

PINAL COUNTY ENTERPRISE ZONE PROGRAM

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General Overview

The Pinal County Enterprise Zone was originally designated by the Arizona Department of Commerce effective June 1, 1991. In 1996, the Pinal County Enterprise Zone was renewed for a five-year period, extending through December 31, 2000. In October 2000, the Pinal County Enterprise Zone Commission requested renewal of its designation. In February 2001, the Commission was notified that its designation was renewed for another five-year period, extending through December 31, 2005. Member entities of the countywide zone continue to include the incorporated municipalities of Apache Junction, Casa Grande, Coolidge, Eloy, Florence, Kearny, Mammoth, and Superior, the Ak-Chin Indian Community, the Gila River Indian Community, and Pinal County.

Pinal County encompasses 5,386 square miles, and is strategically located in the major growth corridor between the Phoenix and Tucson metropolitan areas. In both economy and geography, the county is divided into two distinct regions. Historically, copper mining has been the primary economic activity in the mountainous eastern region, while a strong emphasis on an agriculture-based economy has characterized the low desert valleys of the western region. Expansion and diversification of the county's economic base into manufacturing, trade and services have occurred, partly due to the influence of the Phoenix and Tucson metro areas. In addition, interest in tourism and winter visitor attraction remains an important component of the area economy. Increased urbanization has become more pervasive throughout the county, particularly along transportation corridors which provide access to Maricopa and Pima Counties. While much of the development of these areas has been residential in character, there has been an increase in commercial development to serve the employment and consumer needs of these residents. Pinal County has continued to experience strong development interest, especially for new residential communities, during the past fiscal year as developers in Maricopa and Pima Counties continue to expand their activities into Pinal County.

During the past 12 months, the Pinal County Enterprise Zone continued to experience steady, moderate population growth. The official results from the 2000 census showed Pinal County with a population of 179,727. The July 2001 population estimates from the Arizona Department of Economic Security show Pinal County with a population of 186,795 which is an increase of 3.9% from the 2000 census and the July 2002 population estimates from the Arizona Department of Economic Security show Pinal County with a population of 192,395 which is an increase of 3.0% from the 2001 population estimates and a 7% increase from the 2000 population census. The cities of Apache Junction and Casa Grande continue to be the two largest cities in Pinal County, however major growth is being experienced in the Maricopa, Johnson Ranch (east of Queen Creek) and southern Pinal County. The population of the unincorporated areas of Pinal County now accounts for 47% of the total population of Pinal County. Also, residents of Arizona City and Maricopa areas are exploring possible incorporation issues.

Trends in the unemployment rate in the zone continue to vary. After reaching a high of 8.0 percent in August 1999, the average annual unemployment rate excluding the Native American reservations

thru June 2003 stood at 6.5 percent, down from the 7.0 percent in May 2002. This is slightly higher than the statewide average unemployment rate of 6.2 percent thru June 2003. However, when the Native American reservation areas are included, the unemployment rates increases to 7.3%.

Goals and Strategies

The goals and strategies for the Pinal County Enterprise Zone Program have remained consistent since inception of the program. These goals include the following:

- Continue to develop the resources needed to effectively implement and maintain the Pinal County Enterprise Zone Program.
- Enhance economic diversification and strengthen the economic base of the local economies within the Pinal County Enterprise Zone.
- Strengthen existing alliances among governmental and economic development interests within the county.
- Enhance the attractiveness of the Arizona Enterprise Zone Program to new and existing businesses.

The strategies for achieving these goals focus on maintaining communication and support for networking among various public and private sector entities and organizations within the zone, sustaining cooperative working relationships among various economic development interests within the zone and between the Pinal County Enterprise Zone and the Arizona Department of Commerce, streamlining and simplifying local development policies and procedures, and accessing and sharing informational databases. Over the past 12 months, communication, networking, and cooperation have continued to be maintained among the member entities, various economic development organizations, business-related contacts, and the Arizona Department of Commerce. The Pinal County Enterprise Zone Program has further enhanced this environment by functioning as a facilitator for bringing together economic development interests, as an information and referral resource for local government and business contacts, and as a forum for promoting and enhancing networking among various public and private sector organizations.

In addition, the Enterprise Zone Program continues to encourage streamlining and simplifying of local development policies and procedures as a means of stimulating local economic development activities. Several local governments including Apache Junction, Casa Grande and Pinal County have implemented one-stop shop concepts for their planning and development approval and permitting processes, emphasizing a user-friendly, customer service approach to the development process. For example, the Pinal County one-stop development center in Florence consolidates the Planning and Development Services, Public Works, Building Safety, Air Quality Control, and Environmental Health Departments into one location.

One strategic area that is an ongoing challenge is the development of an informational database for documenting and tracking zone activities. A lack of staff, operational and financial resources characteristic of many non-metropolitan areas has made it difficult to create such a database. In most cases, neither local governments nor economic development agencies in the zone are actively maintaining a database of information which could be aggregated to a zone level. For example, most of the local economic development agencies such as Chambers of Commerce do not

systematically track and document data on business start-up, relocation, closing, and expansion activity on an ongoing basis. Several localized databases have been created by entities within Pinal County, but are oriented toward limited geographic areas and are not linked. It is hoped that these resources may provide a foundation for an overall database at some point in the future. The Pinal County Enterprise Zone Program continues to encourage progress in this regard.

Marketing Plan

The marketing program for the Pinal County Enterprise Zone is a countywide effort. The program has been based on a cooperative partnership among the Enterprise Zone Commission and Administrator, member entities, the Greater Casa Grande Valley Economic Development Foundation and other local economic development organizations, the Economic Development District administered through the Central Arizona Association of Governments, and the Economic Development Information Center administered through the Pinal County Library District. These efforts are complemented by the Arizona Department of Commerce and its marketing of the Arizona Enterprise Zone Program on a statewide basis.

The Greater Casa Grande Valley Economic Development Foundation offered its expertise in marketing to the Enterprise Zone Commission when the zone was initially established in 1991, and has continued to serve as the primary marketing resource since that time. The Foundation effectively markets the Enterprise Zone through direct mailings, prospecting trips and trade shows, and its working relationships with various local governments and other economic development organizations within the zone. Marketing and promotion of the Pinal County Enterprise Zone is accomplished through a variety of tools including program brochures, employer guideline packets, communications with local organizations and agencies, and one-on-one meetings and contacts with business officials and economic development representatives. Pinal County also has created a Web site and Home Page on the Internet where program information may be posted in the future.

Management Plan

Management of the Pinal County Enterprise Zone is the responsibility of the Pinal County Enterprise Zone Commission. The Commission consists of 15 members which are appointed by each of the participating entities, with the number of members from each entity based on relative population. The Pinal County Enterprise Zone Administrator assists with the day-to-day ongoing operation of the zone under the general direction of the Commission. Pinal County assigned one of its staff to provide this administrative support to the Commission at the time of initial establishment of the zone, and has continued to provide this resource at the request of the Commission members.

On behalf of the Commission, the Enterprise Zone Administrator assists with program outreach and education efforts, maintains communication and coordination with member entities and local economic development interests, provides technical assistance, serves as an information and referral resource, and staffs Commission meetings. The administrator also serves as the Commission's liaison with program staff at the Arizona Department of Commerce. This management structure has enhanced the cooperative relationship among the governmental entities within the zone and has also proven to be cost-effective.

Business Activity

At this time, a zone-wide database of business activity information or local databases which could be aggregated to a zone level do not exist. Most of the local economic development agencies such as Chambers of Commerce do not systematically track and document data on business start-up, relocation, closing, and expansion activity on an ongoing basis. Therefore, it is not possible to provide detailed information on these parameters for the reporting period. Some of the most significant business/development activity of which the Commission is aware of is summarized below:

- The Greater Casa Grande Valley Economic Development Foundation reported that four new industries have located to the Casa Grande area. Gold Circuit, Inc. expanded their production facility and created 10 jobs. Otto Plastics Arizona L.L.C. completed a 35,000 square foot plastic injection molding facility and created 27 jobs. Wal-Mart Stores opened a large distribution center and hired 575 employees. Wal-Mart is also building a Wal-Mart Super Center in Casa Grande which will be in need of more employees. Price Industries has moved into the area and created 12 new jobs with plans to expand and hire 75 employees by the end of 2003.

Unfortunately, some major companies in the Casa Grande/Eloy area had plant closures during the past reporting period. Marley Cooling Towers and Velcro Laminates closed their plants and an estimated 60 workers were displaced.

- This past year saw many new small businesses opening in Apache Junction, Casa Grande, Coolidge, Florence, and in the unincorporated areas of Pinal County. It is also inevitable that new businesses will sprout along the areas of housing development throughout Pinal County.
- The cities of Apache Junction, Casa Grande and Coolidge, and communities in Pinal County, such as Arizona City, Maricopa, the Queen Creek area, and southern Pinal County continued to attract new home subdivisions.

These activities are representative of the continuing development momentum and economic growth occurring in selective areas of the Pinal County Enterprise Zone. Unfortunately, the eastern part of the Pinal County Enterprise Zone continues to lag behind the economic growth other areas of the zone are experiencing. Mining activities continue to play a role in the economic structure of the area but future growth potential is limited.

In addition to the business and development activity noted above, contacts were also received by the Enterprise Zone Administrator from a variety of businesses, developers, tax consultants and local government officials during the reporting period requesting information and/or technical assistance regarding the Pinal County Enterprise Zone Program.

Local Incentives

Various local incentives have been provided to businesses and developers by local governments during the reporting period in an effort to stimulate economic development activity. These incentives included:

- Targeted Community Development Block Grant (CDBG), Highway User Revenue Fund (HURF), Economic Development Administration (EDA), and Rural Development (RD) funds to meet development-specific infrastructure needs and address other economic development activities.
- Issued low-interest business financing through the Pinal County Industrial Development Authority (IDA).
- Waived development permit fees.
- Expedited the development plan approval and permitting process.
- Constructed locally-funded public infrastructure improvements in support of development projects.

Other Program Resources

A variety of state and federal program resources were utilized within the Pinal County Enterprise Zone during the past 12 months. Major resources which were provided in support of local business and community development included: job training services through the Job Training Partnership Act (JTPA); rental housing assistance and housing rehabilitation assistance through the HUD Public Housing, Section 8 Rent Assistance, and Community Development Block Grant (CDBG) Programs; transportation system improvements funded through FHWA, ADOT and the Economic Strength Projects (ESP) Fund administered jointly by the Arizona Department of Commerce and ADOT; and public infrastructure development and strategic planning activities funded through EDA.

Public Expenditures/Infrastructure Development

Due to the countywide nature of the Pinal County Enterprise Zone, all ongoing public operating expenditures and infrastructure development projects undertaken by the various local governments, school districts, special districts, and other public entities within Pinal County served to sustain and enhance the development of the zone and the overall quality of life for zone residents.

The Pinal County Enterprise Zone Commission did not apply for or receive any gifts, loans or other moneys from any private sources for improvement of the enterprise zone during the reporting period.

Conclusion

The growth and development opportunities that have been created for the Pinal County Enterprise Zone as a result of the strategic location of Pinal County between the Phoenix and Tucson metropolitan areas are expected to continue in the foreseeable future. As in past years, businesses located in the Casa Grande area continue to apply for the income tax and property tax provisions of the enterprise zone program, however one company from the Superior area has also taken advantage of the tax credit.

The Pinal County Enterprise Zone Commission, its member entities, and local economic development interests will continue to strive to maintain a close working relationship in support of the Pinal County Enterprise Zone Program. The Commission and its partners will continue to work cooperatively with the Arizona Department of Commerce in an effort to maximize the effectiveness of the Arizona Enterprise Zone Program.