



THE PIVOT PLAYBOOK

Redefining Our Economy in a
Post-Pandemic World

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SUN CORRIDOR INC

The COVID-19 pandemic has been as unprecedented and as challenging for our businesses as anything we have collectively faced in our professional lifetimes. At the same time, our community has stood its ground together to prevent the pandemic from putting a stop to the economic momentum we have generated over the last several years.

To ensure that we, as a business community, come out of the pandemic as prepared and as strong as we possibly can be, the leadership of Sun Corridor Inc. has been working tirelessly to prepare a specific plan of action for the post-COVID-19 economic environment in our region.

The Pivot Playbook is a formal action plan assembled by the COVID-19 Recovery & Response Steering Committee. The Steering Committee was tasked with identifying specific strategies and actions in five focus areas in response to a series of national rankings that have suggested that Southern Arizona is poised for a recovery that will be quicker and stronger than most.

Those rankings confirm that the economies that will be successful in the post-pandemic environment are those that offer a high-quality pool of talent, innovative and effective workforce training, and connected and cost-effective real estate offerings.

Site selectors and relocation consultants predict that the most dynamic recoveries may bypass traditional powerhouses and take place in areas – like Southern Arizona – that were poised for growth in 2020 before everything changed due to COVID-19. Southern Arizona's size, population density, and proximity to the universities are the primary reasons we are considered well-positioned for recovery.

Rather than standing solely on those rankings and expecting those forecasts to come to fruition on their own, the Steering Committee examined those rankings, recognized gaps that still exist and developed this plan to address and enhance the many factors that experts say put the region ahead of others in the post-COVID-19 economy.

While our community is still working to completely contain the spread of the virus, our business leaders are at the ready to do what we can to ensure the region continues on the prosperous path it was on prior to the pandemic. Southern Arizona can emerge from the health and economic challenge caused by COVID-19 by building on the strengths we have in place and addressing the barriers we have to success. The Pivot Playbook is our plan to do exactly that.

Thank you to the Steering Committee for their leadership on this plan, and thank you to our Title Sponsor, Bank of America, whose generous resources contributed significantly to the Pivot Playbook.



A handwritten signature in black ink, appearing to read 'Steve Eggen'.

Steve Eggen

Chair, The Pivot Playbook
Steering Committee



A handwritten signature in black ink, appearing to read 'Judy Rich'.

Judy Rich

President & CEO, TMC HealthCare
Chair of the Board, Sun Corridor Inc.



A handwritten signature in black ink, appearing to read 'Joe Snell'.

Joe Snell

President & CEO
Sun Corridor Inc.

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Adriana Kong Romero | President, Bank of America Tucson

“Southern Arizona’s economic recovery isn’t about returning to the status quo—it’s about building back equitably by developing a workforce ready to take on 21st century jobs and attracting top companies. Now, under the exceptional leadership of the Sun Corridor Inc. team and the expertise of the Steering Committee, we are confident that Tucson will come back stronger and more competitive.”

WHERE WE STAND



WHERE WE STAND

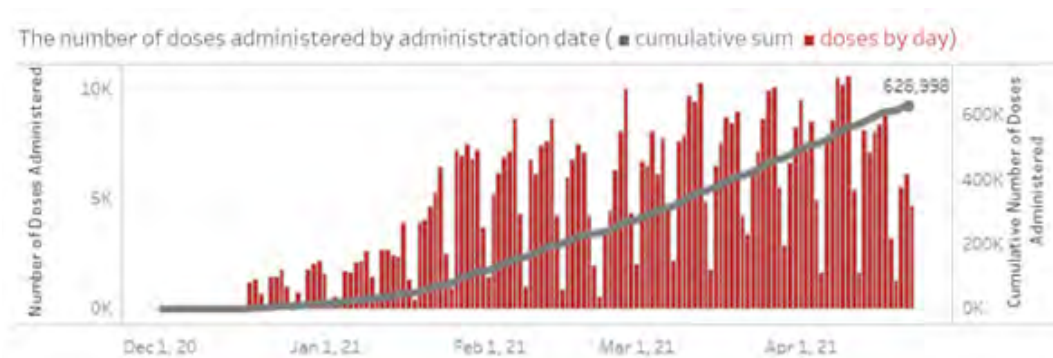
The economic landscape in Southern Arizona remains as fluid as the pandemic itself. After making significant gains to reduce the spread of COVID-19 during the fall of 2020, communities throughout the United States saw a surge through the holidays and the first month of 2021 before beginning to make progress again.

A combination of a massive vaccination effort and businesses' ability to adjust to the new environment have put the Southern Arizona region in position to launch specific strategies to work toward economic recovery.

CURRENT STATE OF COVID-19 IN SOUTHERN AZ

The number of COVID-19 cases and deaths peaked in January as the region moved away from the holidays and vaccination began.

Pima County set a goal of 300,000 vaccine doses administered by March 31, 2021 and exceeded that by more than 200,000.



Source: Pima County

While the state of Arizona began lifting mitigation measures in early March, such as limitations on occupancy in businesses while ordering the resumption of in-person classes in schools, Pima County and local municipalities kept many of the measures such as masks and social distancing in place.

By April, anyone 16 years of age and older was considered eligible to receive the COVID-19 vaccine.

Strong vaccination outreach efforts by the State and County will continue through the summer of 2021. Businesses are beginning to reopen across the region.

IMPACT OF THE PANDEMIC ON THE SOUTHERN ARIZONA ECONOMY

As the COVID-19 numbers continue to decrease, the signs of a recovery have begun to show themselves, although there remains a long road to recovery, according to the Economic and Business Research Center at the University of Arizona Eller College of Management.

According to George Hammond, director of the Economic and Business Research Center, the Tucson MSA lost 44,000 jobs from February to April 2020. With the lifting of the Governor's Stay-at-Home order, job gains were initially rapid (May and June). However, since June the Tucson MSA has generated just 5,000 jobs.



Judy Rich | President & CEO, TMC HealthCare

“Our community came together in so many ways and on so many fronts – from a healthcare perspective, from a community perspective and from a business perspective – to put us in position to come out of this unprecedented time healthier and stronger economically than our peer communities.”

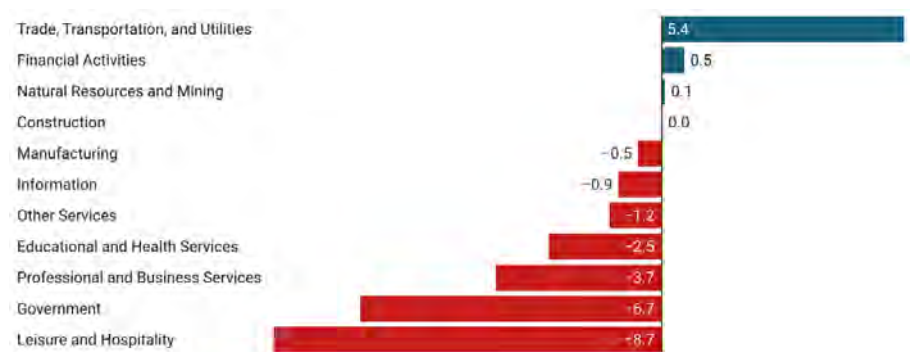
As of March 2021, Tucson jobs remained 19,600 below February 2020. This implies that Tucson has replaced 55.5% of the jobs lost from February to April of last year. That was far below the replacement rates for the state (68.4%) and the nation (62.4%).

In Tucson, leisure and hospitality jobs remained the hardest hit sector, with employment down 8,700 from February 2020 to March 2021. Government jobs were also hard hit, particularly state and local education. Professional and business services jobs were down 3,700, reflecting losses in employment services and business support services (including call centers). Education and health services jobs were down 2,500, reflecting decreased activity in medical and dental offices, hospitals, and therapy practices.

Overall, jobs in most sectors in Tucson are below their pre-pandemic peak. The exceptions were natural resources and mining; financial activities; and trade, transportation and utilities. The strong job gains in trade, transportation, and utilities were driven by growth in transportation and warehousing. That reflected in part the shift to online shopping and delivery services during the pandemic.

Diverse Industry Performance

Tucson MSA Net Job Change by Industry
February 2020 to March 2021, Thousands, Seasonally Adjusted



UNIVERSITY OF ARIZONA / ELLER COLLEGE OF MANAGEMENT



POISED FOR RECOVERY

Almost as soon as COVID-19 put a grip on the national economy in March 2020, the Tucson region emerged as one of the areas in the country best positioned for economic recovery from the pandemic.

A report issued by Moody's Analytics that examined 100 metro areas in the U.S. for the potential to recover listed Tucson as one of 10 cities in the best position for economic recovery. "The most dynamic recoveries may well bypass traditional powerhouses and take place instead in areas that either were or were poised to lead the way in 2020 before everything changed," Adam Kamins, senior regional economist at Moody's Analytics wrote in the report. The report was summarized in an article published by Forbes magazine in May 2020.

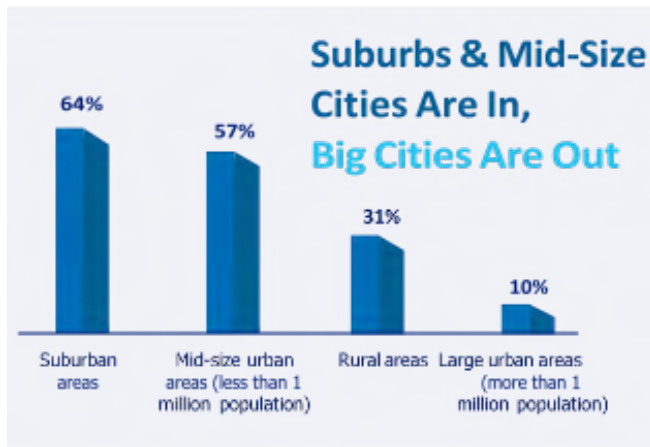
Among the factors cited for the 10 best cities were proximity to a major university that could provide much needed talent for company relocations, communities with lower population density, and communities with less reliance on public transportation, factors where Southern Arizona rates high.



Dr. Robert C. Robbins | President, The University of Arizona

"The University of Arizona's contributions to the state's high-tech workforce are a point of pride. We attract incredibly talented students who work with world-class faculty, and they gain extensive experience in real-world applications of their knowledge. This experience directly benefits local employers, right here in Southern Arizona."

The ranking was the first of more than a dozen that took into account various aspects of the Southern Arizona economy such as housing market, affordability, talent attraction and tourism. The Tucson region was among the 11 mid-sized cities the Site Selectors Guild ranked as "the next winners" for corporate location coming out of the pandemic.



Source: Site Selectors Guild, 2020

“The pandemic has brought suburban areas and mid-size cities into the forefront of consideration for future site selection projects and even put rural areas well ahead of large urban areas,” the Guild said in its report issued in July 2020. “When Guild members were asked about locations that are ‘likely’ or ‘very likely’ to be considered by corporations looking to expand, relocate or open new facilities in the next 12 months, 64% chose suburban areas, 57% chose mid-size cities, 31% chose rural areas, and just 10% chose large urban areas.”

Fast-growing tech hubs in the West and South also were considered prime areas for economic recovery, according to the various ratings. A survey of site selection consultants conducted by Sun Corridor Inc. in November 2020 indicated that aerospace/defense and bioscience/healthcare were industry sectors that site selectors most often recognized as having a “significant presence” in the Tucson region.

WHY NOW? THE EXTERNAL PERSPECTIVE

With the attention Southern Arizona was receiving as a region poised for a strong post-COVID-19 recovery, Sun Corridor Inc. conducted a survey of site selection consultants to delve into the changing landscape due to the pandemic and to gather site selector input into the factors affecting the region as a destination for companies making location decisions.

The survey of 61 site selection consultants was conducted in November 2020. Among the key findings of the survey were that the region is well-known for the development and strength of the aerospace and defense industry. The University of Arizona is considered a talent-related asset that sets the region apart from others. And the perception of the region has improved significantly since the 2006 survey particularly in the area of access to talent.



Sharon Bronson | Chair, Pima County Board of Supervisors, District 3

“Building back productivity in a post-pandemic environment of intense global competition and accelerating innovation is a complex undertaking that demands focus and investment. We must help our residents keep up with the skills required to capitalize on emerging technologies.”

Nonetheless, the survey also pointed out factors the region should target for improvement which are the basis for the five focus areas in the Pivot Playbook.

The Impact of COVID-19

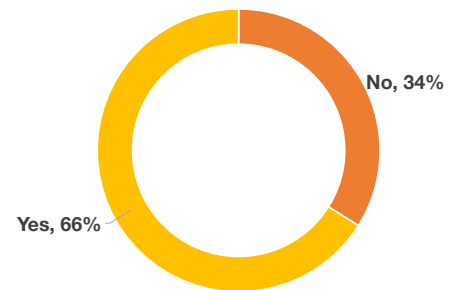
A key finding of the survey is that COVID-19 has changed the importance and impacted the weight of certain factors for location. Two-thirds of site selectors responded that their clients are considering COVID-19 when making location decisions.

Among the factors with increased emphasis due to COVID-19 are:

- State and local response to the pandemic, primarily how communities adhere to public safety mandates and standards to avoid future shutdowns
- Population density and available real estate that enables “physical distancing”
- Enhanced digital and technical skills required of a remote workforce
- Incentives that take into account remote workers
- Availability of non-stop flights to the region

1 COVID-19 is impacting location decisions.

Question: Have you or your clients weighted certain factors in the site selection process differently as a result of the COVID-19 pandemic?

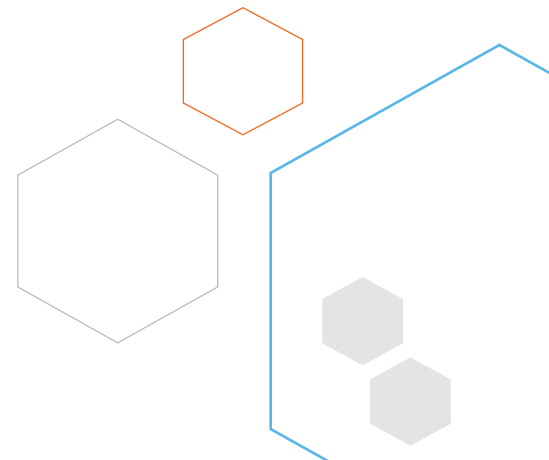


Regina Romero | Mayor, The City of Tucson

“My vision is to be a city with an eye on equity and sustainability that – at all levels – supports and leverages small and legacy businesses, start-ups, accelerators and incubators to make Tucson a leader in creating green jobs, tech jobs, and the jobs of the future as we emerge from the pandemic.”

Southern Arizona Has Positive Perceptions

Site selectors were asked to rate a number of factors they consider important in the location selection process. The region was rated positively on most factors, and rated highest on quality of life, access to technical and skilled workers, overall operating costs, competitive labor costs and regulatory environment.



BEYOND COVID-19

NEW THINKING IN A POST-PANDEMIC WORLD

TALENT RECRUITMENT & RETENTION

COMPANY RECRUITMENT

WORKFORCE DEVELOPMENT & TRAINING

SHOVEL READY & REAL ESTATE OFFERINGS

TOURISM RECOVERY

COMPANY RECRUITMENT



COMPANY RECRUITMENT

THE CURRENT LANDSCAPE

As the COVID-19 pandemic began to put its grip on economies throughout the world, Southern Arizona was in the midst of a lengthy period of growth and progress in company relocation and retention. A-list companies such as Caterpillar and Amazon made major moves into the region while prominent employers in the area such as Raytheon, Bombardier and GEICO expanded and created new jobs.

Since 2015, more than 16,000 new jobs have been created with an economic impact of nearly \$23 billion. Notable employers in the region include:



BOMBARDIER

CATERPILLAR®

GEICO®



It wasn't long into the pandemic when trends began to emerge that indicated the landscape for company location and retention was changing dramatically. For Southern Arizona, the change was moving the region into a position of strength in large part because of many of its natural and existing characteristics.

Southern Arizona is recognized as a region that is spaced out geographically with abundant affordable real estate. It has improved its public transportation recently, most notably with the completion of the Tucson Streetcar, but doesn't rely heavily on it. Proximity to the University of Arizona, Pima Community College and Arizona State University has improved the region's talent availability. With all that, Southern Arizona is an economic rising star that was ranked by several organizations as a place to be for employers and employees post-COVID-19.

The region continues to see strong interest from the manufacturing, as well as the transportation and logistics sectors. The number of industrial projects in the pipeline has increased by approximately 20% when compared to the past several, pre-pandemic years. Companies are pursuing both existing buildings and land for build-to-suit opportunities as manufacturers seek to diversify their U.S. footprint and ecommerce flourishes.

With all the good news, there remain challenges – many that have existed for long periods of time – that need to be addressed and that have been pointed out by those involved in the business of company recruitment and location.

WHY FOCUS ON COMPANY RECRUITMENT?

The pandemic's impact on future company recruitment is widespread and substantial. Two-thirds of site selectors surveyed by Sun Corridor Inc. say that COVID-19 considerations such as population density, community response to the pandemic, digital and technical skills of the workforce, incentives related to working remotely and the ease of access to a community, i.e., non-stop flights, are affecting decisions to locate.



Joe Snell | President & CEO, Sun Corridor Inc.

“We had a great foundation of success built prior to the pandemic. Now, the many rankings that suggest Tucson will be in a strong economic position post-COVID-19 are really playing out on the ground. Interest is strong. The future is very bright.”

According to another survey conducted by the Site Selectors Guild, suburban areas and mid-sized cities have moved to the top of the list for companies considering moves in the next 12 months while large urban areas are at the bottom. This serves as an opportunity for the region to gain ground on the so-called “powerhouses” of company recruitment and company relocation.

Targeted Industries' Importance

The region needs to understand how the COVID-19 pandemic will affect the industries that drive the regional economy. The original [Economic Blueprint](#) conducted by our organization in 2007 and updated in 2014, used a Harvard analysis framework designed to identify the industry clusters that define regional growth. The model identified the following industries as targets for the region – Aerospace and Defense, Bioscience and Healthcare, Alternative Energy/Natural Resources, and Transportation and Logistics.

Impacts to Supply Chain

Ernst & Young conducted a survey of 200 senior level supply chain executives in late 2020 and came up with three key findings:

1. The pandemic had substantial negative effects on supply chains.
2. Big changes are on the horizon for supply chains.
3. The future of supply chains is digital and autonomous.

As companies assess their supply chains coming out of the COVID-19 pandemic, they are likely to seek diversification of sources based on geography and ability to retrain and reskill the workforce. Several site selectors responding in the Site Selectors Guild survey noted that their clients' supply chains were disrupted when China shut down during the current pandemic. There were critical products manufacturers were not able to get from China that slowed or shut down their ability to produce.

As a result, manufacturing in the U.S. has reported significant gains. The Institute for Supply Management reported in February 2021 that its gauge of U.S. manufacturing activity rose to a reading of 60.8%, 2.1 percentage-points above the January level of 58.7%.

Future of Site Selection Visits and Marketing

Decreased in-person interactions and national events for the site selection industry mean that markets must build and maintain connections virtually. This occurred productively during the pandemic.

For example, Sandvik Materials Technology, a world-leading developer and manufacturer of advanced stainless steels and special alloys, announced [plans to expand its operations](#) of precision medical wire and wire-based components to Tucson. The decision was made with the executives never making an in-person visit.

The success of virtual connections has been recognized in the economic development process and is expected to continue.

Existing Assets Position the Region for Success

Talent Pipeline

With access to two internationally recognized universities within 100 miles of each other, plus a top-ranked community college, Southern Arizona has an exceptional talent pipeline. The University of Arizona is a top 20 public research institution. Arizona State University, just over 100 miles away, is one of the largest universities in the country and has the largest engineering school in the nation. Pima Community College is ranked in the top 10% of U.S. community colleges by the Aspen Institute. It is a key partner with employers such as Caterpillar and TuSimple for hands-on workforce training, it has doubled the size of its Aviation Technology Center at Tucson International Airport, and it has a new Center of Excellence in Applied Technology in downtown Tucson.



Technology and Innovation

New and existing companies in the region are among the world's leaders in developing technology and solutions to a vast array of emerging issues in healthcare, aerospace and defense, transportation and logistics, among others.

Companies like TuSimple, Hexagon Mining, Caterpillar and Komatsu, are making incredible technological advancements in their industries from locations based in Tucson. Roche Tissue Diagnostics, a world leader in tissue-based cancer diagnostics, and Accelerate Diagnostics, which provides solutions to the life-threatening challenge of antibiotic resistance, are among the more than 200 emerging and established bioscience companies in the region. Tucson also is home to Davis-Monthan Air Force Base and industry giants such as the Raytheon Missiles & Defense headquarters, Honeywell Aerospace and Northrop Grumman, plus budding startups like World View.

Strategic Location

Geography is a position of strength for the region. Tucson is 60 miles from the border of Mexico, Arizona's No. 1 trade partner. Interstate 10 and the Union Pacific rail line make the state's neighbors, Texas and California, easily accessible. The California ports of Los Angeles and Long Beach are only 500 miles away. The region has a unique inland port in the Port of Tucson, directly on the rail line, where shipping and ocean container traffic easily come and go.

The region is already seen as a transportation and logistics hub with major distribution operations in place including Target, Amazon, Home Depot and HomeGoods. As COVID-induced supply chain disruptions prompt companies to rethink their logistics networks, Tucson continues to be a strong option as a strategic transportation hub.

Lifestyle and Open Space

Data from the many surveys conducted since the onset of the pandemic rate Southern Arizona's open space, natural beauty and affordable lifestyle as a top reason for moving from the crowded population centers post-COVID-19.

The average home price in the area is \$304,000 and the cost of living is 6% below the national average. From hiking and biking through the biologically diverse saguaro-studded mountains to stargazing through one of the world's largest telescopes, outdoor activities are endless and accessible year-round.

Tourism destinations, restaurants and a resurgent downtown are attractive to young and old, students and retirees. Those who are looking for a home can choose from a wide-open space in the scenic outskirts of the city with easy commutes. They can find a new and technologically equipped apartment in the city center or find an affordable and comfortable home in an existing neighborhood. The lifestyle choices are unlimited.

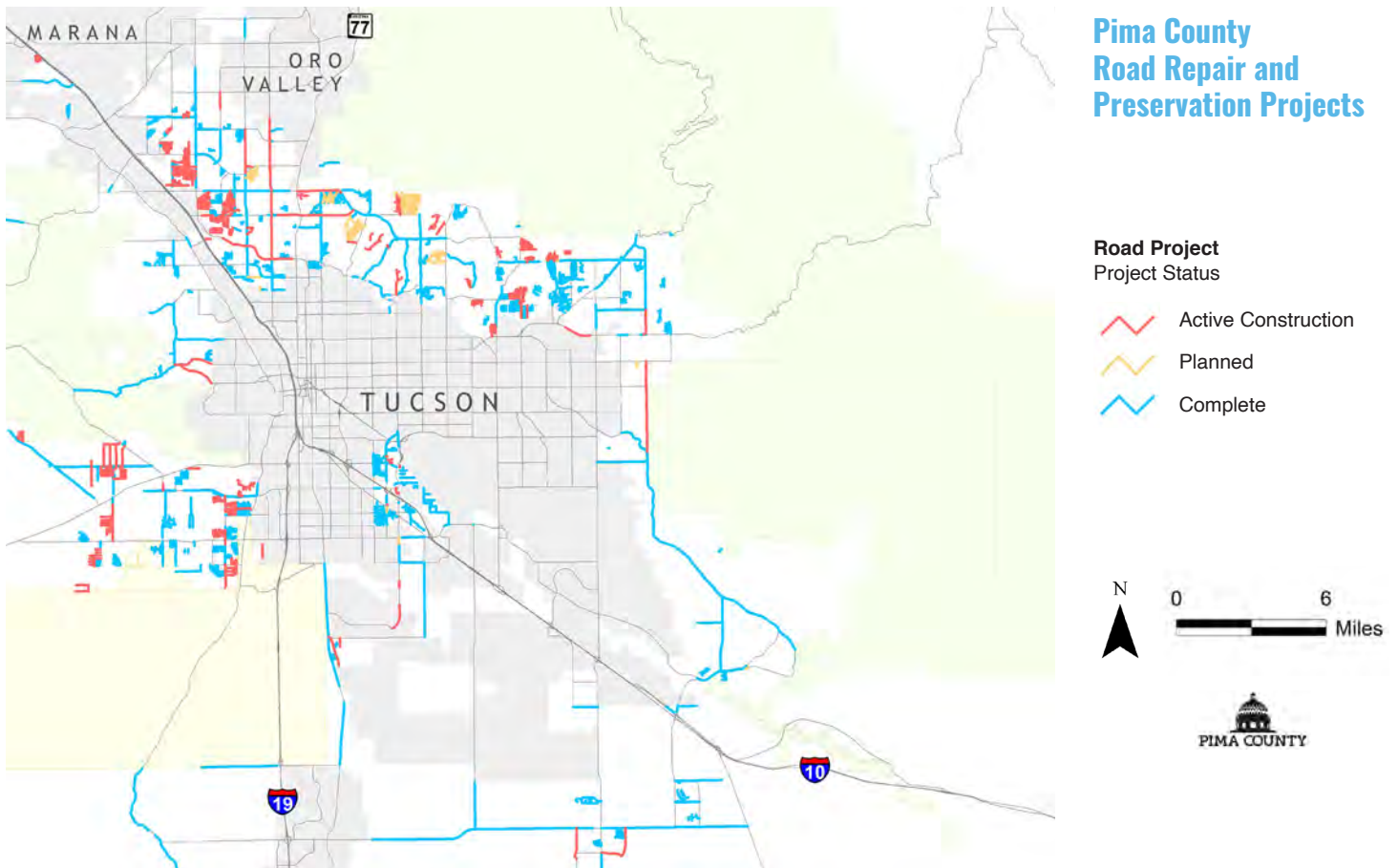
CHALLENGES

The list of challenges for Southern Arizona are familiar. Sun Corridor Inc.'s survey of site selection consultants resulted in "key findings" that are a guide to the challenges the region faces in company recruitment and include the following:

- Perceptions of the Southern Arizona region's business climate are moderate.
- The region has made strides in awareness, but the moderate ratings are driven by a lack of knowledge or familiarity with the region. When thinking of Arizona, most site selectors think of Phoenix. Tucson must stay top of mind.
- Perceptions of select factors are positive; however, perceived accessibility and airlift are key challenges.

Specifically, the survey recommended action in four areas to improve competitiveness in company recruitment:

1. Roads and Infrastructure
2. Better site and building availability
3. Better accessibility and airlift
4. More impactful incentives



Roads and Infrastructure

The most visible challenge within the focus areas that must be addressed is the familiar issue of the region's roads and their respective condition throughout the region. A frequent comment made by site selectors and visiting companies is that good road conditions are a critical consideration to win a project. The road conditions issues include, and are not limited to, maintenance and development of neighborhood streets to major arteries, having the road infrastructure to handle demand, and improvements to people-moving capability. Another issue is aesthetics; median rock, trees, and desert landscape (and ongoing maintenance) must also be considered when performing rejuvenation projects or new development/projects as this adds to the appeal and character that defines Tucson.

The issue crosses multiple jurisdictions in the area. Estimates are in the hundreds of millions of dollars needed to repair roads in Pima County. In 2018, Pima County voters rejected a \$430 million general obligation bond measure to fund the reconstruction, preservation and repair of existing, paved, public roads across the region.

The County was then able to pivot and develop a pay-as-you-go program, with a portion of the program funding much needed road repair in the unincorporated area. Along with the Transportation Departments' state shared revenue, the County has invested \$92 million in fiscal years 2019/2020 and 2020/2021, and is budgeting over \$405 million for the next nine fiscal years. In spite of recent efforts the region needs to accelerate repairs to the current road system.

Site and Building Availability

Despite the pandemic, the region has made significant employment gains by attracting a number of new companies. However, this success has resulted in absorption of the existing industrial properties and facilities leaving a low inventory of large, existing industrial facilities in the market. At the same time, Sun Corridor Inc. has experienced an increase in new project leads and opportunities. While office projects are almost non-existent as a result of the pandemic, demand for industrial space has continued. Industrial facilities currently make up 82% of new project real estate requirements in the inquiries Sun Corridor Inc. has received.

The few industrial offerings over 200,000 square feet still available have limitations and have made it difficult for Southern Arizona to compete. Greenfield sites are often proposed for projects with preferred existing square foot requirements, but many of the larger greenfield sites available require significant development to meet the requirements and timelines of potential users, thereby further reducing our ability to compete with other markets that can offer large existing inventory or shovel ready greenfield sites with infrastructure and capacity in place.

Impactful Incentives

The pandemic has caused changes in how companies evaluate communities for investment and expansion. One of the challenges we face is to determine if we have the right incentives and incentive structures in place. Our current state and local incentives relate to training and property and construction tax costs. An evaluation of incentives is needed to determine if changes are needed to address COVID-19 economic drivers.

RECOMMENDATIONS

Capitalize on Targeted Industries to Benefit the Region

Sun Corridor Inc. has initiated an analysis to determine whether the targeted sectors that have been the focus for the organization for more than a decade are still the industries with the greatest opportunity for the Southern Arizona region. Preliminary review of the data available indicate that the Tucson MSA's pre-pandemic set of assets and economic strengths are emerging from the COVID-19 economic downturn and show that the targeted industry sectors remain as the sectors most likely to contribute to ongoing economic prosperity.



While COVID-19 has taken a very uneven toll on the regional economy, with the travel and hospitality industries sustaining heavy losses, the targeted sectors of Aerospace & Defense, Bioscience/Healthcare, Transportation & Logistics, and Renewable and Mining Technologies in Southern Arizona remain strong and are projected to experience growth. In some cases, the pandemic has accelerated the demand in target industries. For example, the need for bioscience innovation has been exaggerated by the pandemic and has strengthened the interest of this sector in

Southern Arizona. Also, the volume of online purchasing has increased significantly during the pandemic, and as manufacturers have experienced supply chain interruptions, the need for advanced logistical and distribution systems has also been elevated.

The final analysis will present additional detail related to these targeted industries in a post-COVID-19 economy and discuss how changes brought on by the pandemic have positioned Tucson and Southern Arizona to be able to build on its pre-pandemic momentum.

Aggressively Market and Brand Tucson & Southern Arizona

Among the key findings in the site selector research is that perceptions of Southern Arizona's business climate are improving but remain moderate. The region continues to be overshadowed by Phoenix and other regions in its competitive set.

An aggressive and comprehensive marketing strategy that emphasizes the varied opinions of Southern Arizona as a region on the rise post-COVID-19 is an opportunity to continue to make gains in the opinions of the site selectors.

Sun Corridor Inc. will continue to use and refine development of virtual tools such as videos produced using a number of technologies including drones to virtually display properties and employment zones, virtual tours of communities, project-specific videos and simulations, and upgraded online meetings and presentation capabilities.

Increase Inventory of Large Industrial Land Parcels and Industrial Facilities

We recommend local/regional financial incentives to encourage the building of larger industrial space(s). In addition, private developers and investors need to be recruited to invest in properties in the same way companies are recruited to locate here. The demand is high for industrial space as opposed to office space.

The demand is there: Harsch Investment Properties built a [150,000-square-foot spec facility](#) for which it has had success in finding tenants. The company is in the permitting process for a 229,000-square-foot building addition to its Tucson Airport Center property located on the corner of Country Club Road and Elvira Road.

To achieve goals established in the Tucson Airport Authority (TAA) Strategic Plan, Sun Corridor Inc. and the TAA are working together to define priorities and develop a Commercial and Industrial Business Implementation Plan, which will be used to facilitate the development of commercial and industrial land at Tucson International Airport (TUS). The following steps include:

1. Develop GIS datasets for commercial and industrial development promotion and opportunity
2. TAA to solicit and select a partner for the development of commercial and industrial property
3. TAA will begin a phased approach to develop commercial and industrial infrastructure.



Prioritize Roads and Infrastructure

A priority must be to address road improvements, which is frequently cited by site selectors as a critical area to focus on. The private and public sectors may need to create partnerships, and the private sector may need to be more engaged and effective in supporting bond issues and other strategies to address the need.

It is recommended that focus be placed on improving, increasing, and reprioritizing public investment in transportation infrastructure in and around Tucson International Airport (TUS). Specific action related to the Airport Employment Zone is warranted given explosive growth in logistics and distribution in that area. Investments in such infrastructure will address market demand and allow the community to position itself to take full advantage of opportunities.



(SR210 Alvernon Way - Sonoran Corridor Connection)



Photo by Vlada Karpovich from Pexels

Develop Incentives That Match the Post-Pandemic Landscape

Incentives that were once directed toward providing assistance with facilities, offices and infrastructure need to be adjusted to assist with the remote workforce.

Incentives have traditionally been structured in a way that requires a company to make investments into a specific building and hire full-time employees that go to work every day in that building. Companies have found they can now allow their employees to perform their work remotely, even possibly in another city or state.

We recommend companies now be incentivized with technology and other advanced business service operations that employ a minimum number of full-time employees from the region and that meet certain salary requirements. Incentive programs should focus on funding job training that upskills the local workforce to meet the demand for employees. They should also involve assistance with childcare, technology in the home or home offices and other trends that emerge in the post-COVID-19 environment. For example, design and offer financial assistance/incentives for “work from home” office kits. Much can be done to enhance the ability of newly arriving talent to work from home more effectively and productively. Sun Corridor Inc. will create a task force to further identify potential incentive offerings.

TALENT RECRUITMENT & RETENTION



TALENT RECRUITMENT & RETENTION

THE CURRENT LANDSCAPE

Year after year, in virtually every study, talent is the No. 1 factor in site-selection decisions. “Talent” generally refers to the workforce every business needs to produce a product or service and operate a business successfully.

Key questions companies ask of communities they are considering for location include:

- Does the community have the workforce that can fill my positions?
- What skill sets does the workforce possess and how much will this workforce cost?
- Does the community have programs to educate the next generation of my workforce and produce a strong talent pipeline for the future?

Key Drivers in Site Selection Decisions



Throughout many decades of business growth and expansion in the U.S., the priority on talent hasn’t changed. However, prior to the internet and the U.S. technology revolution of the 90s, companies would choose a location to expand to first, and talent would follow. After the baby boom generations of the 50s and 60s, the resulting workforce was plentiful, and companies were in the “driver’s seat” of both hiring and site-selection decisions.

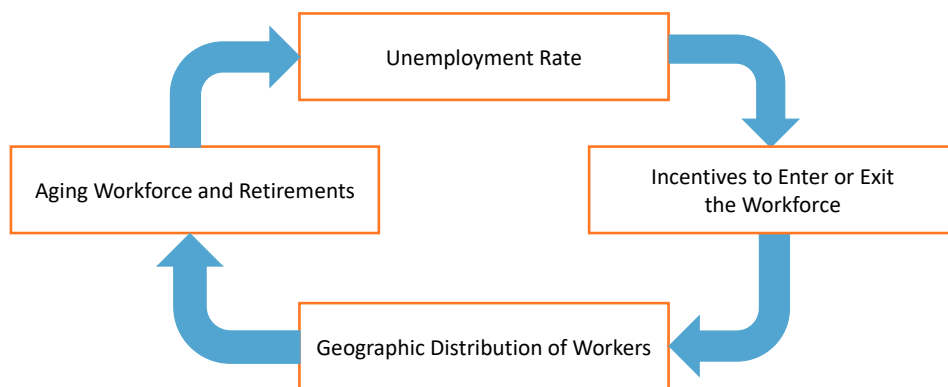
Fast forward to the 21st century, and the situation has flipped. Reduced family sizes, the retirement of the baby-boom generation, and the shrinking age of the working population has resulted in talent taking more control of the landscape, particularly highly sought-after talent.

Talent is in short supply in many communities, and this new challenge for companies has caused the talent factor to be even more critical in any location decisions. Companies must examine a number of factors in evaluating the talent supply as they consider locations for their businesses.

Factors Affecting Talent Supply

The COVID-19 pandemic has caused another fast-moving sea change as workers have new considerations – and in some cases, demands – for where they will work and live.

With more than a year of experience in working remotely with improving technology such as Zoom, Microsoft Teams and other virtual work environments, companies have acknowledged that workers are effective working away from the office, and workers will be able to live and work where they desire regardless of the location of their employers. Communities seeking to attract industry must consider workers' priorities as well as those of the companies looking to locate. Fortunately for the Tucson region, large urban areas are becoming problematic. According to [Indeed](#), more than half of tech employees surveyed plan to move within the next 12 months.



Source: Talent Edge 2020 Deloitte Press



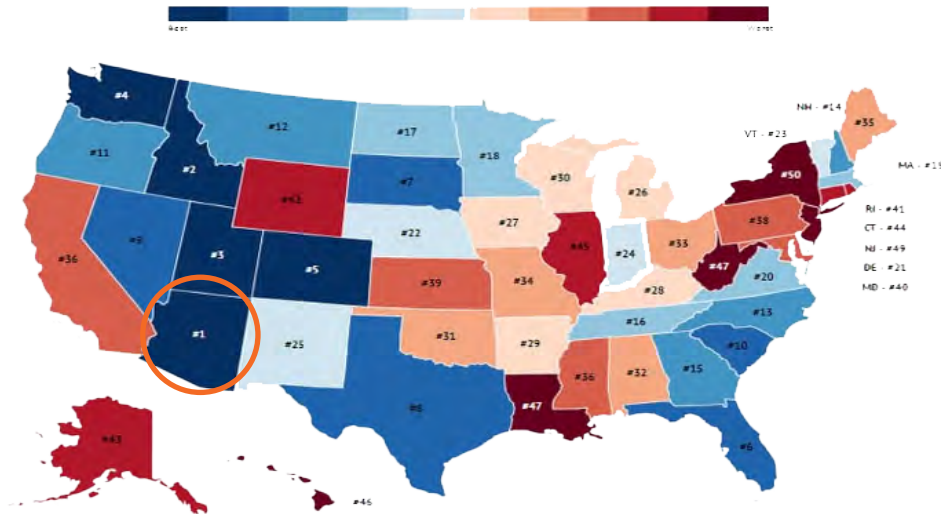
Alex Horvath | Senior Vice President & Chief Human Resources Officer, TMC HealthCare

“Tucson’s appeal is growing for people who are willing to exchange large-city amenities for safety, well-being, mental health and a sense of community that supports individual and family efforts to stay healthy.”

According to Development Counsellors International (DCI), a place branding firm that regularly conducts talent research, tech workers are saying farewell to San Francisco and other densely populated markets. Collaborating in the office, the big-city amenities and being in one of the top tech hubs in the world might have made up for inflated rent and high taxes at one point. But location alone doesn’t necessarily cut it without those perks or being tethered to a physical office. Where are technology workers and tech companies headed? The competition remains fierce. Locations with lower costs, warm weather and lower taxes— like Arizona – have the edge.

Where do Americans Want to Live and Why?

Of the 10 states with the biggest population increases, Arizona is #1. Arizona is seeing the largest population growth in the nation, with a more than 2% increase year-over-year. Talent is relocating from California, Colorado, Illinois, Washington and Nevada.



Source: Zippia The Career Expert, February 2020

WHY FOCUS ON TALENT RECRUITMENT?

A 2020 Gallup Poll revealed five key factors that workers are considering when making decisions about where they want to work and live:

- **Safety and Security** – Employees have now experienced the fast, evolving state of public health emergencies and are looking for communities that offer safer living environments.
- **Stability** – Talent will be looking for communities who have managed the pandemic well and who will provide a sense of stability in future health crises.
- **Wide Open Spaces** – Large, crowded urban markets are experiencing increases in talent out-migration, and smaller mid-market sized cities with more room to spread out are becoming more appealing with growing talent in-migration.
- **Well-being** – With healthy environments at the forefront of people's minds, places that can offer very strong live/work/play environments will win over talent. People are willing to exchange large city amenities for safety, well-being and mental health.
- **Sense of Community** – With technology advances and the dramatic jump in the ability to work remotely, markets must possess the ability to integrate new workers, both onsite at companies as well as remote workers, into the fabric of everyday life. Sense of community helps support individual and family efforts to stay healthy.

Since the onset of the pandemic in 2020, the Tucson region has been named in more than a dozen positive national rankings regarding COVID recovery potential, quality of life, and technology advancements, most notably a May 2020 ranking by Moody's Analytics that the region is one of the top 10 cities poised for a post-COVID economic recovery.

How Does Tucson Rank?



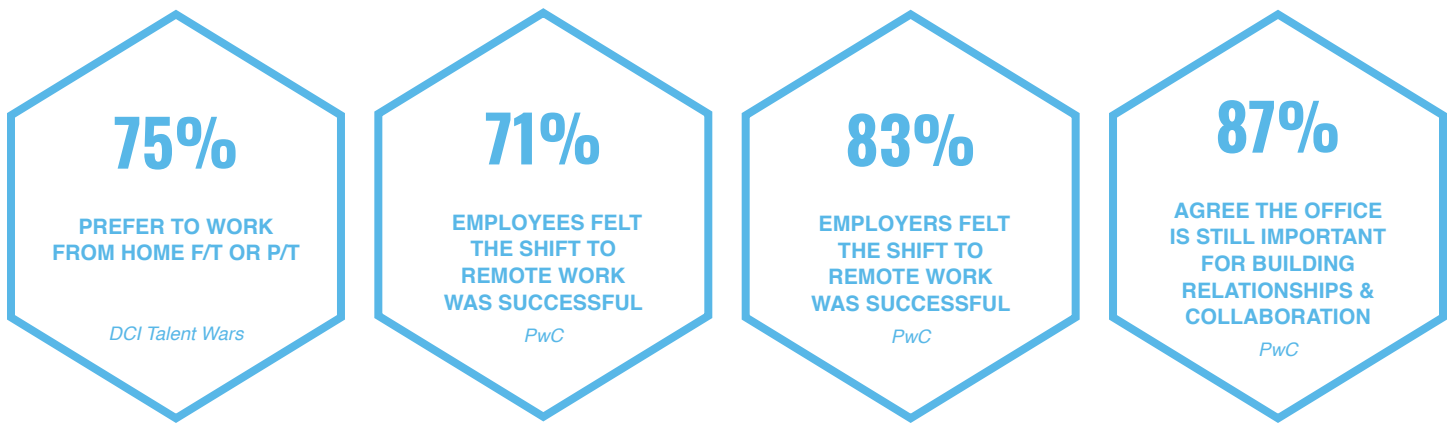
Those rankings confirm that the economies that will be successful in the post-pandemic environment are those that offer a high-quality pool of talent. Site selectors and relocation consultants predict that the most dynamic recoveries may bypass traditional powerhouses and take place in areas that were poised for growth in 2020 before everything changed due to the pandemic.

Southern Arizona's size, population density, and proximity to the universities are the main reasons the region is considered well-positioned for recovery. As a community, the region must leverage this position to attract talent like never before.

Attracting talent for companies located in Southern Arizona is important, but with the advent of both the ability and preference of many to work from home and work remotely – Tucson is in even a better position. The region's amenities should appeal to workers looking for a new and safer lifestyle in the post-COVID-19 environment.

Contradicting headlines in the media waffle back and forth stating that remote work is the future whereas other stories iterate the inimitable advantages of humans connecting, socializing and working together in-person.

But the research doesn't lie – when asked about remote work preferences in DCI's Talent Wars report, 75% of respondents said they would prefer to either work from home full-time or at least some of the time. A remote work study done by PwC revealed that 71% of employees and 83% of employers surveyed said that they felt the shift to remote work had been successful. Despite the convenience of working from home, most people surveyed – 87% – agreed that the office is still important for building relationships and collaboration.



If your company offers a 100% work from home arrangement, why not live in Tucson?

On the company side, however, in a sign that expectations of a permanent work-from-home culture may be overstated, a fresh KPMG survey in 2021 of top CEOs worldwide found a mere 17% plan to shrink their overall offices, an abrupt drop from the nearly 70% talking about it in August. Global executives are still apprehensive about a fully remote workforce, but in a post-COVID-19 world, only 3 in 10 are considering a hybrid model for their staffs, the KPMG survey found.

“As a result, only 21% of businesses are looking to hire talent that works predominantly remotely, which is a significant shift from 73% in 2020,” KPMG said. Still, a sizable 61% majority of CEOs said they will wait until more than 50% of the population is vaccinated before they take any return-to-the-office action.



Why Tucson, Arizona?

- Higher Education Strong
- Affordability
- Opportunity
- Diversity
- History
- Unique Culture/Food
- Scenic Beauty
- Great Climate/Outdoor Activities

Other key influences on talent decisions that have surfaced during the pandemic are upskilling and reskilling, and diversity and inclusion.



In its January 2021 report, “Talent trends and themes that are here to stay in 2021,” DCI said the pandemic put a spotlight on the skills gap throughout the workforce. When the hospitality, tourism and transportation industries were devastated by the pandemic, millions of people were out of work and did not have immediate, alternative employment options. At the same time, information technology, manufacturing and healthcare industries could not hire talent fast enough.

82%

OF WORKERS ARE
WILLING TO UNDERGO
ADDITIONAL
TRAINING TO SHIFT
CAREER PATHS

DCI

7 out of 10

IMPORTANCE TO
TALENT FOR A
COMPANY TO HAVE
DIVERSITY POLICIES

DCI

“For some people, their ‘old’ jobs will never look the same – even post-pandemic – and they will be pushed to enter entirely different industries to make a living and regain job security. The good news? The hunger for upskilling is there. When surveyed, 82% of workers said they would be willing to undergo additional training or education to shift career paths.”
(Source: DCI’s 2020 Talent Wars Report).

“In addition to the pandemic-induced changes, talent’s priorities shifted in other ways. Companies’ diversity policies and a community having a welcoming and friendly population are more important to talent than in previous years. Talent wants to work at companies and live in cities that take diversity, inclusion and equality seriously. Compared to previous years, talent is increasingly prioritizing diversity policies when considering careers. On a scale of 1 to 10, talent rated diversity policies at a company as a 7 out of 10 – almost a full point increase since 2017.”
(Source: DCI’s 2020 Talent Wars Report).

On the issue of diversity and inclusion, it is not enough to talk about diversity and creating policies and initiatives, DCI said. Communities and businesses must take action to facilitate a workplace and a community that actively works toward being inclusive. They must not only welcome diversity, they must strive for it and celebrate it.

Employers are being held accountable for taking real action in hiring, training and opportunity to pursue a more diverse and equal-opportunity workplace. They are expected to lead the conversation and emphasize the meaning of “equity” and “economic inclusion” to the community at-large.

CHALLENGES

Attracting high-quality talent is often referred to as a “talent war.” Communities across the country compete as the best place to “live, work and play.” Tucson and Southern Arizona compare favorably in some of the factors that come into play, but the region has the opportunity to improve its position.

With fierce competition, there are many obstacles and challenges to overcome in the decision-making process of any prospective employee and their families.

Relocation Issues at Any Age or Stage

- What jobs are available if the job I am looking at doesn’t work out?
- Are there diverse housing opportunities and can I afford them?
- Are there high-quality schools for my kids, and ongoing training or educational programs for me?
- Is the local economy strong?
- Can I afford to live there on the salary I am being offered?



Photo by Andrea Piacquadio
from Pexels

The Young Professional View

- Will Tucson provide the support, advocacy and development I need to start or advance my career to the next level?
- Is it easy to establish and cultivate connections that will benefit my career path?
- What resources and organizations exist for young professionals like me?
- Can I afford to live in Tucson with the salary I am being offered?

The Dual Career Family View

- My spouse/partner works – can he/she find a job in Tucson?
- I am afraid that regrets will build if moving to Tucson hinders his/her career. Are there resources to connect him/her to industry peers?
- Is the Tucson economy diverse enough to offer other job opportunities if jobs for both of us don’t work out?
- Are there resources to help connect my family to education, housing and other special interests or needs?



Photo by Mikhail Nilov from Pexels

Currently, there is not a centralized repository of information on living and working in Tucson. This lack of resource contributes to duplication of efforts and vastly different messaging by many companies and organizations selling and promoting Tucson.

Other key relocation issues include:

- Housing, including affordable options in high livability areas, such as Downtown
- Education, including misperceptions of education quality and depth & breadth of educational opportunities in the region
- Aesthetics/Quality of Life, including roads throughout the region

RECOMMENDATIONS

Leverage Current Trend Toward Moving to Mid-sized Markets Such as Tucson



In conjunction with the Tucson Metro Chamber Workforce Development Blueprint, increase awareness of high rankings. Promote wide open spaces, quality of life and lower cost of living. Establish and then scale up “Remote Tucson” Program (remotetucson.com) with incentives for highly skilled employees to move to Tucson and Southern Arizona.

Develop an On-line Talent Portal – ThriveinTucson.com

Sell Tucson’s strengths, in both living and working here, a “one-stop shop” of Tucson resources and information specifically geared to prospective talent of any age. Demonstrate the many resources and support available for professionals. Include topics important to talent, such as quality of life, education, and key industries/economy. Promote use of [ThriveinTucson.com](https://thriveintucson.com) to local CHROs for recruitment efforts.



Demonstrate Tucson’s Strengths for Young Professionals

Focus content on ThriveinTucson.com to unique needs of young professionals and resources available. Develop social media campaign by Tucson “Ambassadors” with testimonials of living and working here.



Michael Crow | President, Arizona State University

“Arizona State University is dedicated to advancing Arizona’s success and competitiveness by providing diverse pathways to a degree regardless of a learner’s geographic location. By broadening our presence in Tucson and collaborating to create new knowledge opportunities, we are demonstrating our commitment to the city’s future and simultaneously expanding our state’s critical talent pipeline, which includes ASU’s more than 25,000 engineering students and 60,000-plus STEM majors.”

Create Business/Community Support for Dual Career Families

Expand Soft Landing program to more existing companies, ensuring spouses/partners are aware of both job opportunities and family resources. Develop regular virtual or in-person events that showcase Tucson’s strengths to dual-career couples and families locating here. Create a database of resources specifically for the challenges of spouses and partners who also need employment.

WORKFORCE DEVELOPMENT & TRAINING

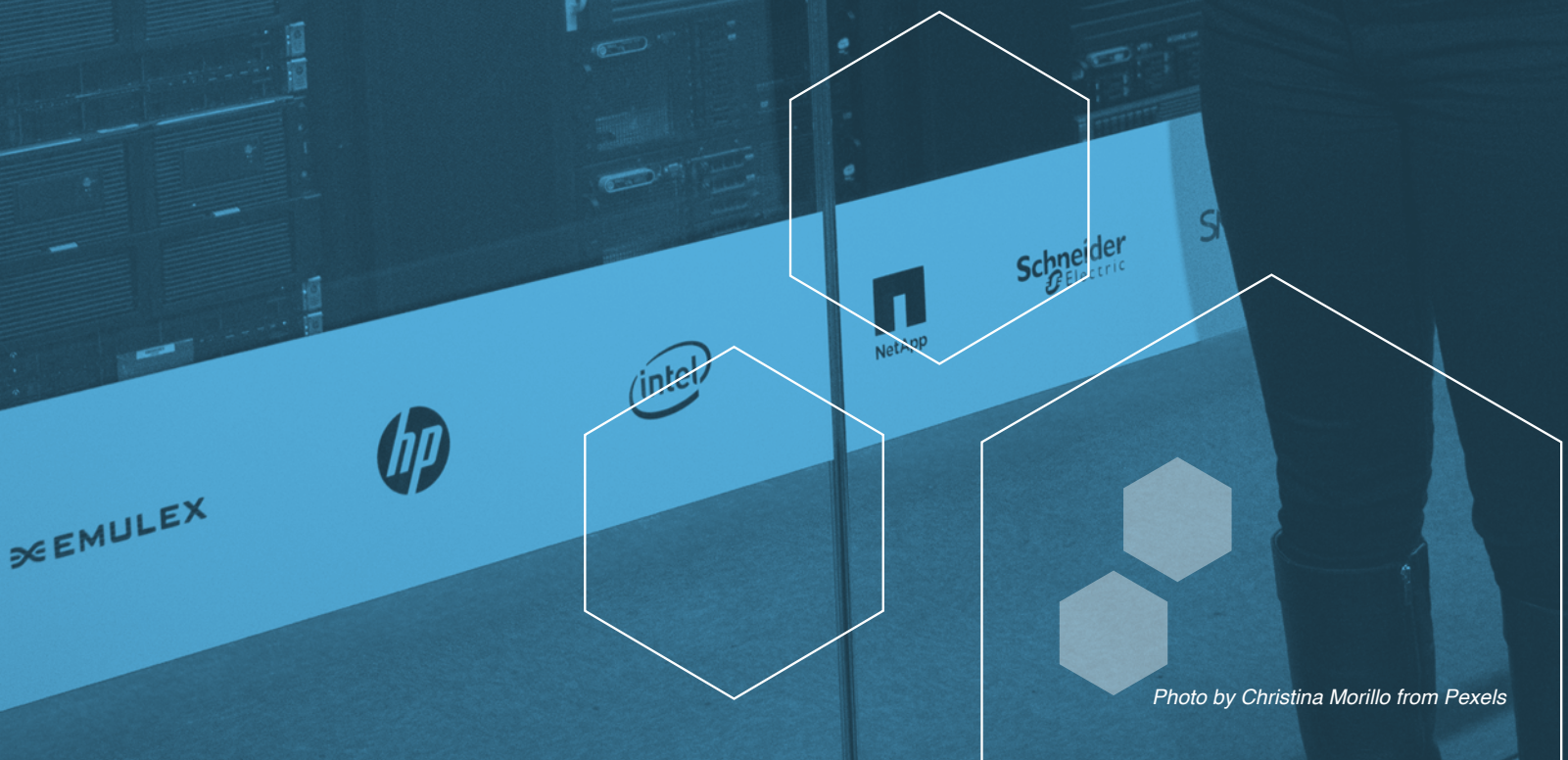


Photo by Christina Morillo from Pexels

WORKFORCE DEVELOPMENT & TRAINING

THE CURRENT LANDSCAPE

The region's Recovery and Response Workforce Development and Training Framework includes a cyclical process with sequential steps. This framework is aligned to the target industries of Sun Corridor Inc., the Arizona Commerce Authority's Five-Year Plan, and the Pima County Economic Development Plan, including outcomes of job creation, wage growth, capital investment, entrepreneurial vitality, and increased exports.



By strengthening workforce development efforts in conjunction with these plans and industries, we will align talent to fill jobs in the in-demand occupations, as identified by [ARIZONA@WORK Pima County One Stop system \(PCOS\)](#), and with the educational attainment needed to meet [Achieve60AZ](#) goals.

Meeting these aims will promote business and economic recovery for the region while preparing workers to fill jobs in increasingly higher-paying fields across socioeconomic classes, racial/ethnic minorities, and by gender, and thereby increasing economic vitality.

Strategically aligning talent for priority sectors in the wake of an economic downturn requires identifying where the talent actually is “pooled” and moving in this volatile labor market, which jobs and workers were most impacted by the pandemic, and which jobs in the targeted industries are in demand and have gaps in the talent supply.

Stronger policies, programs, and funding mechanisms are needed to improve system alignment and efficiencies, incentivize employer and student participation, and decrease labor market disparities among racial/ethnic minorities and by gender. A robust program agenda in this respect will further increase Southern Arizona's competitive advantage in economic development from a position of strength in workforce development.



WHY FOCUS ON WORKFORCE DEVELOPMENT AND TRAINING?

A key goal for the Workforce Development and Training Framework is to identify and prioritize the in-demand occupations as determined by the [Arizona Commerce Authority Office of Economic Opportunity \(OEO\)](#) and PCOS. In doing so programs can be developed and resources can be driven to prioritize student enrollment and college investment in career pathways, and for PCOS clients to engage in reskilling and upskilling opportunities aligned to this subset of in-demand occupations.



Lee Lambert | Chancellor & CEO, Pima Community College

“The fact that we can re-skill or re-career somebody fairly quickly puts our region in position to ensure that companies that want to come here will have the workforce they need over the long term. We’ve been listening to our employers’ needs, and it’s working.”

Data and Gap Analysis

Arizona’s recovery from the initial economic impact of the pandemic has been relatively strong, and the fundamentals of Arizona’s business environment remained robust throughout the crisis, due in large part to the response of the state, the county, and municipalities with interventions in support of small businesses. However, structural weaknesses in the labor market and workforce continue to impact long-term economic development and job growth in high-wage career pathways.



Unemployment

At the height of the pandemic in April 2020, Pima County’s unemployment rate reached 12.8%, fell to 5.9% by August 2020, and rose again to 7.6% in November 2020. Even at 7.6%, this outpaced the U.S. unemployment rate of 7.9% in September. While the drop in the overall unemployment rate from the height of the pandemic is a success, the U-3, or “official” unemployment rate references people who were not working in the data reference period, were willing to work, and actively sought employment. However, unemployment measures that include discouraged, marginally attached workers, and employed part-time for economic

reasons indicate that Arizona’s structural unemployment rate (U-6) was at 11.3% for the fourth quarter of 2020. When it comes to full unemployment measurements (U-4 through U-6), Arizona lags other states, pointing to the need for the recommended systems alignment initiatives and policies of this Framework.

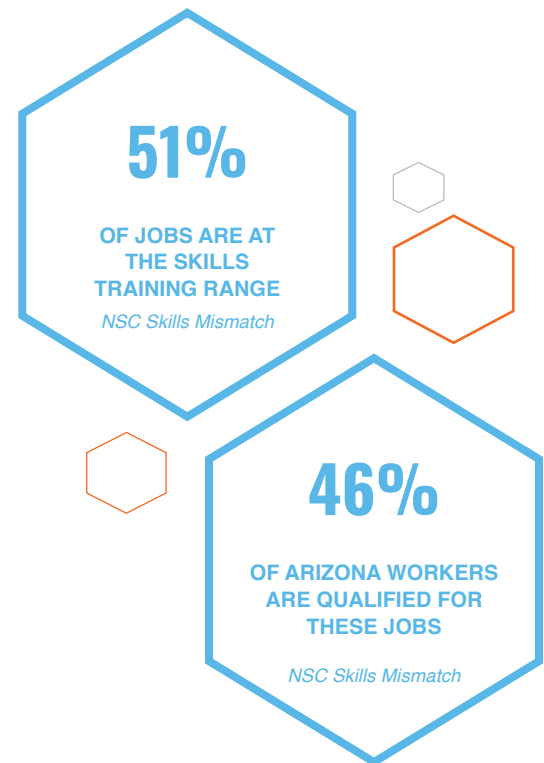
CHALLENGES

The Skills Gap, Upskilling and Reskilling

The term “skills gap” is used in many different ways in the education and workforce development vocabulary, and generally refers to the mismatch between workers with skills employers want and need versus the skills they generally find among potential employees. Upskilling teaches new competencies to help workers stay in current roles; reskilling prepares workers for new roles.

Broad quantification of these skills in a labor market context can be done along education-levels, as has been conducted by the National Skills Coalition.

The NSC Skills Mismatch analysis for Arizona shows that the state has the same number of workers requiring a four-year degree as the number of jobs requiring similar levels of education, at 32%. However, Arizona has more workers with high-school equivalency alone (22%) than is required in the labor market (17%). In addition, 600,000 Arizonans over the age of 25 have less than a high school equivalency. Conversely, there are too few workers in the skills training level (jobs requiring a postsecondary certificate, industry-recognized certification, two-year degree, or apprenticeship). In Arizona, 51% of jobs are at the skills training level, but only 46% of Arizona workers are qualified for these jobs.



Education Levels, Wages, and Job Vulnerability

The NSC Skills Mismatch data for Arizona and the ensuing economic impact is further quantified by Achieve60AZ, whose overarching goal is that 60% of Arizonans between the ages of 25 and 64 hold a postsecondary credential or degree by 2030. Currently, 46% of people have attained this measure.

In addition, Achieve60AZ cites these educational level challenges in the state:

- Only 55% of high school graduates in Arizona enroll in college within a semester. Data from the pandemic era is forthcoming but early indications are that many formerly college-bound students are waiting to enroll (i.e., the “gap year”).
- Opportunity youth – emerging workers aged 16-24 who are neither working nor enrolled in school – comprise 13% of all people aged 16-24.
- There are great disparities in educational attainment by race/ethnicity in Arizona. For example, 67% of Asians and 48% of Whites in Arizona age 25-64 have attained a two- or four-year degree, but attainment rates for the Hispanics/LatinX is 22%, Black/African Americans is at 36%, and Native Americans is at 18%.

The Impact of Industry 4.0



We live and work in an era of unprecedented rates of change in technology, demographics, culture, economics and the environment. Set upon a foundation of global connectivity and trade in the early 2000s, the rapid advances in digital technology and social media that exploded in 2007 were propelled by Moore's Law at such a pace as to challenge the relevance and viability of most established social and business norms in the developed world. According to Gelsinger (2018), the four new superpowers of innovation are mobile technology, the cloud, artificial intelligence (AI) and the internet of things (IoT). Together, they are driving this advent of technological change and the subsequent societal and business responses.

Governments, institutions and businesses are further exploring the impact of such changes to society and their corresponding business models, and employing innovation frameworks as a response.

Seminal reports such as those from the McKinsey Global Institute and the Council on Foreign Relations highlight the impact of Industry 4.0 and these technologies on economies, society and jobs. Well-documented and researched predictions such as the following garnered headlines and exemplified the need for rapid and innovative responses:

- As many as one-third of American workers may need to change occupations and acquire new skills by 2030 if automation adoption is rapid.
- Nearly two-thirds of the 13 million new jobs created in the U.S. since 2010 required medium or advanced levels of digital skills.
- By 2030, 375 million workers, 14% of the global workforce, may need to switch occupations as advances in artificial intelligence disrupt work.

In addition to the technological challenges and opportunities posed by the four new superpowers, demographic shifts where declining birth rates are leading to decreased enrollment in traditional education and job training pathways are causing a dearth of skilled talent.

It is in this context of ensuring a well-trained and relevant workforce that higher education has been called upon as a key industry for instilling and expanding innovation in response to these challenges.



Recent research conducted by the University of Arizona in Pima County found that 42.5% of all jobs in Pima County are at risk for being disrupted or displaced by automation over the next decade. "This does not necessarily imply net jobs losses for Pima County (or nationally). Automation will displace workers from some jobs/occupations. It will also create jobs in other occupations, although those jobs will likely require more and different skills," UArizona said in its report. In the analysis, the report indicated that the jobs at most risk of automation were the same jobs in which low-wage workers are concentrated in Arizona and were most impacted by the pandemic.

RECOMMENDATIONS

Support the Establishment of a Southern Arizona Technology and Innovation Workforce Development Fund

The Arizona Reskilling and Recovery Network is recommending the establishment of the Technology and Innovation Workforce Development Fund as a partnership program between the OEO, Arizona's community colleges, and Arizona employees, and pursuing state-level policy and funding accordingly. We propose that a similar Southern Arizona-specific fund be established. This regional version could be established through County and municipality budgets, voter initiatives, business and industry sponsorship, foundation giving, or a combination of these. This program would simultaneously address the economic development priorities of the target industries, workforce needs of employers seeking to relocate or expand in Arizona, and the upskilling/reskilling needs of incumbent workers, while maximizing the training capacity of Pima Community College.

Prioritize and Scale Up Micro-Pathways

Pima Community College now offers interchangeable credit and non-credit programs that are aligned with third-party industry credentials and priority jobs. Pima is developing micro-pathways as part of the Community College Growth Engine Fund national initiative in target industries and for in-demand occupations to address these needs. Micro-pathways (stackable credentials) are ideal for workers who have multiple, transferable skills and require only short-term training to close the gap. They allow the opportunity for a student to earn industry-recognized certifications, credit for prior learning, and 21st Century Skill awards. These pathways serve dislocated workers and workers needing reskilling.



Expand CTE Dual Credit Enrollment Cap to Increase Early College Participation

In Arizona, only 37% of high school students enroll in college within one year of high school graduation, while the average age of community college attendees is increasing. This shows the need for intentionality in increasing early college participation and enrollment. PCOS and Pima Community College, in partnership with Pima JTED and other high school partners, are expanding dual-credit enrollment opportunities and work-based learning for enrolled high school students and opportunity youth. We recommend the expansion of Career and

Technical Education (CTE) dual-credit enrollment up to and including the establishment of CTE Early College High Schools, including removal of the 25% cap on dual enrollment.

Increase Work-Based Learning and Apprenticeship Opportunities

Work-based learning opportunities in the form of internships and apprenticeships are a critical component of program offerings as they provide flexibility for employers and workers alike in terms of scheduling and access. These work-based learning opportunities can help bridge the gap to these jobs and serve various populations ranging from high school youth, opportunity youth, adult learners or incumbent workers in need of upskilling or specialized training. In conjunction with the Tucson Metro Chamber Workforce Development Blueprint, we recommend that the region's employers expand the base of internships and work-based learning programs. Equally, we recommend state or local tax benefits for employers participating in work-based learning including apprenticeships to maximize talent development, retention, and retraining systems locally while helping close the skills gap in Southern Arizona.

Expand IET Models in Adult Education

Integrated Education and Training (IET) models offer basic skills instruction concurrently and in the context of the CTE career field, accelerating acquisition of both the basic academic skills and the career-specific skills. We propose that IETs be offered as scale across all programs aligned to the target industries and in-demand occupations. This is necessary to address equity issues stemming from low HSE (high school equivalency) levels in Arizona, particularly with opportunity youth (and in combination youth apprenticeship).

Design for Industry 4.0

In light of the impact of Industry 4.0 and the future of work, it is incumbent that we develop programs that meet the challenges of Industry 4.0 and provide greater opportunity for emerging and incumbent workers to be ready for these hybrid jobs, especially among low-wage workers, racial/ethnic minorities, and women.



For example, Pima Community College developed the first in the U.S. Autonomous Vehicle Driver and Operations Specialist certificate program in collaboration with autonomous truck company, TuSimple. With this program, Pima and TuSimple have demonstrated that Industry 4.0 can create new career opportunities. In conjunction with the Tucson Metro Chamber Workforce Development Blueprint, we recommend that this strategy be expanded in partnership with additional employers.



Ted Maxwell | President
Southern Arizona Leadership Council

“We all have a shared responsibility for creating an economically vibrant region. SALC looks forward to playing a significant role in advocating for the initiatives in this plan and helping to make them a reality.”

Workforce Development Legislative Priorities

- Tax benefits for apprenticeships
- Technology and innovation workforce development fund

LEARN MORE

Full Workforce Development & Training Report can be found [here](#).

SHOVEL READY & REAL ESTATE OFFERINGS

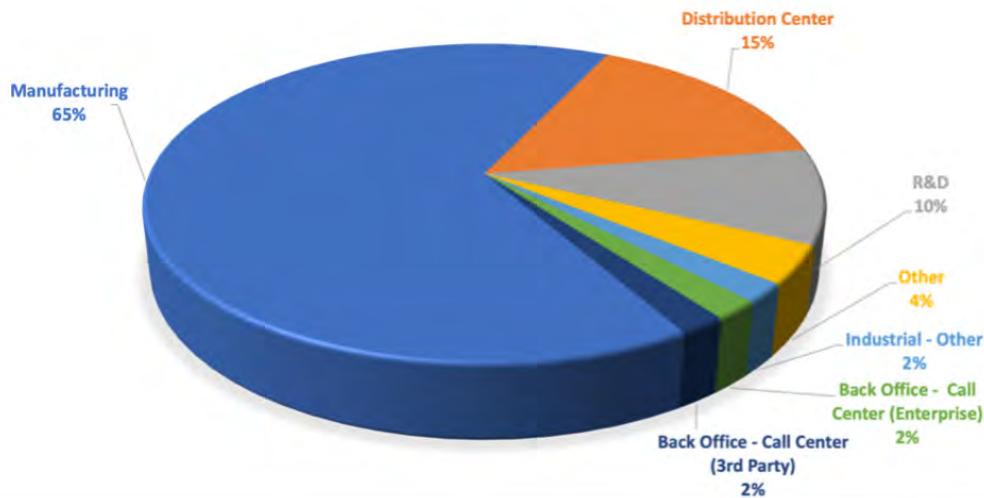


SHOVEL READY & REAL ESTATE OFFERINGS

THE CURRENT LANDSCAPE

Since the start of the COVID-19 pandemic, there has been an increasingly low inventory of existing facilities with 200,000 or more square feet and shovel-ready inventory of 50 acres or more in the market.

At the same time, the region has experienced an increase in new project leads and opportunities since May 2020. While office projects are limited as a result of the pandemic, demand for industrial space has continued – and even increased – during this time. Manufacturing facilities currently make up 65% of new-project real estate requirements.



Source: Sun Corridor Inc.

Southern Arizona has been unable to compete on a handful of projects as a region due to lack of sufficient industrial real estate in the market. There are few offerings over 200,000 square feet still available, and the ones that are available all have limitations. As a result, greenfield sites are often proposed for projects with preferred existing square-foot requirements. To facilitate the development of new industrial buildings, there is a need for accessible shovel-ready land that can be quickly developed.



WHY FOCUS ON SHOVEL READY AND REAL ESTATE OFFERINGS?

There are a number of factors that attract new employers or allow existing employers to expand in a community. One of the more important factors is how competitive this region is, compared to others.

These factors include workforce viability, the economic environment as well as the environmental and physical environment of a community. Two of the more important questions asked are:

- Is there a location where I can place my business, accommodate my employees, produce, sell and distribute my products for overall economic value?
- How quickly can I move in and start my business?

These are the two concepts that drive what is referred to as shovel-ready real estate. There are no simple answers to these questions. To achieve economic development competitiveness, a region needs a readily available plan of action to answer these two questions to drive business relocations or business expansions and retention.

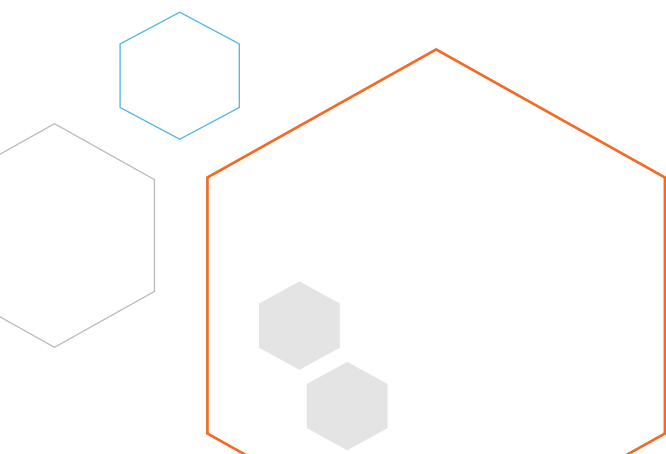


Chuck Huckelberry | Administrator, Pima County

“Businesses looking to locate or expand in the area want to know that governments like Pima County can and are willing to enhance the economic competitiveness of a region. Focusing on shovel-ready real estate is a critical effort right now to be competitive.”

Currently, there is a concerning lack of true shovel-ready land that meets industry standards. Many of the larger sites available in the market require significant development to meet the requirements and timelines of potential users, thereby reducing our ability to compete with other markets that can offer large existing inventory or shovel-ready greenfield sites with existing infrastructure.

The definition of a shovel-ready site can have different interpretations depending on the audience. This plan establishes a standard criterion for the region that can be used to qualify potential sites as shovel-ready and identify where the infrastructure and development gaps exist. The four defined categories of shovel-ready properties are:



Existing/Retrofit

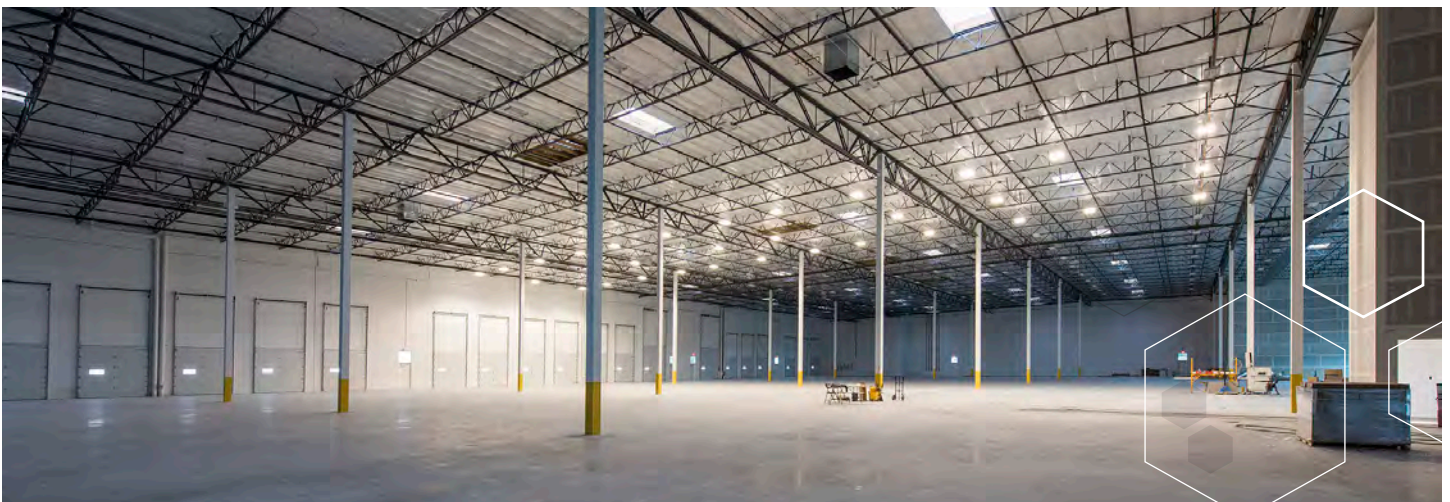
This category is for existing buildings and properties that have been previously operated and that require a certain amount of minimal modifications or tenant improvements, including building additions to make the facility or property available for a new or different use. These can be readily found through generally available real estate tools. These sites are essentially permit-ready, and if there is a need to retrofit or make tenant improvements, these facilities can be available for business expansion or relocations within three to 12 months.



(Retrofitting and tenant improvements)

New Shell Building

This category is for property that includes a building constructed for a new user, but not specifically designed for a particular tenant. These can also be identified using real estate brokers. These buildings are essentially permit-ready and ready to be fitted out for the user, providing both time and cost savings. Modifications can include tenant improvements for a specific user and any personal property installation that may be necessary. The flexibility of this build concept allows for quick changes to the interior for future occupants. These generally are industrial type buildings that can be easily modified for different uses. These buildings are generally available to a business expansion or relocation within three to 12 months.



(TIA Distribution Center)

Vacant Real Property with Infrastructure and Transportation Accessibility

These are properties with no building improvements on site, but transportation and utility infrastructure are readily available to the property line. These properties are best suited for a business relocation or expansion that requires a customized building or specific site design to accommodate the specific user. This type of shovel-ready property takes a minimum of 12 to 24 months to make available to a new business or expansion. However, it is common for longer time frames depending on design, engineering and utility capacity, which can add eight to 12 months.



(UA The Bridges - 36th and Kino)

New Job Centers

This category involves larger properties that may or may not have been subdivided or divided into smaller developable lots for which there is limited infrastructure or access. This category can include lands that are both shovel ready or require longer planning and investment. In longer-term scenarios, these properties require utility and transportation improvements and may require zoning, environmental or cultural clearances. In some cases, these properties are deemed available between 24 to 60 months depending on the end user and the installation of necessary utility and transportation infrastructure.



(Future Sunset Innovation Campus)

(Proposed new Sunset Rd. alignment)

CHALLENGES

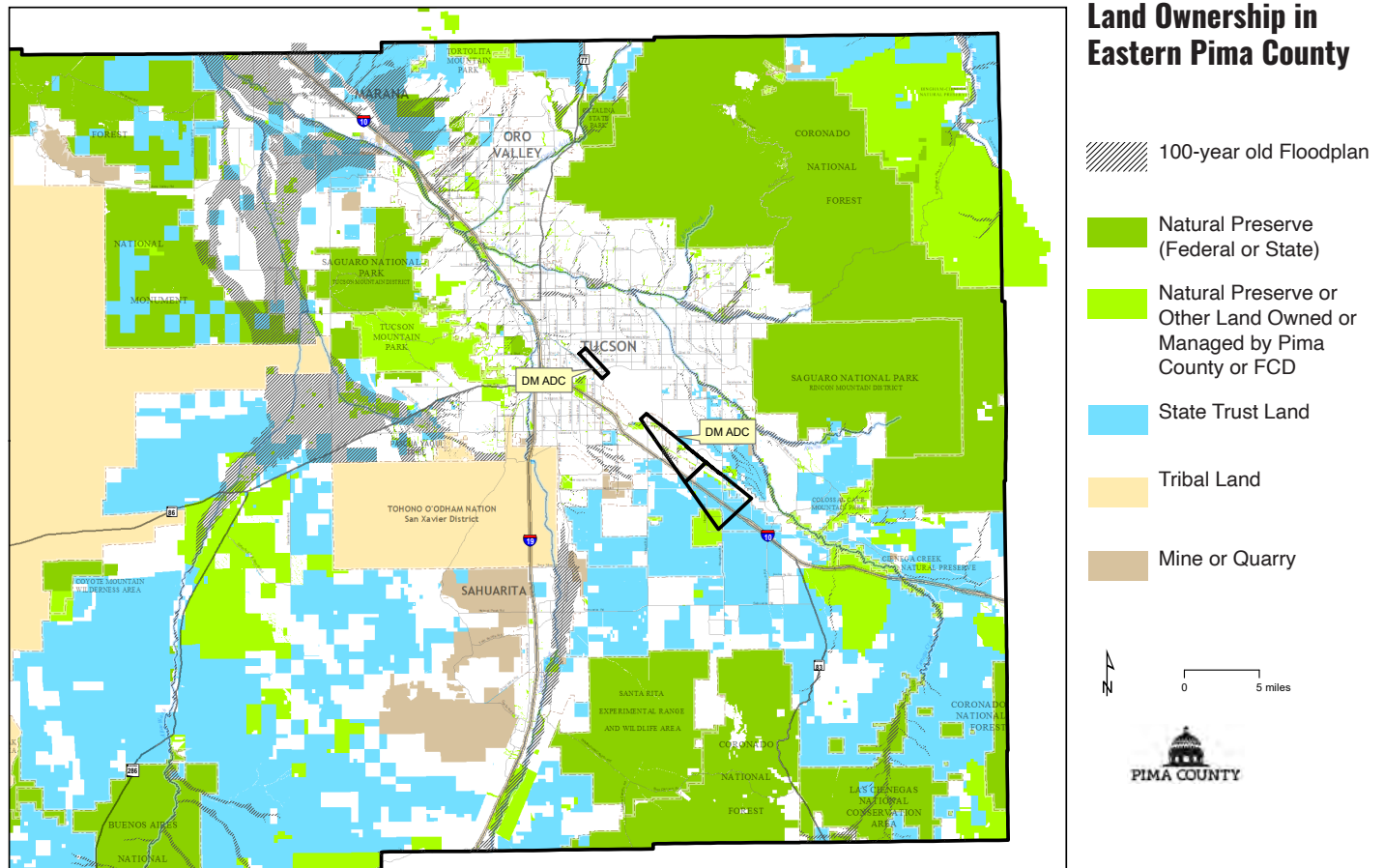
Constraints

As inventory is developed, it is important to consider existing limitations. There are certain geographical and locational constraints that will limit the type of business relocation or expansion that could occur on or near a specific existing land use or within a certain distance of an established natural resource or public park. Constraints fall under four categories: land ownership, military protection zones, floodplains and natural hazards, and natural preserves and parks.

Land Ownership

State Trust lands located in Pima County comprise approximately 33% of the land area of eastern Pima County. This land is held in trust for a specific number of beneficiaries, primarily public education.

The land auction process takes time, and State Trust lands are generally not available for shovel-ready projects. While there are State Trust lands that could be suitable for shovel-ready development, it is unlikely they can be sold or leased in a time frame that could satisfy market demand. As private lands continue to be developed, State Trust lands will become more important for economic development. Therefore, it is important that a timely and planned release process be developed by the State Land Department for State Trust lands in Pima County.



Military Protection Zones

Overlay zones established by both the City of Tucson and Pima County to protect military installations could pose a challenge. The City and the County have adopted land use regulations and restrictions that limit the amount or type of development that can occur within the Davis-Monthan Air Force Base Approach/Departure Corridor (ADC). Limitations include height restrictions on development, prohibition of hazardous products stored or used, and employee density on a per acre basis of developed floor area.

While it is possible to expand or locate new businesses in the ADC, the use must meet all aspects of either the City or County land use restrictions designed to prevent incompatible urban encroachment on an active military installation.

Floodplains and Natural Hazards

Floodplains and other well-defined natural hazards also are a consideration in excluding lands from consideration in locating shovel-ready property for business expansion or relocation.

Natural Preserves and Parks

Through the voter-approved [Sonoran Desert Conservation Plan](#), Pima County has significantly invested in protecting the environment and guiding geographical locations for economic development and growth while conserving the most important natural resources of the County. The County has also enacted buffer zones in unincorporated Pima County for lands adjacent to or in close proximity to established preserves. Any of these lands are excluded from shovel-ready development.



Land Types for Sustaining Economic Development

Lands that can be used and made available for economic development and shovel-ready concepts fall under one of five types – private, Pima County, municipal, Tucson Airport Authority or State Trust Lands.

Private

This category is the most varied and most owners feel their property is shovel ready to one extent or another. For the purposes of this plan, it was determined that identification of availability of certain-sized vacant land should be the focus given its limited availability and their locations not readily known. Using Pima County's extensive GIS system, an analysis was run to identify vacant properties

that are 20 acres and above. Taking into consideration the constraints and limitations identified in the previous section, a list of properties was compiled after removing those located in remote areas, in the FEMA floodway and floodplain, and adjacent to natural preserves.

One limitation to consider are situations in which multiple small vacant parcels that would otherwise not come up in a search are located adjacent to each other, sometimes even under single ownership, that combined together can create a large available parcel. The HomeGoods Distribution Center project is an example where multiple co-located parcels under different ownerships were aggregated together to create a desirable site for this business use.

Pima County

A number of properties have been identified by Pima County for potential economic development, many of which are included in the County's 2019-2021 Economic Development Plan. Infrastructure investments have been made in key areas and will continue to plan where future investments will occur.

Additionally, the County streamlined and implemented a rapid plan review and permitting process through the County's Development Services Department. This is a significant benefit in quickly turning around reviews. The County can also permit and perform all plan and building code compliance on County property regardless of the jurisdiction in which it is located.

Regional Municipal Lands

There are a number of municipally owned lands that are vacant and could be converted to economic development uses. Some of these lands are within the [Rio Nuevo Multipurpose District](#), which provides additional economic development incentives over and above what can be offered by either the City of Tucson or Pima County. It is important that appropriate cooperative planning occur with the regional municipal lands that may be made available for economic development purposes.

Tucson Airport Authority

The Tucson Airport Authority, an economic engine for the community, has a significant opportunity to play a vital role in economic and community development, especially with its land holdings around Tucson International Airport (TUS) and Ryan Airfield (RYN).



Bruce Dusenberry | Chair of the Board of Directors, Tucson Airport Authority

"The Tucson Airport Authority is a regional partner and vital economic engine for the community."

To achieve goals established in the Tucson Airport Authority (TAA) Strategic Plan, the TAA is conducting a future terminal site study and forecasted needs analysis. The outcome of the study will allow the TAA to update the TUS Airport Master Plan, and potentially recategorize specific land uses (aeronautical, non-aeronautical) and position to the TAA to sell land, lease land or develop certain land parcels.

Disposal or conversion of TAA land purchased with Federal Aviation Administration (FAA) grant funds, i.e., aeronautical, non-aeronautical land, requires the TAA follow an FAA process for land disposal and when re-categorizing land use. In some cases other federal agencies may require involvement, which can add time to the process. Depending on the source of funds and projected project costs, the airlines have a role in project approval(s).

Arizona State Land Department (ASLD)

The State Land Department has been involved in a hit-and-miss fashion with land use planning for its properties in the urban area of Pima County. These efforts very often take great lengths of time with no timeframe for completion or release of State lands. As previously stated, there is a need to have the State Land Department engage in long term, comprehensive planning to benefit both the region as well as the State Trust.

Long-Term Future Hubs

These development areas are found along future transportation planning corridors that can yield the potential for regional hubs and employment centers. Examples of future hubs include the Sonoran Corridor/SR 410 Development Corridor and the Alvernon/SR210 Development Corridor.

The planning of the Sonoran Corridor is a little further along as an environmental impact statement is nearing completion. This corridor will link Interstates 19 and 10, creating a vast area for economic development opportunities and growth, with a nexus of air, rail and highway transportation access. Land ownership along the corridor is primarily State Trust land, Tucson Airport Authority and City of Tucson. This again highlights the need for the State Land Department to engage in local planning discussions with stakeholders to shape how this area will develop.



Transportation Infrastructure Investment, the Key to Continuing Economic Development and Expansion

The lack of a concerted implementation of major transportation improvements and systems in Pima County for the last 30 years is a significant impediment to economic development of the region as well as the State. While there are planning activities underway regarding major improvements, most of these proposals lack funding.

In addition, two key improvements to ensuring the airport employment zone is a key driver in the economic development future of Pima County, need to be funded – State Route 210, and the extension of State Route 210 down Alvernon Way, south of Interstate 10 to State Route 410.

RECOMMENDATIONS

Further Identify Shovel-Ready Sites

Pima County performed an initial evaluation of available vacant land. Properties were grouped by public and private ownership and assessed against the parameters identified by the subcommittee, with a focus on properties of 50 acres or more zoned for commercial or industrial use.

This brief analysis did not determine the shovel-ready status of the properties. The list of properties produced by the County will need to be refined. Sun Corridor Inc. will work with the jurisdictions and utilities to determine which sites in the region qualify as shovel ready based on the evaluation criteria developed by the subcommittee. It is necessary to gather as much data and supporting material on each site as possible to present high-quality, shovel-ready submissions for projects that often carry short time frames.

Evaluate Gaps and Determine What Investments Are Needed

Once a list of qualified shovel-ready sites has been developed, the next step will be to evaluate where the gaps exist with available property that is close to meeting qualification. Sun Corridor Inc. will work with public and private landowners/stakeholders to determine what investment or development is required (such as water, zoning or utility improvements) to qualify those sites and market them to companies and site selectors as true shovel ready properties.

We recommend incentives and assistance in getting larger parcels “shovel ready.” This could also include more public spending related to parcels that are publicly owned. The ROI on such parcels becoming employment centers would more than pay for the public investment.

Strategically Market Shovel-Ready Sites

As a region, it is important that Sun Corridor Inc. markets our shovel-ready assets in a strategic way. As this effort develops an inventory of shovel-ready properties, we need to ensure that site selectors, companies, and national developers know that Tucson/Southern Arizona is a market with readily available shovel-ready product.

Shovel Ready Evaluation Criteria

Site Ownership	Transportation Access
<input type="checkbox"/> Clear title or option	<input type="checkbox"/> Public road infrastructure and access to site <input type="checkbox"/> Rail service <input type="checkbox"/> Airport access <input type="checkbox"/> Transit access <input type="checkbox"/> Interstate access
Utilities / Services	Environmental Clearances
<input type="checkbox"/> Electric - sufficient capacity <input type="checkbox"/> Sewer - sufficient capacity <input type="checkbox"/> Gas - sufficient capacity <input type="checkbox"/> Water - sufficient capacity <input type="checkbox"/> Fire flow <input type="checkbox"/> Telecom / Information	<input type="checkbox"/> Archaeological survey <input type="checkbox"/> FEMA floodplain <input type="checkbox"/> Phase I <input type="checkbox"/> Other clearances / surveys

TOURISM RECOVERY



TOURISM RECOVERY

THE CURRENT LANDSCAPE

Travel has been devastated by COVID-19 as much, if not more, than any other industry in the United States. Metro Tucson has not been immune. Travel for leisure, conventions, business, sports, festivals, events and more have been severely impacted. Metro Tucson Travel Impacts from COVID-19:

- Direct travel spending: \$2.6 billion in 2019; *\$1.56 billion estimate in 2020.
- State and local tax revenue: \$219.7 million in 2019; *\$131.8 million estimate in 2020.
- Jobs: Dropped by roughly 40% from February to April 2020, according to UA Economic & Business Research Center (bls) data. However, there has been some recovery. As of March 2021, Tucson leisure and hospitality jobs are down about 20% from February 2020.
- Lodging occupancy and revenue per available room: 47% (-30%) and \$49 (-36%), respectively. Both are the lowest numbers dating back to the 1990s.
- Lodging room revenue: \$433 million in 2019; \$275 million in 2020 (-37%).
- Tucson International Airport passengers: 3.8 million in 2019; 1.7 million in 2020 (-55%).

2019 Source: Dean Runyan Associates, July 2020; Tucson Airport Authority, 2019-21

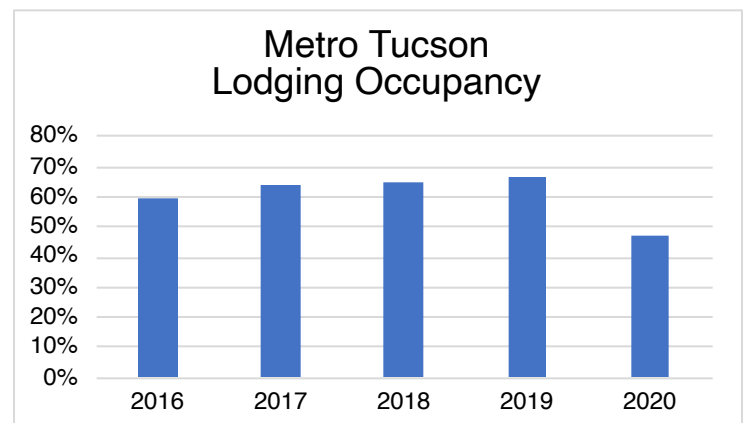
*Estimated 40% drop from 2019 figures, 2020 data will be available in July 2021



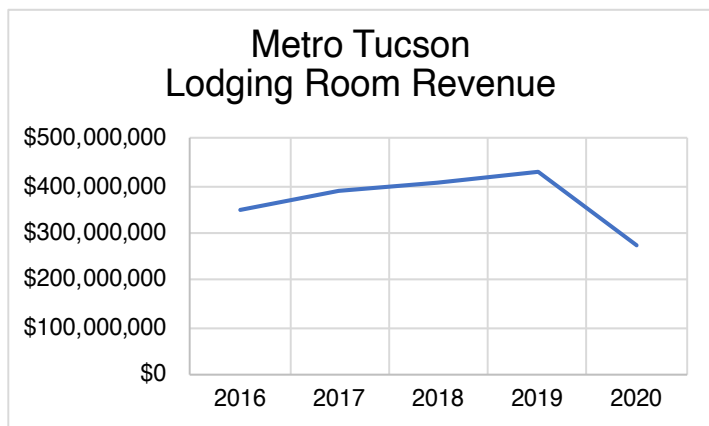
Brent DeRaad | President & CEO, Visit Tucson

“Great places to live are great places to visit. The region needs tourism and travel to recover for Tucson, as a whole, to be a much stronger place.”

Metro Tucson’s travel industry includes lodging, restaurants, attractions, arts and cultural amenities, performing arts venues, events, [Tucson International Airport](#), rental cars, ride-share programs, bars/nightlife, retail and much more. Thousands of industry workers have been unemployed or underemployed since the pandemic hit in March 2020, but travel jobs are beginning to return in 2021.



Source: STR Analytics, 2016-21



Source: STR Analytics, 2016-21

Tucson was selected as the nation's first UNESCO City of Gastronomy in 2015. The region's 4,000 years of agricultural heritage was the primary reason, but that designation has been leveraged successfully in recent years to generate awareness of metro Tucson's fabulous cuisine. Some of the top locally owned and operated restaurants responsible for Tucson's growing reputation as a "foodie" destination have closed during the pandemic.

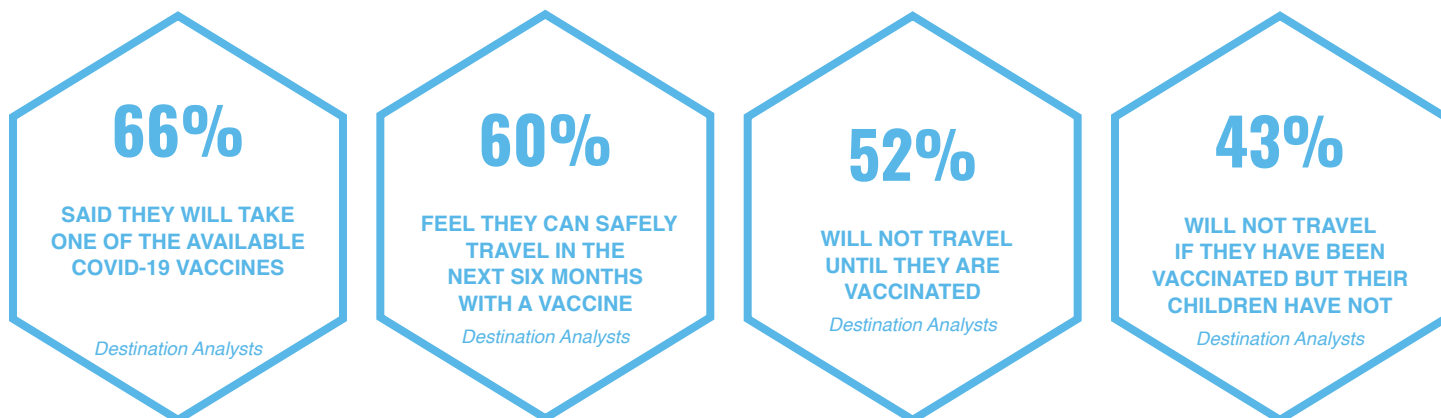
Reopening restaurants, revitalizing what was a thriving downtown a year ago, aiding attractions, many of which were closed for months, and

getting the lodging industry back on its feet will be key to delivering the same robust experience that Tucson visitors enjoyed before the pandemic.

COVID-19 vaccination provides the fastest road to recovery for domestic and international travel. Industry research indicates that consumers must be confident in traveling safely before they will do so en masse. While travel is picking up in 2021, the industry is not anticipated to recover to 2019 levels until 2024.

Destination Analysts' Jan. 22-24, 2021 Survey of American Travelers

- 66% said they will take one of the available COVID-19 vaccines. 30% expect to be vaccinated by March 31, 2021.
- 60% said the vaccines make them more optimistic they can travel safely in the next six months.
- 52% said they will not travel until they are vaccinated.
- 43% said they will not travel if they have been vaccinated but their children have not.



WHY FOCUS ON TOURISM RECOVERY?

Travel is valued by many communities because visitors infuse local economies with new revenue that generates jobs and tax revenue which lowers the amounts paid by residents for government services. This also means that local taxpayers will have more disposable income for purchases, which benefits community businesses. It's a virtuous cycle. This means that many progressive regions invest in tourism marketing, promotion and sales to attract their fair share or more of travelers.

The pent-up demand for leisure travel and increasing vaccination rates are leading to an uptick in U.S. vacations and getaways in 2021. Other travel segments, including meetings, business, sports, festivals and events will recover more slowly.

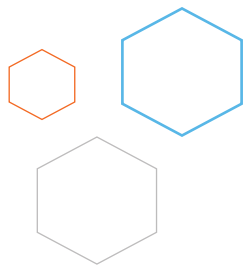
[Visit Tucson](#) is a regional nonprofit destination marketing organization (DMO) that markets Tucson and Southern Arizona to leisure travelers, meeting planners, sports organizers, event operators, film/television producers, travel agents, tour operators and travel media. It has a \$7.2 million budget in 2020-21. Meanwhile, the five largest DMOs in metro Phoenix have combined budgets in excess of \$30 million this year. Continuing to invest in Visit Tucson's programs will be vital to competing for travelers' business as the industry recovers.

A region's tourism industry is only as strong as its product and metro Tucson's product has been severely impacted during the pandemic. Some event/festival operators have canceled their events in consecutive years due to the pandemic. Several top local restaurants have shut down. Many downtown businesses have closed their doors, while new hotels totaling more than 1,000 rooms have either opened in the downtown and University of Arizona corridor or are in the final stages of construction.

Additionally, performing arts venues and multiple attractions have been or were closed for months. Even if everyone was vaccinated today for COVID-19 and ready to travel, it will take years for many businesses to reopen and operate as profitably as they did in 2019.



Source: US Travel Association



CHALLENGES

Business Closures

Many Tucson-area tourism businesses – lodging, restaurants, attractions, downtown and more – are in great financial difficulty due to COVID-19's financial impacts. Some will be understaffed and others will not be able to reopen when visitors return. With fewer businesses open, Tucson's travel experience may not be as enjoyable to some as it was in 2019.

Corporate Meetings

While leisure visitors are beginning to travel again in 2021, sports events and meetings will trail. Many planners book meetings six to 24 months in advance. Due to the uncertainty regarding when it will be safe to travel once again, it will take time to generate meetings for metro Tucson's resorts and full-service hotels. Meetings represent 50% to 60% of the revenue for these properties, which is a primary reason why they have suffered so greatly due to COVID-19 impacts.

Marketing/Sales/Promotional Funding



Visit Tucson's public funding, which is 90% of its revenue, comes from a pre-negotiated percentage of transient-occupancy tax collections, or bed tax, from the City of Tucson and Pima County. Visit Tucson also contracts with the Town of Oro Valley, which pays Visit Tucson a flat fee from its bed-tax revenue. Those collections are down 40% to 50% since the pandemic hit, which replicates the decline in dollars being invested in marketing, selling and promoting the region. U.S. cities will be competing fiercely for leisure visitors in 2021 as travel resumes. Not enough is being invested currently to compete against cities in Tucson's competitive set for this business.

International Travel

Due to the COVID-19 pandemic, the U.S. borders with Mexico and Canada have been closed for many months to "non-essential" vehicular travelers, which includes visitors. Metro Tucson and Southern Arizona typically enjoy visits annually from millions of Mexican travelers. Visit Tucson operates visitor centers in the Sonoran cities of Hermosillo and Ciudad Obregon. Reopening those borders, once deemed safe to do so, will be vital to bringing back visitors.



Photo by Ketut Subiyanto from Pexels

Tucson International Airport (TUS) - Air Service/Flights

Like other businesses, the Tucson Airport Authority, operator of Tucson International Airport (TUS) and Ryan Airfield (RYN), rely on a business enterprise model to operate the airport and meet safety, security and customer service requirements and expectations. The airport system is supported from generated revenues without the use of local taxes or subsidies and continues to invest millions of dollars each year in safety, security and facility infrastructure that drives job creation and economic activity for the benefit of Tucson and Southern Arizona.

Metro Tucson is reliant on air service/flights to stimulate tourism and bring in customers – primarily through TUS. TUS, like many mid-sized airports, lost much of its air service during the pandemic; however, flights and routes (and frequencies of routes) are beginning to return. In March 2020 and early in the pandemic, TUS lost approximately 95% of its commercial air service due to air carrier flight cancellations, and there were days where passenger activity was less than 1,000 travelers per day. In 2021, and a year later, air service and passenger recovery levels are at approximately 45% (of 2019 levels), with approximately 3,600 travelers per day, and positive signs of continued improvement on the horizon.

Danette Bewley | President & CEO, Tucson Airport Authority



“The Tucson Airport Authority works hard to increase and expand air service. For the Tucson International Airport to be successful, we need the community to fill seats to sustain and drive air service demand. Filling seats on existing flights is critical – even if it involves a one-stop trip. It is important the Southern Arizona region demonstrates it has the need and demographics to support existing, increased and non-stop air service levels and destinations by choosing to fly from Tucson International Airport. This will help us to rebuild and expand our air service.”

The uncertainty of Tucson’s air travel recovery involves a few key factors:

- How soon the airlines can restore routes (if not already done).
- How soon routes to states with more restrictive COVID-19 requirements, i.e., California, can be restored (this impacts many travel sectors).
- How quickly the airlines can restore aircraft grounded during the pandemic to service (on average, it takes 30 days per aircraft to go through required maintenance to ensure airworthiness).
- How quickly can Boeing resolve the 737-MAX issues. For airlines, like Southwest, with a predominant type of aircraft (B-737), this issue has resulted in air service reductions across the respective airline networks.
- Many airline pilots retired during the pandemic. The impacts of the airline pilot shortage and how it may affect airline recovery, restoration of air service and routes served is in question. In the past 50 years, the airlines relied predominantly on a pilot pipeline coming from the military. As the U.S. changes its’ military pilot training and/or the availability for pilots to fly (log hours) is limited, or bonuses are offered to retain highly qualified military pilots, airlines must find another talent source. Although there are colleges and universities across the U.S. that have aviation flight programs, it is not a reliable or consistent pipeline for the numbers of pilots needed, and the cost of training usually rests solely on the student pilot. Although there are many ways to earn and log time, it can be a tough and long road. Therefore, airlines are considering a return to the airline operated flight school academy model where they train and grow their own pilots.

It is important to note that while recovery may be on a slower pace than expected, the air carriers have stated that Tucson is a strong sector for domestic leisure travel because it is an origin and destination airport, has wide open spaces and outdoor activities for people to engage in, and a pleasant climate.

RECOMMENDATIONS



Help Tourism Industry Businesses

We recommend that a combination of local and county government, Visit Tucson, the **Tucson Metro Chamber** and **Rio Nuevo** collaborate to ensure area businesses that rely on visitors for all or a portion of their revenue are aware of all government and recovery funding resources available to keep their businesses alive until travel returns to 2019 levels. A specific focus is needed to bring back lost business to Downtown Tucson, which was thriving prior to the pandemic.

Invest in Quality-of-Life Initiatives

Great places to live are great places to visit. Public investment in restaurant recovery, attractions, parks, infrastructure and neighborhoods will make Tucson a better place to live, generate private investment and attract more visitors. We recommend that COVID-19 federal relief dollars be allocated to ongoing human service needs in addition to assisting the tourism industry to get back on its feet. Every day we should ask, “How do we make Tucson better?”



Support Funding for Tourism Marketing, Promotion and Sales

Visit Tucson’s budget dropped more than 30% this year from \$10.2 million to \$7.2 million. It will drop further beginning in July unless City of Tucson bed-tax revenue over and above its existing funding formula with Visit Tucson is invested in the organization. Keeping Visit Tucson at \$7.2 million or more is vital to properly market, promote and sell the region to visitors as travel begins to recover in 2021.

Now through 2023 will likely be recovery years for the tourism industry in the Tucson region and the U.S. Those cities and regions that have the resources available to market, promote and sell their assets aggressively in 2021 will gain market share in travelers and their expenditures.



Vaccinate U.S. Residents as Quickly as Possible

The COVID-19 vaccination process got off to a slow start in 2021, but vaccine supplies have grown dramatically since February. It is vital that U.S. residents are vaccinated against COVID-19 as quickly as possible to limit the potential damage caused by emerging variants of the virus. The recovery of U.S. travel will be expedited if we can reach herd immunity by fall 2021 via vaccinations.

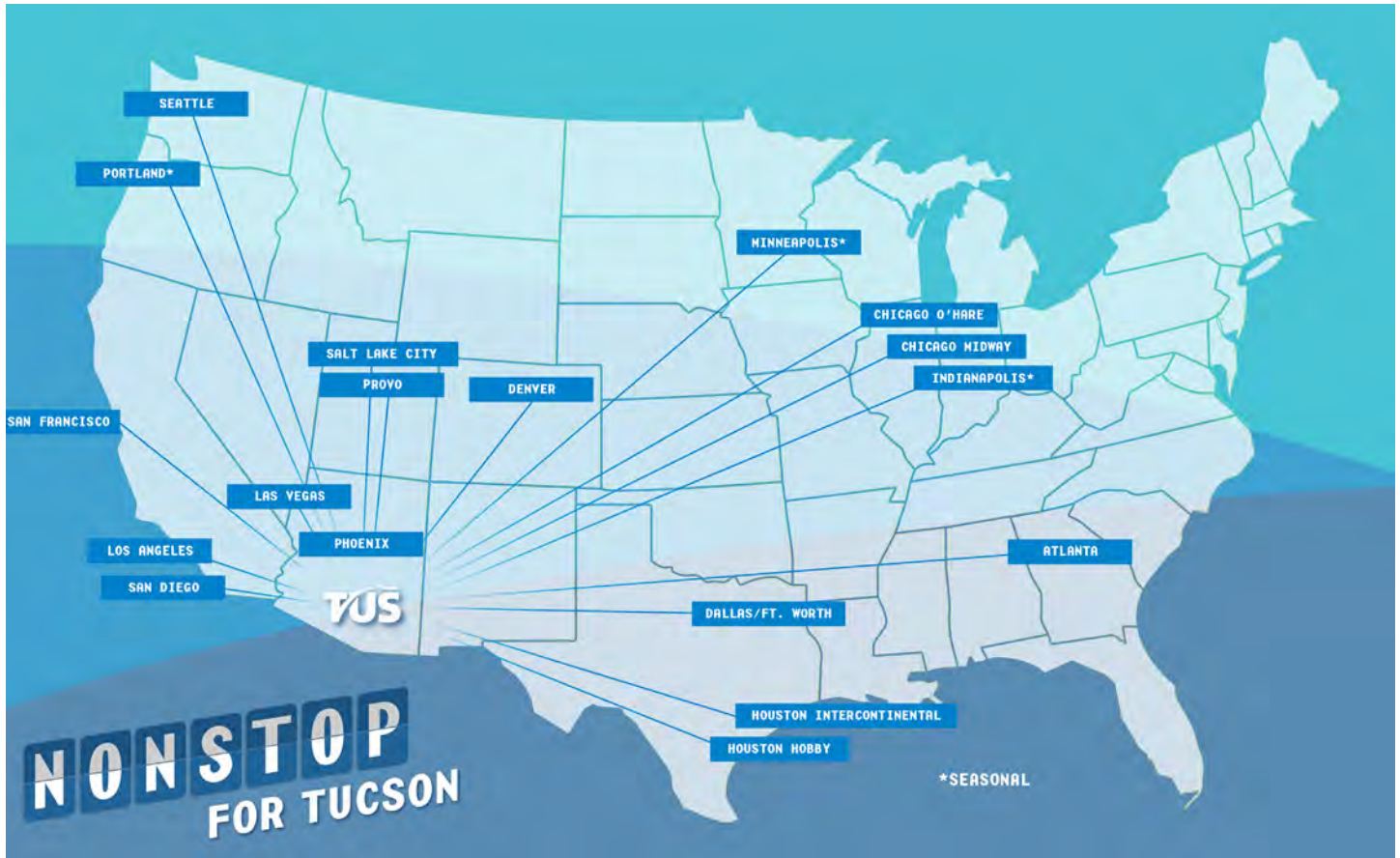
Support Opening the U.S. Borders with Mexico and Canada

Metro Tucson has lost out on millions of dollars in spending from visitors in the Mexican state of Sonora due to the COVID-19-related border closure to non-essential travelers. Reopening that border and the U.S. border with Canada when it’s safe to do so will generate international travel and spending, while supporting Tucson tourism jobs.

Assist Tucson Airport Authority by Flying TUS

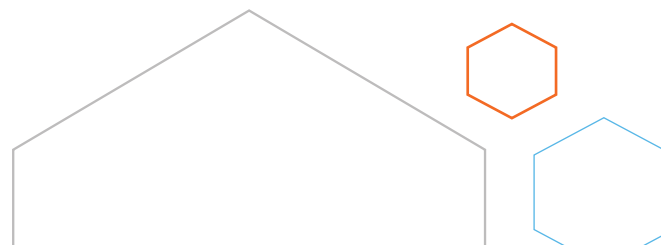
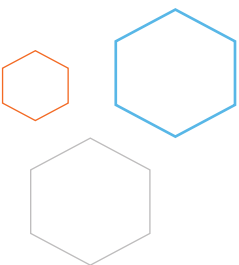
To maintain the flights that TUS has, it is imperative that Tucsonans “Fly Tucson.” Every time someone purchases a ticket from Phoenix Sky Harbor International Airport (PHX) or Mesa-Gateway Airport (AZA), they are (unknowingly) choosing to limit TUS’s ability to grow air service.

From demographic data, the airlines see that people from the Tucson catchment area are driving to the Phoenix area. This “leakage” from one service area to another service area presents challenges that work against the TAA when trying to justify expansion of existing air service or the addition of new routes to TUS.



Source: Tucson International Airport Nonstop Flights 2021

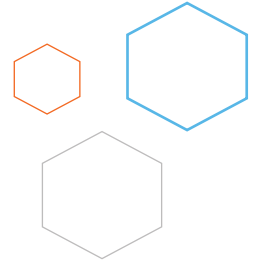
At the present time, TUS offers over 18 non-stop destinations and can reach over 345 destinations through one-stop service. If the projections continue, the TAA expects to regain most of its air service by the end of 2021 or into 2022. As passengers return, frequencies of service are expected to return as well.



SUMMARY OF RECOMMENDATIONS

COMPANY RECRUITMENT

- Capitalize on Targeted Industries to Benefit the Region
- Aggressively Market and Brand Tucson & Southern Arizona
- Increase Inventory of Large Industrial Land Parcels and Industrial Facilities
- Prioritize Roads and Infrastructure
- Develop Incentives That Match the Post-Pandemic Landscape



TALENT RECRUITMENT & RETENTION

- Leverage Current Trend Toward Moving to Mid-sized Markets Such as Tucson
- Develop an On-line Talent Portal – ThriveinTucson.com
- Demonstrate Tucson's Strengths for Young Professionals
- Create Business/Community Support for Dual Career Families

WORKFORCE DEVELOPMENT & TRAINING

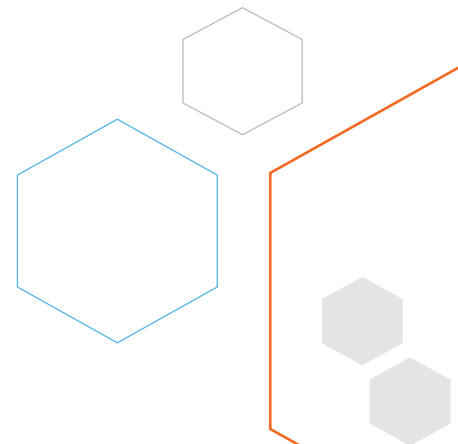
- Support the Establishment of a Southern Arizona Technology and Innovation Workforce Development Fund
- Prioritize and Scale Up Micro-Pathways
- Expand CTE Dual Credit Enrollment Cap to Increase Early College Participation
- Increase Work-Based Learning and Apprenticeship Opportunities
- Expand IET Models in Adult Education
- Design for Industry 4.0

SHOVEL-READY AND REAL ESTATE OFFERINGS

- Further Identify Shovel-Ready Sites
- Evaluate Gaps and Determine What Investments Are Needed
- Strategically Market Shovel-Ready Sites

TOURISM RECOVERY

- Help Tourism Industry Businesses
- Invest in Quality-of-Life Initiatives
- Support Funding for Tourism Marketing, Promotion and Sales
- Vaccinate U.S. Residents as Quickly as Possible
- Support Opening the U.S. Borders with Mexico and Canada
- Assist Tucson Airport Authority by Flying TUS



NEXT STEPS / IMPLEMENTATION

The most important part of this Pivot Playbook is its implementation. Sun Corridor Inc. has a strong track record in ensuring that the community's strategic plans do not sit on a shelf: they are put into action for years to come. The Pivot Playbook will be no different.

Moving forward, Sun Corridor Inc. will take the lead role in advancing the Pivot Playbook recommendations by:

- Developing an implementation plan
- Identifying critical partners to be at the table
- Identifying resources necessary
- Involving appropriate partners to facilitate key recommendations
- Enhancing and accelerating communications of key elements; disseminating the plan to community and business leaders
- Establishing success metrics
- Briefing state and federal elected officials on the plan to demonstrate our unity of purpose and resolve
- Interacting with Arizona Department of Transportation and Department of Education about needs that build on our successes in these areas
- Monitoring and reviewing actions on a regular basis



Wesley D. Kremer | President, Raytheon Missiles and Defense

“The Pivot Playbook is an unprecedented effort for an unprecedented time. With every difficult time comes opportunity, and with this action plan Southern Arizona has an opportunity that can change our community for the better for years to come.”

ACKNOWLEDGEMENTS

To lead the Pivot Playbook process, a Steering Committee was established of key community leaders to guide the process, explore issues and review options, formulate strategies and make final recommendations included in the plan.

Each Focus Area was led by a subcommittee. Each subcommittee also included other community groups/individuals to address topics at hand, as appropriate.

PIVOT PLAYBOOK STEERING COMMITTEE

Chairman

Steve Eggen
Aerospace Consultant
Former CFO, Raytheon Missile Systems

Focus Area Subcommittee Chairs

Company Recruitment

Joe Snell | President & CEO, Sun Corridor Inc.

Talent Recruitment & Retention

Alex Horvath | Senior Vice President & Chief Human Resources Officer, TMC HealthCare

Workforce Development & Training

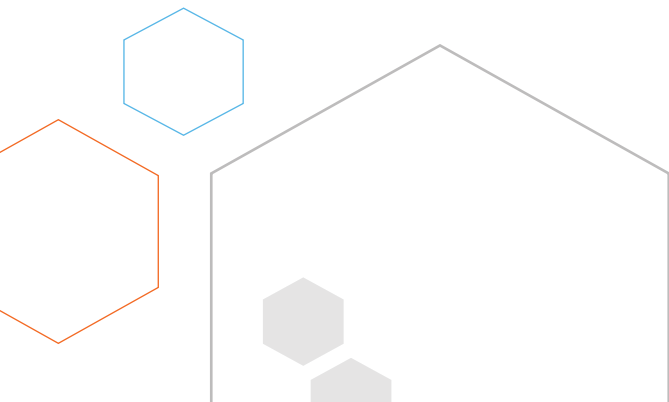
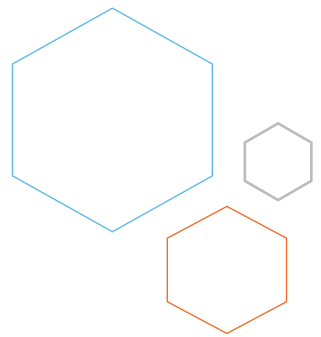
Lee Lambert | Chancellor & CEO, Pima Community College

Shovel Ready & Real Estate Offerings

Chuck Huckelberry | Administrator, Pima County

Tourism Recovery

Brent DeRaad | President & CEO, Visit Tucson



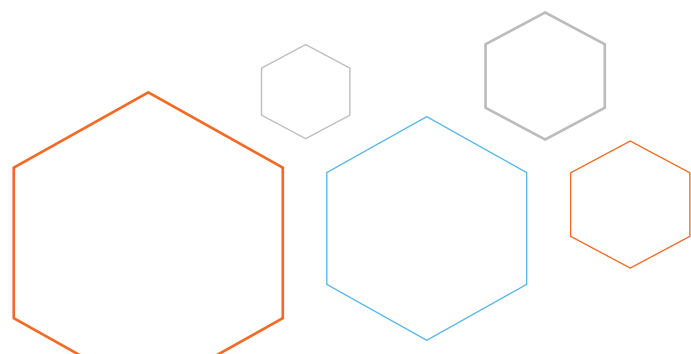
ACKNOWLEDGEMENTS CONTINUED

Pivot Playbook Steering Committee Members

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Michael Crow | President, Arizona State University
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Bill Kelley | Chief Financial Officer, Diamond Ventures
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Lisa Lovallo | Market Vice President, Southern Arizona, Cox Communications
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Fletcher McCusker | Chairman, Rio Nuevo Board
Ian McDowell | Vice President and Tucson Regional Director, Building Group, Sundt Construction
Dennis Minano | General Motors Corp. (ret)
Omar Mireles | President, HSL Properties Inc.
Mark Mistler | CEO, Tucson & Southern Arizona, BBVA
Judy Rich | President & CEO, TMC HealthCare
Dr. Robert C. Robbins | President, University of Arizona
Bill Rodewald | Senior Vice President, Regional Manager, Harsch Investment Properties
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Amber Smith | President & CEO, Metro Tucson Chamber of Commerce
James Tofel | Managing Member of Development, Tofel Dent Construction
Dr. Mark P. Vitale | Campus and Academic Director, University of Phoenix
Jim Zarling | Founder & CEO, Excel Mechanical Inc.



ABOUT SUN CORRIDOR INC.

Sun Corridor Inc.'s role is to coordinate all economic development activities and programs within the Southern Arizona megaregion under one umbrella. The primary goal of Sun Corridor Inc. is to facilitate primary (non-retail) job and investment growth in the region. Our work also includes creating a competitive environment that allows primary employers to flourish and succeed.

Economies, both nationally and internationally, compete for jobs and capital investment based on regional strengths. The economic benefits of business expansion and attraction, no matter where physically located, transcend jurisdictional lines. Thus, the realities of the marketplace dictate that Sun Corridor Inc. be committed to the economic prosperity of the entire megaregion.

Sun Corridor Inc. brings together the interests of a broad range of private, public, academic and nonprofit groups to promote Southern Arizona as a single economic entity.

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Chicanos Por La Causa, Inc.

Danette Bewley

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Sharon Bronson

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Pima County

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(DoD Liaison to Chairman's Circle)
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