



From left, TREO presidents Laura Shaw, Lee Smith, Joe Snell and Kendall Bert, discuss plans for a development meeting in their boardroom, Nov. 28.

## **TREO: While creating an economic blueprint, Tucson's regional development organization isn't ignoring existing small businesses**

By Brian P. Nanos, [ExpNews@ExplorerNews.com](mailto:ExpNews@ExplorerNews.com)

December 6, 2006 - Before he came to Tucson, Joe Snell knew little about the area. One thing he had heard: Tucson was a bad region for economic development.

"Tucson has not had a stellar reputation in the economic development community around the country," he said.

Snell knew Tucson as the home of previous organizations, most recently the Greater Tucson Economic Council, which had all failed to win local support.

When Snell became president and CEO of the region's latest attempt, Tucson Regional Economic Opportunities Inc., he knew he would have to avoid making the same mistakes as his predecessors.

So did Jim McGraw, the Ohio-based consultant hired by TREO to help create a regional economic blueprint. McGraw has worked on economic development plans in at least 22 cities.

Before he even bid on that position, McGraw asked Snell, "Why are things different now?"

One reason given by Snell: Unlike some of its predecessors, which focused mainly on attracting employers to the city, TREO would have a strong focus on retaining and expanding existing Tucson metro businesses.

TREO was formed in 2005 by the consolidation of GTEC and the city of Tucson's and Pima County's economic development departments.

Since then, Snell has been true to that focus. In its first year of operations, about 73 percent of TREO's budget was spent on retention and expansion of local businesses.

"I see too many (economic development) companies focus on recruitment," Snell said in a later phone interview, "and they lose them all out the back door."

McGraw liked what he was hearing. "That priority is very appropriate, very critical, and something that I think is showing a great sense of opportunity."

The focus on helping already existing Tucson businesses will, in the long run, help recruitment efforts as well, said Assistant Marana Town Manager Jim DeGroot.

"If we're doing it right for the existing people, then they're going to see that from the outside," he said.

Another consequence of the focus on retention and expansion of existing businesses: It puts TREO in a position to help the towns of Marana and Oro Valley more than its recruitment-focused predecessors could.

According to officials working in each town, neither has the industrial space required by businesses recruited by organizations such as TREO and GTEC.

Oro Valley, according to town Economic Development Administrator David Welsh, has very little undeveloped land. The situation won't change, he said, unless the town completes its annexation plans.

So the town can't work to recruit a number of new businesses, he said, because "we don't have a place to put them."

Marana, on the other hand, has a different problem.

"We have land as far as the eye can see," DeGrood said. "But we don't have industrial parks that have been developed. We're not at that level."

Marana had a similar problem with GTEC. The town cut its funds to that organization by 90 percent in 2004 because Marana didn't have the developed industrial land that would be required by new businesses.

"My concern is, do we get the value we need for Marana and is Marana ready to expend \$50,000 a year given that some of the infrastructure, the sewer, electrical and those sorts of things are not in some of the places we need," Town Manager Mike Reuswaat told the EXPLORER at the time.

Before TREO can bring companies to Marana, DeGrood said, "We have to help ourselves to some extent."

However, TREO can do more for those businesses that already exist in Marana and Oro Valley.

Many development organizations leave the responsibilities of retaining local businesses to the local chambers of commerce, said McGraw. Those that do help local companies, he added, often do so only for larger companies.

Snell, on the other hand, considers retention and expansion of local businesses, especially small businesses, to be TREO's No. 1 priority.

"They have a great priority," McGraw said of TREO. "It says to the community that we need to do more to make sure we do everything possible to grow small businesses."

Communicating this commitment to local businesses is also high on the list. Toward that goal, the organization opened a hotline Nov. 27 to better inform the community of the resources available to it. During business hours, the answering receptionist refers business owners to either TREO representatives or other community resources.

Larry Hecker, who chairs the TREO blueprint steering committee, said the helpline will be like a doctor who can treat a patient or refer him to a specialist, depending on what is needed.

TREO, for example, helped Tucson company T.A. Caid Industries Inc., on 2275 E. Ganley Road, cut through the red tape involved with getting a permit to build an addition to its building. Company President Bill Assenmacher said that without the help of TREO, he wouldn't have known which papers he needed to turn in and the process probably would have taken much longer.

TREO also helped a smaller company, Arizona Capacitors LLC, on 3151 E. Drexel Road, which has only 25 employees, apply successfully for state Department of Commerce grants used to retrain its workforce. Arizona Capacitors is also applying, at the urging of TREO, for tax incentives it should receive for operating in an enterprise zone.

Helping get tax incentives for businesses in state-designated enterprise and empowerment zones is another way that TREO can help the town of Marana, DeGrood said. Much of Marana west of I-10 and south of the Santa Cruz River, is in the Tucson Pima Enterprise Zone (see map below).

TREO has helped Tucson businesses apply for \$6.4 million in grants to train employees. Sixty five percent of those companies helped had less than 100 employees.

Arizona Capacitors President Anne Waisman said TREO's predecessor GTEC, wouldn't have been able to help her in the same ways. She added that the new focus on small businesses makes sense.

"There's a lot more of us than there are of those other companies," she said.

TREO has continued to be inclusive in its current project, an economic blueprint for the region.

The process of creating a long-term plan is nothing special. Most economic development organizations throughout the country, McGraw said, form their own long-term plans.

However, most economic development organizations meet with about 1,000 community members before forming that plan. It's rare, McGraw said, to reach out to more than 2,000 community members.

TREO, under the direction of Hecker, has received input from over 6,000 people. After analyzing the responses as well as other economic data about the region, TREO will release its regional plan in early 2007.

Snell hopes that many people getting a voice in the blueprint process will give the community more reason to buy into the plan. That could possibly lead to the organization receiving more funding from private investors. This year, the city and county are slated to pay 77 percent of TREO's total budget.

Ultimately, said McGraw, the long-term success of economic development organizations depend on the community's commitment to the plan.

"We're trying to help Tucson become a better place, but it's a long journey," he said. "You have to stick with it."

The commitment required was illustrated to business leaders who traveled to Austin, Texas in June to see how that city had managed to succeed in economic development.

"Everyone there, from the cab driver to the University President had a good sense of where their city was headed," Snell said.

TREO's blueprint will most likely attempt to steer resources toward some industries that have a critical mass in Tucson or deal with an emerging technology, said Vice President of Strategic Services Nancy Smith.

Although, Snell cautioned that Tucson's plan won't provide, "all things to all people," Snell, Hecker and Smith agreed that the plan will probably focus on the city's emerging bioscience industry.

According to Welsh, such a focus would be beneficial to Oro Valley, which is working on its own plan for economic development that will probably also focus on bioscience.