

ANNUAL REPORT



Fiscal Year 2003



ARIZONA DEPARTMENT OF COMMERCE

Our Job is JOBS!



ARIZONA DEPARTMENT OF COMMERCE

JANET NAPOLITANO
GOVERNOR

Our Job is JOBS!

GILBERT JIMENEZ
DIRECTOR

To: The Honorable Janet Napolitano, Governor
Honorable Members of the Arizona State House of Representatives
Honorable Members of the Arizona State Senate
Citizens of Arizona

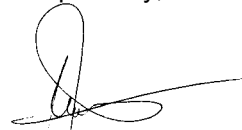
In this first year of a new administration with striking budget challenges leading the way, I am pleased to offer an accounting of accomplishments by the Arizona Department of Commerce.

Working with partners across the state we:

- Assisted in the attraction and expansion of companies that expect to add 14,021 new jobs at average salaries of \$40,420 and make capital investment of \$568,655,000 over the next three years.
- Answered more than 73,000 requests for information on starting or growing a small business in Arizona.
- Funded job training that increased the skills of more than 20,000 working Arizonans.
- Lead the conversation to resolve land use issues that threaten the military installations and defense missions that provide 83,000 jobs and \$5.7 billion in annual economic impact statewide.

In the pages that follow you'll find specifics of results produced by legislative district and for the state as a whole. We've also included information on cost savings realized by efficient administration and cautious stewardship of the General Fund dollars we receive.

Respectfully,



Gilbert Jimenez
Director

TABLE OF CONTENTS

COMMERCE AND RURAL ARIZONA <i>Summary of Services</i>	2
District 1	2-3
District 2	3
District 3	3
District 4	4
District 5	4-5
District 23	5
District 24	5-6
District 25	6
District 30	6
COMMERCE AND GREATER PHOENIX REGION <i>Summary of Services</i>	7
Maricopa County Districts 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22	7-12
COMMERCE AND GREATER TUCSON REGION <i>Summary of Services</i>	13
Pima County Districts 26, 27, 28, 29	13-15
ARIZONA DEPARTMENT OF COMMERCE – <i>Statewide Accomplishments</i>	16-22
ARIZONA DEPARTMENT OF COMMERCE – <i>Planning, Research and Policy</i>	23
ARIZONA DEPARTMENT OF COMMERCE – <i>Administration</i>	24-26

COMMERCE AND RURAL ARIZONA

Summary of Services

In order to develop dynamic communities, create higher paying jobs and a globally competitive business environment statewide, the Arizona Department of Commerce takes a fully integrated approach to economic development organized around four core competencies:

Planning, Research and Policy gathers data, has it expertly analyzed and offers the verified information so decision makers at all levels make better use of resources.

Community Development works with cities, towns and tribes using financial and information resources for growth and advancement.

Workforce Development, the number one concern of business, addresses the need for comprehensive statewide policies organized around business expansion and attraction as well as individual advancement.

Global Business Development collaborates with economic development partners statewide to ensure a fertile operating environment for entrepreneurs and enterprises that can compete in today's worldwide marketplace.

The Arizona Department of Commerce focus on community development includes helping a community define a vision for itself - creating a strategic direction for land use, plans for infrastructure development, efficient use of resources and realistic economic development. Once this vision is created, other services are available to implement the plans that have been crafted.

In rural areas, lacks of resources can hamper implementation. However, Commerce provides resources for the design and financing of infrastructure, energy availability and efficiency, strategic business development (including opportunities in film and television production) and downtown revitalization. This affords rural communities the opportunity to lay the foundation upon which to build a diverse industry base so they can grow and attract higher paying jobs.

District 1

Business Attraction and Development

- Cottonwood – Assisted the location of Encoder Technology, creating 30 jobs over the next three years.
- Facilitated 14 prospect visits.
- Developed collateral material for national and international marketing of the tri-city region (Prescott, Prescott Valley, Chino Valley) Commerce allocated \$11,357 for this project, enabling regional economic development partners to leverage individual assets for the benefit of the region.

Workforce Development

- Flagstaff – Awarded Joy Cone Co. a \$211,502 Arizona Job Training grant for 41 new jobs.
- Prescott Valley – Awarded MI Home Products a \$14,445 Arizona Job Training grant to train 15 employees.
- Cottonwood – Awarded Verde Valley Ambulance a \$3,499 Arizona Job Training grant to train 2 employees.
- Cottonwood – Awarded Verde Valley Fire District an \$8,819 Arizona Job Training grant to train 25 employees.

Community Development

- Chino Valley – Awarded a \$10,000 Growing Smarter Planning Grant to update general plan.
- Clarkdale – Greater Arizona Development Authority awarded \$400,000 in revenue bonds, for office space renovations. Estimated savings to the community: \$37,655
- Clarkdale – \$10,000 Growing Smarter Planning Grant Award
- Chino Valley – \$10,000 Growing Smarter Planning Grant Award
- Jerome – Conducted planning / zoning training and resource workshop for the Town Council, Planning Commission, Board of Adjustment, Design Review Board, and town staff.
- The Graywolf Landfill (north of Dewey, AZ), described by U.S. Department of Energy (US D.O.E.) as a “Stellar Project,” inaugurated a solar power system 4/16/03. Commerce applied for and received a \$100,000 U.S.DOE grant to provide partial funding. The solar system will provide

68,000 kilowatt-hours (kWh) per year, saving the landfill approximately \$2,000 per month on energy costs.

- Prescott Valley – \$12,500 REDI (Rural Economic Development Initiative) grant to market and promote the region to prospective high-paying employers.
- Prescott Valley – Conducted training and resource workshop for Parks and Recreation Board.
- Camp Verde – Completed statutory review of General Plan Update.

Business Development Finance

- Three companies reported a total of 19 new Enterprise Zone (EZ) jobs qualifying the companies for \$69,000 in income tax credits. The companies reported over \$2.9 million capital investment for the years reported and EZ payrolls of over \$2.6 million at an average wage of \$13.03.

District 2

Business Attraction and Development

- Facilitated 16 prospect visits.

International Trade

- Two companies, Environmental Compliance International and Southwest Windpower took part in the Environmental trade mission to Sri Lanka.

Workforce Development

- Medi-Temp Technology International, LLC received an IT tax credit of \$668.

Community Development

- Flagstaff – \$15,000 REDI (Rural Economic Development Initiative) grant to design, create and maintain an online database of skills and qualifications of the Flagstaff-area underemployed workforce.

Business Development Finance

- Twelve companies reported a total of 76 new Enterprise Zone (EZ) jobs qualifying the companies for \$186,542 in income tax credits. The companies reported over \$6.8 million capital investment for the years reported and EZ payrolls of over \$8.1 million at an average wage of \$12.49.
- One company has been certified for EZ property tax benefits. In FY03, that company reported 68 jobs paying an average hourly wage of \$13.56 at the zone location and made a \$720,598 investment during the prior tax year.

District 3

Business Attraction and Development

- Kingman – Assisted the location of Southwire, creating 175 jobs over the next three years.
- Facilitated 28 prospect visits.

Workforce Development

- Kingman – Awarded Lingenfelter Center for Alzheimer's and Behavioral Health a \$160,108 Arizona Job Training grant train employees for 110 new jobs.

Community Development

- Kingman – \$2,548 REDI (Rural Economic Development Initiative) grant to purchase communications technology for the Kingman Airport Authority to improve marketing efforts targeting prospective locates.
- Bullhead City – Completed General Plan Update.
- Awarded \$10,000 Growing Smarter Planning Award to Lake Havasu City.
- Lake Havasu City – \$12,654 REDI (Rural Economic Development Initiative) grant to improve efficiency of local and county permit processes, saving hundreds of thousands of dollars in annual operational and lost opportunity costs. Create and distribute a Developer's Guide – an overview of the permit process and resource information for related government agencies.
- Colorado City – Completed General Plan Update.

Business Development Finance

- Six companies reported a total of 58 new Enterprise Zone (EZ) jobs qualifying the companies for \$212,020 in income tax credits. The companies reported over \$6.5 million capital investment for the years reported and EZ payrolls of over \$7.3 million at an average wage of \$16.34.

District 4

Business Attraction and Development

- Buckeye – Assisted the location of Carson Trailers, creating 60 jobs over the next three years
- Buckeye – Assisted the location of Thatcher Company, creating 50 jobs over the next three years
- Buckeye – Assisted the location of Recovery Technologies Group, creating 90 jobs over the next three years.
- Facilitated 13 prospect visits.

Workforce Development

- One company, Arizona Central Paint was registered into the apprenticeship program, which combines supervised, structured, on-the-job training with related classroom training.

Business Development Finance

- Four companies reported a total of 272 new Enterprise Zone (EZ) jobs qualifying them for \$400,159 in income tax credits. The companies reported over \$63.4 million capital investment for and EZ payrolls of over \$12.4 million at an average wage of \$20.52.

District 5

Business Attraction and Development

- Payson – Assisted the location of Door Stop, creating 65 jobs over the next three years.
- Payson – Assisted the expansion of Schneider Gun Barrel, creating 2 jobs over the next three years.
- Eager – Assisted the expansion of Imperial Laminators, creating 20 jobs over the next three years.
- Facilitated 26 prospect visits.
- Assisted in development of Graham County economic development organization.

Workforce Development

- Snowflake – Awarded Abitibi Consolidated a \$115,763 Arizona Job Training grant to train 354 employees.
- St. Johns – Awarded Commerical Vanguard Marketing a \$244,286 Arizona Job Training grant enabling creation and training of 60 new jobs.
- Pinetop – Awarded White Mountain Forestry Co. LLC a \$34,170 Arizona Job Training grant to train employees for 16 new jobs.

Community Development

- Eager – Conducted planning education workshop for the Planning Commission and Board of Adjustment that included participation by the Town of Springerville.
- Eager – Completed statutory review of General Plan Update.
- Springerville/Eager – Awarded \$8,050 REDI (Rural Economic Development Initiative) grant for the Regional Chamber of Commerce to connect with the White Mountain Partnership and official town websites, building awareness of available economic, tourist and expansion-related opportunities.
- Springerville – Conducted Planning Commissioner training workshop as customized follow-up to one in workshop held Eager.
- Springerville – \$10,000 Growing Smarter Planning Grant to update general plan.
- Snowflake/Taylor – \$5,000 REDI (Rural Economic Development Initiative) grant for Chamber of Commerce to develop a website promoting business sectors and detailed tourist information for the area.
- Forest Lakes – Developed and facilitated a town hall for this unincorporated area of Coconino County.
- Globe/Miami – \$15,000 REDI (Rural Economic Development Initiative) grant to the Regional Chamber of Commerce and Economic Development Corporation to upgrade technology that will be made available to community groups and individuals interested in enhancing computer skills.
- Miami – Conducted two town council strategic planning retreats with council, department heads, and staff.
- Taylor – \$10,000 Growing Smarter Planning Grant Award
- Payson – \$10,133 REDI (Rural Economic Development Initiative) grant for production of a brochure highlighting the Arizona Rim County to attract, expand, retain and recruit business leads and referrals to the area.

Business Development Finance

- Twelve companies reported a total of 142 new Enterprise Zone (EZ) jobs qualifying the companies for \$229,971 in income tax credits. The companies reported over \$6.6 million capital investment for the years reported and EZ payrolls of over \$8.4 million at an average wage of \$17.48.
- One company has been certified for EZ property tax benefits. In FY03, that company reported 1 job paying an average hourly wage of \$19.00 at the zone location and made a \$1.5 million investment during the prior tax year.

District 23

Business Attraction and Development

- Casa Grande – Assisted the location of Price and Company, creating 200 jobs over the next three years.
- Casa Grande – Assisted the location of Wal-Mart, creating 600 jobs over the next three years.
- Casa Grande – Assisted the expansion of Ross Abott Labs, creating 100 jobs over the next three years.
- Coolidge – Assisted the location of Nxtcycle, creating 30 jobs over the next three years.
- Avondale – Assisted relocation of Universal Technical Institute, creating 200 jobs over the next three years.
- Casa Grande – Partnered with the City of Casa Grande on the Boeing 7E7 solicitation.
- Marana – Assisted the location of Evergreen Air Center, creating 150 jobs over the next three years.
- Facilitated 31 prospect visits.

Workforce Development

- Marana – Awarded Air Center Services a \$330,000 Arizona Job Training grant to train employees for new 55 new jobs.
- Marana – Awarded Evergreen Air Center a \$610,877 Arizona Job Training grant to train 222 employees.
- Eloy – Awarded Otto Industries a \$48,866 Arizona Job Training grant to train employees for 24 new jobs and train one current employee.
- Casa Grande – Awarded Wal-Mart stores East, LP a \$469,886 Arizona Job Training grant, enabling creation of 550 new jobs.

Community Development

- Coolidge – Greater Arizona Development Authority awarded \$3,795,000 in revenue bonds for a police building. Estimated savings to the community: \$197,396.
- Casa Grande/Eloy/Coolidge – Awarded \$10,000 REDI (Rural Economic Development Initiative) grant to implement a targeted marketing campaign and create resource materials to promote available buildings and other assets to industry- specific sectors such as plastics, metals and cable manufacturers.
- Florence – Conducted a Growing Smarter and Planning in Arizona 101 session for the Florence Citizens Academy.

Business Development Finance

- Sixteen companies reported a total of 98 new Enterprise Zone (EZ) jobs qualifying them for \$431,200 in EZ income tax credits. The companies reported over \$13.2 million in capital investment for the years reported and EZ payrolls of over \$13.7 million with an average wage for the jobs of \$14.56.
- One company has been certified for EZ property tax benefits. In FY03, that company reported 83 jobs paying an average hourly wage of \$12.53 at the zone location and made a \$147,536 investment during the prior tax year.

District 24

Business Attraction and Development

- Facilitated 17 prospected visits.
- Yuma – Actively worked with the City of Yuma's interim economic development director to assist City until new director hired.

Workforce Development

- One company, Western Fire Protection was registered into the apprenticeship program, which combines supervised, structured, on-the-job training with related classroom training.
- Telephone & Data Systems, Inc. received an IT tax credit of \$1,408.

Community Development

- Yuma – Greater Arizona Development Authority awarded \$75,000 technical assistance grant for Preliminary Design of Neighborhood/Teen Center.
- Somerton – Greater Arizona Development Authority awarded \$203,500 for a technical assistance repayment agreement.

Business Development Finance

- Sixteen companies reported a total of 279 new Enterprise Zone (EZ) jobs, qualifying the companies for \$689,219 in income tax credits. The companies reported over \$19.6 million in capital investment for the years reported and EZ payrolls of over \$11 million with an average wage for the jobs of \$13.34.

District 25

Business Attraction and Development

- Marana – Assisted the expansion of Sargent Controls creating 50 jobs over the next three years.
- Nogales – Assisted the location of CYRACOM, creating 50 jobs over the next three years and expected capital investment of \$4.5 million.
- Facilitated 9 prospect visits.

International Trade

- One company, Apache Nitrogen participated in the MatchMex trade mission to Mexico City, and the MatchMex trade mission to Guadalajara.
- One company, Sargent Controls participated in the Paris Air Show.

Community Development

- Bisbee – \$10,000 Growing Smarter Planning Award
- Benson – \$3,600 REDI (Rural Economic Development Initiative) grant to construct an 18'x10' visitor welcome sign.
- Benson – Completed statutory review of General Plan Update.
- Nogales – \$7,886 REDI (Rural Economic Development Initiative) grant to enhance the newly completed Nogales/Santa Cruz County Virtual Mall with more information regarding employment opportunities, support programs and tourist/community assets.
- Awarded Pinal County \$150,000 for an Economic Strength Project (ESP), creating 75 jobs and \$640,018 in direct/indirect/induced tax revenue. The project, matched with \$229,792 in local funds, is projected to result in capital investment of \$8,000,000.

Business Development Finance

- Five companies reported a total of 90 new Enterprise Zone (EZ) jobs qualifying them for \$95,972 in EZ income tax credits. The companies reported over \$20.9 million in capital investment for the years reported and EZ payrolls of over \$8 million at an average wage of \$18.60.

District 30

Business Attraction and Development

- Tucson – Assisted in the expansion of Raytheon Missile Systems, creating 300 jobs over the next three years.
- Facilitated 3 prospected visits.
- Assisted in the formation of Cochise County regional organization.

Workforce Development

- Ft. Huachuca – Awarded New Mexico Technology Group LLC in Ft Huachuca a \$57,556 Arizona Job Training grant to train 195 employees.
- Sierra Vista – Awarded TRW Systems in Sierra Vista a \$69,406 Arizona Job Training grant to train 122 employees and enable creation of 12 new jobs.

Business Development Finance

- Six companies reported a total of 77 new Enterprise Zone (EZ) jobs. These jobs qualified the companies for \$157,160 in EZ income tax credits. The companies reported over \$4.7 million in capital investment for the years reported and EZ payrolls of over \$10.1 million. The average wage for the jobs was \$11.48.

COMMERCE AND GREATER PHOENIX REGION

Summary of Services

The Arizona Department of Commerce provides a wide range of services in the Greater Phoenix area. The agency markets the state nationally and internationally as a prime location for business attraction and growth. Through targeted outreach in advertising, news placement and focused trade promotion, Commerce generates and pursues leads to attract new business. As the primary point of contact for companies looking for an Arizona location and by passing along the leads we gather, Commerce coordinates with regional groups and/or cities to provide site selection assistance. When a company decides on a particular region or community, Commerce and its partners throughout the state continue to offer help in the form of information, incentives, industry sector expertise, supply chain relationships and state agency facilitation.

Entrepreneurs, new business owners and small to medium size enterprises all find access to services that accelerate their growth – from online initiation in starting a business to support in training employees to preparing for and venturing into foreign markets, the Arizona Department of Commerce remains unique in its ability to focus strategic assets for the betterment of the economy statewide.

District 6

Business Attraction and Development

- Phoenix – Assisted the location of Knox Company, creating 150 jobs over the next three years.
- Facilitated 1 prospect visit.

District 7

Workforce Development

- Giant Industries, Inc. and Subsidiaries received an IT tax credit of \$1,388.

Community Development

- Cave Creek – Completed statutory review of General Plan Update.

District 8

Business Attraction and Development

- Fountain Hills – Assisted the location of Immuno Diagnostics Systems, creating 9 jobs over the next 3 years.
- Scottsdale – Assisted the location of Horvath, Inc., creating 30 jobs over the next three years.
- Facilitated 2 prospect visits.

International Trade

- One company, Texon participated in the MatchMex trade mission to Guadalajara.

Workforce Development

- Maricopa – Awarded R/M Management Co., Inc. a \$382,763 Job Training grant to train 814 employees.
- Fiserv Solutions, Inc. dba IPS-Sendero received an IT tax credit of \$2,049.

District 9

Business Attraction and Development

- Facilitated 1 prospect visit.

Workforce Development

- Peoria – Awarded Alexander Game Industries a \$4,286 Arizona Job Training grant to train one employee.
- Glendale – Awarded Younger Brothers Construction a \$23,504 Arizona Job Training grant to train 70 employees.

Community Development

- Sahuarita – \$350,000 for an Economic Strength Project (ESP), creating 412 jobs and \$2,554,532 in direct/indirect/induced tax revenue. The project, matched with \$3,750,000 in local funds, is projected to result in a capital investment of \$13,650,820.

Business Development Finance

- Two companies reported a total of 68 new Enterprise Zone (EZ) jobs qualifying the companies for \$83,500 in income tax credits. The companies reported \$693,889 in capital investment for the years reported and EZ payrolls of over \$3.8 million at an average wage of \$9.74.
- One company has been certified for EZ property tax benefits. In FY03, that company reported 177 jobs paying an average hourly wage of \$9.24 at the zone location and made a \$5,111,000 investment during the prior tax year.

District 10

Business Attraction and Development

- Facilitated 5 prospect visits.

Workforce Development

- Awarded PING, Inc. a \$129,922 Arizona Job Training grant to train 132 employees.
- One company, Specialized Service Company was registered into the apprenticeship program, which combines supervised, structured, on-the-job training with related classroom training.

Business Development Finance

- Three companies reported a total of 21 new Enterprise Zone (EZ) jobs qualifying them for \$120,000 in income tax credits. The companies reported over \$2.7 million in capital investment for the years reported and EZ payrolls of over \$3.3 million at an average wage of \$14.07.

District 11

International Trade

- One company, Emissions Products participated in the MatchMex trade mission to Mexico City.

Community Development

- Paradise Valley – Completed statutory review of General Plan Update.

Business Development Finance

- One company has been certified for EZ property tax benefits. In FY03, that company reported 36 jobs paying an average hourly wage of \$16.62 at the zone location and made a \$32,413 investment during the prior tax year.

District 12

Business Attraction and Development

- Goodyear – Assisted the location of TIMCO creating 45 jobs over the next three years.
- Facilitated 2 prospect visits.

International Trade

- The City of Goodyear participated in the Farnborough Air Show.

Community Development

- El Mirage – \$10,000 Growing Smarter Planning Grant Award
- Goodyear – Completed statutory review of General Plan Update.

Business Development Finance

- Eight companies reported a total of 377 new Enterprise Zone (EZ) jobs qualifying them for \$1,241,037 in income tax credits. The companies reported over \$2.8 million in capital investment for the years reported and EZ payrolls of over \$17.4 million at the average wage of \$16.37.
- Four companies have been certified for EZ property tax benefits. In FY03, the companies reported 400 jobs paying an average hourly wage of \$14.52 at the zone location and they made a \$22,941,923 investment during the prior tax year.

District 13

Business Attraction and Development

- Tolleson – Assisted the location of Southerland, Inc., creating 40 jobs over the next three years.
- Tolleson – Assisted location of Portola Packaging, creating 200 jobs over the next 3 years with expected capital investment of \$5 million.
- Facilitated 2 prospect visits.

Workforce Development

- Tolleson – Awarded American Italian Pasta Company an \$83,911 Job Training grant to train 25 employees and enable creation of 12 new jobs.
- Tolleson – Awarded Continental PET Technologies a \$92,286 Job Training grant to train 105.
- Tolleson – Awarded Total Logistic Control, LLC a \$24,563 Job Training grant, to train for 84 new jobs.

Business Development Finance

- Fourteen companies reported a total of 399 new Enterprise Zone (EZ) jobs, qualifying them for \$814,653 in income tax credits. The companies reported over \$56.8 million in capital investment for the years reported and EZ payrolls of over \$30.7 million with average wage of \$13.45.
- Two companies have been certified for EZ property tax benefits. In FY03, the companies reported 180 jobs paying an average hourly wage of \$10.48 at the zone location and they made a \$9,588,408 investment during the prior tax year.

District 14

Business Attraction and Development

- Assisted the location of the International Genomics Consortium, creating 50 jobs over the next three years.
- Assisted the creation of TGEN (Translational Genomics Research Institute), creating 275 jobs over the next three years.

International Trade

- One company, Interface Data Systems participated in the MatchMex trade mission to Mexico City.

Business Development Finance

- Sixteen companies reported a total of 796 new Enterprise Zone jobs qualifying them for \$1,188,776 in income tax credits. The companies reported over \$61.5 million in capital investment for the years reported and EZ payrolls of over \$54.3 million with an average wage for the jobs of \$15.61.
- Four companies have been certified for EZ property tax benefits. In FY03, the companies reported 303 jobs paying an average hourly wage of \$13.18 at the zone location and they made a \$8,706,677 investment during the prior tax year.

District 15

Business Attraction and Development

- Assisted the location of 5AM Solutions, creating 20 jobs over the next three years.
- Facilitated 4 prospect visits.

International Trade

- One company, Swistar participated in the MatchMex trade mission to Mexico City.

Workforce Development

- One company, Elevator Constructors LU 140 was registered into the apprenticeship program, which combines supervised, structured, on-the-job training with related classroom training.

Business Development Finance

- Twelve companies reported a total of 368 new Enterprise Zone (EZ) jobs qualifying for \$599,938 in income tax credits. The companies aggregated over \$6.2 million capital investment for the years reported and EZ payrolls of over \$90.2 million with an average wage for the jobs of \$20.01.

District 16

Business Attraction and Development

- Assisted the location of AGI, creating 15 jobs over the next three years.
- Assisted the location of Janus International, creating 75 jobs over the next three years.
- Assisted the expansion of Eagle Industries, creating 100 jobs over the next three years.
- Assisted the expansion of Comfortex, creating 50 jobs over the next three years.
- Assisted the location of Progressive Insurance, creating 600-1000 jobs over the next three years.
- Facilitated 32 prospect visits.

International Trade

- Able Engineering and GPEC participated in the Farnborough Air Show.
- Greater Phoenix Economic Council also participated in the Paris Air Show.

Workforce Development

- Awarded Airtetics Engineering Company in Phoenix a \$31,071 Arizona Job Training grant to train 4 employees and enable the creation of 3 new jobs.
- Awarded Desert Plastics in Phoenix a \$23,571 Arizona Job Training grant to train employees for 5 new jobs.
- Apollo Group in Phoenix a \$1,148,362 Arizona Job Training grant to train 2,679 employees and enable the creation of 918 new jobs.
- Homeowners Loan Corp. awarded a \$98,226 Arizona Job Training grant to train 45 employees and enable the creation of 80 new jobs.
- IronCo Enterprises in Phoenix a \$22,039 Arizona Job Training grant to train 12 employees and enable the creation of 5 new jobs.
- MSS Technologies, Inc. awarded a \$29,030 Arizona Job Training grant to train 23 employees.
- Safeway Inc., Phoenix Division Ice Cream Plant a \$338,739 Arizona Job Training grant to train 37 employees and enable creation of 45 new jobs.
- Sanmina - SCI Corporation DBA Hadco Corporation a \$497,275 Arizona Job Training grant to train 687 employees.
- One company, Air Conditioning Trade Association (ACTA) of Arizona was registered into the apprenticeship program, which combines supervised, structured, on-the-job training with related classroom training.

Community Development

- Guadalupe: Greater Arizona Development Authority \$3,445,000 revenue bonds, for debt refinancing and capital projects. Estimated savings to the community: \$193,680.

Business Development Finance

- Seventy-five companies reported 2,896 new Enterprise Zone (EZ) jobs qualifying them for \$7,612,792 in income tax credits. The companies reported over \$228.5 million in capital investment for the years reported and EZ payrolls of over \$256 million with an average wage for the EZ jobs of \$14.38.
- Eight companies have been certified for EZ property tax benefits. In FY03, the company reported 570 jobs paying an average hourly wage of \$12.68 at the zone location and they made a \$13,759,527 investment during the prior tax year.

District 17

Business Attraction and Development

- Assisted the location of Centex Homes, creating 250 jobs over the next three years.
- Assisted the location of Lendia Inc. creating 125 jobs over the next three years.
- Assisted the location of Nikon Instruments creating 40 jobs over the next three years.
- Assisted the expansion of GE Consumer Products Call Center, creating 50 jobs over the next three years.
- Assisted the expansion of Coca Cola Enterprises, creating 40 jobs over the next three years.
- Assisted the expansion of Express Scripts creating 400 jobs over the next three years.
- Facilitated 10 prospect visits.

International Trade

- One company, Rubber Pavement Association participated in the Environmental trade mission to Sri Lanka.
- Two companies, Cirilium and Qameleon participated in a trade mission to Okayama, Japan, the World PC Expo trade show in Tokyo and the GBOC trade show in Osaka.
- One company, Pilgrim Screw Corp participated in the Farnborough Air Show.

Workforce Development

- Awarded Centex Home Equity Company, LLC a \$281,651 Arizona Job Training grant to train employees for new 171 new jobs.
- Awarded Express Scripts a \$467,064 Arizona Job Training grant to train employees for 386 new jobs.
- Awarded HealthCare Supply Network, Inc. a \$95,375 Arizona Job Training grant to train 51 employees.

- Awarded The Trane Company a \$48,795 Arizona Job Training grant to train 100 current employees and employees for 10 new jobs.
- One company, Electronic Systems Association, Inc., was registered into the apprenticeship program, which combines supervised, structured, on-the-job training with related classroom training.
- Valley Rain Construction Company received an IT tax credit of \$124.44.

Business Development Finance

- Twenty-five companies reported a total of 2,176 new Enterprise Zone (EZ) jobs qualifying them for \$6,198,115 in income tax credits. The companies reported over \$160.9 million in capital investment for the years reported and EZ payrolls of over \$157.2 million with an average wage for the EZ jobs of \$14.90.

District 18

Business Attraction and Development

- Mesa – Assisted the location of Nxtcycle, creating 20 jobs over the next three years.
- Facilitated 1 prospect visit.

Workforce Development

- Duraswitch Industries received an IT tax credit of \$1,500.

District 19

Business Attraction and Development

- Mesa – Assisted the expansion of Erchonia Medical, creating 35 jobs over the next three years.
- Mesa – Assisted the location of Tompeter (Semflex), creating 100 jobs over the next three years.
- Facilitated 6 prospect visits.

District 20

Business Attraction and Development

- Chandler – Assisted the location of Amersham Biosciences, creating 130 jobs over the next three years.
- Chandler – Assisted the location of Countrywide, creating 800 jobs over the next three years.

International Trade

- One company, BioHumanetics participated in the Environmental trade mission to Sri Lanka.

Workforce Development

- Tempe – Awarded Coca Cola Bottling Company a \$146,096 Arizona Job Training grant to train 1,034 employees and create 16 new jobs.
- Chandler – Awarded Turbomachinery Products a \$197,722 Arizona Job Training grant to train 296 current employees and create 105 new jobs.
- Chandler – Awarded Microchip Technology Inc. a \$290,144 Arizona Job Training grant to train 1,444 employees.
- Intel Corporation received an IT tax credit of \$30,000.

Business Development Finance

- One company reported 6 new Enterprise Zone (EZ) jobs qualifying it for \$84,471 in income tax credits. The company made over \$2.1 million in capital investment for the years reported with an EZ payroll of \$508,978. The average wage for the jobs was \$12.87.

District 21

Business Attraction and Development

- Chandler – Assisted the location of Isola Corporation, creating 100 jobs over the next three years.
- Chandler – Assisted in the expansion of the Wells Fargo Corporate Campus, creating 4,000 jobs over the next three years.
- Facilitated 2 prospect visits.

Workforce Development

- Mesa – ATMI Epitaxial Services a \$29,745 Arizona Job Training grant to train 110 employees.
- Wilson Communications Group received an IT tax credit of \$1,205.

Business Development Finance

- Two companies using their first year job credits qualified for \$65,000 in EZ income tax credits.

The companies reported EZ payrolls of \$269,163. The average wage for the EZ jobs was \$12.77.

- Two companies have been certified for EZ property tax benefits. In FY03, the companies reported 803 jobs paying an average hourly wage of \$12.05 at the zone location and they made a \$2,412,146 investment during the prior tax year.

District 22

Business Attraction and Development

- Mesa – Assisted the location of US Positioning, creating 50 jobs over the next three years.

International Trade

- The Town of Gilbert participated in the Farnborough Air Show.
- One company, ATSI participated in the Paris Air Show.

Workforce Development

- Gilbert – Spectrum Astro, Inc. awarded an \$82,971 Arizona Job Training grant to train 163 employees.

Community Development

- Completed Gilbert statutory review of General Plan Amendment.

Business Development Finance

- Four companies reported a total of 19 new Enterprise Zone (EZ) jobs. These jobs qualified the companies for \$135,000 in income tax credits. The companies reported over \$4.6 million in capital investment for the years reported and EZ payrolls of over \$4.8 million with an average wage for the jobs of \$19.13.
- Two companies have been certified for EZ property tax benefits. In FY03, the companies reported 155 jobs paying an average hourly wage of \$11.23 at the zone location and they made a \$1,905,802 investment during the prior tax year.

COMMERCE AND GREATER TUCSON REGION

Summary of Services

Nowhere in Arizona are the ranges of economic opportunity and economic disparity seen in combination quite the way they exist in the Greater Tucson region. Commerce plays a role in economic development across the ranges – from marketing the world-class research at the University of Arizona and the aerospace and defense strengths around the region’s military installations in order to attract new businesses and higher paying jobs, to extending the sustainability of resources through energy efficiency reviews at small municipal buildings and review of general community plans, the Arizona Department of Commerce in partnership with local leaders provides both technical and financial assistance to expand the tax base and increase per capita statewide.

District 26

Business Attraction and Development

- Oro Valley – Assisted the location of Rubycon International, creating 200 jobs over the next three years.
- Tucson – Assisted the expansion of Analog Devices, creating 20 jobs over the next three years and an expected capital investment of \$2.25 million.
- Facilitated 4 prospect visits.

International Trade

- One company, Industrial Motor and Control participated in the MatchMex trade mission to Mexico City.
- Two Companies, Automation Tooling and Wells Fargo Private Client Banking participated in the MatchMex trade mission to Guadalajara.
- One company, Ctrade participated in the Environmental trade mission to Sri Lanka.
- One company, Dynamic Technology Alliances Software participated in the trade mission to Okayama, Japan and the GBOC show, Japan.

Workforce Development

- Cortaro – Awarded Sargent Controls & Aerospace in Cortaro a \$244,565 Arizona Job Training grant to train 212 employees.
- Tucson – Awarded Tucson Embedded Systems an \$11,513 Arizona Job Training grant to train 42 employees.
- Tucson – Awarded Lasertel, Inc. a \$24,100 Arizona Job Training grant to train 33 employees.
- Tucson – Awarded Ventana Medical Systems a \$585,765 Arizona Job Training grant to train 264.

Community Development

- Oro Valley – Completed statutory review of General Plan Update.

Business Development Finance

- One company reported a total of 29 new Enterprise Zone (EZ) jobs, qualifying the company for \$37,000 in income tax credits. The company reported \$473,724 in capital investment for the years reported and EZ payroll of over \$1.1 million. The average wage for the jobs was \$10.78.

District 27

Business Attraction and Development

- Assisted the location of Hamilton Aerospace, creating 200 jobs over the next three years.
- Facilitated 34 prospect visits.
- Tucson – Commerce Business Development Representative, housed in Tucson, sits on Tucson’s Empowerment Board and attends weekly mayor briefings.
- ADOC Bioindustry representative organized state presence at Bio 2003 trade show in which GTEC was a partner.

International Trade

- One company, Landspeed participated in the MatchMex trade mission to Mexico City.
- The University of Arizona participated in the MatchMex trade mission to Guadalajara.
- One company, Environmental Systems Products participated in the Environmental trade mission to Sri Lanka.

Workforce Development

- Tucson – Awarded Hamilton Aerospace Technologies a \$69,238 Arizona Job Training grant. This funding will train 79 employees and will enable the creation of 94 new jobs.
- Awarded Lite Cycles in Tucson an \$18,340 Arizona Job Training grant to train 12 employees and enable creation of 5 new jobs.

Business Development Finance

- Twenty companies reported a total of 175 new Enterprise Zone (EZ) jobs. These jobs qualified the companies for \$570,919 in EZ income tax credits. The companies reported over \$50.7 million in capital investment for the years reported and EZ payrolls of over \$42.5 million. The average wage for the jobs was \$15.35.
- One company has been certified for EZ property tax benefits. In FY03, that company reported 105 jobs paying an average hourly wage of \$9.03 at the zone location and made a \$287,486 investment during the prior tax year.

District 28

Business Attraction and Development

- Tucson – Assisted in the location of GEICO, creating 2,500 jobs over the next three years.

Workforce Development

- Awarded CODAC Behavioral Health Services, Inc. in Tucson a \$3,825 Arizona Job Training grant to train 34 employees.
- Awarded Engineering and Environmental Consultants, Inc. in Tucson a \$50,468 Arizona Job Training grant to train 69 employees.
- Awarded GEICO in Tucson a \$701,146 Arizona Job Training grant, enabling the creation of 290 new jobs.
- Awarded Misys Hospital Systems in Tucson a \$149,332 Arizona Job Training grant to train 657.
- Awarded Tierra Caliente in Tucson a \$16,606 Arizona Job Training grant to train 8 employees.

Business Development Finance

- Eleven companies reported a total of 466 new Enterprise Zone (EZ) jobs. These jobs qualified the companies for \$519,508 in EZ income tax credits. The companies reported over \$12.1 million in capital investment for the years reported and EZ payrolls of over \$19.1 million. The average wage for the jobs was \$18.33.
- One company has been certified for EZ property tax benefits. In FY03, that company reported 65 jobs paying an average hourly wage of \$19.35 at the zone location and made a \$3,299,874 investment during the prior tax year.

District 29

Business Attraction and Development

- Assisted the expansion of Integrated Biomolecule in Tucson, creating 30 jobs over the next three years.
- Assisted the location of Universal Avionics to Tucson, creating 125 jobs over the next three years.
- Assisted in the location of Schnipke Southwest to Tucson, creating 100 jobs over the next three years.

International Trade

- Two companies, Catalina Tool and Mold and Competitive Engineering participated in the MatchMex trade mission to Guadalajara.
- One company, Active Screw and Fastener participated in the MatchMex trade mission to Monterrey.

Workforce Development

- Awarded AFNI in Tucson a \$43,762 Arizona Job Training grant to train 111 employees.
- Awarded Catalina Tool and Mold in Tucson a \$195,675 Arizona Job Training grant to 49 employees.
- Awarded Fluoresco Lighting Sign Maintenance in Maricopa a \$361,671 Arizona Job Training grant. This funding will train 125 employees and will enable the creation of 9 new jobs.
- Awarded Huck Fasteners in Tucson a \$102,591 Arizona Job Training grant. This funding will train 175 employees and will enable the creation of 5 new jobs.
- Awarded Intuit, Inc. in Tucson a \$480,619 Arizona Job Training grant. This funding will train 1,055 employees and will enable the creation of 282 new jobs.

- Awarded Kippur Company in Tucson a \$30,066 Arizona Job Training grant to train 22 employees.
- Awarded Manufacturing & Research, Inc. in Tucson a \$27,924 Arizona Job Training grant to train 96.
- Awarded Southern Arizona Aids Foundation in Tucson a \$4,912 Arizona Job Training grant to train 54.
- Awarded Spectrum Printing Company, LLC in Tucson a \$10,958 Arizona Job Training grant to train 19.
- Awarded T.A. Caid in Tucson a \$391,500 Arizona Job Training grant to train 116 employees.
- Awarded Tritronics in Tucson a \$61,967 Arizona Job Training grant to train 108 employees.
- Awarded Universal Avionics Systems in Tucson a \$215,134 Arizona Job Training grant to train 138 employees.
- Awarded Vaisala-GAI in Tucson a \$170,572 Arizona Job Training grant to train 54 employees.
- Awarded Veeco Metrology Group in Tucson a \$78,154 Arizona Job Training grant to train 87 employees.

Business Development Finance

- Sixty companies reported a total of 2,553 new Enterprise Zone (EZ) jobs. These jobs qualified the companies for \$6,055,381 in EZ income tax credits. The companies reported over \$490.5 million in capital investment for the years reported and EZ payrolls of over \$318.1 million. The average wage for the jobs was \$13.31.
- Ten companies have been certified for EZ property tax benefits. In FY03, the companies reported 226 jobs paying an average hourly wage of \$17.07 at the zone location and they made a \$7,017,043 investment during the prior tax year.

ARIZONA DEPARTMENT OF COMMERCE

Statewide Accomplishments

In order to develop dynamic communities, create higher paying jobs and a globally competitive business environment statewide, the Arizona Department of Commerce takes a fully integrated approach to economic development organized around four core competencies:

Planning, Research and Policy gathers data, has it expertly analyzed and offers the verified information so decision makers at all levels make better use of resources.

Community Development works with cities, towns and tribes using financial and information resources for growth and advancement.

Workforce Development, the number one concern of business, addresses the need for comprehensive statewide policies organized around business expansion and attraction as well as individual advancement.

Global Business Development collaborates with economic development partners statewide to ensure a fertile operating environment for entrepreneurs and enterprises that can compete in today's worldwide marketplace.

FY 2003 Commerce and Economic Development (CEDC) Project Summaries

- **Arizona FAST GRANT - \$100,000**

Beneficiaries: Small high technology businesses statewide

The AZFAST grants enable small businesses and early stage entrepreneurs to improve access to federal awards for research and development of new technologies. The Commerce and Economic Development Commission (CEDC) provided the required \$100,000 match to enable Arizona to leverage an additional \$100,000 in Small Business Administration federal funds.

- **R&D strengths of Arizona's university system - \$330,000**

Beneficiaries: Communities statewide

Universities are increasingly valuable economic development assets in the technology-based economy. The CEDC retained Battelle Technology Partnership Practice to identify research and development strengths of Arizona's universities that offer commercialization potential over the next 10 years. Areas of competitive strength identified were Advanced Communications/IT, Sustainable Systems and the Biosciences. (see "Positioning Arizona and its Research Universities: Science and Technology Core Competencies Assessment" at <http://www.azcommerce.com/doclib/PROP/ExamAZRevenue.pdf>).

Follow up work is currently underway to identify strategies to turn the university R&D strengths into new products and processes, new companies and new high paying jobs throughout Arizona. The CEDC and Arizona Board of Regents are jointly sponsoring this next phase, results of which are due in February 2004.

- **City of Tucson – \$300,000 for rollout of BusinessLINC**

Beneficiaries: Businesses statewide

BusinessLINC is an online database that allows Arizona companies to locate local suppliers of goods and services in state. This tool helps support small businesses, as well as strengthens the supplier network for key industry sectors. Originally developed by the City of Tucson, the database is a signature effort of the Department of Commerce in business retention and expansion. The CEDC provided two grants totaling \$300,000 to implement the database statewide. An additional \$250,000 was leveraged from the Small Business Administration for this project.

- **Long-range Economic Strategy Development - \$600,000**

Beneficiaries – Current and future Arizonans

Based on the results of the University Core Competency Assessment, two "roadmaps" were commissioned to help turn Arizona's university R&D strengths into new products, markets and jobs. In addition, the final long-range economic plan will be developed by integrating the

Statewide Economic Study with key economic plans related to Arizona's tax structure, CANAMEX, Military Facilities, innovation and technology and others.

- **White Mountain Regional Development Corporation – \$25,000**
Beneficiaries: Counties of Navajo, Apache, Graham, Greenlee, and Gila

Forestry is an economic opportunity for Arizona over the next decade. However, the Forest Service is unable to enter into long-term contracts for forest remediation. This makes it difficult to attract business and justify the significant capital investment required. To address these issues, the CEDC provided a \$25,000 grant to Environmental Economic Communities Organization in the White Mountain area to create a non-profit legal entity that can enter into stewardship contracts with the Forest Service. This provides a stable operating environment in which forestry businesses can justify significant capital investment.

FY 2003 Community Planning Results

Growing Smarter Planning Grant Awards – \$10,000 each award

- Awarded \$10,000 Growing Smarter Planning Award to Coconino County.

General and Comprehensive Plan Reviews

- Completed Coconino County Comprehensive Plan Update.
- Completed Marana General Plan Update (25 & 26).
- Awarded a Department of Defense Joint Land Use Study grant of \$440,000 to address the balance between land use compatibility, local economic sustainability, and military operations surrounding Arizona's active military airports, installations and ranges.
- In March 2003, gave presentations during two national conference events in Denver at the request of the National Governor's Association Center for Best Practices, and the Department of Defense Office of Economic Adjustment, to discuss Arizona's successful leadership in addressing local land use compatibility issues affecting military operations.
- At the request of Senator McCain's local office, gave a presentation in June 2003 regarding the Military Regional Compatibility Project to the Unified Arizona Veterans Association, which comprises the leadership of various organizations representing 500+ veterans.
- Conducted a Boards and Commissions Training Conference that drew a statewide audience of approximately 200 participants comprised of elected officials, appointed officials, and staff to the Phoenix area in November of 2002. The conference provided a unique opportunity for officials to increase their knowledge in planning and zoning, responsibilities of being a public official, decision-making and parliamentary procedure, among other topical sessions offered.

Arizona Job Training

Arizona's ability to attract new economic investment is strengthened through the creation of a larger, better skilled labor pool. The Arizona Job Training Program supports Arizona businesses in the design and delivery of training that meets their unique industry challenges. Commerce works directly with business to: develop flexible education and training systems; facilitate business partnerships and access to resources; and create long term strategies to improve the competitiveness of the state's workforce.

Statute requires that twenty-five percent of the job training fund be set-aside for businesses with fewer than 100 employees and twenty-five percent for rural businesses. However, due to a \$5 million budget rescission from the Arizona Job Training Fund we were unable to meet our targeted performance numbers.

In addition, statute requires that a business match either a minimum of 25% for net new positions or 50% for incumbent positions of the total training project cost. In most cases, companies exceed the matching funds amount.

In FY 2003 the Arizona Department of Commerce delivered 67 new grants to:

- 19 rural businesses
- 24 small businesses employing fewer than 100 employees (5 of these companies are also included in the 17 rural companies)
- 29 large businesses

Statewide:

Total \$'s awarded:	\$12,077,189
Companies with fewer than 100 employees	\$1,366,974 (12%)
Rural companies	\$2,888,298 (24%)
Total # forecasted to go through training:	20,654
Net new:	\$4,374,439
Forecast Total New Jobs:	3,431
Forecast Training of Incumbent:	\$7,702,750
Total incumbent forecast:	17,223
Overall forecasted average wage:	\$40,207
Net New forecasted average wage:	\$32,715
Incumbent forecasted average wage:	\$43,953

Racial and ethnic background information:

# of African American's trained:	357
# of Asian's trained:	331
# of Hispanic's trained:	1,014
# of Native American's trained:	144

- Southwest Airlines was awarded a Job Training grant of \$681,551 to train 4,562 employees. This grant covers districts 16, and 29.
- Golden Eagle Distributing was awarded a Job Training grant of \$63,789 to train 73 employees. This grant covers Tucson, Buckeye, Casa Grande, Flagstaff, and Holbrook.
- Choice Hotels International received an IT tax credit of \$5,551.

Arizona Workforce Connection

Though the Workforce Division, the Arizona Workforce Connection Website continues to position the workforce system in a manner that is reliable and on-target with current industry/economic environments and is providing valuable information to employers, job seekers, and economic practitioners. The website enables partnerships between the Governor's Council Workforce Policy and the 15 Local Workforce Investment Boards to utilize outreach materials and execute communications initiatives.

The GCWP allocated \$250,000 for web page development, marketing and marketing materials, outreach and training programs for the LWIAs.

To date, the LWIAs have received the value of these services:

Apache	\$10,966
Cochise	\$10,748
Coconino	\$13,291
Gila/Pinal	\$10,966
Graham	\$10,093
Greenlee	\$9,940
Maricopa	\$18,923
Mohave/LaPaz	\$12,883
Navajo	\$11,185
City of Phoenix	\$23,290
Pima	\$17,924
Santa Cruz	\$11,403
Yavapai	\$13,837
Yuma	\$10,530
Tribal Council	\$9,915
Commerce	\$31,053
ESA	\$20,000
Other Partners	\$2,714

The Economic Strength Project

The Economic Strength Project program awarded 3 grants in FY 03. Bullhead City, received a grant of \$150,000 to construct 1,680 feet of Airport Center Drive to assist Home Depot, which is creating 175 new jobs. Pinal County, received a grant of \$150,000 for the reconstruction of 1.5 miles of Ralston Road to assist the Milky Way Dairy, which is creating 75 new jobs. The Town of Sahuarita received a grant of \$350,000 for improvements to Nogales highway to assist Wal-Mart, which is creating 412 new jobs.

Private Activity Bond Program

The Private Activity Bond program allocates the volume cap in Arizona. Allocations for Mortgage Revenue Bonds and Mortgage Credit Certificates were \$139,316,122; Student Loan Bonds were \$79,600,000; Multifamily Housing Bonds were \$104,450,325; Manufacturing Bonds were \$10,685,000 and All Other project bonds were \$45,050,000.

Innovation and Technology

- Governor's Council on Innovation and Technology Council, established by the Governor in January 2003, focuses on developing a solid foundation that supports innovation and technology development in Arizona.
- The Arizona Department of Commerce held a leadership forum on Innovation, Technology and Entrepreneurship – June 26th. The leadership forum was an opportunity for the Arizona Department of Commerce Office of Innovation, Technology and Entrepreneurship to receive guidance and insight into the needs of the technology community and to identify Arizona's priorities in furthering the mission for this new office.
- Governor's Technology Summit - The Arizona Department of Commerce partnered with the Arizona Technology Council and Southern Arizona Technology Council to host the first Technology Summit on December 12th, 2002.
- Innovation & Technology Web Site - The creation of a statewide resource center for innovation and technology, this web site: www.azcommerce.com/innovation is the beginning of a clearinghouse for the technology community. All resources available at the federal, state and local levels will be posted to this site to better serve the technology industry.
- High Technology Legislative Cluster Grant Awards - The Arizona Department of Commerce awarded the following grants:
 - Arizona Technology Council and Southern Arizona Technology Council \$182,000 - Joint, cross cluster application: Cluster Industry Analysis for Central and Northern Arizona, two year benchmark on analysis previously done in Southern Arizona. Analysis will provide basis for the expansion of the high tech cluster Supply Chain Development program efforts already begun in Southern Arizona and under this grant to begin in Central and Northern Arizona.
 - Southern Arizona Technology Council \$ 77,000 - cross cluster application: Marketing program for advertising the Arizona Supply Chain Development Web site and the AzTech Directory Web site and business attraction and expansion programs available to companies. This marketing will include print and media.
 - Southern Arizona Technology Council \$73,000 - cross cluster application: expansion of the existing efforts of the Southern Arizona Supply Chain Development program that will include resources for increased rural outreach in Southern Arizona to develop supplier opportunities. This builds on the success of the existing program in obtaining supplier opportunities for rural minority and women owned businesses with Tucson companies.
- Access to Capital: SBIR/STTR Program – The Arizona Department of Commerce, in conjunction with the Southern Arizona Technology Council and the Arizona Technology Council, submitted an application to the Small Business Administration for the Federal and State Technology (FAST) Partnership Program. \$200,000 in state and federal funding provides technology-focused entrepreneurs support needed to successfully compete for federal dollars that develop innovative Arizona-based tech companies.
- Released *Positioning Arizona and its Research Universities: Science and Technology Core Competencies Assessment*, commissioned by Commerce identifies areas of excellence in science and technology research underway at Arizona public universities that serve as economic drivers, identifies gaps and opportunities for future collaborations that will fill those gaps.

Enterprise Zone Designation

1 new zone designation: Yavapai County/ Prescott Valley

2 modified zones designated: Gila and Cochise County

4 existing zones renewed: Apache and LaPaz Counties: Cities of Flagstaff and Chandler

Business Attraction and Development Statewide

Statewide	<ul style="list-style-type: none"> ▪ Three year job creation 14,021 ▪ Average annual salary of \$40,420 ▪ Capital investment of \$568,655,000
Rural	<ul style="list-style-type: none"> ▪ Three year job creation in the rural area of 1,802 jobs ▪ Average salary of \$29,651 ▪ Capital investment of \$150,950,000
Metro	<ul style="list-style-type: none"> ▪ Three year job creation of 12,219 jobs ▪ Average salary of \$42,008 ▪ Capital investment of \$417,705,000
Tucson	<ul style="list-style-type: none"> ▪ Three year job creation of 3,275 ▪ Average salary of \$32,591 ▪ Capital investment of \$27,550,000

Number of small businesses (under 50 employees) in job creation: 24

Small Business Services

Despite severe budget and staff reductions interaction with fellow service providers, budding entrepreneurs, and fellow agencies around the state and nation not only continued but grew significantly.

- Implementation of the Arizona Business Connection (ABC) online system allowed more streamlined, effective dissemination of licensing information to start-up and expanding businesses on a 24/7 basis. Online access helped alleviate potential phone and walk-in backlog and eliminated the high expense of postage (averaging \$4000/month).
- The Online Small W/MBE Directory - a free electronic database of small- women- and/or minority-owned Arizona businesses, accessible worldwide, increased from approximately 2000 listings to over 3900.
- The ***Entrepreneur's Edge*** – a free, annual resource guide production volume increased by over 33% (80,000 books, compared to the 60,000 from the previous year). The book was made available in downloadable PDF format, in both English and Spanish.

FY 02/03		Email			Subtotal	ABC	Total
Month	Calls	/ Write	Walk-in	Recalls	Contacts	Program	Contacts
Jul-02	944	0	5	31	980	2,792	3,772
Aug-02	888	42	26	22	978	2,826	3,804
Sep-02	704	92	0	27	823	3,384	4,207
Oct-02	683	95	35	22	835	2,862	3,697
Nov-02	618	82	59	19	778	2,445	3,223
Dec-02	518	73	63	7	661	4,267	4,928
Jan-03	872	96	83	5	1,056	3,203	4,259
Feb-03	649	58	70	17	794	2,779	3,573
Mar-03	586	69	49	2	706	7,202	7,908
Apr-03	554	75	66	4	699	8,553	9,252
May-03	582	71	72	8	733	9,613	10,346
Jun-03	576	83	27	6	686	12,829	14,207
July 02- Jun 03	8,174	836	555	170	9,729	62,755	73,176

**July 2002 VR emails merged June and July numbers together*

Energy Office

Funds Received and Administered Annually

- \$4,241,471 Federal Grant Funds
- U.S. DOE Special Project Grants for AZ recipients:
 - Pima Association of Governments \$ 25,000
 - Tucson Solar School Project \$ 75,000
 - City of Tucson ~ Codes \$100,000
 - Pinnacle West ~ Hydrogen Power Park \$800,000

- U.S. DOE Special Project Grant financial assistance to the Energy Office:
 - Industries of the Future (IOF) \$ 45,000
 - Solar In Arizona Video \$ 48,808

Energy Code adoption by municipalities has spread statewide. To date 22 local municipal governments in Arizona have adopted energy codes or codes which incorporate energy provisions A.R.S. 41-1511.

- Provided technical assistance and training to 19 communities. Audited 55 municipal buildings, completed 4 street lighting audits, and provided instruction for 7 communities to adopt the Utility Electronic Data Transfer program.

Energy conservation efforts include:

- A training and technical assistance (T&TA) program for the Heating Ventilation and Cooling (HVAC) industry, including an 88-hour course for heating and cooling contractors on installation, diagnostics, and repair of residential heating and cooling equipment.
 - Documented results show heating and cooling consumption would be reduced by 11% if duct leakage were reduced to 3% as a result of the training and technical assistance.
 - Present value of duct saving per year is over \$85,000,000. Present value of duct savings since 1998 is \$426,000,000.
 - KW peak reduction due to duct sealing is worth \$75,000,000.
 - Duct leakage savings of \$200 per home, at a yearly construction rate of approximately 30,000 homes incorporating sealed ducts since 1998, equals a total savings since 1998 of \$90,000,000.

Municipal Energy Management Program (MEMP)

- Gila Bend MEMP grant of \$10,000
- Santa Cruz County MEMP grant of \$20,000
- Florence MEMP grant of \$2,548.98
- Graham County MEMP grant of \$2,178.02
- Pascua Yaqui Tribe MEMP grant of \$15,273
- Quartzsite MEMP grant of \$10,000
- Apache County MEMP grant of \$6,570
- Fredonia MEMP grant of \$6,900
- Queen Creek MEMP grant of \$20,000

Received a \$45,000 U.S. DOE Special Projects grant for the development of a state Industries Of The Future (IOF) program. Arizona first targeted Agriculture, Aluminum, Forestry, and Mining.

- Initiated planning process for the IOF National Conference to be held in Arizona in 2004.

Arizona Statutes, HB 2324 sets goals for reducing overall energy use in state government and university buildings. Commerce has this year completed:

- Energy audits and submission of reports for 8 state buildings.
- Presentation to Arizona Department of Administration Capitol Council on building benchmarking and low costs/no cost energy tips.
- Site inspection to determine no cost/low cost energy efficient measures in the ADOA building. Total estimated potential yearly savings to date: \$18,594.
- Web-Based Utility Tracking Programs: the utility history for each of the 750 state facilities was downloaded and analyzed for usage and cost to help determine ways to save money and energy.
- Research for improving the energy efficiency of Arizona's schools through development of a mathematical formula and conducted site inspections in 23 schools.

High Performance Design for Affordable Housing Communities for housing professionals held in Phoenix, Tucson and Flagstaff. Workshops attracted 114.

- Of the 34,000 Energy Star homes built nationally in 2001, over 8,000 were constructed in Arizona.
- Thousands more homes are now being built in Arizona that include guaranteed heating and cooling costs of \$.20 to \$.30 per square foot.

High Performance Schools Design and Technologies Seminar

- Attracted 48 attendees from schools districts statewide to Phoenix on April 15, 2003.

Low-Income Weatherization Program

- Provided technical assistance and training to the 10 agencies.
- Weatherized 890 homes at a cost of \$2,496,663 million.
- U.S. DOE grant in the amount of \$8,000 awarded to the Energy Office for the development of the Southwest Regional Weatherization Training Center, located in Phoenix, Arizona.

- U.S. DOE grant in the amount of \$10,000 awarded to the Energy Office for the development of a statewide weatherization database.
- Hosted the U.S. Department of Energy 2003 National Weatherization Training Conference, August 18 – 21 in Phoenix. The conference attracted over 1,000.

U.S. DOE's Rebuild America recognizes Commerce for working with the state Department of Housing to make low-to-moderate income housing more affordable through energy-efficiency building standards.

- Since July 2000, more than 1600 affordable housing units have been built projects is expected to result in energy cost savings of \$149,625 every year.

Highly acclaimed 1988 documentary "Living On The Sun" has earned the office a \$48,000 grant for a remake.

Commerce participates in Southwest Renewable Energy Fair held at NAU. More than 10,000 attend.

- Compiled and provided online information and new developments that impact Arizona through state energy policy formation and implementation
- Provided recommendations, technical support and expertise assistance on energy related developments concerning energy, utility generation history, forecasting, gasoline, and alternative energy resources

ARIZONA DEPARTMENT OF COMMERCE

Planning, Research and Policy

Office of Economic Information and Research (EIR)

A sound foundation of information is required for business, community, and elected leaders to develop relevant policies and effective strategies that assure the economic well being of Arizona. The Office of Economic Information and Research serves as the State's clearinghouse for economic information and manages strategic research related to Arizona's economy. The office also provides information and analyses of trends, opportunities, best practices, market issues and department/program impacts.

- **Economic Clearinghouse Database**
Launched in May 2003, the new Arizona Department of Commerce Economic Clearinghouse database was designed to be a tool for the Governor, policy makers, legislators, economists, economic development organizations, universities, researchers, service providers, grant writers, librarians, students, and others interested in learning more about Arizona's economic environment. The database is the central repository for all data relating to Arizona's economy, pursuant to ARS 41-1504. This on-line database contains links to nearly 500 studies and reports related to community, economic, and workforce development in this state. The material is drawn from a variety of reputable sources such as federal, state and local government agencies, universities, and private nonprofits.
- **Economic Data**
One of the greatest challenges confronting elected, civic and business decision-makers is the lack of data on local economies in Arizona. This results from a variety of factors, such as demographics, DES policies, and federal confidentiality laws. To fill the void, the Office of Economic Information and Research has made finding, developing, and disseminating sub-county information a top priority. In FY 03, extensive data not previously available was collected by EIR and posted on the web for easy access. In addition, the Community Profiles database was enhanced to provide real-time data on Arizona's counties and communities, including the States' Indian communities. EIR profiled Arizona's 15 counties, 146 Arizona communities, and 25 Indian communities in FY03.
- **Strategic Research**
In FY03, the Office of Economic Information and Research undertook an aggressive strategic research program aimed at key economic issues facing Arizona. Using a strenuous peer-review and public comment process, EIR developed objective analyses to inform public policy decisions. In FY 03, EIR produced research related to Arizona's current and optimal fiscal structure, the flow of federal funds into the state, the economic impact of enterprise zones and Arizona's high tech sectors, and evaluation of the REMI policy simulation model.
- **Statewide Economic Study**
The Office of Economic Information and Research continued to facilitate the activities surrounding the development of a long-range economic plan for the state. In FY03, more than two-dozen reports, including special sector reports analyzing key sectors to Arizona's economy and infrastructure reports to assess the sufficiency of Arizona's infrastructure, were completed comprising the research used to inform long-range planning activities.

ARIZONA DEPARTMENT OF COMMERCE

Administration

The Department of Commerce is a relatively small agency that has seen its overall budget cut in half over the last few years. We have been able to produce a number of efficiencies that serve as good examples for larger agencies.

Here is an attempt to quantify all the cost-savings the Department has achieved over the last year. Bottom line is about \$200,000 in known belt-tightening to date for the first 11 months of the Fiscal Year compared to the last Fiscal Year, saving about 4-5 employees or more than 5% of our existing workforce from elimination.

- **Vehicles**
Due to our proximity to the DOA motor pool upon our move to the Executive Tower, we have recently turned back to DOA our 9 state vehicles, saving about \$21,889.34 per yr. (This savings assumes 5 vehicles per business day will be utilized.)
- **Cell phones**
Currently the agency spends \$36,860.15 on 22 cell phones. Last year, the agency asked all non-line staff and those who do not have out-of-the-office client contact to turn phones in and staff complied. A few months ago, we converted the remaining 22 phones down to 15 remaining phones with one shared minutes program, which will likely save \$25,858.15 per yr.
- **Subscription/membership**
Since Dec. '01, the agency has attempted to curb non-essential subscriptions/memberships. Policy put in place since Sept. '02 where all Directors must get approval from their Asst. Dep. Dir. and justify whether it is mission critical. Starting in March of this year, we have eliminated all duplicative subscriptions and centralized these subscriptions to our library upon move to Exec. Tower. This will save an additional \$858.90 per yr. We recently also are reducing duplicative memberships. For example, we had 15 members in AAED at \$250 per individual. By reducing down to 2 reps, we theoretically save \$3,250 alone with this one organization.
- **Out of state travel**
In Jan. of '02, budgets were cut in half. Out-of-state travel had to be mission critical and trips piggybacked (i.e., trips for dual purposes rather than for one reason). Reductions furthered as agency spent \$26,345 from the General Fund for first 11 months of FY '02 while \$10,282 has been spent for same period in '03, a \$16,063 YTD savings so far.
- **In state travel**
Since Oct. '01, we have implemented a searchable database for travel that requires all to enter where they will travel, for what purpose, and how long. This allows a historical benchmark and reveals duplicative travel for conferences, et. al. We have saved \$21,006 for first 11 months of this FY compared to last from the General Fund.
- **Postage**
By recently reorganizing our small business assistance center in July of '02 towards 24/7 web service rather than mailing out packets, we have reduced postage expenses from \$22,729.98 in FY '01 to \$7,685 thru May of FY '03. This will likely be a 50% General Fund cut over a two-year period by the end of the Fiscal Year.
- **Entertainment/refreshments**
Since May '02, the agency no longer permits payment for any food at Commerce. We also prohibit exclusive reimbursement of alcohol for client entertainment. (We have written policies covering this and other policy changes.) We have reduced entertainment expenses from the General Fund for first 11 months in '02 from \$4,876 to \$982 to date, a savings of \$3,894 so far.
- **Information technology**
We did not renew the Enterprise Agreement with Microsoft for FY '03, which saves \$40,000 per yr. as we have in-house talent to substitute. (Savings is much higher as this was a 3-year agreement.) We also save \$200 per mo. on dial-up accounts charged by DOA saving \$2,400 per

yr. Our new web-based phone system (Voiceover IP) will save about \$65,000 per yr. compared to the ATS system run by DOA.

Summary

The above conservatively represents about \$200,000 in known FY '02-'03 cost savings. This allows a smaller agency like Commerce to spare 4 to 5 FTE's from being eliminated (at an average salary of \$40,000 per employee with an ERE of about \$9,200). When one realizes we have less than 100 filled positions in Commerce and a General Fund appropriation of only \$3.9M, it is quite significant.

Procurement

While other agencies in state government have online procurement, our own procurement office has the distinction of being the first to add online signatures. While the Secretary of State, Records Retention and DES, among others, have discussed moving onto this next step, we've taken the plunge.

The days of purchase requests (P.R.'s) and purchase orders (P.O.'s) traveling from office to office, sitting in in-boxes, and occasionally sliding under other paperwork are over. Now directors can "sign" with a mere click of the mouse and the P.O. or P.R. instantly appears in the cue for the next authorization – all along the chain to Marty Lynch in Procurement Services.

With Commerce divisions spread out over several floors, this is a huge advantage. And although directors cannot use the online signature feature from off-site locations, they can have incoming P.O.s and P.R.s automatically forwarded to the next authority if they anticipate absences from the office.

This technological timesaver has been ours since last July, and soon Procurement Services will also be able to track all P.O.s and P.R.s to see just where they are in the system. Commerce leads the pack in this E-Government Application.

E-Commerce

The Arizona Business Connection (ABC) assists entrepreneurs by providing them with a roadmap to starting or expanding their business in Arizona. ABC received requests for assistance by telephone and in person and would create a packet of information based on a short interview process. This packet was mailed to the requesting party. The "Virtual Rep" replaced this process. Interested parties can now go the Department of Commerce's website (www.azcommerce.com), complete the survey and immediately receive the information that used to be included in the printed packet. The Virtual Rep averages nearly 3,000 requests per month drastically reduced printing and mailing costs and has allowed the ABC staff to provide a higher level of service with over a 50% reduction in staff.

- **Leads Onlin**
Leads Online is an online tool used by Economic Development partners throughout the state to search for companies looking to relocate or expand their operations in Arizona. Before Leads Online, the ED partners relied on fax and telephone communications with the Department of Commerce. Today, when new leads are received, the partners are notified via email. The ED partners can also track specific projects to monitor progress through the site selection process.
- **Economic Clearinghouse Database**
The Office of Economic Information and Research serves as the State's clearinghouse for economic information. Part of this task is to make this information available to the public. The Department of Commerce has developed a database of data sources, studies and reports on Arizona's economy. Using a keyword, geographic area or topic of interest, anyone can search this database using Commerce's website (www.azcommerce.com) and to find details about the relevant economic information including a summary, costs and links to the information.
- **Arizona Production Guide**
One of the key products created by the Arizona Film Commission (AFC) is the creation of the Arizona Production Guide – a directory of all motion picture related businesses in the state. The directory was printed once a year by the AFC and distributed worldwide. In 2002, the directory was converted to an online directory. Production personnel around the world can now search the directory and get immediate results. In addition, new companies can register to be included in the directory. The directory now provides a more up-to-date listing of companies providing these services in Arizona and has virtually eliminated the costs of producing a printed directory.

- **Apprenticeship Program Directory**
Registered Apprenticeship Programs in the Arizona are managed by the Department of Commerce. These programs were listed in a printed directory created and distributed by the Department of Commerce. Today, those interested in becoming an apprentice can search all of the registered apprenticeship programs in the state by visiting Commerce's website (www.azcommerce.com).
- **Arizona Foreign Investment Directory**
The Department of Commerce, in cooperation with the City of Phoenix and the Greater Phoenix Economic Council, developed this electronic directory to promote the State's foreign-owned and multi-national firms throughout the world. Those interested in business opportunities with foreign interests or foreign-owned companies with an Arizona presence can search City/Town, Country of Affiliation and Industry.
- **Arizona Built Directory**
The Arizona Built Directory includes Energy Conservation, Energy Efficiency and Alternative Energy Products and Services in Arizona. This directory was also produced in print and is now provided online.
- **Minority-Owned, Woman-Owned and Small Business Directory**
The Minority-Owned, Woman-Owned and Small Business Directory includes businesses certified as Small Business, Minority- and Woman-Owned and Disabled Business Enterprises (DBE). Corporate buyers and procurement offices around the state use it to find vendors. Companies can submit their information to be added to the database.
- **Economic Development Directory**
The Economic Development Directory is a searchable listing of economic development leaders and organizations throughout the state.