

ECONOMIC OPPORTUNITY IN THE ARIZONA-SONORA BORDERLANDS REGION WITH A HUB IN WARD 3 WITHIN THE CITY OF TUCSON

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Overview of the Arizona-Sonora Borderlands Region...

The Arizona-Sonora Borderlands Region of Baja (Southern) Arizona and Alta (Northern) Sonora is rich in economic activity and opportunity. The Region stretches from Casa Grande in the north to Guaymas in the south, and east to Agua Prieta/Douglas. The Tucson Metropolitan Area serves as the capital of Baja Arizona, and Hermosillo as the capital of Sonora. Ward 3 in the City of Tucson is uniquely positioned to lead as the capital of the Region. Specifically because of the CANAMEX corridor which is a designated trade and transportation route of highways and railroads that links Canada, the United States and Mexico.

Major communities in Baja Arizona include Bisbee, Casa Grande, Douglas, Eloy, Morenci, Nogales, Safford, Sierra Vista, Tombstone, Tucson, and Willcox. Major communities in the Alta Sonora include Agua Prieta, Cananea, Guaymas, Hermosillo, and Nogales. The Tucson Metropolitan area includes the incorporated towns of Marana, Oro Valley, and Sahuarita, and the unincorporated communities of Casas Adobes and Catalina Foothills.

The Arizona-Sonora Borderlands Region's indigenous peoples include the Apache (Nde), the Pascua Yaqui (Yoeme), and the Tohono O'odham. It is rich in history, culture, and industry, with desert landscapes of cacti and mountain ranges, reflecting a unified blend of indigenous civilizations, Spanish colonization, Mexican statehood, the Gadsden Purchase, and the "Wild West." Water remains a scarce resource throughout the Region. With roots in agriculture and mining, the arrival of the railroad stimulated Chinese and European workers to settle in the Region bringing a diverse culture.

The City of Tucson was founded as a Spanish Presidio in 1775, and became a Mexican town after independence. After the Gadsden Purchase in 1853, it became a part of the Arizona territory, and in 1864 it became the capital of the newly formed Pima County; it was incorporated as a city in 1877. The Southern Pacific Railroad arrived in 1880, the University of Arizona was founded in Tucson in 1885, and has since grown into a major research university, and Davis-Monthan Air Force Base was established in 1925.

The Region's economic interests lie primarily in human and natural capital. Agriculture varies across the Region: Baja Arizona produces cotton, dairy, fruit, nuts, and vegetable products while Alta Sonora produces asparagus, cucumbers, and tomatoes, and raises livestock. Produce travels through the Nogales Port of Entry, and livestock primarily through Agua Prieta/Douglas.

Ranching and copper mining are common to both sides of the border. The Morenci mine in Baja Arizona is the largest copper producer in North America, and Baja Arizona produces over sixty percent of copper in the United States. The Buenavista mine at Cananea in Alta Sonora is among the largest in Mexico. One of the world's largest lithium mines lies near Bacadéhuachi, about 170 kilometers southeast of Agua Prieta.

Manufacturing evolved from mining into a cross-border activity. This has emerged into the maquiladora system, whereby Baja Arizona provides mainly administration, research, and logistics, and Alta Sonora provides skilled labor, fabrication, and assembly capabilities.

The Tucson Metropolitan area brings substantial assets that support strong economic development opportunities. The economy is driven by aerospace and defense, education, and government, augmented by biosciences, natural resources, optics and photonics, and renewable energy. It hosts the world's largest Gem, Fossil, and Mineral Showcase and El Tour de Tucson. It has a vibrant small business culture with its economic interests are primarily in intellectual capital.

Tucson is currently economically challenged...

The City of Tucson (the "City") has faced budget deficits from declining revenue and needs to find new sources to maintain and enhance service offerings. Recent cuts in revenue from Federal and State sources require Tucson's combined business and governmental communities to focus on more economic development and public administration from within.

The City doesn't have enough diversity of jobs to support the quality of life for all residents. Many individuals and families face economic vulnerability, which can lead to homelessness. Ward 3 has higher levels of poverty than the other wards. A recent survey shows that businesses are becoming more dissatisfied with the City's attitude to economic and business development compared to prior surveys in the past.

The City has not fully leveraged its position as the "capital" of the Baja Arizona Region - opportunity "passes through." Even as the host of the "Gem, Fossil, and Mineral Showcase," the City is disconnected from the needs of the dealer and buyer communities, who are major contributors to the local economy.

Young people are the future of the economy and the community at large. The future economy must reduce a "talent" drain of young professionals with ties to the Region, or retain those who wish to build a family here. The City is losing young people, especially graduates from the University of Arizona, due to a lack of employment opportunities. At the same time, remote workers from other cities relocate to Tucson for affordability and the quality of life, but are not necessarily committed to the area for the long term.

Losing young people has a devastating effect on local communities and neighborhoods. A lack of a family-oriented culture leads to crime and drug-infested neighborhoods. Support for local businesses declines, which leads to business closures. An insufficient number of children to populate the existing education infrastructure leads to school closures.

Retaining young people requires stimulating high-paid employment opportunities offered by existing businesses, and by seeking out-of-Region businesses to relocate to fill the gap. It also requires an environment that encourages entrepreneurship and risk-taking in both existing and new industries, along with conserving and preserving the environment to maintain a sustainable quality of life for which the region is well sought. The talent drain is a "silent" crisis.

Although lifestyle small businesses are the backbone of the Tucson economy, most lack the capacity to deliver high-paying jobs because pre-tax net margins are typically thin on a low revenue base. Larger corporations have higher post-tax net margins on a stronger revenue base. Thus, they have the capacity to provide higher-paying jobs, including benefits.

To grow the economy with higher-paying jobs, it is essential for Tucson to attract larger corporations to the area and to encourage upwardly mobile entrepreneurship to augment the vibrant lifestyle small business community that exists today.

Opportunities within Ward 3, the City, and the Arizona-Sonora Borderlands Region...

Ward 3 is positioned to lead a strengthened economy in the City for both the City itself and the Arizona-Sonora Borderlands Region.

The Arizona-Sonora Borderlands Region provides significant opportunities for large corporate relocation and development in many industries, with Ward 3 as a commercial, industrial, transportation, and logistics hub.

The Tucson area has many assets that support strong economic development opportunities. Its transportation network, including Interstates 10 and 19, Union Pacific, and the Port of Tucson provide links to California, Texas, and Mexico. The public transportation system has links from the City to the Greater Tucson Business Loop. The City is home to the University of Arizona, Pima Community College, and leading high schools, and the Tucson Metropolitan area is a leader in its core industries of aerospace and defense, biosciences, optics and photonics, renewable energy, and natural resources. Optics and photonics services all core industries and others, including semiconductors.

Ward 3 is well-positioned to be the commercial (administrative offices and retail) and industrial (light manufacturing, wholesale, and distribution) center for the City of Tucson because of the proximity of Interstates 10 and 19 and Union Pacific, and with relatively flat land.

By integrating and leveraging the various residential, commercial, and industrial assets within Ward 3, Tucson can strengthen itself as an economic powerhouse for Baja Arizona. The extensive natural, intellectual, human, and financial capital within Tucson can be put to productive use to strengthen the local and regional economy. To build a successful economy in the future, Tucson must first integrate and leverage the assets that it already has.

Tucson can then promote itself as the capital of the “Arizona-Sonora Borderlands Region” in conjunction with the local cities - a transborder area that stretches from Casa Grande to Guaymas and over to Agua Prieta/Douglas. The Region is rich in multiple industries that can provide a wide range of professional and vocational, equitable, and sustainable employment opportunities.

Both the City itself and the Greater Tucson Business Loop are suitable areas that can create opportunities for higher-paying jobs for all Tucsonans. The Greater Tucson Business Loop includes Casas Adobes, Marana, Oro Valley, and Sahuarita.

Six major economic development opportunities are prominent in the Arizona-Sonora Borderlands Region, with a hub in Ward 3:

1. Gastronomy - leverage the UNESCO Creative Cities Award
2. Lapidary - leverage the “Gem, Fossil, and Mineral Showcase”
3. Travel and Tourism - promote the natural beauty and history of the Region in conjunction with Visit Tucson, and both the Chamber of Southern Arizona and the Southern Arizona Hispanic Chamber of Commerce
4. Mining technology innovation - leverage intellectual capital in the Region
5. Knowledge-based industries - seek technology transfer opportunities

6. High-tech industries - seek technology transfer opportunities

The Knowledge-based and High-Tech industries offer technology transfer opportunities from the University of Arizona into the local marketplace to stimulate entrepreneurship.

Six prominent opportunities in the Region with Ward 3 as a hub...

- Gastronomy

The industry offers an opportunity for food processors within Ward 3, the City, and the Arizona-Sonora Borderlands Region to promote specialty products nationwide and internationally through supply chains originating from organic farms in both Baja Arizona and Alta Sonora.

- Lapidary - promote local gem, mineral, and jewelry processing capabilities nationwide, and internationally.
- Mining - be a “center of excellence” as an *innovator* for environmentally preserving technologies for the future.
- Travel and tourism - a base in Tucson for travel and tourism across the Region, and promote:
 - The natural beauty and history of the Region, including the “Wild West” culture from Ward 3, in conjunction with Visit Tucson and the Chambers of Commerce.
 - In association with the gastronomy industry, showcase regional recipes and establishments on tours throughout the Region.
- Knowledge-based industry opportunities:
 - Research, design, and engineering activities as “centers of excellence” in:
 - ➡ Resource-efficient large-scale data center and *specific* mining technologies for the present, regardless of locations around the world, and not necessarily in the desert Region.
 - ➡ Transportation technologies in the desert region.
 - Maquiladora consulting with manufacturers in Alta Sonora promoting the Region both nationally and internationally.

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- High-tech opportunities -especially in emerging industries:
 - Artificial intelligence, mobility, and robotics (especially in manufacturing).
 - Building resilience to climate change
 - Cybersecurity
 - Energy (including solar)
 - Water management/hydrology and hydroponics

Encourage technology transfer opportunities from the University of Arizona into the local marketplace to stimulate entrepreneurial opportunities and business development.

Opportunities exist to transform industries using emerging technologies, establishing Tucson as a recognised leader.

- Robotics technologies, combined with artificial intelligence, offer opportunities for business and employment transformation with Ward 3, the City, and the Arizona-Sonora Borderlands Region, especially in:
 - Agriculture
 - Healthcare
 - Manufacturing
 - Textiles (as a cotton-producing region in Pima and Pinal counties)

The recent memorandum of understanding with Taiwan may bring additional high-tech business opportunities and jobs to Tucson and Pima County

The implementation calls for a collaborative plan for the Ward 3 hub within the Arizona-Sonora Borderlands Region...

The implementation plan suggests that the various governmental, business, and non-profit groups should work together collaboratively to create a unified vision for Tucson and the Arizona-Sonora Borderlands Region that encourages entrepreneurship and business development.