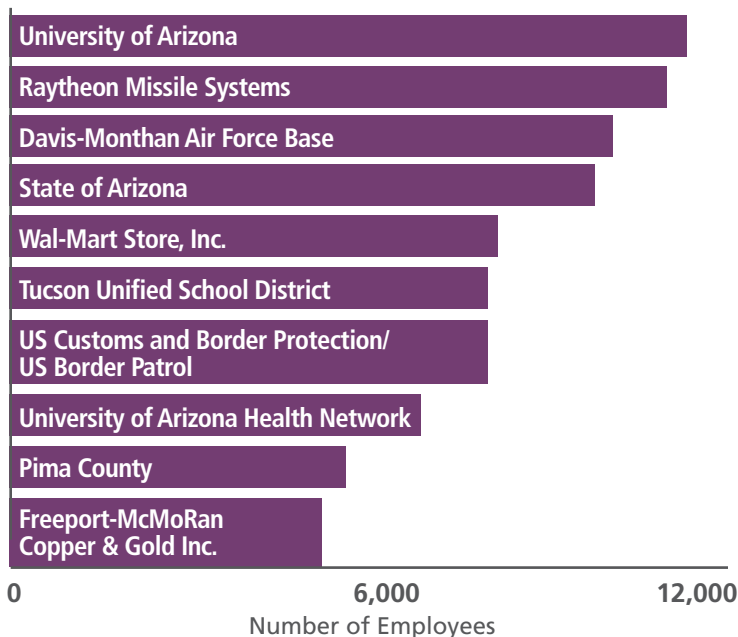
Of the top ten employers in Tucson, eight out of ten of these employers are public sector, service-oriented organizations. Consequently, the local economy is influenced by federal policies related to housing, health care, transportation, aviation and defense, education and research, and international border issues.

### EMPLOYMENT IN METROPOLITAN TUCSON

Year	Employment	Unemployment Rate
2015	444,404	5.7%
2014	436,501	6.1%
2013	418,342	7.0%
2012	425,499	7.4%
2011	426,406	8.4%
2010	433,795	9.4%
2009	441,966	9.0%
2008	446,651	5.6%
2007	438,680	3.6%
2006	429,323	3.9%
2005	418,214	4.5%
2004	417,457	4.6%
2003	405,584	5.3%

Tucson is recognized as a national leader in the optics, astronomy, and medical industries. Sun Corridor, Inc. estimates that more than 1,200 high-tech businesses in the region employ more than 50,000 workers. Tourism is a large part of Tucson's economy. The Metropolitan Tucson Convention and Visitors Bureau estimates that almost 22,000 jobs were supported by tourism in Tucson and Pima County in 2011 and \$2.4 billion in direct travel spending was generated by visitors in the same year.

### Top Ten Employers in Tucson



Mexico, a mere 60 miles away, continues to have tremendous impact on Tucson. In 2011, \$26 billion flowed through the Arizona-Sonora border in imports and exports.<sup>1</sup> The new port in Guaymas, Sonora is expected to increase cross border traffic exponentially.<sup>2</sup>

Recreational activities are varied and the region's mild climate encourages outdoor recreation. As of 2011, the Tucson metropolitan area had more than 27,000 acres of park lands, 732 miles of designated bikeways, and more than 40 public and private golf courses. The relatively flat topography has enabled development of a street grid pattern in which the major roads (arterials) support commercial uses and the smaller streets (collectors and residential) accommodate residential uses. Interstates 10 and 19 are the only major highways that traverse Tucson, making arterials and collectors the primary means of traffic circulation within the city.

The public transit system in Tucson is comprised of bus service operated for the City by Sun Tran. As of 2011, the bus service was made up of 40 fixed routes with 20 million passenger trips, an increase in transit ridership of 36% in ten years. A new addition to the transit system is the Modern Streetcar system, which began service July 25, 2014. The system, designed to connect the University of Arizona, the Fourth Avenue Business District, downtown Tucson, and historic Westside neighborhoods, is anticipated to not only provide an alternative to the automobile, but also to generate more public-private development along the route.

Seven school districts operate within the City limits, including Amphitheater, Catalina, Flowing Wells, Foothills, Sunnyside, Tucson Unified, and Vail. Elementary, middle, and high school education is provided through over 800 public and private schools within the City. The largest post-secondary educational institutions are the University of Arizona, with an enrollment of 40,621 students, and Pima Community College, with an enrollment of 52,197 students as of the 2014 school year. Five of six Pima Community College campuses are located within the City.



[www.biztucson.com/azmexico-commission/26-billion-in-cross-border-trade](http://www.biztucson.com/azmexico-commission/26-billion-in-cross-border-trade)<sup>1</sup>  
[http://azstarnet.com/business/local/port-of-guaymas-set-to-expand/article\\_1faea8eb-20bf-5fa3-b22c-95d98727a374.html](http://azstarnet.com/business/local/port-of-guaymas-set-to-expand/article_1faea8eb-20bf-5fa3-b22c-95d98727a374.html)<sup>2</sup>

Tucson has struggled with persistent poverty. Currently, 25.2% of Tucson’ population lives in poverty compared to 15.2% for the nation. Of Tucson’s poor, 33.6% are children, 13.3% are seniors, 24.6% are working age adults, and 27.9% are families with children.<sup>3</sup>

**Poverty Rate for Population 25 Years & Over  
by Educational Attainment Level**

Educational Attainment	Poverty Rate
Less than a High School Diploma	30%
High School Graduates	18.3%
Some College/Associates Degree	11.6%
Bachelors Degree	8.2%
Graduate or Professional Degree	5.2%

**ABUNDANT & EDUCATED HUMAN CAPITAL**

The Tucson metropolitan area has a population approaching one million people, with an available workforce of more than 470,000. Technology companies located in the region have access to diverse, educated and enthusiastic human capital. Tucson’s young, rapidly-growing workforce is a core asset of the region, offering an opportunity for any company to thrive. Young workforce entrants have a solid educational foundation, starting with primary and secondary education and proceeding through university, vocational, and continuing education institutions. The emphasis on education in Tucson contributes to the goal of providing a qualified workforce for high-tech companies in the area.

Much of Tucson’s highly skilled workforce is a product of targeted education programs at The University of Arizona and Pima Community College. These institutions offer tech-transfer opportunities and direct access to highly-skilled graduates.

The University of Arizona, one of the nation’s top 15 public research institutions, features world-class research in many diverse fields including engineering, environmental science, optics, and alternative energy. With an enrollment of over 40,000 students, many involved in ongoing research, the university provides a stream of experienced and skilled bachelor’s, master’s and doctoral graduates.

Pima Community College is the eighth largest community college in the country, with an annual enrollment of more than 52,000 students. The college plays an important role in economic development, contracting to provide customized training for more than 30 regional employers and training more than 11,400 employees annually.

**2. Analysis of Economic Development Problems and Opportunities**

Tucson has conducted many analyses and drafted many plans to address its economic position. Most recently, Plan Tucson, Tucson’s general plan for the next ten years, was adopted by the Mayor and Council and approved by voters in November 2013.<sup>4</sup> Plan Tucson builds on 60 prior plans that have been conducted upon the instruction of the Mayor and Council between 2001 and 2013.<sup>5</sup>

In addition, community-led initiatives have looked at Tucson regional strategies. From 2010 to 2012, Imagine Greater Tucson engaged over 10,000 citizens in dialogue over the future for the region based on shared values.<sup>6</sup>

Finally, in 2014 Sun Corridor, Inc. completed an updated strategic analysis report, the Tucson Economic Blueprint. This report describes how Tucson’s economy and job market reflects global shifts toward expanding intellectual capital for income growth, with a new emphasis on technology, innovation, and entrepreneurial development. In the global economy, the central focus of economic development is shifting from adding new jobs to boosting income and creating better jobs for all. Tucson has many competitive advantages in this new global economy, including its location; its international inland port and logistics capabilities; its leadership role in technology, education, and research; and its attraction as a major tourist destination.<sup>7</sup>

From these various plans, the following common strengths, weakness, challenges and opportunities were identified.



<http://cms3.tucsonaz.gov/files/hcd/PovReport2012final.pdf><sup>3</sup>

<http://cms3.tucsonaz.gov/plantucson><sup>4</sup>  
[http://cms3.tucsonaz.gov/files/planning/9-18-13\\_Chapter2\\_-\\_Tucson\\_Planning\\_Context.pdf](http://cms3.tucsonaz.gov/files/planning/9-18-13_Chapter2_-_Tucson_Planning_Context.pdf) (Table T-6)<sup>5</sup>  
[www.imaginegreaterucson.org](http://www.imaginegreaterucson.org)<sup>6</sup>  
<http://www.treoaz.org/about-treo-economic-blueprint.aspx><sup>7</sup>



## ECONOMIC DEVELOPMENT STRENGTHS

### 1. Workforce/Population

- Relatively young population
- Diverse population (large bilingual population)
- Growing population

### 2. Physical Assets

- Natural beauty
- Sunny, dry climate
- Close access to outdoor recreation
- Weather related disasters rare

### 3. Educational Assets

- University of Arizona (40,000 students, top tier research, national recognized programs)
- Pima Community College (52,000 students, bridge to University, programs tailored to local needs)
- Large charter school network, nationally recognized private schools (BASIS)
- Joint Technological Educational District (JTED) (public high school overlay district for technical education)

### 4. City Services/Facilities

- Business friendly – local economic development agencies/policies/incentives
- Highly rated Public Safety
- Revitalized downtown core with new Modern Streetcar
- Top rated bicycle city (bicycle boulevards, bike boxes, dedicated lanes, river path system)
- Extensive bus system with Express Service
- Secure water supply

### 5. Transportation/Infrastructure

- Interstate 10 – major east/west interstate to Los Angeles
- Interstate 19 – 60 miles to the Mexico border
- Union Pacific Rail – main east/west line passes through Tucson
- Tucson International Airport
- Proximity to Port of Guaymas (300 miles)
- Intermodal Port (Port of Tucson includes rail/truck access)
- Proximity to large population centers (Phoenix, southern California)

### 6. Costs of Living/Operating

- Low cost of living (overall 8.5% below national average)<sup>8</sup>
- Affordable housing (median home price 26% below national average)<sup>9</sup>
- Low utility cost (13% below national average)<sup>10</sup>

### 7. Existing Business Clusters

- Defense related facilities (private sector company concentration, Davis-Monthan Air Force Base)
- Bio-Sciences
- Solar
- Transportation/Logistics
- Other Industries (Environmental Technology, Information Technology, Manufacturing, Mining, Optics, Plastics, Tourism)

## WEAKNESSES

- Loss of state funding for public K-12 schools
- Low Employment to Population Ratio
- Retention of young talent
- Poverty rates
- Real estate driven economy
- Attracting and maintaining a talented workforce
- Lack of entrepreneurial depth
- Quality of Infrastructure
- Low percentage of college educated residents (30%)
- Low number of direct flights from Tucson International Airport to major U.S. cities and Mexico

## OPPORTUNITIES

- Innovation/technology based business development with the University of Arizona
- Population growth through migration from other areas
- New entrepreneurial ventures
- Continued revitalization of downtown
- International trade (export) development
  - Proposed Interstate 11 corridor through Tucson to Mexico
  - Increased multimodal capabilities at the Port of Tucson

## THREATS

- Workforce availability and quality
- Long term mission of Davis-Monthan Air Force Base and negative outlook for Federal defense spending
- Competitive markets (Phoenix, Las Vegas, San Diego)
- Limited industrial base

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Sperling's Best Places, June 2014. <sup>8</sup>

Sperling's \$170,100 vs. \$126,300, June 2014. <sup>9</sup>

Sperling's Best Places, June 2014. <sup>10</sup>



# CLUSTER ANALYSIS

An extensive analysis of the Tucson's region's industry cluster development potential was conducted using the well-known analytic framework and database created by Professor Michael Porter, globally-recognized business strategist and industry cluster researcher at Harvard University. The Harvard framework is designed to analyze a regional economy and identify the traded sector clusters, or those that drive growth in the regional economy. A region's traded clusters (driving industries) principally sell their products and services outside the region, and in so doing, bring new income into the regional economy. The Tucson region has the following established clusters:

- Aerospace and Defense
- Renewable Energy/Natural Resource
- Transportation and Logistics
- Bioscience/Healthcare

While Tucson is already well known for its abundant sunshine, the region is also becoming known for its abundant human capital, state of the art research and development, ample supply chain opportunities and competitive operating costs. This translates into opportunity – from sunrise to sunset – for any company wanting to take advantage of the region's unique assets.

## 1. Aerospace and Defense

Tucson's clear blue skies and dry climate have attracted aerospace related businesses since the early 1900s. The Aerospace & Defense industry is a major component in the region's economy and Tucson is ranked as one of the top 5 areas in the U.S. for this industry.

The region's aerospace industry presence includes defense and space-related manufacturing, research and development, industrial high-tech fields, assembly, distribution, and



warehousing. It also includes firms that maintain and rehabilitate the nation's commercial aircraft fleet.

Tucson's highly concentrated aerospace product and parts manufacturing sector has an 8.35 location quotient, a ratio calculated to compare a region's industrial activity level to the rest of the United States.<sup>11</sup> The location quotient means that Tucson is 8.35 times more concentrated in the aerospace product and parts manufacturing industry than the average of all metropolitan statistical areas across the country.

Tucson moved to the center of the spotlight for space exploration and research when the Phoenix Mars Mission was launched in 2008. The University of Arizona's Lunar and Planetary Laboratory partnered with NASA's Jet Propulsion Laboratory, Lockheed Martin, and the Canadian Space Agency to excavate, sample and analyze Martian soil for five months. The Mars lander also sent back more than 25,000 photos and enough data to keep mission analysis teams busy for years.

This was the first Mars mission ever led by a public university and the project used some of the world's most sophisticated and advanced technology to study the history of water and habitability potential in the Mars soil. Among the mission's many prominent achievements, it verified the presence of water-based ice in the Martian subsurface.

This Mars Mission was designed to be an innovative, low-cost part of NASA's Mars Exploration Program, which aims to incrementally lay the scientific groundwork for human exploration of the Red Planet. The University of Arizona is one of the country's top research universities, and offers a skilled workforce. This combination ensures that Tucson and Southern Arizona have the capability and opportunity to truly go "where no one has gone before."

In May of 2011, the University of Arizona once again gained national attention when NASA chose the UA's Lunar and Planetary Laboratory to lead the OSIRIS-REx mission. This mission, slated to launch in 2016, will be the first mission to sample an asteroid and return to Earth. The mission is budgeted for \$800 million in funding, with all mission science operations run from the University of Arizona campus.

From aerospace engineers to FAA-certified airframe technicians, Tucson has the educational resources to supply all levels of aerospace workers to companies in the region. Throughout Southern Arizona, there are currently between 20,000 and 30,000 people employed in the aerospace industry.

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[www.economy.com](http://www.economy.com) <sup>11</sup>



## Aerospace and Defense Cluster Assets:

### The University of Arizona

- The College of Engineering at The University of Arizona offers many outstanding engineering programs, granting 450 bachelor's degrees, 118 masters, and 45 doctoral degrees in 2009-2010.
- The Department of Aerospace and Mechanical Engineering (AME) offers ABET accredited undergraduate, masters, and doctoral programs in aerospace engineering and mechanical engineering.
- AME research activities are concentrated in fluid mechanics and aerodynamics, multi-body dynamics and control, heat transfer, solid mechanics and composite materials, space technology, biomedical engineering and reliability. Some of the emerging areas of concentration include micro-electrical-mechanical systems (MEMS), nanotechnology and opto-mechanics.
- UA ranks in the top 10 of NASA grant recipients and is No. 1 in space science research. UA's Lunar and Planetary Laboratory is instrumental in several ongoing NASA space missions, including the Mercury Messenger, Cassini Saturn and Phoenix Mars missions. Arizona Center for Innovation, located at the UA Science and Technology Park, is a high tech incubator that focuses on important developing areas including aerospace, advance composites, information technology and the life sciences.

### Pima Community College (PCC)

PCC's dedicated Aviation Technology Center and new Avionics Expansion provides FAA-approved Airframe and Powerplant Certification, Aviation Structural Repair and Avionics Technician Training. PCC's aviation technology degrees and certifications can be paired with training programs customized to employer's requirements, and are nationally recognized for producing highly-skilled, industry-ready workers.

### Embry-Riddle Aeronautical University

Embry-Riddle Aeronautical University Worldwide meets the growing educational needs and demands of the aviation and aerospace community. The Davis-Monthan AFB campus and the Tucson (Metro) campus each offer degrees in aviation maintenance management, technical management, business administration, aeronautics, logistics and supply chain management, and project management.

### Davis-Monthan Air Force Base

The military is a key employer in Southern Arizona and a critical component of the aerospace and defense industry. Many of the aerospace industry's finest companies benefit from the vast experience of military retirees that choose to continue their professional careers in the region.

Davis-Monthan Air Force Base, founded in 1925, is the fourth-largest employer in Pima County and the third-largest installation in air combat command in the U.S. The 355th Wing is the host unit at the base and provides medical, logistical, and operational



support to all associate units. The associate units are represented by almost all major air commands, the Air Force Reserve and the Air National Guard. The wing's missions are to train A-10 and OA-10 pilots and to provide close support and forward air control to ground forces worldwide.

### Air National Guard 162nd Fighter Wing

The Air National Guard's (ANG) premier F-16 fighter pilot training unit, the 162nd Fighter Wing, is the largest ANG fighter wing in the country and resides on 94 acres next to the Tucson International Airport. The wing shares use of the runway, security and fire control with the airport. Approximately 1,450 people work at the base, 900 of which are full-time employees and the balance are drill status Guardsmen providing forces in support of wartime operations.

### Fort Huachuca

Fort Huachuca, annexed by Sierra Vista in 1971, is located in southeast Arizona, about 15 miles north of the Mexico border. Fort Huachuca is under the command of the United States Army Installation Management Command and its major tenants are the Army Network Enterprise Technology Command (NETCOM)/9th Army Signal Command and the United States Army Intelligence Center. The fort is now the largest employer in Cochise County and in southeast Arizona.

### Other Community Resources

There are many state and local organizations dedicated to aerospace advancement such as the Arizona Aerospace and Defense Commission. The Commission was established to develop an aerospace and defense strategic plan that builds synergy among government, industry and education. The Commission works to enhance, foster and drive the aerospace and defense industry in Arizona.

Another group committed to advancements in the industry is the Arizona Technology Council (AZTC). The AZTC is a non-profit trade association that connects, represents and supports members through initiatives, advocacy, networking, effective communications, business support and access to educational forums. The association promotes the interests of a variety of technology, manufacturing and service firms, such as those in the aerospace, bioscience, defense, electronics, information technology, nanotechnology, optics, semiconductors and telecommunications sectors.



## 2. Renewable Energy/Natural Resource

Recognized globally as a location of choice for solar energy activities, Tucson's emerging solar industry promises a bright future. The region has valuable resources for technology development, manufacturing and solar power generation. With strong local support and an ideal climate, the Tucson region is emerging as a location of choice for many companies in the solar industry. Currently there are about 35 established solar companies in the region, providing a range of services including manufacturing, installation, and, distribution. Several solar manufacturers have recently made headlines in Tucson as they announced plans to locate or expand in the region.



### Alternative Energy/Natural Resource Assets:

#### UA TechPark

The UA TechPark is a 1,345 acre site with nearly two million square feet of developed office, engineering and laboratory space. One of the key initiatives underway at UA TechPark is the development of Solar Zone. The solar-centric business zone within the UA TechPark is advancing solar energy innovation and production. The first-of-its-kind solar-centric research park includes: power generation by multiple technologies, R&D, materials and supplies, manufacturing, green-job and workforce training, educational outreach, public demonstration and awareness hub.

All solar power generated in the Solar Zone will be used by Tucson Electric Power to expand its renewable energy resources in Southern Arizona. TEP also owns and operates the Solar Zone's first installed system, a 1.6 MW single-axis tracking photovoltaic array. Amonix, CTC Electric, EMCORE Corporation, and Foresight - Solar Point, LLC, and Solon, a Tucson-based solar system manufacturer and integrator, will be generating 13 MW of power in the Solar Zone using a variety of technologies and tracking systems. Bell Independent Power Corp., which developed a Thermal Storage Technology for Concentrated Solar Power (CSP), will have a state-of-the-art 5 MW solar plant with its proprietary Thermal Storage System in the Solar Zone at the UA TechPark.

The Solar Zone is in the largest multi-technology solar evaluation site in the United States, producing up to 18.5 MW. This enables various technologies to perform side by side, under identical operating conditions, so developers may determine when systems are most efficient and economical for the company and Southern Arizona.

The Solar Zone at the UA TechPark is aligned to the University of Arizona's solar efforts and programs in Optical Sciences, Materials Engineering, Atmospheric Sciences, Meteorology, Physical Sciences, Electrical Engineering and Chemistry. Solar energy research, a priority for the UA, pursues innovative solutions to real-world energy problems and new product development by advancing solar technologies in nano-composite thin-film photovoltaic, improving energy storage and distribution through techniques and systems innovation, creating demonstration sites combining applied energy systems and measurements with renewable energy electricity delivery and industrial collaboration.



#### AzRISE

A primary component of the community's solar research and technology efforts is the Arizona Research Institute for Solar Energy (AzRISE). Created at the University of Arizona with academic and industrial partners, AzRISE aims to foster and promote collaborative efforts between academia, national laboratories, and private industry.

Additionally, AzRISE collects accurate economic and technical performance data about solar energy options for decision makers. Research coordinated through the institute is focused on improving the efficiency and lowering the costs of energy generation, developing efficient, inexpensive, reliable energy storage methods, and researching high resolution cloud and solar forecasting.

The Tucson region continues to attract solar system component manufacturing companies, supporting a wide range of solar industry needs, from research and development to the manufacturing of mounting systems and solar modules. This industry presence brings together potential partners to share labor force skills, technology transfer, industry knowledge and additional business activities.

World-class solar industry companies such as Solon Corp., Schletter, Inc., Global Solar and Prism Solar have chosen to develop operations in the Tucson area, taking advantage of the region’s proximity to vendors, suppliers and major consumer markets throughout the Southwest and Western United States.

Tucson has several solar sites and initiatives that boast numerous advancements in solar technologies:

- The City of Tucson has installed, or has plans to install, photovoltaic systems generating well over 1 MW of power on more than 75 city facilities. The city has also installed solar hot water systems on several other facilities.
- The award-winning, environmentally sustainable community of Civano incorporates the beneficial use of solar energy into its neighborhoods.
- Communities such as the award-winning Armory Park Del Sol incorporate requirements for the use of renewable energy.
- Red Rock is home to the Saguaro Solar Trough project – a concentrating solar power plant that produces 1 MW of clean electrical power.
- The Tucson Unified School District implemented the Tucson Solar Schools Project, resulting in installation of 6 kW of distributed photovoltaic systems at six schools.

**INCENTIVES**

Arizona has continued to aggressively build a portfolio of solar industry incentives, from manufacturing, to installation, to energy production.

**Renewable Energy Tax Incentive Program**

Arizona’s program provides \$350 million in incentives to renewable-energy firms expanding or locating in Arizona.

The Renewable Energy Tax Incentive Program provides tax incentives to companies in the solar, wind, geothermal and other renewable energy industries, providing up to a 10 percent refundable income tax credit and up to a 75 percent reduction on real and personal property taxes.

**Commercial / Industrial Solar Energy Tax Credit Program**

Designed to encourage businesses to install solar energy devices at Arizona facilities, the tax credit is equal to 10% of the installed cost of the solar energy device not to exceed \$25,000 in credits for one building in a single tax year and \$50,000 total credits per business per tax year. Tax credits can be used to offset Arizona income tax liability; any unused credit amounts can be carried forward for a five-year period.

In the 2010 legislative session, the Arizona legislature extended this incentive an additional six years, to 2016.

**Solar Research, Development, Production Tax Credit (SB 1254)**

This program is a modification and update to the state’s existing Research and Development Tax Credit incentive. It allows employers with fewer than 150 full-time employees to receive a refund for the research and development credit. New companies that previously would not have the tax liability to fully take advantage of the R&D tax credit may now qualify to receive a discounted refund. Total refunds are limited to \$5 million a year.

The program also provides a tax credit for a taxpayer who holds title to a “qualified energy generator” that produces power after January 31 but before 2021. The credits are limited to \$2 million for each qualified generator and each year the total amount cannot exceed \$20 million.

**Solar Liquid Fuel Tax Credit (HB 2370)**

HB 2370 establishes a new individual and corporate income tax credit for research and development, production, and delivery system costs associated with solar liquid fuel for 2011 through 2026.

**3. Transportation and Logistics**

Tucson is a transportation and distribution hub that conveniently connects people and products in today’s competitive global marketplace. Southern Arizona’s unique geography near the Mexico border and near deep water ports, as well as a strong transportation infrastructure, means excellent access for trade. With over 150 transportation and logistics providers, Tucson is a direct route to productivity and profit.

**Transportation and Logistics Cluster Assets:**

**Strategic Location**

The region’s unique central southwestern location is ideal for serving as a transportation and distribution center for Mexico, California, and other central/western states. At 64 miles from the Mexican border, 113 miles from Phoenix and within 500 miles of Long Beach, CA, Tucson is in close proximity to major business and consumer markets – a key factor for any company. And Tucson’s location in the Mountain Time Zone means same-day communication with both coasts, as well as Canada and Mexico.

Phoenix .....	113 miles
Nogales .....	64 miles
Yuma .....	238 miles
Hermosillo, Mexico.....	245 miles
Flagstaff .....	257 miles
El Paso .....	318 miles
Guaymas, Mexico.....	324 miles
Las Vegas.....	407 miles
San Diego.....	413 miles
Albuquerque.....	450 miles
Long Beach .....	498 miles



### Proximity to Mexico

There are many reasons for the healthy trading relationship between the United States and Mexico, including the geographic proximity, openness to capital markets, high quality and productivity standards, access to both countries' large domestic markets and trade-friendly public policies. But perhaps equally important are the strong ethnic, cultural and social commonalities shared by many of our municipalities on both sides of the border.



The State of Arizona has strong business, social, and political ties with the neighboring Mexican state of Sonora and, to the south, with the states of Sinaloa and Jalisco. A location near the border gives Tucson excellent access to the growing Mexican market.

Recently, Tucson became a U.S. headquarters for La Costeña/ Arizona Canning Co. LLC, a leading Mexican manufacturer of canned and preserved foods. The Tucson plant uses U.S. suppliers to produce canned foods for the American market. This is just one example of Tucson's relevance to the exploding U.S. Hispanic market.

### Proximity to Phoenix

Phoenix, which is one of America's fastest growing cities and the 13th largest metropolitan statistical area, complements Tucson in many ways. Because the two cities are only 113 miles apart, companies, residents and visitors benefit from access to two major international airports, Arizona's two largest universities, year-round professional sports teams, cultural events and proximity to the State Capitol.

The Phoenix/Tucson "megapolitan area" – a term describing two or more metropolitan areas connected by transportation, business and culture – has been dubbed the Arizona Sun Corridor. This corridor, one of 10 U.S. markets expected to see most of the nation's growth in the next 35 years, will continue to thrive as the state's two largest cities expand toward each other.

### Proximity to California

If it were a country, California would have the world's eighth largest economy. Tucson's proximity to California is a major advantage as it gives Tucson businesses market access to clients, vendors and partners as well as world class resources and other expertise, while operating in a location with lower operating costs.

Southern Arizona is fast becoming a center of expertise in trade, freight transportation and logistics. The region hosts over 150 logistics providers to support export-oriented sectors such as aerospace, aviation, bioscience, environmental technologies, optics, and others.

### Roads

Tucson is on Interstate 10, one of only three coast-to-coast interstates in the country. I-10 connects Tucson with Phoenix and Los Angeles to the northwest and El Paso and Houston to the east. Branching off I-10 near downtown Tucson is Interstate 19, which connects to Nogales, Sonora, Mexico, 64 miles to the south. A convenient access connection between San Diego and Southern Arizona is available via Interstate 8, which intersects with I-10 approximately 64 miles northwest of Tucson.

### Rail Lines

Tucson sits on one of the most heavily-traveled rail lines in the country, the Union Pacific mainline, which primarily carries trains transporting containers to and from the ports of Los Angeles and Long Beach. Union Pacific also owns 26% of Grupo Ferroviario Mexicano (GFM), parent company of Ferrocarril Mexicano (Ferromex), which operates the railway running from Guaymas into Arizona.



### **The Southern Arizona Logistics Education Organization**

The Southern Arizona Logistics Education Organization (SALEO) is one of several projects developed to promote and grow the transportation and logistics industry in southern Arizona. SALEO brings together industry experts and trade specialists to promote the potential impact of an inland port. SALEO's objectives are in line with Sun Corridor, Inc.'s Economic Blueprint and were born of a need to raise the awareness and importance of the value that the transportation and logistics industry brings to the Tucson region, especially the role that the industry plays within the region's supply chain as a catalyst for economic growth. SALEO also provides networking opportunities between representatives of the transportation and logistics industry and the users of these services.

### **Air Service**

Already well covered by major airlines, flight frequencies and destinations will increase even more as the population in the Tucson region grows.

### **Tucson International Airport (TIA)**

- Recently completed 10 year, \$100 million renovation
- Three active runways, including a crosswind runway
- Designated U.S. Port of Entry with 24-hour Customs and Immigration services
- Located only 10 miles from the center of the city
- Covers more than 8,200 acres
- Close proximity to Interstate 10 as well as Interstate 19
- Direct and connecting flights nationwide



### **The CANAMEX Corridor**

The CANAMEX Trade Corridor Project (also referred to as I-11) provides a unique and distinctive economic opportunity for Tucson and for the State of Arizona. The purpose of the project is to maximize the free trade opportunities between Mexico, Canada and the United States by developing the corridor's physical and technological infrastructure from Nogales to Tucson via I-19, Tucson to Phoenix via I-10, then north through Nevada, Utah, Idaho, and Montana to the Canadian Border.

It is a north-south trade corridor that, when complete, will be a continuous four-lane highway from Mexico City to Edmonton, Canada. In Arizona, CANAMEX includes I-19 in Nogales to I-10 in Tucson, to Phoenix and US 93 (Phoenix) to Las Vegas.

### **North American Free Trade Agreement**

The North American Free Trade Agreement (NAFTA) has contributed to the advancement of Arizona and Mexico's strong import-export partnership. Forty five percent of Arizona's total global exports are directed to NAFTA markets. Mexico is the number one destination with 32 percent (source: International Trade Administration, 2009 data). Moreover, Sonora, Mexico's exports are also highly concentrated in NAFTA markets, with the United States being the number one destination for over 90 percent of their exports.

Since the passage of NAFTA and the inception of the CANAMEX Corridor Project in 1995, the Tucson region and the State of Arizona have served as a catalyst and conduit for the efficient transportation of goods, services, people and information between Canada, Mexico and the United States. From 1999–2007, trans-border cluster development in the Arizona–Sonora Region outpaced many other U.S.–Mexico Border States. For example, employment trends in “high technology” related sectors such as software/computer services, semiconductor manufacturing, aerospace manufacturing, precision instrument manufacturing and pharmaceutical manufacturing outperformed other bordering regions.

### **Ports for Global Access**

A southwestern location allows Tucson to benefit from the deep-water ports located on the western coast of the United States and Mexico. These facilities provide Tucson with access to global shipping destinations. The Port of Tucson further complements this by having shipping container receiving capabilities from traditional ports. This means containers can be shipped directly to Tucson without clearing customs at the original point of entry.

- Port of Long Beach/Los Angeles** - 498 miles from Tucson
  - Combined with the Port of Los Angeles, the Port of Long Beach is the world's fifth-busiest port complex.
- Port of San Diego** - 413 miles from Tucson
- Port of Guaymas** - 324 miles from Tucson
- Port of Mazatlán** - 806 miles from Tucson
- Port of Hueneme** - 559 miles from Tucson

### **Transportation and Logistics Companies**

More than 150 transportation and logistics companies are located in Tucson, in large part due to its strategic location which provides cost-effective access to desirable markets in California, Mexico, and the western United States.



## 4. Bioscience/Healthcare

Tucson has historically been a center for healthcare innovation and the base for many innovations in integrative medicine, diagnostics, medication monitoring, pharmaceutical development, wellness and pioneering healthcare reimbursement systems.

Southern Arizona is known as one of the nation's most innovative bioscience centers and is home to Ventana Medical Systems (a division of the Roche Group), Sanofi US, and Critical Path Institute, to cite just a few firms with headquarters here.

Our educated workforce benefits from two top-ranked research universities and a well-respected community college. This combination forms a strong foundation for any bioscience company looking to locate in the Southwest.

With a myriad of academic and technical life sciences programs at the University of Arizona, Arizona State University, and Pima Community College, the Tucson region has a young, educated workforce and first-rate training opportunities. Collaboration opportunities are numerous and cutting-edge research facilities provide a strong draw for companies from start-ups to well established firms.

The Tucson region has a unique opportunity to leverage assets in healthcare, and, bioscience to position itself as a healthy region to live and work. Southern Arizona also has a reputation for healthy outdoor living, wellness and spas, and is consistently ranked high for hiking, biking and other outdoor activities. A healthy workforce means a productive workforce, and workforce quality is a key consideration in a company's decision to expand or relocate.

### BIOSCIENCE/HEALTHCARE CLUSTER ASSETS:

#### Highly Educated and Talented Workforce

- UA College of Science ranked number one nationwide by National Science Foundation in research funding for Physical Sciences
- Number three in funding for Physical Sciences (Space Sciences, Chemistry, Physics) by National Science Foundation, 2013
- Top 6% nursing graduate program<sup>12</sup>
- Known for its exceptionally strong research and academic programs, the UA is one of only 63 members in the prestigious Association of American Universities.
- The UA's Colleges of Agriculture, Science, and Engineering produce approximately 2,500 graduates annually. The UA is nationally recognized for interdisciplinary graduate programs in biomedical engineering, neuroscience, pharmacology and toxicology, cancer biology, applied mathematics, genetics and more.

- The UA's College of Science, a national leader in Applied Bioscience programs, offers a Master's Degree in Applied Bioscience
- UA Faculty includes Nobel and Pulitzer Prize winners.
- Pima Community College, the eighth-largest community college in the country, has an annual enrolment of more than 52,000 students and offers applied degree programs in bioscience topics

#### Strong Bioscience Funding Support

- Launched in 2009, the Arizona Fund of Funds recruits investor funding and reinvests it into venture capital funds. The aim is to raise \$200 million for investment in Arizona start-up companies in the biosciences and other high-technology sectors.
- Science Foundation Arizona is a public-private partnership to invest in information and communications technology, sustainable systems, and biomedical research in Arizona.
- The National Institute of Health (NIH) granted UA researchers \$4.6 million in funding for 2012 – more than any other entity in Arizona.
- Arizona's "angel" tax credit allows investors to secure tax credits for investment in early-stage technology firms, bioscience, and rural companies.

#### Regional Commitment to Bioscience

The bioscience industry supports research collaborations, partnership identification, international outreach programs and technical assistance. Strong support from groups such as the Bioscience Leadership Council of Southern Arizona (BLCSA) and the Arizona Bio industry Association (AZBio), help drive the bioscience economy, mobilizing leadership committed to collaboration, results and economic growth.

AZBio is the state affiliate in Arizona of the Biotechnology Industry Organization, the preeminent national association for biotechnology companies, and of AdvaMed, the largest association representing manufacturers of medical devices, diagnostic products and medical information systems. AZBio advances the growth of bioscience companies through advocacy, connections, purchasing power and workforce development.

The region is on the forefront of bioscience, clearly defined in the Southern Arizona Bioscience Roadmap. Developed by the Flinn Foundation and Battelle, the roadmap is a 10-year vision for the future. The plan includes current strengths and strategies – such as mobilizing public and private leadership, investing in higher education, attracting a greater share of funding and developing scientific and technical talent.<sup>13</sup>

### **Arizona Research Laboratories (ARL)**

[www.arl.arizona.edu](http://www.arl.arizona.edu)

Arizona Research Laboratories has been an interdisciplinary research leader for 30 years, with 11 diverse bioscience divisions spanning neuroscience, bio-engineering, memory and aging, complex diseases, and more. ARL services are available to companies on a fee for service basis. Services include: DNA sequencing, mutation detection, SNP detection, high throughput DNA extraction and banking services, microarray technology (from fabrication to bioinformatics), biological computing training and support, mass spectrometry, peptide purification, confocal and electron microscopy, cell sorting and biological magnetic resonance.

### **The University Medical Center - University Campus (UMC)**

[www.azumc.com](http://www.azumc.com)

The University of Arizona Medical Center is part of the University of Arizona Health Network, an entity formed in 2010 to merge University Medical Center and University Physicians Healthcare in partnership with the UA College of Medicine. The University of Arizona Health Network brings together two academic hospitals, their affiliated clinics, a health plan division and the medical practice of physicians from the UA College of Medicine. In June 2014, the University of Arizona Health Network UAHN and the UA executed an agreement with Banner Health, to create a statewide health care organization and a comprehensive new model for academic medicine. Banner will spend \$500 million within five years to improve facilities at the aging hospitals and clinical facilities in Tucson. One element of the deal is the expansion of UA Medical Center capabilities for complex academic/clinical programs such as transplantations, neurosciences, genomics-driven precision health, geriatrics, and paediatrics.

### **Arizona Cancer Center (ACC)**

[www.azcc.arizona.edu](http://www.azcc.arizona.edu) Designated as a comprehensive cancer center by the National Cancer Institute (NCI) – the highest ranking awarded by the NCI – the center provides specialized care to each patient through advanced cancer research, education and information programs, and by offering the most up-to-date, leading edge clinical care. Many of the treatments offered are available nowhere else in the state; in some cases, the advanced treatments pioneered at the ACC are available at few other places in the world.

### **University of Arizona Science & Technology Park**

[www.uatechpark.org](http://www.uatechpark.org)

The University of Arizona Science and Technology Park, home to nearly 30 high tech companies employing more than 7,000 people, features high tech offices, R&D and laboratory facilities. The park's unique environment supports the creation of new technologies and the transfer of those technologies from the laboratory to the marketplace.

### **Arizona Center for Innovation - [www.azinnovation.com](http://www.azinnovation.com)**

The Arizona Center for Innovation is a high tech incubator promoting the development and success of high technology companies in Southern Arizona through a disciplined program of business development and mentoring.





### 3. Goals and Objectives

“Achieving higher levels of prosperity in a stronger, more competitive economy requires not only the contribution of stronger assets, but setting the right priorities and making the right choices in each area to propel us forward (Sun Corridor, Inc. Blueprint 2014 Update).”<sup>14</sup>

The 2014 Sun Corridor, Inc. Blueprint update identified the need to focus on bettering the Tucson product. In doing such they identified three areas that would better the Tucson product:

- **Talent:** The need for a talented workforce is needed for both business and regional competitiveness in domestic and global markets. We must ensure that talent becomes a competitive advantage for Tucson. Our region struggles to meet the demand of the current and future economy.
- **Infrastructure:** Investment in infrastructure is closely linked to economic expansion. Well planned infrastructure projects are the key to global competitiveness.
- **Business Environment:** A predictable business environment is essential to the region’s prosperity as it serves as the primary platform for innovation to occur.

The City of Tucson recognizes the importance of having a business friendly environment. To that end the City has created an economic development office, undertaken a significant streamlining approach to its development services and permitting processes. Additionally, the City and the State of Arizona have created a number of incentives to further attract business to the City.

The Arizona Commerce Authority administers the state incentive programs including Enterprise Zones, Military Re-Use Zones and Arizona Job Training Grants.



The City of Tucson, Pima County, and the private business community are committed to a pro-business environment that will promote and sustain economic growth for the Tucson region. A variety of incentives and services can assist companies in their profitable growth efforts. Such programs include:

- Foreign Trade Zone
- Job Training Grants
- Research & Development Expense Credit
- Pollution Control Equipment Credit
- Accelerated Depreciation of Personal Property
- Government Property Lease Excise Tax Incentive
- Primary Jobs Incentive
- Global Economic Development District Incentive

The City of Tucson Comprehensive Economic Development Strategy includes five goals:

- Retention, expansion and recruitment of companies
- Develop and retain talented workers
- Investment in key commercial areas
- Expand international trade
- Cultivate an environment for innovation and entrepreneurship

#### **Goal #1: Retention, expansion and recruitment of companies within identified sectors.**

**Objective:** Increase quality employment opportunities to retain and attract residents to the Tucson economy.

#### **Strategies:**

- Continue to refine existing City of Tucson Business Incentives to attract new employers to Tucson and assist existing Tucson businesses to expand.
- Continue to work with Sun Corridor, Inc. and the Arizona Commerce Authority to recruit new employers to the City of Tucson.
- Continue to work with the University of Arizona UA Tech Parks to identify and support commercial business ideas stemming from faculty and student research.
- Explore alternative sources of economic development financing and provide technical assistance or directly implement strategies to increase the availability of gap financing and other forms of development financing.
- Conduct formal research to identify and recruit the type of firm that would best benefit from Tucson’s existing strengths.
- Work with Tucson Water to develop a pro-active approach to expanding water infrastructure to create shovel ready sites.
- Participate with Pima Association of Government in Project BIEN, a database of local and cross border businesses to promote supply chain opportunities.
- Continue to support local small and medium sized businesses through the Small Business Assistance Line and through other outreach efforts.

## **Goal #2: Develop and retain talented workers with the skills to meet current and future employer needs.**

**Objective:** Align industry clusters and workforce development programs to foster employment opportunities.

### **Strategies:**

- Support the work of the Workforce Investment Board (WIB) and the Pima County One-Stop to create long-term growth of quality jobs in Aerospace and Defense, Health Science, Logistics, Natural and Renewable Resources, and Infrastructure with grants for workforce development programs in above stated sectors.
- Identify creative solutions for providing training in work settings to encourage incumbent workers to maintain and enhance their skills.

**Objective:** Establish a formal process to build and maintain support for workforce development and engage area businesses.

### **Strategies:**

- Continue visiting with existing employers to ensure they are made aware of workforce development incentives (e.g. customized training programs)
- Support new and expand existing internship/apprenticeship programs that help place vocational/technology students with regional employers
- Pursue options for private funding for the Pima County Workforce Investment Board to augment its budget and improve business services
- Develop a unique internship program that links the University of Arizona students with local employers while engaging participants in community activities to engender students to the needs and assets of our community

**Objective:** Recruit new talent to Tucson

### **Strategies:**

- Work with area Chambers and economic development agencies on a coordinated business marketing campaign for the Tucson metro area.
- Investigate the institutional and cultural barriers that prohibit talented individuals from locating in Tucson
- Coordinate efforts with regional businesses and capital funds to recruit entrepreneurs to the region
- Leverage existing networking events, trade show, and convention to target individuals.

## **Goal #3: Investment in key commercial areas**

**Objective:** Encourage investment and revitalization of Tucson's key commercial areas/corridors through incentives and infrastructure improvements.

### **Strategies:**

- Promote and continue the redevelopment of downtown to expand opportunities for live, work, play.
- Support Urban Land Institute residential recommendations<sup>15</sup>
- Utilize existing incentives to further encourage business in the Central Business District
- Partner with commercial real estate brokers and others to identify failing or vacant retail centers and work on creating incentives for redevelopment.
- Continue to work with the Regional Transit Authority and the Pima Association of Governments to align infrastructure investments with identified key commercial areas.

**Objective:** Add appropriate density in and around central Tucson.

### **Strategies:**

- Promote mixed-use developments within designated incentive areas.
- Support new residential infill developments within the City's core.
- Support development of vacant Westside parcels.
- Support population growth through migration from other areas.

**Objective:** Extend the Corporate City limits with residential annexation to increase State Shared Revenue and commercial annexation to increase sales tax and other local tax revenues.

<sup>16</sup>

### **Strategies:**

- Continue to use the Tucson Water Service Policy to attract unincorporated areas without water service to annex into the City of Tucson. High priority areas include: industrially zoned vacant land near I-10, the Catalina Foothills, and the Palo Verde corridor.
- Contact businesses contiguous to the City to discuss the benefits of annexation, and the impact on their business
- Continue to engage neighborhoods that are contiguous to the City to inform of the benefits of annexation.
- Pursue Pre-Annexation Development Agreements, for property not contiguous to the City which allows the property owner to receive Tucson Water in exchange for agreeing to annexation at a later time.
- Continue to refine the Financial Analysis completed for every annexation district to determine impact to City services.

ULI Downtown Tucson Panel Report. [http://www4.tucsonaz.gov/files/integrated-planning/Tucson\\_PanelReport\\_Flo.pdf](http://www4.tucsonaz.gov/files/integrated-planning/Tucson_PanelReport_Flo.pdf)<sup>15</sup>

To be considered for annexation, property must be contiguous to existing City limits.<sup>16</sup>



#### Goal #4: Expand international trade

**Objective:** Promote Tucson as a leading transportation and distribution hub that connects people and products in competitive global marketplace.

##### Strategies:

- Improve connectivity to Mexico and other southwest business markets through the support of key infrastructure projects such as the I-11 initiative
- Support new infrastructure projects that focus on moving a high density of goods and services.
- Continue to develop the Southern Arizona Trade and Logistics Alliance (SATLA) to bring industry leaders together to identify issues and solution to promote and leverage Tucson's logistics capabilities.
- Promote the unique service of the Port of Tucson and Tucson International Airport to businesses requiring the use of truck, rail and air.
- Continue to participate in the Transportation and Trade Corridor Alliance, which is an alliance of the Arizona Department of Transportation, the Arizona Mexico Commission, and the Arizona Commerce Authority focused on issues and opportunities in trade, transportation, logistics and supply chain development.



**Objective:** Expand the number of Tucson businesses selling goods and services internationally and diversify the markets they serve.

##### Strategies:

- Promote the U.S. Department of Commerce Programs.
- Travel to Mexico to hold bi-annual seminars on doing business in Tucson in partnership with U.S Dept. of Commerce, Arizona Commerce Authority and the private sector.
- Educate the Tucson business community on supply chain opportunities south of the border.
- Encourage Tucson businesses to participate in BIEN (Building an International Economic Network), a database of businesses in Arizona, Mexico and Canada which allows them to directly connect with each other in order to partner and grow their businesses, including supplying products and/or services, assisting in cross-border marketing and word-of-mouth promotion, and sharing innovative ideas and approaches.
- Continue to participate in the Arizona Mexico Commission.

**Objective:** Increase direct foreign investment.

##### Strategies:

- Continue relationship-building with Mexican business owners to match their interest with opportunities in Tucson.
- Begin exploration of interest in Tucson ventures with Canadian capitalists

#### Goal #5: Cultivate an environment that fosters innovation and entrepreneurship

**Objective:** Grow, sustain, and integrate efforts related to research and development, technology transfer and commercialization, and capital to create, nurture and expand innovation businesses.

##### Strategies:

- Support the work of UA Tech Parks and the Commercialization Network Alliance
- Bring industry players together to develop a strategy for the creation of an entrepreneurial ecosystem to ensure start-ups stay in Tucson.
- Work with the University of Arizona to support entrepreneurs and innovators through access to education, talent and financial resources.
- Work to ensure the availability of work spaces for entrepreneurs and start-up firms.

## 4. Community and Private Sector Participation

### **Sun Corridor, Inc.**

Sun Corridor, Inc. was formed in July 2005 to serve as the lead economic development agency for the greater Tucson area and its surrounding regional partners. The primary goal of Sun Corridor, Inc. is to facilitate export-based job and investment growth, in order to increase wealth and accelerate economic prosperity throughout Southern Arizona.

Sun Corridor, Inc.'s Economic Blueprint offers a common vision for a new, more diversified and stronger economy, and an action plan for providing prosperity for us all. The release of the Economic Blueprint plan followed many months of public discussion, extensive market analyses and the strategic input of the Blueprint's 46-member Blueprint Steering Committee, made up of a broad-based group of public and private sector leaders. As a result, the Economic Blueprint identified five major focus areas -- the Power of Five -- designed to boldly secure and shape this region's destiny.

The City of Tucson partners with Sun Corridor, Inc. primarily on business recruitment and expansion efforts. Sun Corridor, Inc. receives leads directly or through the Arizona Commerce Authority, and then reaches out to the City and other local jurisdictions to assemble an incentive/information packet for the firm. Sun Corridor, Inc. also works closely with the City of Tucson on other economic development issues and efforts.

### **Tucson Industrial Development Authority**

The Industrial Development Authority of the City of Tucson, Arizona, is a non-profit corporation, designated as a political subdivision of the State of Arizona, authorized to provide lower cost financing for qualified Projects through the issuance of revenue bonds. The IDA's Bonds are exempt from Arizona income taxation. Similarly, the Bonds may be tax-exempt from federal income taxation, provided that the Bonds are issued in compliance with the requirements of the Internal Revenue Code of 1986, as amended.

The IDA provides financing of community development projects whenever appropriate and where traditional sources of funding may be unavailable. The IDA also assists first time single family home buyers through its Mortgage Revenue Bond and Mortgage Credit Certificate Programs.

### **Arizona Commerce Authority**

The mission of the Arizona Commerce Authority (ACA) is to grow and strengthen Arizona's economy and facilitate the creation of quality jobs for its citizens by supporting and attracting businesses in targeted, high-value base sectors throughout the state.

The ACA is the State-sanctioned economic development organization whose mission is 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 ACA is governed by a Board of Directors made up of top level private sector and public sector leaders. The Governor sits as the Chairman of the Board.

The ACA worked aggressively to support the creation of 17,154 new jobs in Arizona this past fiscal year, attracting global giants that made large-scale expansions and securing capital investments for the state totaling \$3.32 billion. Additionally, Silicon Valley Bank chose Arizona for a second expansion and has committed to lend \$100 million in investment capital to Arizona's tech and life-science companies over the next five years. (azcommerce.com)

The ACA is an important source of leads for the City of Tucson for firms looking to open or relocate a business in the Tucson region.

### **Pima Association of Governments (PAG) and Regional Transportation Authority (RTA)**

Pima Association of Governments is a nonprofit metropolitan planning organization with Transportation Planning, Environmental Planning, Energy Planning and Technical Services divisions. PAG's programs focus on cross-jurisdictional planning issues, such as air quality, water quality, transportation and population growth. PAG recently created an economic vitality committee.

The Regional Transportation Authority is the fiscal manager of the \$2.1 billion, 20-year RTA plan, which was approved by Pima County voters on May 16, 2006. Voters also approved a countywide half-cent transaction privilege tax to fund the RTA plan through fiscal year 2026. The RTA plan includes roadway, safety, transit, and environmental and economic vitality projects, and is in its 8th year of implementation with 540 projects completed through December 2013. Plan goals include improving safety, cross-town mobility and reducing congestion.



## Pima County Workforce Investment Board

The Pima County Workforce Investment Board is authorized by the Department of Labor and appointed by the Pima County Board of Supervisors to provide recommendations on local workforce policy and oversight of the local One-Stop system that connects eligible job ready youth, adult, and dislocated workers in local growth, high-demand industry occupations. The Pima County One-Stop Career Center administers funding and programs under the Workforce Investment Act and is part of the Arizona Workforce Connection, a statewide network of career centers. The Pima County Workforce Investment Board pursues its vision of “Quality Jobs, Qualified Workers” through the following goals:

1. Assisting people to obtain jobs in strategic industry sectors.
2. Supporting employers in finding and hiring qualified employees.
3. Engaging underrepresented labor pools by removing barriers to employment.

## Tech Launch Arizona

Tech Launch Arizona (TLA) is responsible for University of Arizona’s intellectual property, proof of concept, and technology licensing. It also works directly with technology companies to commercialize UA technologies and facilitate industry-sponsored research. TLA transforms University discoveries into intellectual property, inventions, and technology. It brings University researchers and the business community together to enhance the impact of the University’s research, innovation, and technology park assets.



Tech Launch Arizona includes:

- Tech Parks Arizona
- Tech Transfer Arizona
- Corporate Relations Arizona
- Wheelhouse Arizona

Tech Parks Arizona creates the place, environment and interactive ground that generates, attracts and retains technology companies and talent in alignment with the research, mission and goals of the University of Arizona. Tech Parks Arizona

directs the UA Tech Park, The Bridges and the Arizona Center for Innovation with the highest priority of recruiting companies with connections to the UA to locate at these facilities. The UA Tech Park is located on a 1,345-acre campus on Tucson’s suburban southeast side. It has almost 2 million square feet of developed space and with additional capacity. It is home to more than 40 businesses and organizations with nearly 6,500 employees. Special areas of interest include:

- Testing, evaluation, and demonstration of new technologies
- Aerospace, defense, and homeland security
- Solar and renewable energy
- STEM education and workforce development

The City of Tucson works with TLA to assist with bringing new ideas to the market and having those new firms locate in Tucson. The City also works closely with Tech Parks Arizona and specifically the UA Tech Park as a location for new firms and start-up firms.

## Downtown Tucson Partnership

The Downtown Tucson Partnership (DTP) is committed to making Downtown Tucson the most dynamic urban center in the Southwest. The DTP is charged with acting as a promoter of the re-development of Downtown. The organization was created in 1998 to implement the services for the Downtown Business Improvement District. These services include enhanced security, maintenance, marketing, festivals and events and economic development.

## Desert Angels

Desert Angels are a non-profit organization of accredited investors who seek opportunities to invest in southwest regional startup or early stage companies. The organization serves as a forum for its over 95 members, who invest individually from their personal funds. Since 2000, Desert Angel members have invested over \$26 million in more than 65 presenting companies.

## Startup Tucson

Startup Tucson works to grow a strong, vibrant startup ecosystem of companies, entrepreneurs, and talent in Tucson. Inspired by the robust scenes in cities such as Silicon Valley, Boulder and Austin, Startup Tucson is helping to spur economic growth by organizing educational events like hackathons, Startup Weekend events and Lean LaunchPad workshops, as well as networking events like Startup Drinks and Co-Founder Speed Dating. By launching the digital news organization Startup Tucson News, they are committed to covering the local scene and providing strong support for the efforts of partner organizations like the Arizona Center for Innovation, Desert Angels, Gangplank Tucson, Spoke6, Connect, Xerocraft, MakerHouse, The Hive, UA’s Tech Launch Arizona, Idea Funding, Tucson Young Professionals, and many others.

## 5. Strategic Projects, Programs and Activities

### *Expansion of the Modern Streetcar*

**Relevant Goal:** Improve the quality of life of Tucson residents; Investment in key commercial areas; Retention, Expansion and Recruitment of companies within identified sectors.

The City of Tucson opened its Modern Streetcar, a 3.9 mile line going from the westside of downtown, through downtown, along the 4th Avenue shopping district, along the Main Gate retail district, through the University of Arizona, and ending near the University Medical Center. Future routes are desired and some preliminary routes have been discussed. Any expansion of the fixed-line transit system will increase economic development along the route. In the downtown area, the new line has helped generate over \$800 million in public and private investment.



### *Streetcar Investor's Guide*

**Relevant Goals:** Increase the quality of life of Tucson residents, Develop and retain talented workers with the skills to meet current and future employer needs.

The City of Tucson Modern Streetcar project is a 3.9 mile line to the heart of downtown while connecting the University of Arizona, the Fourth Avenue Retail district, downtown Tucson, and the Mercado District. The Investor Guide will describe the four character areas along the streetcar, and highlight vacant and underutilized properties along the route that are prime for redevelopment.

### *Implementation of Urban Land Institute Report*

**Relevant Goals:** Increase the quality of life of Tucson residents, Develop and retain talented workers with the skills to meet current and future employer needs.

The City of Tucson partnered with other public sector agencies and private sector entities to convene an Urban Land Institute (ULI) Advisory Services Panel. These panels:

- Provide timely, candid, and unbiased input from expert land use professionals.
- Kick-start critical conversations.
- Provide fresh insights and innovative solutions to the most complex real estate development challenges in a community.

ULI panels come from across the country for a concentrated one-week effort. For Tucson's panel, the scope consisted of prioritizing and coordinating public and private investment on opportunity sites within the 500+ acre central/western portion of downtown Tucson, an area that includes many historic, cultural, and civic assets and had the streetcar running through it in the summer of 2014. The area encompasses the Congress St. entertainment district, multiple museum and performing arts facilities, the government and Convention Center complexes, and the adjoining west side area that is Tucson's historic and cultural birthplace.

In addition, there are many vacant and underdeveloped sites within the area and increasing interest (both public and private) in investment and development on these sites. It is important that these projects be prioritized and considered in a coordinated manner balancing current market demands and realities with previous planning efforts and long-term goals in order to create synergy, encourage private sector investment, and leverage limited public resources. The primary question that the ULI Panel addressed was, "What type of development is recommended for the vacant and underdeveloped opportunity sites within this area with an emphasis on utilizing publicly-owned land and public resources/incentives?"

The City has formed an Urban Land Implementation Team to take the recommendations and determine next steps.

### *Workforce Analysis*

**Relevant Goal:** Develop and retain talented workers with the skills to meet current and future employer needs.

The City of Tucson will engage community partners to conduct an analysis of the workforce in the Tucson Metropolitan Area which will result in a comprehensive assessment and strategy to create a higher-skilled workforce to retain and grow existing businesses and recruit new business to the region.

### *Industrial Ecosystem Analysis*

**Relevant Goal:** Develop and retain talented workers with the skills to meet current and future employer needs.

This project will identify gaps and opportunities, and leverage existing assets and comparative advantages while forging new partnerships between the public, private and educational sectors. The strategy will help expand, strengthen and enhance advanced manufacturing in the region.



### ***UA Tech Park Infrastructure Improvements***

**Relevant Goal:** Cultivate an environment that fosters innovation and entrepreneurship.

The UA Tech Park is one of the nation's premier research and development facilities offering a unique environment dedicated to the transfer of technology from the laboratory to the marketplace. It has almost 2 million square feet of space featuring high tech office, R&D and laboratory facilities on 345 acres and is home to six Fortune 500 companies: Citigroup, CH2MHill, IBM, Oracle, Optum RX (United Healthcare Group), and Raytheon, as well as several emerging technology companies including NP Photonics, and DILAS Diode Laser. Additionally, the UA Tech Park is home to the Arizona Center for Innovation which is a technology business incubator. The UA Tech Park is served by Rita Road on the east and Kolb road on the west. Both roads require capacity improvements and signal improvements. These improvements will provide easier and safer access to the UA Tech Park while at the same time improving alternate modes of transportation to include bike and mass transit.

### ***Commercialization Network Alliance***

**Relevant Goals:** Develop and retain talented workers with the skills to meet current and future employer needs; Cultivate an environment that fosters innovation and entrepreneurship

Commercialization Network Alliance (CNA) is a current public-private partnership among the City, AZTERA, and, Tech Launch Arizona to build the Wheelhouse Network and to represent the city in entrepreneurial and tech commercialization discussions across Southern Arizona. Additional funding will be necessary to continue the work of the Alliance to successfully bring to fruition the seven identified Alliance strategies:

- Build a comprehensive network of commercialization professionals based long term projected needs of UA technology pipeline
- Engage the network with individual UA technology opportunities
- Outreach to University of Arizona alumni (local and global)
- Create ongoing engagement with regional eco-system
- Build awareness of Alliance, with equal attention and attribution for City, University, and Aztera
- Increase regional human capital retention through focus on student innovators
- Deliver standalone network asset that can be accessed and used by any team member

### ***Westside Parcels***

**Relevant Goals:** Increase the quality of life of Tucson residents; Investment in key commercial areas; Develop and retain talented workers with the skills to meet current and future employer needs.

The City owns 27.6 acres of vacant land adjacent to the western terminus of the Streetcar line south of Cushing Street. The property is bounded by Cushing Street on the north, the Santa Cruz River on the east, Mission Lane on the South, and Barrio San Agustin on the west. To the north of this area, the City is in a development agreement with The Gadsden Company. To the south, the property is to be owned by Rio Nuevo, and Pima County owns the Mission Garden site.

The 27.6 acre City property offers both opportunities and challenges: a prime downtown location along the streetcar route, the home of Tucson's cultural and historic birthplace at the base of A-Mountain, yet burdened by closed landfills that need to be mitigated prior to development.

There already exists a significant amount of planning guidance for this property. The 1999 Rio Nuevo Plan contemplated this area as museums, archeological sites, and reconstructed historical buildings. The Tucson Origins Heritage Park Plan provides details for the design of the Mission Complex, S-cukson Native American archeological sites, and a festival area, all located on this City-owned land. The Menlo Park position statement provides recommendations for development of these lands, taking into account the changes in the economy and funding realities since the Rio Nuevo plans were developed. The Urban Land Institute Advisory Service Panel that was held in November 2013 provided guidance for development of this area based on current market conditions and development potential. The Streetcar Land Use Planning process also provides guidance for development of this area. The revisions underway to the Infill Incentive District will likely be the most efficient tool to provide the zoning requirements and design regulations for these lands as they are developed.



### ***Ronstadt Transit Center***

**Relevant Goal (s):** Increase the quality of life of Tucson residents; Cultivate an entrepreneurial and academic environment that fosters innovation; Develop and retain talented workers with the skills to meet current and future employer needs; Investment in key commercial areas.

The Ronstadt Transit Center (RTC) is an existing transit hub in downtown Tucson that has been chosen as a redevelopment opportunity due to its desirable downtown location, its size, and the relatively low intensity of the current use. The City intends to select a Joint Development Partner for the 4.7-acre Ronstadt Transit Center Project Area using a two-phased Request for Proposals (RFP). Final determination of project scope and developer will be made by the Mayor and Council.

While a portion of the development site will remain as a downtown transit hub, the site provides the opportunity for additional intensity including mixed use development of housing and first floor retail. The site fronts the new SunLink modern streetcar, which had begun operation in July of 2014..



### ***Mexican Satellite Office***

**Relevant Goal:** Maximize Tucson's strategic logistics location in regards to international trade.

In order to extend the reach of the City's Economic Development Specialist for International Trade, the City of Tucson established satellite offices in Hermosillo and Obregon, Sonora. This occurred in coordination with Visit Tucson, which already has established offices in these locations. Although the offices are not staffed by the City of Tucson on a regular basis, City of Tucson signage was installed, printed materials are made available (including business cards), and Visit Tucson staff will provide contact information and assist in setting meetings for the City's Economic Development Specialist. The Specialist will visit these offices every four to six weeks where he can meet with interested persons and educate them on doing business in Tucson and guide those who are interested.

### ***South 12th Avenue Improvement Project***

**Relevant Goal:** Investment in key commercial areas; Increase the quality of life of Tucson residents.

The South 12th Avenue area is a cultural and retail destination that is owned primarily by Hispanic business owners. While the retail provides desired services to south side residents, many of the eateries attract customers from all regions of Tucson, and out-of-town visitors. This area has been identified as one of the highest stress areas in the community. The area needs infrastructure improvements, visual improvement (streetscape), branding/marketing and small businesses assistance/counseling.

### ***Southern Arizona Trade and Logistics Alliance***

**Relevant Goal:** Maximize Tucson's strategic logistics location in regards to international trade.

This is a relatively new organization of private and public partners that shares a common goal of promoting Tucson as a logistics hub, both nationally and internationally. Assisting this organization to evolve and eventually become a port authority, if so desired by the organization members, will take expertise and planning.

### ***Internship Program***

**Relevant Goal:** Develop and retain talented workers with the skills to meet current and future employer needs.

The University of Arizona produces a high number of talented graduates that leave Tucson for employment elsewhere. On the employer side, local firms recruit graduates from other states to fill openings. A well designed internship program can help place a higher number of Tucson graduates with open positions in the area. This will keep more graduates in town, and reduce recruitment costs for local businesses.

The City will model an internship program after the "Greater Grads" initiative from the Greater Oklahoma City Chamber of Commerce. Greater Grads launched in 2006 to build Oklahoma City's talent base by connecting Oklahoma graduates – a vital component of the City's future workforce – with employers in the Oklahoma City region. These connections have contributed to Oklahoma City's flourishing economy, and have set the stage for even more connections in coming years between local college graduates and local firms.

In Oklahoma City, an employer handbook was produced. This Greater Grads Employer Handbook provides the tools needed to develop new internship opportunities within each organization, including a step-by-step outline for assessing business needs, creating internship job descriptions, intern program management, and more.



### ***Business Incubator***

**Relevant Goal:** Retention, Expansion and Recruitment of companies within identified sectors and Develop and retain talented workers with the skills to meet current and future employer needs.

The City of Tucson and identified partners will work toward development of a business incubator program to foster the development and growth of new, small entrepreneurial companies during their often-vulnerable start-up phase. Typically, incubators provide their client companies with business support services such as office space, access to marketing materials or consulting, connections to sources of financial investment, and mentoring/networking within the geographic business community. Business incubators work with entrepreneurs to abate risk, to solve problems faster, to shorten the learning curve, and to improve their likelihood of success. According to a Department of Commerce study, 87% of all small businesses who had been through a business incubator were still in business after five years.

### ***Retail Incentive Program***

**Relevant Goal:** Retention, Expansion and Recruitment of companies within identified sectors.

The City of Tucson will work towards refining its incentive for retail establishments in order to attract those businesses that are catalyst projects for an area. Additionally, retail establishments provide sales tax revenue to the City of Tucson, which is the City's largest revenue source. This revenue can be used to improve City services and assets, which improve the quality of life and therefore increase the attractiveness of the area for firms looking to re-locate to the Tucson area.

The City is working to refine its retail incentive using the following evaluation criteria:

1. Increases the City's overall tax base, versus shifting retail purchases from other retailers located in the city;
2. Provides enhanced offerings to residents in the form of goods and services;
3. Is a catalyst for other development; and
4. Stops sales leakages

The following project types are targeted with this enhanced incentive:

1. Destination Retail Project – a development that contains a retailer or group of retailers who will offer a product and or good that is generally not available for purchase at a retail business physically located in the City of Tucson.
2. Retail Projects to an Under-served Area – a development to an under-served area which offers an essential product that if located within a specific area would improve the quality of life for the residents and businesses located in the area.

### ***Global Economic Development District***

**Relevant Goal:** Retention, Expansion and Recruitment of companies within identified sectors.

The City of Tucson has created a Global Economic Development District with a goal of attracting small and medium sized businesses that are involved in international trade to the designated area of Tucson. Although the District currently exists, refinement is necessary to make the District stand out and capture the interest in firms looking to locate or re-locate a business. District-specific incentives are needed as well as infrastructure improvements that can bring tangible benefits to firms.

### ***Improved Web Access***

**Relevant Goal:** Retention, Expansion and Recruitment of companies within identified sectors.

The City of Tucson Economic Initiatives staff promotes economic development through its website, printed materials, and personal interactions. As more and more individuals rely on the internet and through smart phones, the importance of the City's presence through these means is raised. An improved website is needed in order to streamline access and clarify how important information is accessed. In addition, staff has a desire to implement a smart phone application for users to gain simple information related to City processes, regulations, and incentives. A University of Arizona graduate student project was recently completed which created a smart phone application for persons interested in starting a restaurant in the City. The application provided information related to city regulations, as well as State and County regulations. This application was simply a prototype which cannot be implemented without additional technical work, but the project raised awareness for the need for such applications. Staff will continue to explore ways to improve the website and create additional avenue for technologically savvy persons to access economic development information.

### ***Broadway Volvo***

**Relevant Goal:** Improve the quality of life of Tucson residents, Develop and retain talented workers with the skills to meet current and future employer needs.

The Broadway Volvo site is a City-owned, under-utilized, property that is strategically located as a gateway to both the downtown and the Broadway Boulevard Corridor. Current planning and design efforts include the Broadway Boulevard Improvement Project and the Redevelopment Plan for Sub-Area 3 of the Downtown Gateway Redevelopment Area Plan. This site brings the opportunity for a development that be a catalyst and provide a positive economic impact to the City. In addition, the desired development can add to the urban fabric of the City which can attract new employers and residents to the area. An RFP process is anticipated for this site to attract the desired development.

### ***Broadway Corridor***

**Relevant Goal:** Increase the quality of life of Tucson residents, Develop and retain talented workers with the skills to meet current and future employer needs.

Approved by Pima County voters as part of the 2006 Regional Transportation Authority (RTA) Plan, the project involves improving Broadway Boulevard to six lanes including two transit lanes, bike lanes and sidewalks for the two-mile segment. Construction is not expected to begin until 2016.

The project will create challenges and opportunities for economic development. The scope will include the widening of the corridor which may dislocate existing businesses. This process will also create opportunities for the assembly of parcels to create new development opportunities. Other options to create viable business settings include sharing parking lots and closing off streets and alley.

### ***Downtown Links***

**Relevant Goal:** Increase the quality of life of Tucson residents.

Downtown Links is an improvement project that will provide multi-modal 'links' -- via foot, vehicle, transit, and bike - between Barraza-Aviation Parkway and Interstate 10, Broadway Boulevard and the 4th Avenue shopping district, and Downtown and the neighborhoods to its north. The project will be a modest, four-lane roadway north of the Union Pacific railroad tracks that will connect Barraza-Aviation Parkway to 22nd Street and I-10, offering an alternate access to Downtown, plus new and safer underpasses, railroad crossings, and sidewalks. The three major benefits of the alignment include:

- Railroad-related improvements including the elimination of the hazardous at-grade crossing at Sixth Street and Ninth Avenue plus the creation of a Downtown Quiet Zone.
- New roadway drainage system & major reconstruction of the Tucson Arroyo removing parts of Downtown from the 100-year flood plain.
- More connections via different modes of transportation: construction of a new bike-pedestrian deck at Ninth Avenue; connections to existing bike-pedestrian paths such as the Barraza-Aviation Multi-Use Path; connection to future multi-use paths like the El Paso Greenway project.

Ultimately, the Downtown Links project will result in creating a comprehensive plan for the Downtown corridor that will guide land use and urban design, and hopefully, encourage private capital improvements in the future.



### ***Oracle Area Revitalization Plan (OARP)***

**Relevant Goal:** Increase the quality of life of Tucson residents, Investment in key commercial areas.

The primary purpose of the OARP is to establish policies and procedures to encourage the development of employment options, more services to meet surrounding residential needs, social and recreational opportunities, a variety of housing options, sensitivity to the area's historic character, and overall improvement of the built environment.

This project is an initiative of the Ward III Council Office, neighborhoods, businesses and institutions in the area, and is being managed by the City of Tucson Housing & Community Development Department.

The Oracle area between Speedway and Miracle Mile has been the focus of attention for several years by neighbors and business owners. A once thriving State route, the area was affected with the construction of Interstate 10 and has been struggling to regain its position as a key gateway corridor in Tucson's downtown core. Today, the area contains both residential and commercial sites in need of revitalization.

### ***Parking garages in key commercial areas***

**Relevant Goal:** Increase the quality of life of Tucson residents, Investment in key commercial areas.

The City of Tucson has a vibrant 4th Ave. retail district. Currently, the district is limited by the number of on-street parking spaces. Creating additional parking options around this district, which is served by the Modern Streetcar will assist in making this area more accessible to those that currently do not frequent the retail district, thereby increasing the vitality of the district. Additionally, structured parking can often serve higher density residential projects (which was one of recommendations of the Urban Land Institute Report). Consideration of, and planning for, additional parking structures in the downtown core is also necessary due to expected future downtown development, including residential, retail, and office.



## 6. Plan of Action

Implementation of the CEDS and its goals and strategies will be vital for Southern Arizona's economy. The City of Tucson's Economic Initiatives office has the primary responsibility for achieving the goals and strategies listed in this document. Economic Initiatives staff will work in collaboration on these goals with internal City departments and external partners (listed above). Economic Initiatives staff consists of seven staff members who are assigned the following areas of responsibility:

- Downtown development
- Recruitment of new businesses
- Retention of existing businesses
- Small business/entrepreneurship
- International Trade
- Annexation
- Workforce development
- Transportation/Logistics
- Planning related to economic development

In addition, as part of Sun Corridor, Inc.'s Economic Blueprint 2014 update, a leadership team will be assembled to help implement the Blueprint 2014 strategies. The Economic Blueprint Leadership Team will be responsible for:

- Serving as a voice for the Economic Blueprint to the community
- Advancing the strategies and goals of the Economic Blueprint Overseeing a collaborative effort to address funding in support of the Economic Blueprint goals
- Communicating with individuals and organizations partnering in the implementation of the Economic Blueprint strategies

The City of Tucson and its partners, such as Sun Corridor, Inc., will work to help carry out the State of Arizona's economic development strategies. These strategies are the primary responsibility of the Arizona Commerce Authority. Below are excerpts from the ACA's Business Plan.

### ACA Business Plan Goals

The ACA, along with Arizona's elected officials and business leaders, is committed to robust, high-value growth and economic vitality in all regions across the state. This common goal is the foundation of the state's aggressive economic development agenda. Emphasis will be focused on creating jobs that bring with them additional indirect and induced employment. The ACA will work to achieve three aggressive goals:

- Create 75,000 Higher-Wage Jobs; 2.5 Times More Than the Previous 5 Years
- Increase Average Wages of Total Jobs by 50% by 2017
- Catalyze \$6 Billion in Long-Term Capital Investment, an Increase of \$1 Billion From the Previous 5 Years

### ACA Business Plan Strategies

In order to achieve the goals set forth, the ACA will embark on a series of strategic actions over the next five years: recruit businesses to Arizona; grow Arizona businesses and create new businesses in Arizona.

#### 1. Recruit Business to Arizona:

Arizona's ability to recruit businesses enables the state to enrich and diversify the existing business community and enhance the state and local economies through job creation and investment.

The ACA will focus business attraction and recruitment efforts on companies that satisfy at least one of the following requirements:

- Companies operating in the ACA's target industries planning to expand their operations;
- Companies doing business with Arizona companies in the ACA's target industries that are seeking to relocate closer to their clients' operations and access additional markets; or
- Companies supporting high-quality manufacturing or advanced business and financial services that support headquarters' operations.

#### 2. Grow Arizona Business:

Growing Arizona businesses expands and strengthens the state's economy because it utilizes existing infrastructure and existing assets and advantages. Arizona is a preferred location to expand businesses with its skilled and abundant workforce, low cost of operations, high quality of life and its proximity to major markets in California, Texas and Mexico. The ACA will leverage existing financial incentives and economic development assets and create technical assistance programs and strategic partnerships to help Arizona companies grow their revenue, create jobs and increase capital investment in the state.

#### 3. Create New Business in Arizona:

By supporting entrepreneurship and the creation of new businesses in Arizona, the ACA will promote the state's position as a hub of innovation. Over the past decade, Arizona experienced one of the largest increases in entrepreneurial activity and now ranks first in the nation for entrepreneurial activity according to the Kauffman Index of Entrepreneurial Activity. A strong start-up environment is critical to the state and will promote a robust and relevant talent pool for high-wage positions, a strong supply chain for companies expanding and relocating to Arizona, attractive employment for university graduates and a long-term quality jobs engine.

### The Target Industries

When executing the strategies of recruiting businesses to Arizona, growing Arizona's existing businesses and creating new businesses in Arizona, the ACA will focus on key sector opportunities.

The ACA targets industries that:

- Grow in output and employment throughout the economic cycle;
- Create high-wage jobs;
- Provide a competitive advantage for Arizona and U.S. companies;
- Generate significant exports and encourage capital in-flows;
- Have strong supply chains and robust multiplier effects;
- Generate research and development (R&D) funding; and
- Generate greater tax revenues that support public services.

Based on these desired impacts, the ACA has targeted five industries, divided in two categories:

***Advanced industries:***

Aerospace and Defense  
Semiconductor

***Nascent industries:***

Bioscience  
Optics  
Renewable Energy

**Target Markets**

In addition to focusing on the aforementioned base sectors, the ACA will engage in both a national and international campaign to increase Arizona's visibility outside of its borders to expand exports and attract new businesses and investment. The ACA's international and national strategies will complement the growth within the state, attract more high-wage jobs and increase the state's overall average wage and level of capital investments.

The ACA is focused on key target geographies to maximize its impact in select locations. These targets reflect Arizona's current exports and business relationships within the location, proximity and connectivity, and target industries strengths.

In addition to the ACA's domestic efforts, initial target international geographies include Canada and Mexico. The ACA will focus on these locations to attract new companies to the state, relocate operations of existing Arizona companies from these areas, increase trade and foreign direct investment activity, assist Arizona companies to expand their market span in these markets, and launch brand marketing campaigns. Initially the ACA will seek two types of business development opportunities:

- Foreign businesses with some operations in Arizona that are considering relocating some of their foreign operations in the U.S.; and
- Foreign suppliers of Arizona businesses that are considering relocation as a way to improve their competitiveness and expand their operations.

The ACA's business plan states, "To execute its strategies and achieve its goals, the ACA will work closely with its partners, including the various regional and local economic development organizations, universities, science and technology organizations."

## **7. Performance Measures**

The City of Tucson and Sun Corridor, Inc. will work together in measuring performance, by issuing an economic report card that includes indicators of economic health, performance and competitiveness. Following are examples of metrics to be included:

- Overall job growth in metropolitan Tucson
- Average wage growth in target industries
- Net new firms in target industries
- Job growth in target industries
- Percentage of college-educated workers
- Percentage of workforce in 25-34 age group
- Change in educational attainment (high school and higher education)
- Employer satisfaction of worker skills and availability
- Income distribution
- Median household income
- Venture capital flow
- University technology licensing activity (UA related patents issued, revenue derived from patents)



