

# **PINAL COUNTY ENTERPRISE ZONE PROGRAM**

## **ANNUAL REPORT JULY 1, 2004 - JUNE 30, 2005**

### **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. However, due to the 2000 census, all Enterprise Zones were required to reapply for designation. Pinal County submitted an application for renewal in October 2003 for two enterprise zone areas because all of Pinal County no longer met the poverty status criteria. On January 28, 2004, Pinal County received approval of two enterprise zone areas effective January 1, 2004 through December 31, 2008.

Member entities of Pinal County Enterprise Zone 1 include the incorporated municipalities of Casa Grande, Coolidge, Eloy, Florence, Kearny, Mammoth, Maricopa and Superior, the Ak-Chin Indian Community, the Gila River Indian Community, the San Carlos Indian Reservation, the Tohono O'odham Indian Nation, and Pinal County (Zone 1).

Member entity of Pinal County Enterprise Zone 2 includes a small area of the municipality of Apache Junction. This area is bounded on the north by Superstition Blvd, on the west by Delaware Drive, on the south by Apache Trail and on the east by State Highway 88, extending north on Idaho Road back to Superstition Blvd. (Zone 2).

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.

For the period 2000-2004, Pinal County continues to be the fastest growing county in population in Arizona ranked by percent change. The State of Arizona for this period has seen its population increase 13.7% while Pinal County's population has increased 22.3%. The official results from the 2000 census showed Pinal County with a population of 179,727. The July 2004 population estimates from the Arizona Department of Economic Security show Pinal County with a population of 219,780. The cities of Apache Junction and Casa Grande continue to be the two largest cities in Pinal County, however the city of Maricopa has seen its population increase an astounding 227.6% from 2003 to 2004. Major growth continues throughout the central and western portions of Pinal County with many new subdivisions planned for Casa Grande, Coolidge, Eloy, Florence and Maricopa. The population of the unincorporated areas of Pinal County now accounts for 49% of the total population of Pinal County. Also, residents of Arizona City, Johnson Ranch and San Manuel 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 December 2004 stood at 4.8 percent, down slightly from the 5.2 percent in May 2004. This is slightly higher than the statewide average unemployment rate of 4.4 percent thru December 2004. Unemployment rates among member entities in the Enterprise Zone vary from a high of 10.7% in Eloy to a low of 2.7% in Florence and Kearny. Unemployment rates in Apache Junction and Casa Grande are below the county average while Coolidge, Mammoth and Superior are above this average.

### **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:

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

- X 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.

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 has also created a Web site with a link on the Home Page to the Pinal County Enterprise Zone that contains a general overview regarding the program, maps showing the two enterprise zone areas, a copy of the annual report and a link to the Arizona Department of Commerce where more specific information can be obtained about the enterprise zone program.

### **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:

X The Greater Casa Grande Valley Economic Development Foundation reports significant new activity during the past year. The following companies plan new investment or expansions in the area:

- | Bull Moose Tube, \$8.1 million new investment, 32 new jobs (tubular steel manufacturer) - Casa Grande;
  - | Cardinal Glass Industries, \$6 million investment for expansion, 80 to 100 new jobs (manufacturers residential coated glass) - Casa Grande;
  - | Saxon Motorcycle Company, \$570,000 new investment, 15 to 20 new jobs (manufacturer custom motorcycles) - Casa Grande;
  - | Plastic Technology, Inc., \$4.15 million new investment, 60 new jobs (manufacturers extruded polyethylene foam) - Eloy;
  - | Mesa Fully Formed, \$83,120 initial investment for land, 35 to 45 new jobs (manufacturers artificial stone countertops) - Coolidge;
- Republic Plastics has announced plans to build a new plant in the San Manuel area with plans for 100 new jobs. 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.

X Major growth in central Pinal County and especially in the cities of Casa Grande, Coolidge, Florence and Maricopa continue to attract many new businesses to the area. It is also inevitable that new businesses will sprout along the areas of housing development throughout Pinal County.

- Two companies, Ballard Truss, Inc. and Wal-Mart Stores, Inc. applied for enterprise zone tax credits for tax year 2003 year, paying wages of \$11.66 and \$12.08 respectively. The capital investment for Wal-Mart Stores was over \$47.5 million.

These activities are representative of the continuing development momentum and economic growth occurring in selective areas of the Pinal County Enterprise Zone. 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:

- X 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.
- X Issued low-interest business financing through the Pinal County Industrial Development Authority (IDA).
- X Expedited the development plan approval and permitting process.
- X 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/Eloy area continue to apply for the income tax provisions of the enterprise zone program. There will be an impact to businesses in the Apache Junction area as fewer businesses will qualify for the tax and property benefits as a result of only a small area of Apache Junction being designated as an Enterprise Zone.

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.