



ARIZONA DEPARTMENT OF COMMERCE

Our Job is JOBS!



ANNUAL REPORT

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ARIZONA DEPARTMENT OF COMMERCE

JANET NAPOLITANO
GOVERNOR

Our Job is JOBS!

GILBERT JIMENEZ
DIRECTOR

To: Governor Janet Napolitano
Members of the Arizona Legislature
Citizens of the State of Arizona

The Arizona Department of Commerce is charged with promoting and enhancing economic development and growth statewide. Collaborating with economic development partners statewide, the Arizona Department of Commerce takes a wholly integrated approach to create jobs, expand the tax base, increase per-capita income and promote a globally competitive business environment. The agency provides reliable information and research, community assistance, and targeted business attraction and development coupled with strategic workforce development.

Our call to action: "Our Job is JOBS!"

During fiscal 2005, the agency

- helped create 9,600 high-wage, high-value jobs throughout Arizona;
- the average salary for these jobs is \$41,500;
- thirty-seven companies have expanded or located across the state;
- capital investment from these projects totals nearly \$660 million.

The successes contained in this year's report reflect the partnership and efforts of both public and private stakeholders who work with Commerce to keep and grow quality jobs for all Arizonans.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gilbert Jimenez", with a long horizontal flourish extending to the right.

Gilbert Jimenez
Director
Arizona Department of Commerce



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ENERGY

MUNICIPAL ENERGY MANAGEMENT PROGRAM (MEMP) GRANTS

- The Municipal Energy Management Program (MEMP) is designed to encourage, assist, and provide technical assistance to help Arizona incorporated cities, towns, counties, Indian tribes, and improvement districts reduce energy-operating costs. This is accomplished through the development and implementation of energy management programs.
- The MEMP approach to energy conservation and efficiency is a simple and direct step-by-step approach.
 - The 1st step is to understand where energy is being consumed and how much it costs, based on the utility bill analysis and audit.
 - The 2nd step identifies strategies for lowering energy costs.
 - The 3rd step assists in incorporating energy management into future development through an energy management plan.
 - MEMP is part of Commerce's Energy Office Rebuild Arizona Program. (See Rebuild Arizona section for specific details.)
 - As part of MEMP, the Energy Office has made funds available for energy saving projects. The office provides energy management training and technical assistance, utility tracking analysis, and matching grant assistance awards of \$20,000 or less to communities with populations of 70,000 residents or less. MEMP grants are funded from oil overcharge funds.



2005 Grants

- **Total grants awarded: \$131,571**
- **Return on investment: Community savings of \$47,734 (annual) and \$510,900 (over the life span of the projects)**

<u>Grant</u>	<u>Community</u>	<u>Project</u>	<u>Estimated Savings to Community</u>
\$4,400	Town of Wickenburg	Air conditioning replacement	\$11,960
\$6,005	Graham County	Air conditioning replacement	\$7,183
\$1,535	Queen Valley Sanitary District	Replacement of wastewater blower motors	\$43,077
\$3,393	Town of Patagonia	Insulation of exterior walls and interior ceiling	\$23,748
\$20,000	City of Flagstaff	LED traffic signals retrofit	\$89,331
\$20,000	City of Nogales	Solar inverter and isolation transformer installation	\$59,400
\$15,093	City of Avondale	Replacement of water booster pump motors	\$40,698
\$20,000	City of Casa Grande	LED traffic signals retrofit	\$100,126
\$20,000	Mohave County	Installation of occupancy sensors	\$60,490
\$19,000	City of Sierra Vista	Upgrade building automation control system	\$70,186
\$2,145	Rio Verde Fire District	Installation of thermal solar hot water system	\$4,701

LOW INCOME WEATHERIZATION PROGRAM

- **Total homes impacted:** 700 per year.
- **Criteria for applicants:** Arizona's defines "low-income" for eligibility purposes as follows:
 - Income is at or below 150 percent of the federal poverty level determined in accordance with criteria established by the Office of the Secretary, US. Department of Health and Human Services.
 - Households that include members who have received cash assistance payments under AFDC or SSI, are automatically eligible for Weatherization assistance.



- **Financial savings for low-income Arizonans:**
 - An Oak Ridge National Lab study of the Weatherization Program found an average of \$218 annual energy cost saving per household assisted.
 - The dollar value of non-energy benefits resulting from the Weatherization of a single home can be two to three times the energy cost savings. Non-energy benefits are produced from improved property values, improved health for the residents, growth in local employment, reduced arrearages, and environmental externalities.
- **Long-term savings to the state:**
 - Utility bill analysis completed by the Energy Office and by Oak Ridge National Lab found a present value of saving (saving over the life of measures) to be in the range of \$1.30 to \$1.50 per dollar spent.
 - Based on approximately \$3.85 million in total funding from federal and utility sources, present value of saving for the 2004 program year equals approximately 5 to 5.7 million dollars.
- **Federal or state funding:**
 - Federal funding - \$1,501,782 from the Department of Energy and \$1,315,360 from Health and Human Services from the Low-Income Home Energy Assistance Program.
 - Utility Funding - \$350,000 from Southwest Gas, \$500,000 from Arizona Public Service, \$200,000 from Tucson Electric Power.

REBUILD ARIZONA PROGRAM

- Since 2003, the Rebuild Arizona program has administered more than \$226,000 in grant monies to implement energy program activities.
- Total homes impacted 1/03 to 7/05: 2,577
- Annual energy cost savings 1/03 to 7/05: \$232,340
- State agency cost savings: More than \$14 million
- Commerce's Rebuild Arizona program teamed up with the AZ Dept of Housing to modify the state's Housing Tax Credit Program to include energy-saving requirements, plan review and site inspection requirements.
 - Through the Rebuild America grant, Commerce staffs an engineer's time to perform plan reviews and make site inspections to ensure compliance with energy standards.
- Rebuild Arizona grant monies also provide funds to:
 - Staff the Department's Municipal Energy Management Program MEMP (see MEMP section for specific details).

Meet statutory requirement to work with state agencies to implement energy saving improvements and complete the State Agency Annual Energy Usage Report and submits the report to the proper authorities.

U.S. DEPARTMENT OF ENERGY (USDOE) GRANTS

- Federal funds provided by the US Department of Energy for various energy projects.



- Special Project Grants fund projects for:
 - Clean Cities Initiatives
 - Industries of the Future
 - Building Codes and Standards
 - Rebuild America, Building America
 - Federal Energy Management Program
 - Photovoltaic Building Integrated Micro-Inverter
 - Wind Energy
 - Distributed Energy
 - Biomass
 - Air Quality Integration.
- Objectives of the funding opportunities are:
 - To directly involve States in activities to accelerate deployment of energy efficiency and renewable energy technologies
 - To facilitate the commercialization of emerging and underutilized technologies; and
 - To increase the responsiveness of federally funded technology development efforts to the needs of the marketplace.
- Commerce has received \$4,153,851 for 22 direct and pass-through grants over the last 3 years, leveraging in \$15,963,870 in matching funds for energy efficient and renewable energy projects.

2005 Grants

Total grants awarded: \$1,069,287

Return on investment: Leveraged \$2,236,567 in local community match funding.

INFRASTRUCTURE DEVELOPMENT

ECONOMIC STRENGTHS PROJECTS (ESP) GRANT PROGRAM

- The ESP Grant Program is a cooperative effort on behalf of Commerce and the Arizona Department of Transportation that provides state-funded grants for road construction and improvement projects in beneficiary cities, towns, and counties.
- This is a competitive grant-matching program wherein applicant communities must be able to provide matching funds amounting to at least 10% of the project total.
- The primary purposes of the program are as follows:
 - Create and retain a significant number of jobs in Arizona
 - Foster capital investment in Arizona land, building, and equipment initiatives
 - Improve state and local economy
- Funding of up to \$500,000 is available for grant allocation twice yearly in January and July.



- Return on Investment: These grants provide funding to communities for highway or road projects to assist businesses creating quality jobs in Arizona.

Both the state and local community benefit from sales and tax revenues generated from increased job creation.

2005 Grants

Total grant awarded: \$1,218,790 awarded in ESP grants

Return on investment: Assisted the creation of 409 new full time jobs and capital investment of \$44,299,675 million.

- \$476,100 grant awarded to Lake Havasu City to assist in improvements to 1,080 feet of SR 95 and Chenoweth Road. This project will help Lowe's Home Improvement Warehouse create new full-time and part-time jobs.
- \$372,690 grant awarded to the Kingman Airport Authority and the City of Kingman to assist in the reconstruction of a portion of Commerce Drive and the construction of an extension of Columbus Way. This project will help Aqua Glass in creating 101 new jobs.
- \$370,000 grant awarded to the Greater Yuma Economic Development Corporation and the City of Yuma to assist in the construction of 30th Street. This project will help Alside Window Company create 188 new jobs.

GROWING SMARTER PLANNING GRANTS (GSPG)

- Growing Smarter Planning Grants are used to assist communities in their efforts to meet state-mandated planning requirements resulting from the Growing Smarter and Growing Smarter Plus laws.
- Annually, the GSPG Program awards 6 grants of approximately \$10,000 each to small and rural cities, towns, and communities.
- Example activities included in these efforts include coordinating public participation programs, conducting research, preparing maps and graphs, implementing capital improvement plans, and implementing plans to update zoning ordinances.
- In 2003 and 2003, Growing Smarter and Planning in Arizona 101 sessions were conducted for the Florence Citizens Academy.

2005 Grants

Total granted: \$60,000

- City of Maricopa, \$10,000 to develop a Comprehensive plan for the City of Maricopa.
- Town of Florence, \$10,000 to review of Town Development Code in accordance with the town's General Plan.
- City of Holbrook, \$10,000 to update General Plan in accordance with Growing Smarter statutes.
- Town of Chino Valley, \$10,000 to update Zoning Ordinance and Subdivision Regulations



- Town of Pinetop/Lakeside, \$10,000 to update of Subdivision Regulations and development of Citizen Participation Program
- Town of Paradise Valley, \$10,000 to make General Code updates, including sign ordinance, landscape ordinance, Special Use Permits, etc.

RURAL DEVELOPMENT

RURAL ECONOMIC DEVELOPMENT INITIATIVE (REDI) GRANT PROGRAM

- Created by the state legislature in 1987, the REDI Grant Program promotes economic development in rural areas by providing rural organizations with state funds used to create new jobs, manage community resources, and develop community marketing strategies that encourage capital investment.
- The return on investment (the total leverage amount for REDI 1/03 to date) was \$2,323,465. The majority of the grant funding was used to perform market analysis, business relocations, site selections, and workforce studies. REDI assisted with seed funding for initial business and airpark development and expansion projects and a two-phase freight facility market analysis.
- The REDI Grant Program also includes a grant-matching program to fund services such as consultation and research projects that produce statewide benefits.
- Re statewide benefits have been generated from grant matching: Grant matching has enabled many rural communities with limited budgets to conduct required studies and assessments aimed at improving economic development through job growth or capital investment. The REDI program affects the state by giving resources to rural communities to help attract new business development from other states and look for ways to retain and expand existing businesses. Because REDI distributes its grants throughout the state, we all benefit due to quality of life improvements that increase sales tax revenue and job growth in all counties.
- Organizations must receive REDI accreditation before they are eligible to receive grant funds. As of 5/05, 18 organizations representing 37 communities held REDI accreditation.

2005 Grants

Total grants awarded: \$126,780

Return on investment: Leveraged by \$619,637 in local funds

- \$3,725 grant awarded to the Greater Case Grande Valley Economic Development Foundation to be used to update the current computer hardware and software in Foundation office.
- \$15,000 grant awarded to the Globe-Miami Economic Development Corporation and Regional Chamber of Commerce to be used to identify and evaluate possible sites for an Industrial/Business Park in the Globe/Miami/San Carlos area.
- \$8,105 grant awarded to the Economic Development for Apache County Commission to help fund the development of marketing materials for a



special community event that is expected to draw over 400 participants and enhance the local economy.

- \$8,000 grant awarded to the Payson Economic Development Corporation to help fund the design and production of marketing materials.
- \$8,250 grant awarded to the Bullhead City Economic Development Authority to help fund an email marketing program and design and develop a website presenting the benefits of moving to Bullhead City.
- \$8,000 grant awarded to the Graham County Economic Development Commission to help fund the repair and improvement of two "Welcome to Pima" signs.
- \$12,500 grant was awarded to Greater Flagstaff Economic Council to help identify a final site selection for the Northern Arizona Freight Facility Site Selection.
- \$10,750 grant was awarded to Lake Havasu Partnership for Economic Development to conduct a feasibility study at Lake Havasu Bluffs Business and Industry Park.
- \$10,000 grant was awarded to White Mountain Regional Development Corporation to determine a market niche at the Town of Taylor's Business Technology Park.
- \$9,840 grant was awarded to Prescott Valley to fund a marketing campaign focused on business relocations.
- \$7,645 marketing project was awarded to Greater Flagstaff Economic Council to help fund Route 66 Day's event.
- \$15,000 grant was awarded to Town of Florence to perform a marketing analysis of their retail areas.
- \$10,000 grant was awarded to the Town of Wickenburg to perform a downtown land use circulation and concept plan.

REGIONAL REPRESENTATIVES

Since April 2004, the Greater Rural Economic Project has benefited communities throughout rural Arizona.

- The legislature approved funding for Commerce Regional Representatives in 2004.
- As a result of the success of this initiative, demand for state-level economic development services provided to rural Arizona dramatically increased.
- Regional representatives service every county in the state, as well as all Tribes.
- Regional representatives provide professional and timely assistance to rural customers in regards to community, economic and workforce development projects and activities. Working directly with key-stakeholders, the Regional Representatives interact with elected officials, economic developers, chamber of commerce directors, tribal representatives and any/all other key individuals responsible for the economic climate of their communities and the Regions as a whole.
- Specifically, the work of the Regional Representative involves the following:
 - Meet with community councils, local business, civic organizations and trade associations to discover the needs of the area and how Commerce



- can assist them. Provide information regarding Commerce programs and assist or facilitate access to these programs;
- Provide planning services, meeting facilitation, board training services to assist various programs within the Department of Commerce (Main Street, REDI, Workforce Development, Community Planning, Business Attraction, Film, etc.) to their designated organizations and municipalities. These may include but are not limited to the development of short and long term policies and objectives, developing stronger partnerships, conflict resolution, or other issues to enhance economic development sustainability;
 - Provide technical assistance to organizations and businesses making application to the Job Training and Apprenticeship programs. Also provide outreach for the Arizona Workforce Connection;
 - Provide outreach and technical assistance to businesses through the Global Business Development Division;
 - Work directly with all 20 tribal communities throughout Arizona, allowing greater responsiveness to the community, economic and workforce needs.

MILITARY PRESERVATION

CITY OF YUMA / YUMA COUNTY JOINT LAND USE PLAN

Implementation Strategies Review and Potential Implementation Measures

- September 2005 - November 2005
- This project was under the auspices of the Arizona Military Regional Compatibility Project which was conceived as a proactive statewide endeavor to convene the stakeholders around each base – the relevant jurisdictions, base personnel, landowners, and other interested parties – to address land use compatibility issues.
- Funding: Partially funded by a grant from the Department of Defense Office of Economic Adjustment, partially ADOC funded.
- Area Targeted: Yuma County and the City of Yuma
- Study Issues: The review of the implementation strategies identified in the City/County Joint Land Use Plan was a means to apply implementation measures honed in other Joint Land Use Studies across the state to help update the existing JLUP.

Results and Implementation Strategies included the following 11 topics:

- Coordination with the Governor's Military Affairs Commissions
- Support for State Trust Land Reform
- Land Acquisition
- Department of Defense Purchase of Conservation Easements
- Land and Water Conservation Fund
- Military Installation Fund
- Purchase of Development Rights
- Transfer of Development Rights



- Partnerships with Non-Governmental Organizations to Facilitate Transfers of Dev. Rights
- Enhanced local notification and disclosure
- Best practices techniques

BARRY M. GOLDWATER RANGE / GILA BEND AIR FORCE AUXILIARY FIELD JOINT LAND USE STUDY

May 2004: BMGR/Gila Bend AF AF Joint Land Use Study began under the sponsorship of Commerce. Completion in January 2005.

The JLUS is part of the Arizona Military Regional Compatibility Project, which was conceived as a proactive statewide endeavor to convene the stakeholders around each base – the relevant jurisdictions, base personnel, landowners, and other interested parties – to address land use compatibility issues.

- Funding: Partially funded by a grant from the Department of Defense Office of Economic Adjustment, partially ADOC funded.
- Areas Targeted: Areas within the Town of Gila Bend, Maricopa County the City of Yuma and Yuma County.
- Study Issues: Planned development in the Interstate 8 Corridor north of the Barry M. Goldwater Range, and other development on the North East side of Yuma also adjacent to the Range, state trust lands,
- Results/Implementation Strategies:
 - Joint Land Use Study Recognition and Adoption by appropriate governing bodies in affected jurisdictions.
 - Revision of Airport Environs Zone Plans and Ordinances
 - Support for Recommendations of the Governor's Military Facilities Task Force (and legislative endeavors resulting)
 - Support for Recommendations of the State Trust Land Reform Group
 - Ongoing Organization for JLUS Implementation
 - Department of Defense Land Acquisition
 - Department of Defense Purchase of Conservation Easements
 - Military Installation Fund
 - Land Acquisition through Bonds
 - Purchase of Development Rights
 - Transfer of Development Rights
 - Enhanced Local Notification and Disclosure



Workforce Development

JOB-TRAINING GRANT PROGRAM

SCHOOL-TO-APPRENTICESHIP PILOT PROGRAM

WORKFORCE POLICY

JOB-TRAINING GRANT PROGRAM

- The Arizona Job Training Program is a reimbursable grant program that uses state funds to support the design and delivery of customized training to meet specific needs of employers, create new jobs, and increase the skills and wage levels of employees in Arizona.
- The primary objectives of the program are to create jobs by attracting potential employers to Arizona and to retain and improve the employment situation of current workers, especially in regards to training level and wages. Additionally, the program is designed to attract employers to enterprise zones, which are areas of high poverty and/or unemployment rates.
- Grants are provided to businesses for training new and existing employees.
- Each beneficiary is given two years to complete job-training programs before they are able to apply for additional grant funds.
- The program has numerous benefits:
 - Employees benefit by receiving advanced job training.
 - Business firms benefit from having a highly skilled workforce.
 - The state and local communities benefit by receiving sales, income, and property tax revenue.
- The "Net New Hire" portion of the program allows businesses to apply for grant funds that reimburse up to 75% of the costs expended for new employee training.
- The "Incumbent Worker" portion of the program provides funding for up to 50% costs of training targeted at improving the skills of existing employees.
- **FY 06:** For the first time in four years, the legislature will not transfer funds from the Job Training Grant Program to fund other state programs.
- **Grant Recipient Success Story:**
"In the competitive aerospace and defense industry, well-trained employees are a prerequisite to success. The Arizona Job Training grant enables our growing organization to further expand the unique skill base of our employees in Sierra Vista and develops a stronger workforce for the region in general."
– Roger Fate, Senior Vice President, NewTec, Sierra Vista



2005 Grants

Total grants awarded: \$15,807,056

Breakdown of rural businesses, small businesses and large businesses

(note: some businesses are categorized as both small and rural - so totals may not reflect the true number of participating companies):

- Small: 63
- Rural: 26
- Large: 49

How many new/existing employees were trained: 25,057

How many new jobs were created: 5,181

How many incumbent workers were retained and trained: 19,876

How many companies participated/benefited: 113

Awarded:

- A.I.G., LLC \$1,812 to train 2 existing employees in Phoenix.
- Abitibi Consolidated Sales Corp \$256,834 to train 440 existing employees in Snowflake.
- Ace Hardware Corporation \$3,163 to train 10 existing employees in Prescott Valley.
- Advanced Ceramics Research Inc. \$122,166 to train 6 existing employees and to create and train 13 new jobs in Tucson.
- Afni, Inc \$101,130 to train 144 existing employees in Tucson.
- AIG SunAmerica \$88,613 to train 194 existing employees in Phoenix.
- Alicat Scientific, Inc. \$12,520 to train 16 existing employees in Tucson.
- Amcor Sunclipse North America Business Service Center \$88,973 to train 68 existing employees in Tempe.
- Ames Business & Learning \$167,241 to train 33 existing employees in Chandler.
- Analyze Inc. \$88,657 to train 25 existing employees in Chandler.
- Architecture Company, The \$13,912 to train 11 existing employees in Tucson.
- Arizona Sports Complex LLC \$7,591 to create and train 10 new jobs in Glendale.
- Associated Materials Inc \$161,629 to create and train 104 new jobs in Yuma.
- AT Holdings Corp dba ARGO Tracker \$62,362 to create and train 16 new jobs in Tucson.
- Atlas Weathering Services Group - DEST \$47,832 to train 31 existing employees in Phoenix.
- Automatic Data Processing Inc. \$66,600 to train 149 existing employees in Chandler.
- Aviation Communication and Surveillance Systems (ACSS) \$441,114 to train 234 existing employees and to create and train 20 new jobs in Phoenix.
- Bombardier Services Corp dba Bombardier Regional Tucson \$658,782 to train 68 existing employees and to create and train 51 new jobs in Tucson.
- Breault Research Organization \$67,147 to train 22 existing employees in Tucson.



- Bull Moose Tube of Casa Grande LLC \$160,652 to train 5 existing employees and to create and train 23 new jobs in Casa Grande.
- Cambridge Filter Corporation \$69,000 to train 12 existing employees in Gilbert.
- Castro Engineering \$56,722 to train 42 existing employees in Tucson.
- Catalina Tool & Mold, Inc. \$157,705 to train 54 existing employees in Tucson.
- Centex Home Equity Company \$326,117 to create and train 405 new jobs in Tempe.
- Citicorp Credit Services, Inc. \$352,726 to create and train 1300 new jobs in Tucson.
- Collectcorp Corporation \$556,049 to train 88 existing employees and to create and train 189 new jobs in Phoenix.
- Competitive Engineering Inc. \$18,192 to train 20 existing employees in Tucson.
- Connecticut General Life Insurance Company for CIGNA \$43,643 to train 412 existing employees in Phoenix.
- Coyote Moon Health Resort & Spa \$59,448 to create and train 14 new jobs in Tucson.
- CVS Pharmacy \$110,000 to train 40 existing employees in Phoenix.
- DHL Information Services Inc. \$243,244 to train 414 existing employees and to create and train 125 new jobs in Scottsdale.
- Diamondback Tactical \$101,250 to train 15 existing employees in Peoria.
- Direct Alliance Corporation \$124,643 to train 194 existing employees in Tempe.
- DRG Technologies, Inc. dba Impressive Labels, SuperFast Labels \$102,064 to train 125 existing employees in Safford.
- DunnAir Business Jet Completion Center \$335,063 to create and train 138 new jobs in Tucson.
- Edward Jones \$518,433 to train 224 existing employees and to create and train 190 new jobs in Tempe.
- EOS Technologies, Inc. \$517,841 to train 37 existing employees and to create and train 39 new jobs in Tucson.
- First American Title Insurance Company \$56,735 to train 973 existing employees in Phoenix.
- Future Fabricators, Inc. \$10,729 to train 23 existing employees in Phoenix.
- GenoSensor \$9,625 to train 1 existing employee and to create and train 1 new job in Tempe.
- Golden Eagle Distributors, Inc \$161,538 to train 167 existing employees in Tucson.
- Goodrich Turbomachinery and Universal Propulsion \$289,439 to train 635 existing employees to create and train 25 new jobs in Chandler.
- Government Employees Insurance Company dba GEICO \$91,291 to train 94 existing employees in Tucson.
- Granite Construction \$134,473 to train 257 existing employees and to create and train 157 new jobs in Tucson.
- Holsum Bakery, Inc. \$462,381 to train 485 existing employees and to create and train 164 new jobs in Tolleson.



- Homeowners Loan Corp. \$216,749 to train 163 existing employees in Phoenix.
- Honeywell Aerospace \$648,700 to train 2,360 existing employees in Phoenix.
- HydrGeophysics, Inc. \$27,773 to train 10 existing employees in Tucson.
- Ideation Design Group \$1,485 to train 4 existing employees in Tucson.
- IMC Magentics Corporation \$62,440 to train 31 existing employees in Tempe.
- Infonxx \$11,250 to train 35 existing employees in Tucson.
- Institute for Supply Management \$58,035 to train 72 existing employees in Tempe.
- IBM \$700,000 to train 755 existing employees in Tucson.
- InterTech Computer Products, Inc. \$109,499 to train 34 existing employees in Phoenix.
- Intuit, Inc. \$59,823 to train 53 existing employees in Tucson.
- Knight Refrigerated \$246,580 to create and train 140 new jobs in Phoenix.
- L-3 Communications Government Services, Inc. \$5,375 to train 1 existing employees in Sierra Vista.
- Laboratory Sciences of Arizona \$700,000 to train 552 existing employees in Tempe.
- Machine Solutions Incorporated dba MSI \$160,608 to create and train 70 new jobs in Flagstaff.
- Madden Publishing Inc. \$25,818 to train 49 existing employees in Tucson.
- Management & Training Corp - AZ State Prison \$50,280 to create and train 150 new jobs in Golden Valley.
- M&I Windows & Doors/M&I Metals \$249,749 to train 402 existing employees in Prescott Valley.
- Modtech Holdings Inc \$11,884 to train 50 existing employees in Phoenix.
- Mogollon Health Alliance \$4,750 to train 1 existing employees in Payson.
- Mohave Engineering Associates Inc. \$5,225 to train 49 existing employees in Kingman.
- Mountain Power \$64,645 to train 70 existing employees in Tucson.
- MRS Associates, Inc. \$42,500 to create and train 250 new jobs in Phoenix.
- Nat'l Assoc. of Minority Contractors of AZ Chapter \$279,220 to create and train 38 new jobs and to train 117 existing employees in Phoenix.
- Nestle Purina PetCare Company \$134,711 to train 127 existing employees and to create and train 6 new jobs in Flagstaff.
- Novakinetics, LLC \$67,741 to create and train 31 new jobs in Flagstaff.
- Opta Systems, LLC dba Go Video \$2,118 to train 10 existing employees in Scottsdale.
- Orbital Sciences Corporation \$322,211 to train 916 existing employees and to create and train 215 new jobs in Chandler.
- OZ Optics Inc. \$6,909 to create and train 1 new jobs in Tucson.
- Paragon Space Development Corporation \$8,415 to train 4 existing employees in Tucson.
- Phase 2 Solutions, Inc. \$103,758 to create and train 700 new jobs in Phoenix.
- Phoenix Analysis and Design Technologies \$10,906 to train 10 existing employees in Tempe.



- Phoenix Electrical Joint Apprenticeship and Training Committee \$4,750 to train 76 existing employees in Phoenix.
- Plastic Technologies, Inc. - West \$17,233 to train 1 existing employee and to create and train 7 new jobs in Eloy.
- Poore Brothers Inc. \$13,682 to train 50 existing employees in Goodyear.
- Precision Shooting Equipment, Inc. \$18,422 to train 88 existing employees in Tucson.
- Price Industries \$89,383 to create and train 114 new jobs in Casa Grande.
- Printpack, Inc \$31,365 to train 32 existing employees in Prescott Valley.
- Provac Inc. \$19,513 to train 3 existing employees in Tempe.
- Ramsco Inc. dba Rainbow International \$10,207 to train 10 existing employees in Tucson.
- Raytheon Missile Products \$700,000 to train 1,949 existing employees in Tucson.
- Republic Plastics LTD \$193,182.00 to create and train 25 new jobs in San Manuel.
- Research Integrations, Inc. \$5,693 to train 11 existing employees in Tempe.
- RF Power Devices \$64,313 to train 10 existing employees in Phoenix.
- Ridgetop Group, Inc. \$41,256 to train 26 existing employees in Tucson.
- Sabina Products, Inc. \$9,922 to create and train 5 new jobs in Phoenix.
- Sargent Controls & Aerospace \$234,782 to train 210 existing employees in Marana.
- Schaller Anderson Inc. \$209,328 to train 243 existing employees in Phoenix.
- Sedona Rouge, LLC \$94,454 to train 8 existing employees and to create and train 80 new jobs in Sedona.
- Sion Power Corporation \$46,491 to train 20 existing employees in Tucson.
- Skinner Tameron & Company, LLP \$2,742 to train 3 existing employees in Tempe.
- Smitthipong & Rosamond Associates, Inc. \$8,306 to train 5 existing employees in Tucson.
- Southern AZ Aids Foundation \$18,759 to train 52 existing employees in Tucson.
- Southwest Airlines Co \$433,338 to train 4,265 existing employees in Phoenix.
- Southwest Hazard Control \$2,200 to train 10 existing employees in Tucson.
- Spectrum Printing Company, LLC \$45,082 to train 22 existing employees in Tucson.
- Suntec Concrete Constructors, Inc. \$149,191 to train 207 existing employees in Phoenix.
- TA Caid Industries, Inc. \$73,027 to train 75 existing employees in Tucson.
- Tristar Engineering & Management \$26,000 to train 10 existing employees and to create and train 19 new jobs in Phoenix.
- Tucson Container Corporation \$3,390 to train 3 existing employees in Tucson.
- Tucson Embedded Systems \$21,485 to train 15 existing employees in Tucson.
- Tucson Utilities Contractors Associations \$274,091 to create and train 45 new jobs in Tucson.



- Ventana Medical Systems, Inc. \$443,248 to train 394 existing employees in Tucson.
- Verde Valley Fire District \$31,088 to create and train 1 new jobs and to train 39 existing employees in Cottonwood.
- Wells Fargo Bank - Consumer Credit Corp \$285,326 to create and train 300 new jobs in Phoenix.
- Western Urological Associates, PC \$7,045 to train 13 existing employees in Lake Havasu.
- White Mountain Labs, LLC \$34,375 to train 5 existing employees in Phoenix.
- Wulfsberg Electronics Division \$21,451 to train 38 existing employees in Prescott.
- Younger Brothers Construction \$196,698 to train 358 existing employees in Tempe.

SCHOOL-TO-APPRENTICESHIP PILOT PROGRAM

The School-to-Apprenticeship pilot program develops training track, partnering with schools, businesses, governmental agencies and students. Focus: Humbolt School District in Yavapai County.

- Partners: Prescott Valley Industrial Council, Prescott Valley businesses, community leaders, the Humboldt Unified School District (HUSD), and the Arizona Department of Education.
- Students will receive instruction and experience in all aspects of a potential occupation through service learning, job shadowing, job placement and apprenticeship training.
- The program is part of an educational reform movement designed to increase students' motivation to learn by demonstrating the connection between school and work. Mr. Marks encourages other interested business leaders to join this effort to address additional workforce needs in the community.
- This program is now facilitated by the District itself.



Business Development

BUSINESS DEVELOPMENT AND ATTRACTION

AZ FAST GRANT PROGRAM

INTERNATIONAL TRADE INITIATIVES AND MISSIONS

ENTERPRISE ZONE (EZ) PROGRAM

TECH CONNECT MAGAZINE

BUSINESS DEVELOPMENT AND ATTRACTION

Commerce markets Arizona worldwide in an effort to attract new business and high-wage jobs. Commerce is also instrumental in relocating Arizona companies to new industry areas and expanding existing companies into new areas.

General Inquiries:

- **Total new locates, expansions and retentions in Arizona: 37**
- **Total # Jobs created: 9,600 new jobs**
- **Total capital investment: \$660 million**
- **Average salaries: \$41,537 – Higher than average**

2005 NEW LOCATES

- Assisted the location of Knight Refrigerated to Phoenix, resulting in the creation of 175 new jobs and a \$21,500,000 capital investment.
- Assisted the location of Bull Moose Tube Company to Casa Grande, resulting in the creation of 32 new jobs and an \$8,100,000 capital investment.
- Assisted the expansion of Countrywide Financial Corporation to Chandler, resulting in the creation of 2500 new jobs and a \$15,600,000 capital investment.
- Assisted the location of Medline Industries, Inc. to Tolleson, resulting in the creation of 50 new jobs and a \$2,000,000 capital investment.
- Assisted the expansion of Machine Solutions, Inc. to Flagstaff, resulting in the creation of 70 new jobs.
- Assisted the location of Heyco to Phoenix, resulting in the creation of 30 new jobs and a \$1,000,000 capital investment.
- Assisted the location of McKesson Corporation to Scottsdale, resulting in the creation of 300 new jobs and a \$3,000,000 capital investment.
- Assisted the location of Walmart Stores to Kingman, resulting in the creation of 500 new jobs and a \$60,000,000 capital investment.
- Assisted the location of Masco to Chandler, resulting in the creation of 325 new jobs and a \$14,500,000 capital investment.
- Assisted the location of Verizon to Chandler, resulting in the creation of 1200 new jobs and a \$20,000,000 capital investment.



- Assisted the expansion of Advance Ceramics Research to Tucson, resulting in the creation of 13 new jobs and a \$- capital investment.
- Assisted the location of Innovative Plastics to Phoenix, resulting in the creation of 40 new jobs and a \$1,200,000 capital investment.
- Assisted the location of Collect Corp. to Phoenix, resulting in the creation of 200 new jobs and a \$2,500,000 capital investment.
- Assisted the location of Plastic Technology to Casa Grande, resulting in the creation of 34 new jobs and a \$4,150,000 capital investment.
- Assisted the location of Lydian Trust to Phoenix, resulting in the creation of 315 new jobs and a \$4,000,000 capital investment.
- Assisted the Retention of Analyze, Inc. in Chandler.
- Assisted the location of LeNature's to Phoenix, resulting in the creation of 335 new jobs and a \$200,000,000 capital investment.
- Assisted the expansion of MRS Associates to Phoenix, resulting in the creation of 250 new jobs and a \$500,000 capital investment.
- Assisted the location of Milgard Windows to Surprise, resulting in the creation of 300 new jobs and a \$36,000,000 capital investment.
- Assisted the location of Associated Materials, Inc to Yuma, resulting in the creation of 189 new jobs and an \$18,000,000 capital investment.
- Assisted the location of Northwestern Industries to Yuma, resulting in the creation of 40 new jobs and a \$7,000,000 capital investment.
- Assisted the expansion of Ferguson Enterprises to Phoenix, resulting in the creation of 150 new jobs and a \$1,700,000 capital investment.
- Assisted the location of Northeastern Industries to Camp Verde, resulting in the creation of 27 new jobs and a \$2,200,000 capital investment.
- Assisted the location of Tomcar to Phoenix, resulting in the creation of 200 new jobs and a \$5,000,000 capital investment.
- Assisted the location of Aqua Glass Corp to Kingman, resulting in the creation of 100 new jobs and a \$14,250,000 capital investment.
- Assisted the location of GST Industries to Mesa, resulting in the creation of 20 new jobs and a \$274,000 capital investment.
- Assisted the location of Cessna to Mesa, resulting in the creation of 200 new jobs and a \$16,000,000 capital investment.
- Assisted the location of Rockwell Collins to Scottsdale, resulting in the creation of 9 new jobs and a \$250,000 capital investment.
- Assisted the location of Bobcat Company to Tucson, resulting in the creation of 3 new jobs and a \$1,200,000 capital investment.
- Assisted the location of Monster to Tempe, resulting in the creation of 350 new jobs and a \$7,000,000 capital investment.
- Assisted the location of Norweigan Cruise Lines to Mesa, resulting in the creation of 500 new jobs and a \$5,000,000 capital investment.
- Assisted the location of GMAC Mortgage to Phoenix, resulting in the creation of 400 new jobs and a \$2,000,000 capital investment.
- Assisted the location of E-Bay to Phoenix, resulting in the creation of 55 new jobs and a \$120,000,000 capital investment.
- Assisted the location of Republic Plastics to San Manuel, resulting in the creation of 100 new jobs and a \$7,000,000 capital investment.
- Assisted the location of DHL Worldwide to Phoenix, resulting in the creation of 38 new jobs and a \$3,000,000 capital investment.



- Assisted the location of Hamilton-Sunstrand to Phoenix, resulting in the creation of 250 new jobs and a \$52,000,000 capital investment.
- Assisted the location of Vanguard Financial Services to Scottsdale, resulting in the creation of 300 new jobs and a \$4,000,000 capital investment.

AZ FAST GRANT PROGRAM

- AZ FAST Grants are awarded to encourage the growth and development of technology companies in Arizona.
 - AZ FAST Grants assist Arizona businesses in developing and commercializing their technology and products and securing federal business and technology funding under the Small Business Innovation and Research (SBIR) Program and the Small Business Technology Transfer (STTR) Program.
- 50% of FAST Grant funding comes from Commerce Economic and Development Commission state funds.
 - The remaining 50% of funding comes from the U.S Small Business Administration Federal and State Technology (FAST) Partnership Program and national agencies such as NASA, USDA, the Department of Defense, the Department of Education, the Environmental Protection Agency, the National Science Foundation, the US Departments of Commerce and Transportation, and The National Institutes of Health.
- **Grant Recipient Success Story:**
 "The AZ FAST grant allowed Kutta Consulting the tools and opportunity to build a prototype PDA (Personal Digital Assistant)-like device to control and monitor sensors on small unmanned aerial vehicles (SUAVs). Soldiers in the field will be able to quickly conduct short-range surveillance with this hand-held device. Right now they have to wait for information gathered by manned or unmanned aerial vehicles to be sent through a long chain of command before it makes it into the soldier's hands. This device has military as well as public safety applications and can be used in the future for border patrol, police work, and scouting and monitoring fires."

– Douglas Limbaugh, Owner, Kutta Consulting, Inc.

2005 Grants:

A total of \$110,000 (half state funded, half federally funded) was awarded to 22 companies. This investment has the opportunity to be the catalyst for \$2,519,068.

Awarded grants:

Kutta Consulting	\$ 780,000
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Submitted grants:

Kinetic Muscles	\$ 100,000
Kronos Science Lab	\$ 300,000
White Mountain Lab	\$ 70,000
Advanced Ceramics Research	\$ 140,000
5AM Solutions	\$ 99,720
Seventh Rank Associates	\$ 119,348



Medipacs	\$	100,000
QuantTera	\$	100,000
Piezo Energy	\$	150,000
Global Building Systems	\$	70,000
BTEK Software	\$	120,000
BioLogix	\$	100,000
Tucson Embedded Systems	\$	170,000
Engineering Science Analysis Corp	\$	100,000
2005 AZ FAST SUBMITTALS	\$	1,739,068

INTERNATIONAL TRADE INITIATIVES AND MISSIONS

Commerce provides long-term assistance to Arizona businesses so they become more competitive outside the United States. The Department works with small- and medium-sized Arizona companies that are new to exporting or are expanding to new markets, and works to attract foreign-direct investment into Arizona.

2005 Trade Initiatives and Missions

Economic impact is discovered over many years, as a result, it's challenging to predict.

Trade Shows Attended – Information on companies that attended number of meetings is still being compiled.

- Farnborough Air Show
- Trade mission to Monterrey, Mexico, for multiple industries
- Bio Trade Mission to Yokohama, Japan will take place in an effort to match bio-industry business owners in Arizona with their counterparts in Japan through JETRO (Japan External Trade Organization).
- Mexica, Germany

ENTERPRISE ZONE (EZ) PROGRAM

- Purpose: Improve the local economies of state areas with high poverty and unemployment rates by increasing incentives and opportunities for private investment in "enterprise zones."
- In order to encourage private investment as well as job creation and retention in zones, the EZ Program offers two major benefits:
 - Income tax credits for non-retail businesses or insurers creating new jobs in a zone.
 - Property reclassification for small manufacturers investing in a zone.
- General Overview
- Overall (from 1/03 to date):



- Tax credits companies reported: 18,535 new jobs were created.
- Tax credits companies reported: 24,620 continuing jobs.
- Property reclassification manufacturers reported: 8,776 jobs were supported.
- Capital investment: Tax credit companies and property reclassification manufacturers made over \$2.9 billion dollars in capital investment.
- Total new job tax credits? \$39,092,195 tax credits were reported.
- Total # enterprise zone companies?
 - Tax credit companies: 587 companies reported tax credits.
 - Property Reclassification manufacturers: A total of 17 manufacturers were newly certified during FY03 – FY05.
 - Since the inception of the property reclassification program 63 manufacturers have been certified for the benefit. Many have received the benefit and no longer qualify thus in:
 - ◆ FY03 = 39 active manufacturers
 - ◆ FY04 = 43 active manufacturers
 - ◆ FY05 = 35 active manufacturers
- Enterprise Zone Designations:
 - Yavapai County/Chino Valley received an enterprise zone designation, bringing the total number of enterprise zones to 24.
 - FY04 – Greenlee County, Bullhead City, Lake Havasu City and Camp Verde received enterprise zone designation. Bringing the total number of enterprise zones to 25.
 - FY05 – City of Mesa received enterprise zone designation. Bringing the total number of enterprise zones to 26.
- New jobs and capital investment required for income tax credits: No capital investment is required to qualify. Rather in any year a company creates a net new quality job, it can qualify for a tax credit. In regard to the property reclassification benefit, a manufacturer must make a capital investment to qualify for the benefit. The capital investment required is between \$500,000 and \$2 million depending on the zone location.
- In what specific zone areas (i.e. cities, counties towns) are they located? Map available.

2005

- A total of 204 companies reported \$8,586,635 in tax credits at 333 business locations. Many of the companies who reported in FY05 have several business locations in different zones. With a combined investment of over \$733 million dollars, these companies created 5,627 new jobs with an average wage of \$16.58 per hour for the State of Arizona. These companies also reported 2,873 continuing second year jobs and 1,944 continuing third year jobs.
- There were 35 active manufacturers in the program, 4 of which were newly certified in FY05. With a combined investment this year of over \$65 million dollars, these companies employed 2,629 Arizonans with an average wage of \$14.02 per hour.
 - 32 small manufacturers, 2 woman-owned manufacturer and 1 minority-owned manufacturer, which totals 35 active manufacturers.
- Company and district-specific data has not yet been compiled.



TECH CONNECT MAGAZINE

Launched in 2004 the inaugural issue of Tech Connect Magazine, a tool to promote Arizona's innovation and technology assets. Distribution will be made through the Phoenix Business Journal, Inside Tucson Business, and economic development partners statewide.

- 20,000 distribution statewide
- Governor is distributing to over 1,200 C-level execs in California
- Trade offices are distributing overseas
- Funded by advertising revenue



POLICY, RESEARCH AND PLANNING

COMMERCE AND ECONOMIC DEVELOPMENT FUND

COMMERCE ECONOMIC RESEARCH ADVISORY COMMITTEE

COMMERCE AND ECONOMIC DEVELOPMENT COMMISSION (CEDC) FUND

- The CEDC is the state's economic policy and planning board and is chaired by the Director of Commerce.
- The CEDC Fund provides financial assistance to support Arizona economic development efforts and serves as the funding source for several separate grant programs, including the Municipal Energy Management Program.
- Fund investment focus areas are 1) Strategic Research and Initiatives, 2) Technology Sector Project Capital, 3) Direct Assistance to Arizona Businesses, and 4) an Intermediary Participation Program
- CEDC funds are state-based and can be used to support an array of economic development activities including research and development of prescription drugs, business production of new technologies, and expanding military facilities.

2005 Activities

- Seven new CEDC Commissioners were appointed in FY 05: Jose Cardenas, Steven Roman, Fred DuVal, Vicki Chandler, Evelyn Casuga, Ruben Ramos and Dale Ann Bailey.
- The CEDC continued research to support its statutory responsibility to develop the strategic long-range economic development plan for Arizona.
- \$60,000 funding match to leverage up to \$180,000 in federal funding for the Florence Military Reservation and Silverbell Army joint land use studies. These studies help ensure land use planning and development respects the mission and needs of critical military assets.
- \$200,000 loan to the University of Arizona for the feasibility studies associated with establishing a new bio park at the University of Arizona.
- \$200,000 grant for the legal and administrative costs to establish CPATH, a partnership of the University of Arizona, US Food and Drug Administration and SRI (formerly the Stanford Research Institute) to establish a new drug development program.
- \$35,000 to match ABOR funds to develop a business plan for the Arizona Water Institute. This project is an outcome of the world class research and development strengths in hydrology found throughout Arizona's university system and in sustainably-oriented semiconductor companies such as Intel, ON and others.
- The CEDC also conducted an economic analysis of the solar industry and a survey to identify the industry's workforce and business development needs and challenges. In addition to water, solar is a critical industry development opportunity for Arizona.



COMMERCE ECONOMIC RESEARCH ADVISORY COMMITTEE

Established 2003 and Ongoing: Established the Commerce Economic Research Advisory Committee, which includes 12 volunteer economists/planners from public and private sectors who serve as an advisory and peer review body for economic information and research projects (including all three universities). This body brings the collective intelligence of Arizona's leading economists together to focus on economic issues for the benefit of state government. Additionally, the three university business research units are now working together instead of duplicating efforts

The impact of the ERAC is that research undertaken by Commerce and its partners is driven by true market needs and is peer-reviewed, ensuring quality and relevant information is being developed.